CREDIT ACCESSIBILITY AND SMALL AND MEDIUM ENTERPRISES PERFORMANCE IN KATHMANDU

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Submitted By

Karuna Sitaula

Campus Roll No.: 420

Exam Roll No.: 23443/20

T.U. Registration No.: 7-2-143-14-2014

Shanker Dev Campus

Specialization: Finance

Kathmandu, Nepal

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled "**Credit Accessibility and Small and Medium Enterprises Performance in Kathmandu**". The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purpose.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

Karuna Sitaula

Signature:

Date of Submission:

REPORT OF RESEARCH COMMITTEE

Karuna Sitaula has defended research proposal entitled "**Credit Accessibility and Small and Medium Enterprises Performance in Kathmandu**" successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestion and guidance of supervisor Yagya Prasad Bhattarai and submit the dissertation for evaluation and Viva-Voce examination.

Yagya Prasad Bhattarai

Dissertation Supervisor

Signature: ……

Dissertation Proposal Defended Date:

…….

Dissertation Submitted Date:

……

Asso. Prof. Dr. Sajeeb Kumar Shrestha

Head of Research Committee

Signature: ……..

Dissertation Viva-Voce Date:

……

APPROVAL SHEET

We have examined the dissertation entitled "**Credit Accessibility and SMEs Performance Kathmandu**" presented by Karuna Sitaula for the degree of Master of Business Studies. We hereby certify that the dissertation is acceptable for the award of degree.

…….
Yagya Prasad Bhattarai
Dissertation Supervisor

…….
Internal Examiner

…….
Internal Expert

…….
External Expert

……
Asso. Prof. Dr. Sajeeb Kumar Shrestha
Chair Person, Research Committee

…….
Asso. Prof. Dr. Kapil Khanal
Campus Chief

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Shanker Dev Campus

TABLE OF CONTENTS

Title Page ……*i*
Certification of Authorship ……*ii*
Report of Research Committee ……*iii*
Approval Sheet ……*iv*
Acknowledgements ……*v*
Table of Contents ……*vi*
List of Tables ……*viii*
List of Figure ……*ix*
Abbreviations ……*x*
Abstract ……*xi*
CHAPTER I ……**1**
INTRODUCTION ……**1**
1.1 Background of the Study ……1
1.2 Problem Statement ……5
1.3 Objectives of the Study ……6
1.4 Research Hypotheses ……7
1.4 Rationale of the Study ……8
1.5 Limitations of the Study ……8
CHAPTER II ……**9**
LITERATURE REVIEW ……**9**
2.1 Theoretical Review ……9
2.2 Empirical Review ……16
2.3 Research Gap ……33
CHAPTER III ……**34**
RESEARCH METHODOLOGY ……**34**
3.1 Research Design ……34
3.2 Population and Sampling ……34
3.3 Nature and Sources of Data ……34
3.4 Data Collection Procedure ……35
3.5 Instruments of Data ……35
3.6 Method of Analysis ……35
3.7 Research Framework and Definition of Variables ……37

CHAPTER IV **40**
RESULTS AND DISCUSSION **40**
4.1 Respondent's Profile Analysis 40
4.2 Results 42
4.2.1 Descriptive Analysis 42
4.2.2 Correlation Analysis 56
4.2.3 Regression Analysis 57
4.2.4 Hypotheses Test 61
4.2 Discussion 63
CHAPTER V **66**
SUMMARY AND CONCLUSION **66**
5.1 Summary 66
5.2 Conclusion 67
5.3 Implications 68
REFERENCES
APPENDIX

LIST OF TABLES

Tables Page No.

Table 1: Summary of Previous Studies....24
Table 2: Respondents' Profile Analysis....40
Table 3: Perception towards Loan Pricing....42
Table 4: Perception towards Loan Repayment Schedule....44
Table 5: Perception towards Record Keeping....46
Table 6: Perception towards Availability of Financial Institutions....48
Table 7: Perception towards Collateral Security....50
Table 8: Perception towards small and medium enterprises Financial Performance....52
Table 9: Overall Descriptive Analysis....54
Table 10: Correlation Analysis....56
Table 11: Model Summary....58
Table 12: ANOVA....58
Table 13: Coefficient Analysis....59
Table 14: Summary of Research Hypotheses....62

LIST OF FIGURE

Figure Page No.

Figure 1: Research Framework of Credit Accessibility and SMEs Performance.....37

ABBREVIATIONS

AD	:	Annon Domini
ANOVA	:	Analysis of Variances
AOFI	:	Availability of Financial Institutions
Coeff.	:	Coefficient
CS	:	Collateral Security
e	:	Error Term
F-Value	:	Fishers Value
FY	:	Fiscal Year
LP	:	Loan Pricing
LRS	:	Loan Repayment Schedule
P-Value	:	Probability Value
RK	:	Record Keeping
Rs.	:	Rupees
SD	:	Standard Deviation
SFP	:	Financial Performance of Small and Medium Enterprises
SMEs	:	Small and Medium Enterprises

ABSTRACT

This study examines the accessibility of credit and its impact on the financial performance of small and medium enterprises (small and medium enterprises) in the Kathmandu. The research aims to assess business owners' perceptions regarding several key factors: loan pricing, loan repayment schedules, record-keeping practices, availability of financial institutions, and collateral security. Additionally, the study explores the relationships between these factors and their effects on small and medium enterprises' financial performance. A descriptive research design was employed, with data gathered from 385 small and medium enterprises using structured questionnaires that utilized a five-point Likert scale. The study found that correlation and regression analyses indicate that favorable perceptions of loan pricing, flexible repayment schedules, effective record-keeping, and better access to financial institutions are positively associated with improved financial performance among small and medium enterprises. Conversely, stringent collateral requirements have a negative impact on financial outcomes, highlighting a critical area needing reform. The study suggests that reducing collateral demands and enhancing the accessibility and flexibility of financial services could significantly benefit small and medium enterprises financial health. These findings underscore the need for financial institutions and policymakers to address the challenges associated with collateral security and improve overall credit accessibility. By reforming collateral requirements and expanding financial service availability, a more supportive environment for small and medium enterprises growth and financial stability can be fostered. This research provides valuable insights for enhancing credit policies and practices to better support small and medium enterprises in the Kathmandu.

Keywords: *Credit accessibility, small and medium enterprises, loan pricing, collateral security, financial performance*

CHAPTER I
INTRODUCTION

1.1 Background of the Study

In particular in developing countries, the performance and persistence of small and medium-sized enterprises (small and medium enterprises) is largely determined by the availability credit. As Zhang, Wang and Liu (2020) stated the strategic business planning and clear financial data significantly increase small and medium enterprises loan requesting focus. They emphasized the importance of financial literacy and institutional support in enhancing loan availability that has a positive impact on the performance of small and medium enterprises. Ownership significantly impacts small and medium enterprises finance No IPO limited access to funds (Bârd, 2024) Drawing from the assumption that dynamic capabilities (knowledge management and innovation) reduce firms' perceived funding risks, they are more likely to be funded by lenders (Kumar & Sharma, 2024). A behavioral dimension was added by Nguyen, Lee and Kim (2024), who proved that while the proactive financial management tools enhance loan acceptance rates, managerial biases and decision-makings inefficiencies negatively affect credit requests. Li and Wang (2024) prioritize resolving information asymmetry. They found that the small and medium enterprises have insufficient financial disclosure, and incomplete credit record tends to restrict their access to credit which emphasizes on the importance of transparency (openness) for reducing lender risks. Moreover, Patel and Lee (2024) explained the Tradeoff Theory within small and medium enterprises finance, which explains how an equilibrium debt management approach enhances sustainable development while increasing loan availability. Taken together, they highlight the complications in small and medium enterprises funding access and underline the importance of institutions' assistance, financial literacy, strategic management and transparency to help enhance their financing success as well as expansion.

Nepal where numerous small and medium enterprises are found, which contribute significantly to the national economy. Because of their achievements in driving innovation, employment generation and overall economic growth process, large attentions have been drawn to these small and medium enterprises (Shrestha & Pant, 2022). However, small and medium enterprises in the Kathmandu are frequently over whelmed by limited access to loan facility; hence affecting the financial performance and potential for growth (Sharma

& Adhikari, 2023). Owing to this challenge, researchers and policymakers are searching the link between financial performance of small and medium enterprises and ease of credit supply to understand the underlying dynamics and spaces where change may be affected.

Study will focus on the impact of loan accessibility toward the financial performance of small and medium enterprises in the Kathmandu, in this new race changing economy environment for Nepal as well, specifically with fast urbanization and transforming market (Sharma & Adhikari, 2023). By drawing on insights from the empirical work conducted in Nepal in 20222023 (Shrestha & Pant, 2022; Sharma & Adhikari, 2023), this paper seeks to build on earlier scholarship and hopefully adds value to a better understanding of the links between credit accessibility and small and medium enterprises performance in the local socio-economic setting under consideration.

Previous studies in Nepal have identified several concerns including institutional constraint, legal provision and market behavior that influence access to loans and success of the small and medium enterprises (Sharma & Adhikari, 2023). However, comprehensive empirical studies that are specifically applicable in the Kathmandu region is needed (Shrestha & Pant, 2022). The study seeks to give relevant and applicable information for local firms, financial institutions and policy makers by examining problems of the operation small and medium enterprises in this region (Sharma & Adhikar, 2023). The study is expected to explore evidence-based policies and intervention designed to enhance growth and resilience of small and medium enterprises at the heart of Nepal's economy, by comprehensively examining the prospects and challenges in the credit market in Kathmandu (Shrestha & Pant, 2022; Sharma & Adhikari, 2023).

Previous literature in Nepal has provided insight into a variety of factors influencing access to loans and performance of small and medium enterprises including institutional constraints, laws, and market structure (Sharma & Adhikari, 2023). However, detailed empirical evidence particularly focusing on Kathmandu area is still needed (Shrestha & Pant, 2022). The study seeks to offer policy relevant insights on local companies, financial institutions and for policy-makers by investigating the small and medium enterprises experiences in this region (Sharma & Adhikari, 2023). The study intends to support evidence-informed policies (Keefer et al., 2013) and interventions designed to enhance small and medium enterprises' capacities in Nepal's growth engine by examining the credit

opportunities and challenges found in the Kathmandu (Shrestha & Pant, 2022; Sharma & Adhikari, 2023).

Small and medium enterprises (small and medium enterprises) are defined by the World Bank (2013) as “firms with a relatively small share of total employment, market value, ownership interest, revenue, or other criteria”. They are independent in the material sense of being substantial entities, they are controlled by owner(s) or part owners as opposed to through a bureaucratic system. Small and medium enterprises are the lifeblood of all individuals and every nation’s economy whether developed or developing. Small and medium enterprises enhance living condition and create jobs for the employer and employed people. They are a major reservoir of entrepreneurial knowledge and ideas (Wairimu, 2015).

The degree to which a firm or individual can obtain financing from external sources to cope with cash flow problems is access to credit (Osoro & Muturi, 2013). Short term (or) long term credit is sanctioned based on appraisal of the borrower's repayment capacity by lenders. Given that the information disclosed by small and medium enterprises is unreliable and generally available, access to non-bank lenders is restricted for them, making it difficult to obtain financing (Monteiro, 2013). The main issue of this study is lending availability for small and medium enterprises.

Actually, in Vietnam Minh (2012) revealed that the financial leverage of a firm determines whether it will obtain bank loans or not, although company characteristics are not key determinants small and medium enterprises financing. Also collateral availability has a major influence on the repay ability of the loan, revealed a Malaysian study on factors affecting access to loans (Haron et al., 2013). Secondly, research in Ghana found that insufficient collateral and high borrowing charges are among the reasons for problems securing a bank loan, as well as under-audited accounts (Ackah & Vuvor, 2011). Ubon and Chukwuemeka (2014) also investigated the gender, age of business and social capital as major determinant factors of informal finance availability in Nigeria. The more traditional form of credit access is categorized as informal, which includes those who borrow from money lenders, societies and other unmonitored sources at usurious rates. There are, however, also credit lines known as formal the manipulated credit providers willing to lend substantially larger credit against cheaper loan interest rate such as banks and dealers. Equity is also typically costly for new businesses, because banks and other

financial organizations in many developing countries cannot or do not finance small and medium enterprises based on age, size, collateral and education of the enterprise. Instead, they would prefer to lend to established companies which have had long track records of credit and financial history. Lack of collateral is the greatest obstacle to borrowings for small and medium enterprises from mainstream banks. The size and the age of small and medium enterprises, non-existence of a business plan, pledged collateral securities, insufficient financial information, bank regulations and requirements; educational background and experience of managers or owners of the company can be among the factors that cause this (Abdesamed & Wahab, 2014). When it comes to what small and medium enterprises are, for commercial banks this is organized set of accounts and papers; obviously that's not a problem. To the small and medium enterprises, however, obtaining sufficient collateral is not easy. Information asymmetry is also responsible for the underfunding of small and medium enterprises.

To reduce default paybacks when lending to small and medium enterprises, most formal and informal financial and non-financial institutions require physical collateral as security along with other similar stringent conditions. Hall and Fang (2004) however argued that financing small and medium enterprises was regarded as riskier than big, established firms. There are several hurdles in their way when it comes to "obtaining relevant, timely and accurate information on small and medium enterprises financial health." Therefore, banks do not give loans to customers who do not have collateral, they assume the risk of a default. Secondly, that most commercial banks do not like the idea of handing-over money to a business and then have to stare and "see-no-evil or hear no evil" on how such borrowed funds were utilized as per the preliminary agreement and for what purposes it was intended. Loan constraints are more likely to be binding for small and medium-sized enterprises than for large, mature firms. Consequently, it is the small and medium-sized enterprises which are now being monitored more heavily than ever as opposed to established large firms (Alhassan & Sakara, 2014).

Focusing on the significant determinants of financial performance, this study seeks to understand how easy it for small and medium size enterprises to get bank loan in Kathmandu. The study is designed to identify for example what the small and medium enterprises owner's attitude may be toward loan pricing, loan repayment terms, records documentation processes, availability of facilities by reference to banking institutions in that society and finally the role played around collaterals. It also explores the relationship

of these elements to small and medium enterprises' financial performance. The study also examines the impact of loan price, repayment/repayment system, record keeping, accessibility to financial institution and collateral security etc. on financial performance of small and medium enterprises in the area. Collectively, these objectives reflect the critical nexus of loan accessibility and small and medium enterprises financial performance, providing a window on barriers and opportunities for enhancing financial sustainability as well as inclusion in Kathmandu.

1.2 Problem Statement

Small and medium enterprises are usually refused finance purely because they're so unpredictable despite the fact small and medium enterprises are generally considered as the workhorse of the economy, particularly in normal times. The contribution of small and medium enterprises in the economic development of Nepal is record breaking. If credit is unavailable to small businesses, the entire economy will go up in smoke. Unable to rely on access to the banks, most small and medium enterprises are undercapitalized. And firms' banks are willing to do business with are not getting the requested amount of money. Loan rationing by banks is a technique which has become part of the arsenal of instruments used by banks and other financial intermediaries today. Some companies have gotten loans as a result; others have been blocked. Plus, many of the companies that do get loans don't get as much money as they were high hoping for.

Small and medium-sized enterprises (small and medium enterprises) play a significant role in economic growth and employment in resource-constrained nations. However, access to funding by small and medium enterprises is still an obstacle that hinders their growth and survival. Focusing on institutional support and financial literacy as institutions to address these challenges, Zhang et al (2024) reported lack of business plans and Absence of proper financial literature are the most common obstacles to getting loan access. Similarly, Kumar and Sharma (2024) established that small and medium enterprises will have their loan application discouraged if they do not possess dynamic competencies such as innovation and strategic resource management. Ineligible financial processes as well as management bias are also indicators for the reasons of inadequate loans request refusal (Nguyen, Lee & Kim, 2024). Secondly, Li and Wang (2024) proved that the information asymmetry brought about by insufficient financial disclosure can result in a higher risk perception of lenders as well as undermine the availability to loan. According to Patel and Lee (2024), if small and medium enterprises want to obtain loan funds, they need can strategically manage their

debts in order to become financially viable. Nonetheless several small entrepreneurs in emerging economies such as Kathmandu continue to face significant obstacles when it comes to finance, and they would need quantitative research to determine an objective application of relevant policies that would lead the way for their removal.

Potential borrowers are screened out by the bank if the loan contract implies more expensive collateral and lower loan rates, or cheaper collateral and higher loan rates. All concerns about risk have not made their visibility felt yet, with the low level of risks is that the lower-risk borrowers post more and better-quality collateral than higher risk borrowers; after all they pay less for this pledge to make repayment because they face a smaller chance of defaulting on the collateral. The process of recovering the security should serve as a deterrent to the borrower. Consequently, by pledging collateral, and given more time necessarily means extended borrowing costs there is enhance effort (though its costly to borrow money) to enforce the terms of the credit as well as the deadlines for repayment with a view to minimize the risk that borrower defaults. Hence collateral can be used to reduce the impact of moral hazard (Aghion & Bolton, 2012). There are however, a number of conditions and situations in fact that discourage or fetter the performance and development of the Nepalese small and medium enterprises in many respects albeit its high relevance to be one of key contributors for its economy growth by creating poverty eradication and job generations. The lack of funding options is the most significant reason for failure in addition to slow growth for small businesses (Small and Medium Enterprises). The objectives of the study were to determine factors that influence loans obtained by small and medium enterprises in Kathmandu. To bridge the gap of prior work, based on some empirical study from problem description, we have developed four research questions as below.

i) What is the credit accessibility factors that influence financial performance of SMEs at Kathmandu Valley?
ii) Is there a significant relationship between credit accessibility factors (loan pricing, loan repayment schedule, record keeping, availability of financial institutions and collateral security) and financial performance of SMEs at Kathmandu Valley?
iii) What is the impact of loan pricing, loan repayment schedule, record keeping, availability of financial institutions and collateral security on financial performance of SMEs at Kathmandu Valley?

iv) What extent does credit accessibility factors influence the financial performance of SMEs at Kathmandu Valley?

1.3 Objectives of the Study

Objective of the study the major objective of this research lies for analyzing the credit accessibility among small and medium size enterprises at Kathmandu. The rest of the specific aims of this study state:

i) To assess the credit accessibility factors that influence financial performance of SMEs at Kathmandu Valley.

ii) To measure the relationship between credit accessibility factors (loan pricing, loan repayment schedule, record keeping, availability of financial institutions and collateral security) and financial performance of SMEs at Kathmandu Valley.

iii) To examine the impact of loan pricing, loan repayment schedule, record keeping, availability of financial institutions and collateral security on financial performance of SMEs at Kathmandu Valley.

iv) To evaluate the extent to which credit accessibility factors more influence the financial performance of SMEs at Kathmandu Valley.

1.4 Research Hypotheses

The study addresses the alternative hypotheses following theoretical framework.

H1: There is a positive significant impact of loan pricing on financial performance of SMEs.

H2: There is a positive significant impact of loan repayment schedule on financial performance of SMEs.

H3: There is a positive significant impact of record keeping on financial performance of SMEs.

H4: There is a positive significant impact of availability of financial institutions on financial performance of SMEs.

H5: There is a positive significant impact of collateral security on financial performance of SMEs.

1.4 Rationale of the Study

This research was motivated by the rising significance of small and medium enterprises in the Nepalese economy as well as the persistent operational challenges they face. One of Nepal's development initiatives for accelerating industrialization, generating employment, igniting creativity, and ending poverty is the establishment of small and medium-sized companies (small and medium enterprises). The study's conclusions have improved Nepalese small and medium-sized company owners' comprehension of the key elements affecting their capacity to get financing. The government of Nepal and other countries have made effective use of the study's conclusions when developing planning-related policies. Additionally, this helps them create a strategy that benefits all retailers, particularly small and medium-sized businesses (small and medium enterprises). Additionally, educational institutions and non-governmental organizations can focus their efforts on the needs of small and medium-sized businesses, educating them about the realities of doing business, identifying areas where grants or donations can be made, and offering training to those who are less fortunate. Scholars and researchers claim that this study has been helpful as a starting point for further research on the variables influencing small and medium-sized businesses' ability to get loans.

1.5 Limitations of the Study

There are also some limitations in any study. In order to keep this study accurate, meaningful and worthy some limitations are imposed by which the objective of this study is fulfilled within a certain timeframe, resource and information. The present study had several limitations:

i) The study is limited to small and medium enterprises at Kathmandu only.
ii) The sample size were 385 small and medium enterprise's samples only which is a small size of sample.
iii) The result obtain from the study can’t be generalized for all similar organization due to varying nature of their operation and business.
iv) In this study only selected statistical tools and techniques are used.
v) There are many factors that affect the credit accessibility and performance of small and medium enterprises. However, only limited factors among with demographic factors related to small and medium enterprise's credit accessibility and performance are considered in this study.

CHAPTER II
LITERATURE REVIEW

In this section, the review literature on theoretical review, empirical review and research gap predominantly related to credit accessibility and performance of small and medium firms.

2.1 Theoretical Review

Credit Rating Theory

Firstly, described by Stiglitz and Weiss in 1981, the Loan Rationing Theory has a lot to say about how loans are allocated in capital markets, particularly for little companies (small and medium enterprises). The concept of information asymmetry between borrowers and lenders (in which the latter were unable to obtain reliable or perfect information on the creditworthiness of prospective borrowers) underpins it. In such cases lenders may be on the conservative side and ration credit to certain borrowers, like small and medium enterprises, due to fears of moral hazard and adverse selection.

Credit rationing is defined in Stiglitz and Weiss (1981) as when lenders limit the amount of credit extended to borrowers, even though these would-be borrowers are willing to borrow at an interest rate that is determined in the market. This problem arises due to the lack of, or being asymmetric about having incomplete information on the small and medium enterprises borrower's credit risk by the lenders. For this reason, small and medium enterprises may find it difficult to obtain credit, even though they are strong creditors and the result might be a less than optimal distribution of credit in the economy. Credit is an important channel for obtaining financial funds in entrepreneurial activities and company development, so the credit inefficiency will pose a negative effect on small and micro-sized enterprises' growth, causing an obstacle to economic development.

Regulators and financial institutions need to assume the task of preventing information inequality or reducing lenders' ability to fairly judge small and medium enterprises as a creditworthy client, so that credit rationing problems can be solved and access to loans for small and medium enterprises is augmented. Credit scoring models, credit registries and improved transparency and disclosure standards may help mitigate information asymmetries by providing lenders with a greater understanding on the financial health, risk management practices and abilities to repay among small and medium enterprises. Make

small and medium enterprises financially literate and improve their ability to account and keep record will make them credible borrowers hence increase access to finance (Stiglitz & Weiss, 1981). The loans Rationing Theory suggests that an information asymmetry between the banks or lenders and small and medium enterprises which makes it hard for them to obtain a loan. Policymakers and financial institutions can take steps to foster a more inclusive and efficient credit market that is conducive to the expansion of small and medium enterprises as well as the overall economic development by recognizing the importance of bridging these information gaps and enhancing lenders' capabilities in assessing small and medium enterprises' credit worthiness.

Pecking Order Theory

The Pecking Order Theory of Myers and Majluf (1984) helps to develop the model with which financial decisions made by organizations especially the small and medium enterprises can be appreciated. At the heart of this theory is a firm pecking order in which internal financing (i.e. retained earnings) is its most preferred source. Compared with external funds such as debts and equity offering, internal financing is the most preferred, unless agency costs or asymmetric information exists (Myers & Majluf 1984).

Small and medium enterprises and packing order theory. The pecking order theory assumes that small and medium enterprises are more likely to finance their operations and expansion largely through internal funding means (such as retained earnings). That is because there are any number of reasons why these firms depend on inside funding for growth. In the first place: some small and medium enterprises encounter obstacles in terms of external financing - for their limited size, little history and lack of collateral or credit history. Firms may have a bias for internal funds rather than external financing due to lower costs and risks associated with other sources of finance.

Both in a situation of restricted budget and capacity for debt, which could perfectly be estimated by small companies if one believes the relationship observed between these two variables (Kraus & Litzenberger, 1973), the financing prop impingement indicates that there is more risk or cost in external funds from a source of debts. Unlike big companies that might have easier access to capital markets as well as attractive borrowing rates, small and midsize businesses have found it hard to secure inexpensive funding from banks or other lenders. Owing to their unwillingness of external financing, small and medium enterprises should perhaps follow an inertial finance strategy which concentrates on

accumulating internal resources and minimizes dependence on debt and/or equity (Myers & Majluf, 1984).

The POT that small and medium enterprises prefer internal to external source of financing as explained by their financial behavior. This will enable policymakers and financial intermediaries to continue learning how best to develop or calibrate their support and lending initiatives for small and medium enterprises in light of the fact that small businesses are more likely to self-finance and less inclined to use external sources of finance. Initiatives aimed at enhancing financial literacy, improving availability of alternative financing options and reducing regulatory red tape could lead to positive impacts on the financial strength and competitiveness of small and medium enterprises.

Information Asymmetry Theory

The theory of information asymmetry, one of the central ideas in modern economics that stresses heterogeneity and inequality of knowledge between the parties involved in a transaction, is pioneered by Akerlof (1970) and extended by Spence (1973), etc. This theory, that when it comes to loan access for small and medium enterprises lenders and borrowers may exhibit asymmetric levels of knowledge, potentially leading to market failure and a hard time borrowing for small and medium enterprises.

Asymmetric information may present significant challenges for small and medium enterprises seeking to finance. Lenders, i.e., banks or financial institutions often face difficulties to judge the creditworthiness of small and medium enterprises due to limited accessibility of comprehensive and reliable information on their financial status, company operations and loan repayment ability. Yet, small and medium enterprises may not have the resources or the skills to make transparent and robust financial disclosures that would increase lenders'-borrowers' information asymmetry (Akerlof, 1970; Spence, 1973).

Lenders might have conservative lending behaviors because of the information asymmetry which makes small and medium enterprises meet certain qualifications, pay higher interest rate or pledge guarantees to decrease risks of lending for not enough transparent and financially opaque industries. This cautious approach may led to credit rationing which affects the ability for a creditworthy small and medium enterprises to invest, grow and innovate not allowing them access funding or by offering them small loan size (Akerlof, 1970; Spence, 1973).

Policy makers, regulators and commercial banks can utilize a range of strategies to reduce credit constraints for small and medium enterprises and resolve problems arisen from the information asymmetries. The information asymmetry between the small and medium enterprises and the banks could be reduced by enhancing financial reporting standards of small and medium enterprises, promoting credit scoring models or pioneering new sources of data, as well as fostering transparency and disclosure practices. This in turn will enable better risk evaluation and lending decisions to be made (Akerlof, 1970; Spence, 1973).

Furthermore, promoting the establishment of formal credit evaluation and monitoring systems as well as providing financial knowledge training and technical support for small and medium enterprises, and encouraging organizations to increase mechanisms of dialogue and communication between small and medium enterprises and lenders are conducive to mutual trust, confidence in cooperation correspondent to each other, which helps to make transaction for the credit more comfortable smoothly thus contribute to improving small and medium enterprises' ability associated with access financing. By removing information asymmetry and enhancing transparency and information disclosure in the loan markets, both lenders and borrowers will be able to benefit from these resource-allocation enhancements.

Agency Theory

One of the central ideas in organizational economics, agency theory was developed by Jensen and Meckling in 1976. It is a lens on the way principals, or owners, and agents, or managers, deal with each other inside companies. The concept focuses on conflicts of interest that arise when principals delegate decision making to agents, who may act in their own interest rather than that of the firm. When promoting external financing, such as bank lending occurs while managers do not attach importance to firm value or take risks which damage the creditworthiness of the company, the agency problem can emerge from small and medium enterprises credit availability perspective.

This is particularly the case in small and medium enterprises where ownership control and management are frequently consolidated. Because principals may be uninformed or unable to monitor the activities of managers (the so-called monitoring process), they might take actions that benefit themselves more than the firm itself and its long-term survival as a way to maximize their utility at the expense of the latter (Jensen & Meckling, 1976). For example, managers can engage in value-destroying empire-building by undertaking

unnecessary projects to enhance their job prestige/salary, thus endangering the firm's ability to meet its financial obligations including loan repayment.

The occurrence of agency problem in small and medium enterprises can make lenders worry about the risk of credit, even leading to borrowers defaulting on loans. That is, small and medium enterprises with weak corporate governance, inadequate internal controls or limited information disclosure can signal “risk” to bank (Pollitt, 1982), leading to credit rationing or high level of borrowing cost (Jensen & Meckling, 1976). To cope with the control problems related to small and medium enterprises lending, lenders can harden loan terms, request further collateral or increase risk premium. This could cause small and medium enterprises to struggle to access external capital or have a limited number of financial options that would limit their capacity to grow and invest.

Managers and owners can align their interests by utilizing multiple governance mechanisms and monitoring techniques to get rid of the agency problem and improve loan accessibilities of small and medium enterprises, all such things are possible to resolve the agency problem by stakeholders. Corporate governance and accountability in small and medium enterprises can be enhanced by availing options such as appointment of independent directors to the board, implementation of performance- based pay plans, greater emphasis on internal controls, fill smoothening for financial reporting and enhancing transparency (Jensen & Meckling, 1976). These governance mechanisms can reduce the perceived level of agency risk faced by lenders and improve small and medium enterprises’ access to external finance, thereby facilitating their growth and development, i.e., more monitoring, transparency, incentive alignment.

Trade-Off Theory

Per the Trade-off Theory posited by Kraus and Litzenberger in 1973 and further developed by Myers in 1984, firms, including small to medium enterprises (small and medium enterprises), face a trade-off when deciding on their financing. This theory states that firms need to balance the costs and benefits of different types of financing, namely debt financing. Being allowed to deduct interest payments from tax, and a higher potential for returns on equity when using leverage are only two privileges of debt financing. But it also introduces financial risk and the chance that businesses can't pay back their debts, or make good on expenses incurred from filing for bankruptcy.

The Trade-off Theory argues that small and medium enterprises should balance the disadvantages of borrowing against their access to loans. The small and medium enterprises through debt financing are exposed to more financial risk in the form of higher charges for interest and risk of default, although it has been observed that with borrowing, they can access larger amounts of money that could use for development or injection. Lenders evaluate the credit risk of small and medium enterprises from the perspective of their ability to properly handle risks while using loans to boost returns. Small and medium enterprises are likely to receive better credit terms, and borrow from lenders, through the use of sound financial management practices and disciplined behavior in debt policy (Myers, 1984).

Second, as suggested by the Trade-off Theory, small and medium enterprises' particular risk-return profile and business strategy also influence their financing decisions. For example, highly levered small and medium enterprises may prefer to repay debt for risk reduction and the improvement of creditworthiness, while conservative financed small and medium enterprises might be more likely to retain earnings and keep debt low (Kraus & Litzenberger, 1973). Lenders assess where small and medium enterprises borrowers sit within their competitive landscape and industry trends, as well as their financial position when balancing pros and cons of the loan. The small and medium enterprises, according to it, may elevate their loan availability in the capital markets and fine-tune of their capital structure by aligning the financing practices with growth aspirations and risk tolerance. The Trade-off Theory provides useful information about ASEAN small and medium enterprises' financing decisions and their impacts on bank loan availability. Small and medium enterprises could make financially smarter decisions by understanding the trade-off between debt benefits and costs, which will enable their financing to contribute more effectively to their growth without carrying undue funding risks. Knowing if lending is based on small and medium enterprises' ability to make that trade-off helps the understanding of the lenders' role in making credit available for viable small and medium enterprises and hence support economic development.

Behavioral Theory of the Firm

Based on the importance of organizational behavior and bounded rationality regarding decision-making in company, Cyert and March (1963) Behavioral Theory of firm is different from traditional neoclassical view. This idea claims that the managers/decision makers in organizations, especially small/medium enterprises (small and medium

enterprises), are subject to cognitive limits and bounded information processing. This is achieved using a number of heuristics and routines, which aid agents as they try to steer through complex and uncertain environments and may result in satisficing rather than optimizing behavior.

The behavioral theory of the firm offers insights in terms of how managers and owners of small and medium enterprises decide when accessing external capital where their access to credit is not taken for granted. Small and medium enterprises' constrained resources and the lack of certain information can lead in some cases to an informational asymmetry, which may affect their choices for funding proposals addressed to financial intermediaries. Rather than "fully" processing all conceivable alternatives, the owners or managers use cognitive short-cuts (heuristics) or draw from past experiences to evaluate sources of finance. Ad this bounded rationality could have impact on SMEs creditworthiness (standing) and access to loan making it possible for them to arrive at less than perfect judgment of the financing, nice management of debt (Cyert & March 1963).

Next, the Behavioral Theory of the Firm emphasizes the role of organizational norms, routines and culture in determining how small and medium enterprises decide. Organizational habituation Routines are behavior and action patterns that have become 'embedded' in the organization. Potential routines small enterprises might evidence about risk assess mall and medium enterprises, loan seeking process and financial control on access to credit. Such practices in line with standards which would be considered appropriate and expected by creditors could either enhance or hinder access to finance for small and medium enterprises. The impact of the organization's routines and cultural traits on the financial behavior of the small and medium enterprises must be taken in account by lenders when deciding if a small and medium enterprises is credit worthy or not since such a decision would affect positively their willingness to properly administrate credit and repay loans (Cyert & March, 1963).

The Behavioral Theory of the Firm (BTF) enhances understanding of both small and medium enterprises' behaviour and its effects on loan availability. The role of bounded rationality in the overreaction puzzle: This might include dedicated financial education and support for small and medium enterprises, accelerated loan applications and relationships which are built on mutual respect. Credit rating underwriters can do a better job at providing small and medium enterprises with access to funding and ensure their long-term financial performance by taking into consideration the behaviour of borrowers.

2.2 Empirical Review

The relationship between loan availability and small and medium enterprises' performance in developing countries is also evaluated by Zhang, Wang and Liu (2025). Research has conducted a large study the effects of destinations Results are based (financial statements, business planning etc) on the small and medium enterprises performance in obtaining loans. Findings Evidence from this study suggests that well-structured financial data and good corporate strategies can be used successfully to achieve credit approval. Zhang et al. pointed out that the effect of easy availability of loans on performance of small firm's takes place provided that institutional support is facilitated and financial knowledge could be improved. Such evidence suggests the increasing need for a more traditional process in loans evaluation and attention to financial instruments suitably addressed to small and medium enterprises.

Kumar and Sharma (2024) analyzed the nexus of dynamic capabilities in finance access by Technology borne small and medium enterprises. For these firms, being matched with non-innovative/low-flexibility firms doubled the propensity to agree (an effect that was even stronger after controlling for lender size). They did by saying that they would be more likely to lend if loans seemed less risky and creditworthy; so, the small and medium enterprises bluffing and quick thinking won out. This underlines the significance of the dynamic capabilities of small and medium enterprises for access to finance and sustainable growth.

More recently, Nguyen, Lee and Kim (2024) examined the impact of behavioral factors on credit risk from Vietnamese small and medium enterprises in a model centered on management discretion and organizational routines. In one survey technique they have found managerial bias and decision-making under uncertainty lead to unusable loan applications. Small and medium enterprises with a cash management plan and faster ways to apply for a loan were more likely to be successful when it comes to finance. Nguyen et al. (204) agents is adding that it could translate into the availability of credit to small businesses and if localized tailored programs burrow in such practices that underpin good behaviour in the realms of financial skills and decision making for small and medium enterprises they can go a long way to enable them access to loan and also perform well - thus possibly, locally targeted programmed could improve credit outcomes for small and medium enterprises.

Li and Wang (2024) adopted a longitudinal study to examine the effect of informational asymmetry in loan markets for small and medium-sized enterprises. 5 and 6 then, using long-term series, that there exist impediments for small and medium enterprises to be able to offer confidence statements and the borrower's default risk perception rises. The study also revealed that transparency and information sharing significantly determines the credit rationing and increase in level of loans granted to small scale enterprises. This adds to the urgency for easing information asymmetry, to enable improved access and performance of small and medium enterprises with funding's.

Patel and Lee (2024) used Trade-off Theory in the framework of financing under small and medium enterprises for relative comparison in different sectors of industry. This study explores small and medium enterprises response to the benefits and costs of debt and expense trade-offs. It was found that performance of small and medium enterprises will increase with the leverages of debt used are well balanced. Patel and Lee [2008] stated that access to finance comes with the management of capital structure (cost of financial distress vs. benefits from debt) which subsequently leads to long term growth for small and medium enterprises. This paper contributes to the understanding of the impact of strategic debt planning on Small and Medium-sized Enterprises in order to balance a optimal capital structure, modelized loans.

Ghosh (2023) studied the role of religiosity on credit access for registered manufacturing small and medium enterprises in India with unit-level data from 2007. The analysis showed that some religious communities, which include Hindus and Sikhs, were less likely to get loans from an institution even after other factors were controlled for. In addition, a difference in these results has also been found across dimensions (owner of small and medium enterprises, sex and caste). In addition, also the institutional credit was under-utilized by the sectarian small and medium enterprises. These findings also reinforced the influence of religion on accessibility to financing for small and medium enterprises in a big emerging market like India with its high religious plurality that were quite different from those found in Western countries.

Ndombi Avouba (2022) examined the effect of loan accessibility and small and medium enterprises performance in Congo. In the same tradition (Sen & Thorbecke, 1984), but along Stiglitz and Weiss (1981) the work Hereby Microeconomic Data was result of multivariate linear regression by applying to a sample small and medium enterprise's/craft small and medium enterprises in Congo. Rather, it is extremely curious that our results are

"all negative" estimates of the effect on small and medium enterprises performance of access to finance and hence tentatively sensitive policy implications can be established.

Arcuri and Pisani (2023) empirically investigated the financial strength of "green" small and medium enterprises relative to their non-green counterparts during the times of COVID-19 in Italy. Considering a relatively big sample of firms across four years, it was found that the Italian green small and medium enterprises did not differ from others for quantionic finance intermittent utilization creditor Commercial. This was in order to highlight trade credit's relevance as an instrument of small and medium enterprises long-term financial strategy as well as make a contribution to our understanding of the effect of "green" orientation on financial decisions in times of economic downturn.

Thein, Niigata and Inaba (2023) underscored significance of information supply in the form of audited FSs and in formation and communication technology ICT for increasing access of small and medium enterprises borrowers to bank loans within 8 ASEAN countries. Drawing on the data, we found that FSs and ICT could promote small and medium enterprises' access to bank loans and alleviate the issue of collateral especially in countries with more developed financial system using World Bank Business Environment and Enterprise Performance Surveys (BEEPS).

Rehman et al. (2023) studied the effect of new finance technologies acceptance that included blockchain, Big Data and mobile banking on bank lending to small and medium enterprises in Pakistan. Drawing on an empirical survey with several parties, the paper proposed a clear positive impact of this technology on bank loan supply to SHs but also provided practical guidance for small and medium enterprises investing in new technology and academic/managerial policy lessons.

According to Maruti (2022), small and medium enterprises were of crucial importance in economic development and creation of employment, especially in developing countries like Kenya. Small and medium enterprises loan expanded but they are faced with the problem of operations which hinders their growth and existence. The research will establish an empirical base from which the relative effect of microfinance intervention on credit accessibility parameters for consumer-oriented small and medium enterprises can be measured and developed to attract policymakers' attention towards adoption of policies aimed at enhancing credit accessibility which in turn lead to growth of small and medium enterprises.

Contribution of small and medium enterprises to development within the context of globalization focus on a case study in Msomi and Maharaj (2022) attempted to investigate the nexus of availability of credit capital and its impact on small and medium enterprises survival. It was a quantitative research methodology that employed descriptive cross-sectional research design and the population of interest were 105 small and medium enterprises in KwaZulu-Natal, South Africa. This reflected 75.73% of the small and medium enterprises who were able to access credit and finance affirming a relationship between access to finance that led to business success and viability. However, the absence of collateral or security (81%), no statement of cash flows (52%) and lack of owners' equity retarded financing for a lot small and medium enterprises.

Arinzeh (2022) highlighted the important role of small and medium scale enterprises (small and medium enterprises) to Nigeria economic development. Coincident with their importance is the lack of a proper access to finance by small and medium enterprises in the Niger Delta region. The paper aimed to fill the literature gap by exploring what factors influenced small and medium enterprises' accessibility towards microcredit loan in the region. It also probed into the correlation between microcredit loan access and small and medium enterprises performance, which was poorly researched.

The significance of the micro and small enterprises (MSE) sector to Kenyan economy has been reiterated by (Alumasa & Muathe, 2021). Notwithstanding these efforts, MSEs in general find it difficult to maintain and develop their enterprise. Their paper examined how mobile credit may affect MSE access, price, loan size and regulation. Findings indicated that access, loan size, regulation were positively influencing while mobile credit cost was found to have negative effect on performance.

The moderating role of government policy on the relationship between loan availability and small and medium enterprise growth in Nigeria: A study by Oladimeji (2021), with an ex-post facto research design, the results show that the interaction term between government intervention and import substitution intention on firm performance was significantly weak. It was proposed that solutions are doing things to make finance and free legal advice more accessible in order to support the findings of small and medium enterprises success.

Mwenda (2021) also evaluated the impact of access to credit facilities on performance of MSE in Isiolo County, Kenya. It was based on various theories and employed a descriptive

survey research design focusing on 225 micro-and small firms. Finding Positive co relations were observed between lending mechanism, credit exposure and SMEs performance while on the other hand the collateral demands, and loan pricings negatively affected on the same (performance). Proposals ranged from easing credit factors to ensuring proper evaluation of clients.

Moulick, Sil and Neogy (2021) assessed the impact of attributes of enterprises on bank loans accessibility for small and medium enterprises in Bangladesh. Based on a deductive approach and empirical findings from semi-structured questionnaires with 400 small and medium enterprises firms, the study observed factors that affected loan access. The results indicated that internal capital, collateral, financial statement, payment of tax, location of the enterprise, age of the enterprise existence governance factor method (HYM) ownership type and sector are significant variables affecting access to bank loan.

In Nepal, a least developed and landlocked country, Kharel and Dahal (2020) investigated the challenges and constraints facing small-and medium-sized manufacturing enterprises (small and medium enterprises) attempting to integrate into global value chains (GVCs), particularly in terms of export. This article merges qualitative primary data with the scarce secondary data (including at company level) currently available. Based on the findings, they find no specific framework designed for small and medium enterprises, let alone any kind of strategy regarding small and medium enterprises internationalization or GVC participation in Nepal. The overwhelming majority of fiscal encouragements are not tailored to needs of the small and medium enterprises sector. The expiration of some incentives by a separate law has created some uncertainty in policy. High tariffs on raw materials and intermediates lack of an adequate duty drawback system; the absence of a viable cons policy, inadequate training and competence of officers are all causes. These are just a few of the most pressing problems facing the nation. There are also several critical challenges, including: Endowments, market access, logistics/trade facilitation, nontariff barriers and other cross-cutting policy considerations are all addressed in this research. Endowments, market access, logistics/trade facilitation and non-tariff measures are then considered in turn.

Bin et al. (2021) conducted World Bank enterprise survey to investigate key features of loan access and its role on the sustainability of small and medium enterprises in Cameroon. Probity and linear regression models were used, and the results revealed that collateral

security, experience, loan pricings, corruption, as well as loan size are determinants of credit with a good impact on small and medium enterprises sustainability in Cameroon. Following the findings, they recommended that the government should have an entrepreneurial pattern and that it might provide financial support to small and medium enterprises.

Qalati et al. (2021) explored the interaction between technology, structure and environment to comprehend operational mechanism of small- and medium-sized enterprises on which it has been based (it is mediated by using social media). To better capture SMEs, items were developed to assess the various purposes of enterprise use of social media. The study investigation herein used closed-ended questionnaires. A total of 423 responses were analyzed with such an approach, using Structured Equation Modeling (SEM). The canters of machine building industry are a source of accelerated industrial growth with extreme imperatives the results reveal that technology, structure and environment are all not separate to, but central in the formation of SMCs. It is also important to note that mass adoption of social media use contributes positively to the performance of small and medium sized enterprises (small and medium enterprises). Beyond demonstrating to organizations the benefits of social media, the research also elucidates reasons why firms should invest in social media.

Sanni, Oke and Alayande (2020) study the effect of an accessibility to loan by deposit money banks on performance of small and medium enterprises in Kwara State Nigeria. Of 382 participants, 198 were selected at random for analysis. Primary Data: Data were collected from the small and medium enterprises owners/ managers for the primary source.

It has been added value because Chandrayanti, Nidar, Mulyana, and Anwar (2020) focused on the disparity of Enterprise size and its characteristics which apparently not much attention in other previous entrepreneurial study. They investigated whether company performance acted as a mediator of the relationship between entrepreneurial characteristics and small firm accessibility to finance. 50 The study, conducted within West Sumatera Province in Indonesia, distributed 221 questionnaires to the operators of small firms that had obtained a loan from a bank.

Mwanyika and Koori (2020) examined the role of agricultural credit in enhancing productivity among small-scale farmers in Taita Taveta County, Kenya. They hoped to assess the impact of financial access on productivity of smallholders in the region. The

study applied a descriptive review approach on 1101 small-holder farms in four sub-counties.

The influence of loan accessibility and tax system on performance of manufacturing small and medium enterprises: A Malaysia perspective Cheong, Lee and Weissmann (2020) the research controlled for firm-specific and macroeconomic effects using dynamic panel system generalized method of moments. They found that non-bank credit sources and fiscal preferences had a significant long-term effect on small medium growth, though current tax rules were a drag on growth.

Ngumbi, Waweru and Rita (2020) emphasised the importance of small and medium enterprises in Kenya's economy, pointing out little finance as a critical challenge. Conducted in Meru town, the study sought to understand factors that drive loan accessibility by small and medium enterprises. Census sample was conducted with 160 small and medium enterprises operators who allowed the researcher to participate in their activities and have operated for a minimum of three years.

Nguyen, Uong and Nguyen (2020) investigated the impact of innovation activities in small and medium enterprises on accessing finance in Vietnam. According to the panel regression analysis with 4,500 observations; several dimensions of innovation such as R&D costs and number of new product launches were significantly related to loan availability.

Chandrayanti et al. (2019) conducted in West Sumatera Province, Indonesia and data were collected using a survey instrument as the research tool where the analysis was carried out with Lisrel. The results showed that firm characteristics significantly influence loan accessibility and business performance was a moderator of that relationship.

Amsi, Ngare, Imo and Gachie (2017) examined the relationship of the role played by Small and Medium Enterprises (small and medium enterprises) in developing countries like Kenya. Their research focused on the influence of microfinance loan characteristics on the financial performance of small and medium enterprises in Kenya base on a sample of 210 small and medium enterprises. Sample and Sampling Technique: They employed stratified, random and simple sampling for data collection. The study found that loan pricings, collateral constraint and payback terms have negative effects on profitability of small and medium enterprises but entrepreneur orientation and credit amount had a positive impacts. They suggested that micro finance institutions should incorporate entrepreneur orientation training in providing loans.

Chesang (2017) observed that the role of small and medium enterprises in Kenyan economy and the problems encountering them were majorly financial base challenges. Objective of the study the overall purpose of this research is to establish the extent to which access to loans influences financial performance of small and medium enterprises in Nairobi County. It analyzed characteristics such as the size of the firm, the amount of the loan, access to credit and performance. Questionnaires, interviews and secondary data were employed to gather data from the years 2012-2016. Results of the study showed a strong positive correlation between the variables and calls for fairness as regards access to financial services by small and medium enterprises loan applicants.

Eton et al. (2017) also evaluated loan financing influence on performance of small and medium enterprises in Lira Municipality. In a sample size of 120 respondents, they discovered that borrowing from small and medium enterprises had made it possible for the entrepreneurs to have access to available capital and extraneous materials while diversifying businesses were associated with higher production volume. Banks, the report said, ought to lend at competitive rates and promote financial knowledge among customers on an array of issues.

Ochido (2016) looked into the influence of access to credit on growth and development of small and medium enterprises in Nairobi County, Kenya. The study found that supply-side financial frictions in the guise of expensive loan rates were significant barriers to small and medium enterprises expansion process, alongside with loan size and confusion over collateral. Information gap/ awareness /no guarantor/collaterals were identified as the obstacles faced by small and medium enterprises in accessing finance. Banks should review their policies on similar challenges and increase small and medium enterprises financing, the report added.

Mole and Namusonge (2016) conducted a research on factors influencing accessibility to finance by small and medium enterprise's in Kitale Municipality. For a sample of 256 small and medium enterprises, they showed that lending mechanism, collateral restriction, regulation of credit reference institutions and entrepreneur’s training had the greatest impact on access to credit. They advocated for better information symmetry between credit reference bureaus, small and medium enterprises and banks.

In their research work on the relationship between access to finance and profitability of small and medium enterprises in Nairobi County, Koskey (2016). Based on a sample of 86

small and medium enterprises, the paper scrutinized characteristics such as size, credit riskiness, liquidity deposits and concentration in loan pricings. It discovered that the masses of entrepreneurs in small and medium-sized enterprises sector were rated as no guarantor because they failed to comply with bank processes and standards. It added that action was required to tackle these issues and improve the access to finance for small and medium enterprises. Sources of constraints to lending to small and medium enterprises by Banks are largely constrained by bank level, small and medium enterprises specific and macro-economic factors. And the opposed factors are regulations of banking environment, competition in Small and Medium-Sized Enterprise (small and medium enterprises) market, lending characteristics of small and medium enterprises, contract arrangement and lack of demand. Elsewhere in the world firms start at low level and barely there was a room for the company to expand beyond 2-3 workers (Amentie, Negash & Kumera, 2016). Like in other nations, it seems as though businesses start at a tiny subsistence level and then never gain the capacity to scale up beyond two or three employees.

Table 1

Summary of Previous Studies

Author(s)	Title	Objectives	Methodology	Variables	Findings and conclusion
Zhang, X., Wang, Y., & Liu, S. (2025)	Access to Credit and Performance of small and medium enterprises in Emerging Economies	To assess how credit accessibility affects the performance of small and medium enterprises in emerging economies.	Large-scale survey of small and medium enterprises across emerging markets	Financial documentation, business plans, credit approval rates	Small and medium enterprises with well-organized financial documentation and business plans have higher credit approval rates. Enhanced institutional support and financial literacy are crucial for better credit access and improved small and medium enterprises performance.
Kumar, R., & Sharma, P. (2024)	Dynamic Capabilities and Credit	To evaluate how dynamic capabilities	Qualitative interviews combined with	Dynamic capabilities (innovation,	small and medium enterprises with

	Accessibility: Evidence from small and medium enterprises in the Technology Sector	impact small and medium enterprises' access to credit in the technology sector.	quantitative data analysis	adaptability), credit success rate	strong dynamic capabilities are more successful in obtaining credit. Lenders favor small and medium enterprises that exhibit strategic agility and effective resource management, highlighting the importance of developing dynamic capabilities for better credit access.
Nguyen, T., Lee, J., & Kim, H. (2024)	Behavioral Factors Affecting small and medium enterprises Credit Accessibility: An Empirical Study	To explore the impact of managerial decision-making and organizational routines on small and medium enterprises credit accessibility.	Survey-based methodology	Managerial biases, organizational routines, credit application success	small and medium enterprises with strong financial management routines and proactive credit application strategies have better credit access. Improving financial literacy and decision-making processes can enhance credit outcomes for small and medium enterprises.
Li, Z., & Wang, J. (2024)	The Role of Information Asymmetry in small and medium enterprises Credit Markets: Evidence from	To analyze how information asymmetry affects small and medium enterprises credit markets and credit accessibility.	Longitudinal data analysis	Information asymmetry, credit rationing	small and medium enterprises often struggle with providing comprehensive financial information, increasing perceived risks

	a Longitudinal Study				for lenders. Improving transparency and information disclosure is crucial for reducing credit rationing and enhancing small and medium enterprises credit access.
Patel, A., & Lee, C. (2024)	Trade-off Theory and small and medium enterprises Financing: Insights from a Comparative Study	To assess how small and medium enterprises manage the trade-offs between debt benefits and costs across different industries.	Comparative study across various industries	Debt benefits, debt costs, capital structure	small and medium enterprises with a balanced approach to leveraging debt achieve better performance outcomes. Effective management of capital structure improves credit accessibility and supports sustainable growth. Strategic debt management is essential for optimizing credit access.
Ghosh, S. (2023)	Religion, caste and access to credit by small and medium enterprises: Is there a link?	Explore the impact of religiosity on small and medium enterprises' access to finance in India	Used unit-level data on registered manufacturing small and medium enterprises in India in 2007. Employed disaggregated analysis.	Independent: Religiosity; Dependent: small and medium enterprises' access to institutional credit	Certain religious categories (Hindus, Sikhs) less likely to have access to institutional credit. Small and medium enterprises for these categories also less likely to use institutional credit.

Ndombi Avouba, F. G. (2022)	Effects of access to credit on the performance of small and medium enterprises in the Congo	Analyze the effects of access to credit on small and medium enterprises performance in Congo	Employed theoretical model by Stiglitz and Weiss (1981). Conducted multiple linear regression with ordinary least squares technique.	Independent: Access to credit; Dependent: small and medium enterprises performance	Access to credit found to be neutral with respect to small and medium enterprises performance.
Arcuri, M. C., & Pisani, R. (2023)	Access to external credit during COVID-19: evidence from green small and medium enterprises in Italy	Explore financial resilience of green small and medium enterprises in Italy during COVID-19 pandemic	Analyzed 215,564 observations over 2017-2020. Compared financial resilience of green and non-green small and medium enterprises.	Independent: Green orientation; Dependent: small and medium enterprises' financial resilience	Green small and medium enterprises in Italy do not attract more external funding than non-green small and medium enterprises but rely more on trade credit.
Thein, E. E., Niigata, A., & Inaba, K. (2023)	Information transparency, collateral problem and bank credit accessibility of small and medium enterprises in ASEAN countries	Investigate the impact of information transparency and collateral issues on bank credit accessibility of small and medium enterprises in ASEAN countries	Used Business Environment and Enterprise Performance Surveys data provided by the World Bank. Analyzed data from eight ASEAN countries.	Independent: Information transparency, collateral issues; Dependent: Bank credit accessibility	Information transparency through audited financial statements and ICT can promote small and medium enterprises' bank credit accessibility and reduce collateral issues.
Rehman, S. U., et al. (2023)	FinTech adoption in small and medium enterprises and bank credit supplies: a study on manufacturing small and medium enterprises	Examine the impact of FinTech adoption on bank credit supplies for manufacturing small and medium enterprises in Pakistan	Surveyed 381 stakeholders including CEOs, managers, loan officers, etc.	Independent: FinTech adoption; Dependent: Bank credit supplies for small and medium enterprises	Adoption of blockchain, Big Data, and mobile banking technologies positively impacted bank credit supplies for small and medium enterprises in Pakistan.
Maruti, E. (2022)	Effect of microfinance	Investigate the effect of	Employed a descriptive	Independent: Microfinance	Training programs,

	practices on credit accessibility by consumer based small scale business	microfinance practices on credit accessibility by consumer-based small and medium enterprises in Kisumu city	research design.	practices; Dependent: Credit accessibility by consumer-based small and medium enterprises	repayment period, credit availability
Msomi, T. S., & Maharaj, A. (2022)	Credit accessibility and viability of Small and Medium Enterprises in South Africa	Explore the correlation between access to credit funding and the viability of small and medium enterprises in South Africa	Utilized a quantitative research approach with a descriptive, cross-sectional design.	Independent: Access to credit funding; Dependent: Viability of small and medium enterprises	Access to credit funding positively correlates with small and medium enterprises viability.
Arinzeh, I. F. (2022)	Microcredit Loan Accessibility and its Effect on small and medium enterprises Performance	Investigate factors influencing microcredit loan accessibility among small and medium enterprises in Nigeria's Niger Delta region and its effect on small and medium enterprises performance	Used descriptive review method.	Independent: Microcredit loan accessibility	Microcredit loan accessibility remains a challenge for small and medium enterprises in Nigeria's Niger Delta region. Relationship between microcredit loan accessibility and small and medium enterprises performance examined.
Alumasa, S., & Muathe, S. (2021)	Mobile Credit and Performance: Experience from small and medium enterprises in Kenya	Investigate the effect of mobile credit on performance of micro and small enterprises in Kenya	Used primary data collected through semi-structured questionnaires. Analyzed using Structural Equation Model (SEM).	Independent: Accessibility, Cost, Loan amount, Regulation; Dependent: Performance	Accessibility, loan amount, and regulation positively influence small and medium enterprises performance, while cost has a negative impact.
Oladimeji, O. A. (2021)	Credit Accessibility	Investigate the moderating	Ex-post facto research	Independent: Credit	Government policy has a

	and small and medium enterprises Growth in Nigeria	effect of government policy on the relationship between deposit money banks' credit accessibility and small and medium enterprises' growth in Nigeria	design using data from annual reports and textbooks. Multiple regression analysis employed.	accessibility, Government policy; Dependent: small and medium enterprises' growth	negative and insignificant moderating effect on the relationship between credit accessibility and small and medium enterprises' growth in Nigeria.
Mwenda, B. G. (2021)	Effects of Credit Accessibility on MSE Enterprises in Kenya	Explore the effects of credit accessibility on the performance of MSE enterprises in Isiolo County, Kenya	Descriptive survey research design. Structured questionnaires used. Pearson's correlation and regression analyses conducted.	Independent: Lending procedures, Credit awareness, Collateral requirements, Interest rates; Dependent: small and medium enterprises performance	Lending procedures and credit awareness positively influence small and medium enterprises performance, while collateral requirements and interest rates have negative impacts.
Moulick, R. K., et al. (2021)	Firm's Attributes on Credit Accessibility: small and medium enterprises in Bangladesh	Investigate the effect of firms' attributes on access to bank loans in Bangladesh	Used primary data from semi-structured questionnaires. Analyzed using multiple regression analysis.	Independent: Internal capital, Collateral, Financial statements, Tax payment, Location, Age of the firm, Ownership style, Sector; Dependent: Debt accessibility	Internal capital, collateral, financial statements, tax payment, location, age of the firm, ownership style, and sector influence access to bank loans in Bangladesh.
Sanni, M., et al. (2020)	Bank Credit Accessibility and small and medium enterprises Performance in Nigeria	Examine the effect of deposit money banks' credit accessibility on small and medium enterprises performance in Kwara State, Nigeria	Used primary data from 198 respondents. Analyzed using PLS-SEM.	Independent: Deposit money banks' credit accessibility; Dependent: small and medium enterprises performance	Deposit money banks' credit accessibility positively influences small and medium enterprises performance in Kwara State, Nigeria.

Chandrayanti, T., et al. (2020)	Entrepreneurial Characteristics on Credit Accessibility: Indonesia	Investigate the impact of entrepreneurial characteristics on credit accessibility for small businesses in West Sumatera, Indonesia	Survey data from 221 small enterprises. Analyzed using Structural Equation Model (SEM).	Independent: Entrepreneurial characteristics; Dependent: Credit accessibility	Entrepreneurial characteristics positively affect business performance, which in turn positively affects credit accessibility for small businesses.
Mwanyika, N. T., & Koori, J. (2020)	Credit Accessibility and Performance of Farms in Kenya	Investigate the effect of credit accessibility on small-scale farm performance in Taita Taveta County, Kenya	Used descriptive review method. Data collected from 111 small-scale farms. Analyzed using SPSS.	Independent: Loan pricing, Repayment schedules, Record keeping, Formal lending facilities; Dependent: Farm performance	Loan pricing, repayment schedules, and record keeping positively influence farm performance, while formal lending facilities have a mixed impact.
Cheong, C. W., et al. (2020)	Credit Access, Tax Structure, and small and medium enterprises Performance: Malaysia	Investigate the effects of credit access and tax structures on small and medium enterprises performance in Malaysia	Used dynamic panel system Generalized Method of Moments.	Independent: Credit access, Tax structure; Dependent: small and medium enterprises performance	Debt funding is not conducive to small and medium enterprises performance. Access to non-bank credit sources and tax incentives support small and medium enterprises performance. Existing tax structures inhibit small and medium enterprises growth and encourage accounting manipulation.
Ngumbi et al. (2020)	Influence of lending procedures on credit accessibility amongst small and micro	To investigate the influence of lending procedures on credit accessibility among small	Descriptive research design. Data collected through questionnaires from 160 small	Independent: Lending procedures. Dependent: Credit accessibility.	Significant relations found between lending procedures and credit accessibility

	enterprises in Kenya: a case of Meru Town	and medium enterprises in Meru Town, Kenya.	and medium enterprises. Census approach used. Data analyzed using SPSS. Regression analysis employed.		among small and medium enterprises in Meru Town.
Nguyen et al. (2020)	How small-and medium-sized enterprise innovation affects credit accessibility: The case of Vietnam	To investigate how innovation within small and medium enterprises influences credit accessibility in Vietnam.	Data set from survey conducted among small and medium enterprises in Vietnam. Panel regression model used.	Independent: Innovation factors (new products, new technology, etc.). Dependent: Credit accessibility.	Three out of five innovation factors significantly impact credit accessibility.
Chandrayanti et al. (2019)	Credit accessibility model of small enterprises based on firm characteristics and business performance. Case study at small enterprises in West Sumatera Indonesia	To test the influence of firm characteristics and business performance on credit access in small businesses in West Sumatera, Indonesia.	Survey conducted with 221 small enterprises in West Sumatera Province. Structural Equation Model (SEM) used for data analysis.	Independent: Firm characteristics, Business performance. Dependent: Credit access.	Firm characteristics positively influence credit access, mediated by business performance.
Amsi et al. (2017)	Effect of microfinance credit on small and medium enterprises financial performance in Kenya	To investigate the effect of microfinance credit factors on small and medium enterprises financial performance in Kenya.	Sample size of 210 small and medium enterprises. Stratified and simple random sampling. Data analyzed using regression analysis.	Independent: Microfinance credit factors (amount, interest rate, etc.). Dependent: small and medium enterprises financial performance.	Interest rate, collateral requirement, and repayment period negatively affect small and medium enterprises financial performance, while credit amount and entrepreneur orientation have a positive effect.
Chesang (2017)	Effects of Access to Credit on	To examine the effect of credit access	Data collected over five years from 2012 to	Independent: Firm size, Loan amounts,	Strong positive relationship found between

	Financial Performance of Small and Medium Enterprises in Nairobi County	on financial performance of small and medium enterprises in Nairobi County, Kenya.	2016. Regression analysis used for data analysis.	Access to credit. Dependent: Financial performance.	access to credit and small and medium enterprises financial performance.
Eton et al. (2017)	Credit financing and performance of small and medium enterprises in Lira Municipality, Uganda	To examine the role of credit financing on performance of small and medium enterprises in Lira Municipality, Uganda.	Sample of 120 respondents considered. Findings indicate that extending credit enables small and medium enterprises to access resources, diversify, and increase productivity.	Independent: Credit financing. Dependent: small and medium enterprises performance.	Credit institutions should continue providing credit at affordable rates and train clients on financial management.
Ochido (2016)	Relationship between credit accessibility and growth of small and medium enterprises in Nairobi County, Kenya	To investigate how credit accessibility influences growth of small and medium enterprises in Nairobi County, Kenya.	Sample of 379 small and medium enterprises in Nairobi County. Data analyzed using regression and correlation analysis.	Independent: Credit accessibility. Dependent: Growth of small and medium enterprises.	Lack of access to credit hinders small and medium enterprises growth. High interest rates negatively impact small and medium enterprises growth. Lack of information and collateral are barriers to credit access.
Mole & Namusonge (2016)	Factors affecting access to credit by small and medium enterprises: A case of Kitale Town	To establish factors influencing access to credit among small and medium enterprises in Kitale Municipality.	Descriptive survey design. Data collected through questionnaires from 726 small and medium enterprises. Analysis involved descriptive and inferential statistics.	Independent: Lending procedures, Collateral requirements, Credit bureau referencing, Entrepreneur training. Dependent: Credit access.	Lending procedures, collateral requirements, credit bureau policies, and training significantly influence credit access.

Koskey (2016)	Effects of access to credit on profitability of small and medium enterprises in Roysambu sub-location, Nairobi County	To investigate how access to credit influences profitability of small and medium enterprises in Nairobi County.	Descriptive survey design. Questionnaires used to collect data from 86 small and medium enterprises. Data analyzed using correlation and regression analysis.	Independent: Firm size, Credit risk, Liquidity, Deposits, Interest rates. Dependent: Profitability of small and medium enterprises.	Access to credit positively influences small and medium enterprises profitability.

2.3 Research Gap

Even though the described objectives are intended to work on several dimensions of loan accessibility and financial performance among small and medium enterprises in Kathmandu, there is a wide research gap with regard to utilizing the lenses suggested by Dynamic Capabilities Theory. This concept emphasizes the importance of an organization's ability to adjust itself, develop and reconfigure its resources in light of dynamic market circumstances. But the objectives are primarily focused on measuring perceptions and exploring ties among financial dimensions without focusing on how dynamic capabilities of small and medium enterprises have influence them. Therefore, there is a significant gap between how small and medium enterprises of Kathmandu utilize their dynamic capabilities to influence the loan pricing, repayment terms and other financial dimensions leading towards its financial performance (Teece et al., 1997).

Second, while the objectives are to investigate relationships between financial concepts and the financial performance of small and medium enterprises, there is a dearth in analyzing the role of organizational learning and knowledge creation. The Dynamic Capabilities Theory also emphasizes the importance of learning within organizations to enhance firms' flexibility and adaptability. But, the objectives do not explicitly elucidate how learning orientation of small and medium enterprises will influence their judgment of financial criteria and following that, impact on its financial performance. Thus, it is possible to enhance the research by investigating how small and medium enterprises' organizational learning strategies support them in effectively managing their financial hardship and taking advantage of opportunities which consequently can affect positively on credit accessibility and financial performance in Kathmandu (Teece et al., 1997).

CHAPTER III
RESEARCH METHODOLOGY

3.1 Research Design

Research is conducted using a descriptive and causal research designs. It is chosen because it is the architecture that provides responses to questions such as who, what, which where, and how much. If that description is informative, then a descriptive study should be done. Moreover, a descriptive study is required as it stands the starting point for classifying of variables and formulating hypothetical constructs that could be tested in several formula. Lastly, a descriptive research is necessary because it acts as a method for studying a situation or event since the latter is either morally and/or physically impossible to generate inside an experiment. Research design is the plan of what procedures and techniques will be used in order to answer the questions that have been asked by research. Descriptive and casual research is conducted to suit the aim of study, and purposive sampling techniques used for carrying out the same.

3.2 Population and Sampling

The sample size of the study was quite large as it covered company owners from all parts of Kathmandu among a diverse age group as well as the gender which is not easy to collect. After the non-probability sampling has been carried out, a purposive sampling is used in order to provide samples that are readily accessible to researchers. As recommended by Roscoe (1975) the sample size for social science project is appropriate if it ranges from 30 to 385. The sample size of this study consists of 385 small and medium enterprises in different locations in Kathmandu using purposive sampling method.

3.3 Nature and Sources of Data

Primary source is used for the necessary data analysis. For primary data collection, the investigator collects responses through formulating questionnaires that are sent to the chosen sample of population and then counted summarized for analysis. The pre-organized questionnaires are designed to rate from 1(strongly disagree) to 5(strongly agree) point on the Likert scale such as 1 as Strongly Disagree, 2 as Disagree, 3 as Neutral, 4 as Agree and 5 as Strongly Agree. The core data and information mostly are collected via answering a questionnaire means of collecting data such as face-to-face visits to the respondents, or by email.

3.4 Data Collection Procedure

Information, data collected on the respondents are unedited. With this knowledge, direct display is not possible. Hence, it is necessary to store data and converted into desired shape. The data were collected via Field Survey. The data are given for the research after that only. This process is known as data processing. For the purpose of presentation more than one table are used. When we talk about the calculation then it is performed with the help of scientific calculator as well as computer software application SPSS 25.0 edition.

3.5 Instruments of Data

Automatic solutions are used for data analysis in the study. Manual calculations could be as simple as statistical results/applications computed using a scientific calculator to obtain specific statistics/statistical indicators. The 5-point Likert scale were used while making the survey questionnaire indicating 1 as strongly disagree, 2 as disagree, 3 as neutral, 4 as agree and 5 as strongly agree. On the other hand, the main instrument for data analysis was the Statistical Package for Social Science (SPSS) software 25.0. provides a comprehensive system to easily perform statistical analyses that encompass a wide range of fields, including descriptive statistics, inference tests, linear and non-linear regression analysis, times series analysis, and data visualization. It enables the analyst to investigate correlations between different variables, verify hypothesis, and draw inferences from the data.

3.6 Method of Analysis

The collected raw data of various sources from the field are coded and tabled accordingly for generation of specific findings in this study. Tabular data is then described by means of statistical methods and other related tools. To illustrate and because of the range of this paper, emphasis is placed on statistical tools rather than other tools according to subject restrictions. Thus for this study, mean, standard deviation, co-relation and regression are used to find out. The data is analyzed through SPSS 25.0. Data were analyzed using the following techniques, indented as tools. The method of data mainly includes frequency and percentage destruction, descriptive statistics, correlation and regression analysis.

Descriptive Statistics

In statistical terms, descriptive statistics are distinguished from inferential statistics. In descriptive statistics the above is actually not a big problem, it's possible just to say what

"is" or simply describe that data says. An example of the use of statistical inference could be that one makes an estimate of the population by generalizing observations made about the sample to a larger sample or other population. For instance, scientists used inferential statistics to make inferences as to what the population at large might think based on a sample that they studied. Alternatively, inferential statistics can be employed to draw conclusions about the likelihood that a true difference exists between groups in this study based on what has been observed. Thus, the researcher uses inferential statistics to draw conclusions about more general situation based on information in this study and the author uses descriptive statistics to provide a description of what is actually happening in the data. In the terminology of this study, this minor group has been used for analysis using descriptive statistics.

Correlation Analysis

It can be defined as the extent of linear relationship that exists between two or more variables. Two variables are said to be correlated when one varies with the change in other. There is positive association if with the increase (decrease) in one quantity in general is associated an average or good rise (fall) in another quantity. It has been negative if the increase (decrease) in value of one variable is associated with the decrease (increase) in value of another. However, the correlation coefficient always falls between +1 and -1.

Regression Analysis

In regression analysis, the researcher attempts to construct an average irreversible functional relationship between two variables. In other words, a regression analysis is a way to mathematically investigate the relationship between two or more things such as X and Y. This work seems to be motivated by the research work done by Mwanyika and Koori (2020). The model's proposed claims are that the credit accessibility depends limitedly on collateral security, level of presence of financial institutions, loan pricing charged, record keeping and payback period at which loan is paid back while performance of small and medium enterprise's substantially rely on the credit accessibility among the small and medium enterprise's. Specification under the research regression the model to test is specified as follows based on previous literature:

SFP=ß + ß1LP+ ß2LRS +ß3RK +ß4AOFI +ß5CS+e

Where,

SFP = Financial Performance of small and medium enterprises

e = error term

ß1- ß5 = Regression Coefficient for Variables

LP = Loan Pricing

LRS = Loan Repayment Schedule

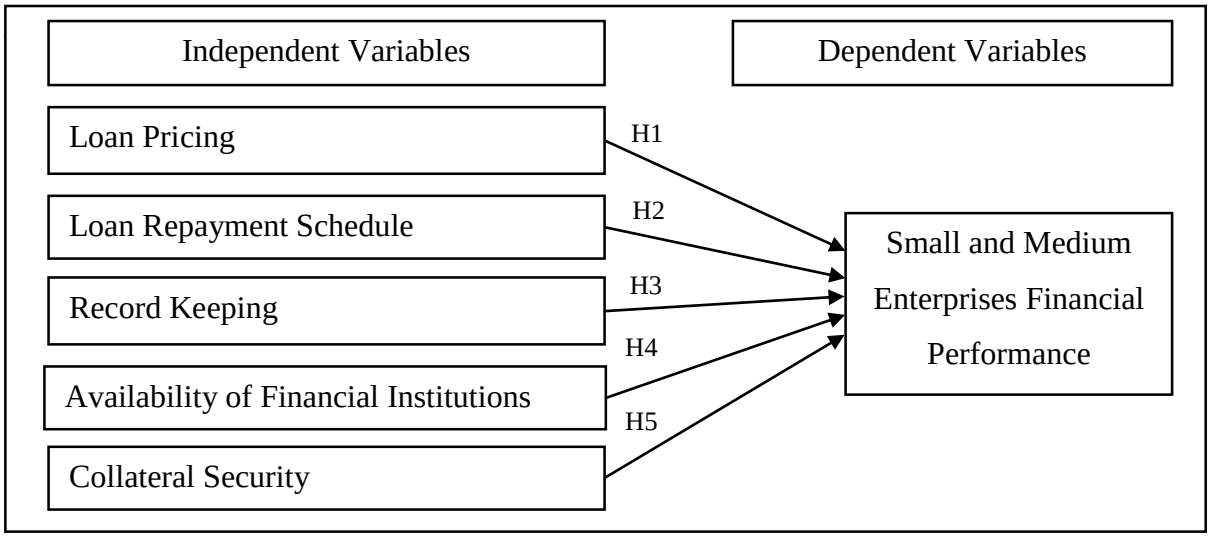
RK = Record Keeping

AOFI = Availability of Financial Institutions

CS = Collateral Security

3.7 Research Framework and Definition of Variables

Figure 1



Source: Mwanyika and Koori (2020)

Loan Pricing

Loan pricing is the terms and conditions for lending money from investors to a borrower. It incorporates the cost of credit and the payback requirements imposed on borrowers. Pricing of loan has directly effect on cost of capital for small and medium enterprises and hence also their profit, survival. Higher loan interest cost or charges could result in higher financial pressure on small and medium enterprises, consequently leading to lower net income and poorer performance of these companies. Conversely, enabling financial performance (Gertler & Hubbard, 1993). Maybe by reducing financing costs and Improving cash flow management conditions of loan that being priced influences in favor of small and medium enterprises such as flexible payback plans or loans with lower interest rates.

Loan Repayment Schedule

The loan repayment schedule is the timetable or plan established with regard to paying back the principle sum and interest of any loan in a period of time. It is the frequency and amount at which borrowers have to repay their loans to meet their credit obligations. The flow of cash, liquidity and solvency of small and medium enterprises are instantly exposed to the payment schedule. A fixed repayment schedule ensures timely debt repayments, enhancing the credibility of small and medium enterprises with lenders. On the contrary, financial resources of small and medium enterprises may be tied down due to challenge in payment obligation which limit liquidity supply and default risk leading to, their negative effects on performance negatively (Asemah et al., 2020).

Availability of Financial Institutions

The presence of and access to a variety of financial intermediaries (such as banks, credit unions and micro-finance institutions) in the economic system is known as availability of financial institutions. It shows how much smaller businesses have many funding and credit means available for operations and growth. Financial services access influences the breadth and depth of funding alternatives that are available to small and medium enterprises, and this would, in turn, affect their financial performance. Small and medium enterprises' access to cash is improved, lender's competition furthered, and better credit terms might arise from a competitive and strong financial sector that involves spread of institutions. However, financing options for small and medium enterprises are limited due to the absence of relationships with financial institutions by which they can screen and monitor borrowers, leading to likely lower levels of investment and financial performance (Berger & Udell, 1998).

Record Keeping

Record keeping is the orderly and pragmatic process of utilization and systematic filing of all records/information relating to business transactions (economic activities & commercial activity) in a manner that will represent, protect the economy, be easily & readily retrievable but not uselessly accumulate space. It is the use of accounting systems and practices to record, verify values between balances efficiently and accurately regarding income, fund sources, expenses, liabilities, and assets. For small and medium enterprises, keeping proper records is necessary to maintain company transactions, analyze

financial results, comply with regulatory requirements and enable sound management decisions. In the context of small and medium enterprises financial performance, sound record-keeping practices increase accuracy, accountability and transparency in financial reporting. Small and medium enterprises benefit positively from their financial records by enabling them to assess profitability, identify cost minimization (or optimization) and exhibit credit-worthiness towards financiers/investors' (Elabd et al., 2015).

Collateral Security

Collateral security are those assets or properties which borrowers (e.g. Small and medium enterprises) pledge with lenders to back up a loan, and allow the lender a source of repayment in-case of default. Collateral serves as a sort of security to lenders, who might be willing to offer short so long as they have something tangible that can be grabbed and sold to make up for bad debt from creditors. Both the supply and the quality of collateral security influence small and medium enterprises' financial performance by shaping their ability to obtain credit and good loan terms. Collateralized small and medium enterprises would enjoy lower interest and larger loan size and relax the repayment schedule which would increase its financial performance. However, small firms with fewer assets as collateral may find it hard to borrow with the borrowing rate becoming higher and greater limitations on growth (Huang et al., 2020).

Small and medium enterprises Financial Performance

Financial performance of small and medium enterprises the measurement of financial performance and profitability of small and medium-sized enterprises is called as financial performance of small and medium enterprises. Some of the financial metrics and indicators it comprises are gross sales, net profit, profitability tree ratios, liquidity tree ratios, solvency tree ratios and return on investment. Financial performance of small and medium enterprises describes their long-term survival, competitive position and operational efficiency. The wealth of your company is a positive indicator of successful company plans, efficient management techniques and the ability to earn money and generate value for its shareholders. On the other hand, low economic performance may reflect mismanagement or financial stress problems and defaults. The success of small and medium enterprises is influenced by external and internal environment variables that include market situation, industrial trend and regulatory climate as well as management decision, operating efficiency, resource distribution (Fatoki, 2014).

CHAPTER IV

RESULTS AND DISCUSSION

4.1 Respondent's Profile Analysis

Descriptive statistics revealed that generally small and medium enterprises are satisfied with the record keeping and access to financial institutions while they find it difficult to satisfy collateral. Pearson correlation and multiple linear regression were employed to determine the associations and predict the effects of loan pricing, interest rates, record keeping practice as well as financial institution availability and collateral security on financial performance of small and medium enterprises. Substantial correlations were found and financial influencers have been described.

"The Respondents Profile Analysis" presents in detail the demographic attributes of the respondents involved in this study. The dataset falls into five dimensions: gender, age, education status and percentage of invested annual income. This description contributes to comprehension about the socio-economic status and diversity of the respondents.

Table 2

Respondents' Profile Analysis

Category	Frequency	Percentage (%)
Gender		
Male	295	76.6
Female	90	23.4
Age Category		
Below 30	45	11.7
30-40 years	321	83.4
41-50 years	16	4.2
Above 50 years	3	0.8
Education Status		
Literate	12	3.1
School Level	66	17.1
Undergraduate	156	40.5
Graduate	151	39.2
How much of your annual income do you invest?		
Less than 10%	48	12.5
10-20%	93	24.2
21-30%	195	50.6
30% above	49	12.7
Income Level		
Below Rs. 200K	42	10.9
Rs. 201K-400K	75	19.5
Rs. 401K-600K	220	57.1
Rs. 600K Above	48	12.5
Total	385	100

Source: Survey, 2025

Table 2 illustrates that most of the respondents are males who represent 76.6% of the entire sample (i.e., 295). The proportion of women in the sample is however, at 23.4% (90 persons). This huge gender imbalance is indicative of the survey's male over-representation and this likely reflects the surveyed population or industry sector of interest.

The age distribution of the subjects is highly concentrated in the 30-40 years of age bracket, which represents 83.4% (n=321) out of total sample. Lesser number to the tune of 11.7 per cent or 45 candidates are under 30 years of age. 4.2% of the respondents are in the 41-50 year age range, with only 0.8% (3 people) being over 50 years old. The distribution indicates that respondents are mostly middle aged at the time of the survey, though this could be related to career and investment ability.

Respondent educational background shows an evenly spread between undergraduate and graduate level. In particular, 40.5% are from those with an undergraduate degree while 39.2 are those who have earned a graduate degree or higher. These clusters include 156 and 151 members respectively. The school level educated contribute by 17.1% while those who are literate and uneducated (Nil formal education) comprise meager 3.1% i.e., only from 12 respondents. The high prevalence of respondents with college degrees signifies a fairly educated sample, which may be reflected in their levels of financial literacy and investment practices.

As for the proportion of annual income respondents are investing, results indicate that 50.6% of respondents invest 21-30% of their earnings (n=195). Approximately 24.2% of them, or 93 people, allocate from 10% to 20% of their annual income for investment´s sake and as many as 12.7% (or =49) invest more than a third. A smaller portion — 12.5% or 48 respondents — put in less than 10% of their income which indicates a trend on the part of most respondents to use high levels of their monthly earnings for investments; indicating probably a high degree of financial planning and commitment.

Level of income: Majority belong to the income level Rs. 401K-600K, where 57.1% or 220 participants lie in this category. Another 51% of the sample falls in Rs. 400K and below income group with a percent share more than 600 K earners are. A little less than one-tenth of the sample (42 respondents or 10.9%) earns at most less than RS 200,000 as annual income and these figures report a significant number of middle-income group respondents whose investment decisions could be affected, based on their economic profile.

4.2 Results

The differences in small and medium enterprises experiences are significant as evidenced by the range of means and standard deviations between these dimensions that pinpoint stronger and weaker eLearning areas. This comprehensive analysis is useful to support the identification of areas with development potential, and will lend a guiding hand to financial institutions and policy makers in improving their own processes, so as better meet the needs of small and medium enterprises and hence improve their financial performance.

4.2.1 Descriptive Analysis

The descriptive analysis of small and medium enterprises variable offers an interesting insight on their general experience about financial management. Based on loan pricing, repayment schedule, record keeping, collateral security and availability of financial institutions, the study finds that small and medium enterprises owners disagree about requirements for collateral even as they do not quite agree about total effects on financial performance though most consider record keeping and access to financial institutions to be fairly better operationally.

Table 3

Perception towards Loan Pricing

Descriptive Statistics for Loan Pricing	N	Mean	SD
Financial institutions offer competitive and reasonable interest rates.	385	3.63	0.97
Fees and charges for loans are transparently communicated.	385	3.34	1.03
Repayment options are flexible and suit small and medium enterprises' financial circumstances.	385	3.28	1.12
The cost of obtaining a loan is justified by the benefits provided.	385	3.61	1.08
small and medium enterprises find the interest rates affordable and conducive to growth.	385	3.30	1.08
Weighted average		3.43	1.06

Source: Survey, 2025

In Table 3; "Perception towards Loan Pricing", the respondents' views in some aspects of loan pricing are presented as descriptive statistics. The average score, standard deviation (SD) and number of completed versions (N) for each loan price item are provided in the database. Especially from the small and medium enterprises perspective, this paper clarifies

how respondents perceive win rate, transparency, flexibility and overall value in loan pricing.

The first item on the list looks at whether banks offer fair and competitive interest rates. The item has a mean (± SD) score of 3.63 ± 0.97, based on responses from 385 individuals. The mean score of 3.63 suggests that majority of the respondents agreed that interest rates set by financial institutions were reasonable and competitive. The high standard deviation of 0.97, however, suggests significant variation in the responses—so even though many people agree with a response is not enough and still a lot might be disagreeing.

The second article examines the transparency in interest and fees on loans. Here the standard deviation is 1.03 and the average score is 3.34. Although there is room for improvement, the second item of fees and charges are presented in a transparent manner received an average score of 3.34, indicating that respondents partially agree (or somewhat agree) with this statement. Second, a dispersion of 1.03 in these responses implies that respondent opinions concerning transparency of loan fees and charges differ somewhat from one another and that some might even feel the need for more clarification in this area.

The third included item considers the compatibility and flexibility of the repayment options to small and medium enterprises' financial situation. The mean score for this item is 3.28 with a standard deviation of 1.12. It is likely that there are some who would like the repayment options but do not consider them to be flexible as indicated by a midpoint mean score. The higher value is 1.12 which means a lot of different views, so that we could propose that there are very different experiences and satisfaction with repayment flexibility among those respondents being surveying.

The fourth question is whether the benefits derived from borrowing outweigh the cost. This item has a mean of 3.61 and a standard deviation of 1.08. The mean score of 3.61 suggests that most respondents feel that the benefits of taking a loan outweigh its costs, suggesting a positive perspective on loans as an instrument enabling one to get ahead in life. With a standard deviation of 1.08, there is clearly a great variation in opinion on this matter, despite the fact that most accept the level expenses are set at.

Fifthly, the question seeks to find out whether small and medium enterprises consider interest rates to be fair and likely to stimulate growth. This mean is 3.30 with a standard deviation of 1.08. The neutral middle score reflects a moderately positive view which suggests that, on the whole, respondents feel interest rates are fair and conducive to

economic growth. The deviation 1.08 however, suggests that views differ widely, and some small and medium enterprises will find it hard to afford loan rates.

The weighted average over all item mean scores (3.43, SD=1.06) is reported in the table as well. This weighted average provides a general idea of whether borrowers have favorable or adverse attitudes towards loan price. With an average of 3.43, overall respondents seem to have a favorable opinion since most of them felt that the elements pertaining loan pricing were fairly competitive, transparent, flexible, and were reinforced by the benefits." The standard deviation of 1.06 is far from zero, indicating a broad range of personal experiences and worldviews: If some are quite satisfied, others must have their doubts.

Table 4

Perception towards Loan Repayment Schedule

Descriptive Statistics for Loan Repayment Schedule	N	Mean	SD
Repayment schedules are flexible and manageable for small and medium enterprises.	385	3.82	1.06
Adherence to repayment schedules is easy for small and medium enterprises.	385	3.58	1.01
Repayment terms align with small and medium enterprises' revenue cycles.	385	3.44	0.97
Option for renegotiating repayment schedules is available.	385	2.67	1.98
Small and medium enterprises perceive the repayment schedule as fair and reasonable.	385	3.48	1.05
Weighted average		3.40	1.21

Source: Survey, 2025

Descriptive statistics on Public with regard many aspects of loan repayment schedule, particularly on small and medium enterprises perspectives is presented in Table 4 titled “Perception towards Loan Repayment Schedule”. Mean score, SD and N are included in the statistics for individual items. This work illuminates with the lens of small and medium enterprises the flexibility, controllability, and cost justice of loan options by financial institutions should appear.

The table's initial column looks at the ease and flexibility of repayment plans for small and medium sized firms. This reveals that the respondents generally consider repayment

schedules are easy and convenient, having mean mice is equal to 3.82 and standard deviation of 1.06. On average, about 4 (favorable) shows a favorable attitude toward the repayment schedule, and most small and medium enterprises think that the installment periods are appropriate to their situation. The reply variation, nevertheless a standard deviation of 1.06), is not that big, which indicates diversity of answer and may indicate that although the majority believe there is some flexibility in Working Hours, it seems like the sample has some different perspectives.

The second issue considers the extent to which it is easy for small and medium enterprises to adhere to repayment schedules. Its mean is 3.58 and the standard deviation is 1.01 for this item. Responding to the mean value, the respondents are in general consensus that small and medium enterprises can easily meet their payback period. The score, however, is a little lower than that for flexibility meaning while schedules are doable despite programs moving forward in time not every account could keep its schedule exactly as it was originally proposed. Considering the wide diversity of responses indicated by SD (1.01), it is likely that respondents differ in the level with which they will be able to comply.

The last provision evaluates the conformity of repayment schedules with small and medium enterprises income cycles. Here, the mean is 3.44 and standard deviation=0.97. On the average score, respondents are generally neutral but agree that these payback periods coincide with their earning cycles. This implies that, although the repayment schedule may be generally coherent with the small business cash flow pattern it did not guarantee a full coincidence between payments and receipts. in contrast to other discussed topics, if we compare the result with our ceiling and floor which lead us to a standard deviation =0.97 Which means "more constant" it can say that Respondents tend to have more similar opinions about this topic than any other topic.

The options for renegotiation of repayment terms are discussed in item 4. The mean score for this question is 2.67, with a standard deviation of 1.98. The lower average rating implies that respondents in general find quite little scope for renegotiation. The mean suggests that most small and medium enterprises do not feel they have a sufficient number of opportunities to change the repayment type (which could potentially be a problem for firms experiencing unexpected financial difficulties). The relatively high standard deviation of 1.98 points to a lot of answer variance, suggesting that the sample's exposure

to renegotiation options is quite different between respondents, it may be even that some small and medium enterprises consider these options available and others do not.

The fifth dimension is that of the feeling of fairness and reasonableness of the pay-back plan to small and medium enterprises. It is scored with a mean of 3.48 and standard deviation of 1.05. Level of agreement is limited, but the score indicates that respondents overall agree with that payoff plan being fair and acceptable. Representative opinions are further illustrated by the sample bias with a deviation of 1.05 some respondents see that they can be benefited by the repayment instruments and others feel comfortable about them

Finally, the table presents a weighted average of mean (3.40) of all items. This weighted average provides a total assess mall and medium enterprises of the respondents' choice about loan repayment plans. The mean score of 3.40 suggests that most respondents had a somewhat positive perception about payback schedule as the latter were considered fair, doable and more or less consistent with income patterns. The fact that the standard deviation is 1.21 indicates balanced experiences, although some small and medium enterprises are indeed faced with problems in renegotiation options and strict time discipline.

Table 5

Perception towards Record Keeping

Descriptive Statistics for Record Keeping	N	Mean	SD
Small and medium enterprises maintain accurate financial records.	385	3.42	1.16
Record-keeping practices comply with regulatory standards.	385	3.14	1.71
Small and medium enterprises use efficient tools for record-keeping.	385	4.15	1.59
Financial records are regularly updated and reviewed.	385	3.36	1.01
Effective record-keeping aids in decision-making.	385	3.82	1.06
Weighted average		3.58	1.31

Source: Survey, 2025

Table 5 "Perception towards Record Keeping" presents descriptive information on how the Small and Medium Enterprises (small and medium enterprises) view their record-keeping practices. Means, SDs, and frequency of responses for each item are given in the statistics. This research provides an insight into how small and medium enterprises perceive their

accuracy, frequency and timing of accounting information, compliance and the role of record-keeping process in decision-making.

Table 1, the first cell of Table 1 examines whether small and medium enterprises maintain accurate financial records. This item has mean of 3.42 and standard deviation of 1.16. Based on the mean value, a high agreement among individuals that believe their financial data to be accurate is reported. Whilst many small and medium enterprises believe they are good record keepers, there is variation across respondents in their perceived practices and beliefs as indicated by the standard deviation of 1.16.

The second scale measures small and medium enterprises' degree of compliance with the legal norm in relation to the manner they maintain documentation. This item has a mean value of 3.14 and standard deviation=1.71. Some promotional materials may meet regulations..." (It's important to note that, while some small and medium enterprises believe they are meeting the regulatory bar, others are less certain-as reflected in the mean score that is closer to neutral for respondents.) The high standard deviation of 1.71 also shows great variation in the response, indicating that small and medium enterprises' adherence to regulatory practices varies significantly for some firms, possibly not having enough or capable resource to fully satisfy these standards.

The last factor measures the extent to which small and medium enterprises utilize effective record keeping mechanisms. The mean score for this item is 4.15, standard deviation 1.59. The relatively high mean of 4.15 reveals the extent to which the responses strongly agree that they are using proper record-keeping in their business operations. This also suggests that many small and medium enterprises have adopted high-tech or modern tools which facilitates efficient keeping of financial records. However, the high standard deviation of 1.59 demonstrates large variety, so some small and medium enterprises have their good tools while others continue using less effective methods or technologies, leading to mixed impression at total level.

The fourth question examines how frequently small and medium enterprises manage their financial records. Down here, the standard deviation is 1.01 and the mean value is 3.36. While the level of agreement is low, this attitude on average suggests that the respondents tend to be neutral with their financial information being updated and reviewed often. This implies that some of the small and medium enterprises may not update or check their records as often, even if most are diligent in keeping their records current. The standard

deviation is smaller since the respondents' habits are less extreme, having a value of 1.01 instead of 1.26 in the other sub-sample.

The perception for whether effective record-keeping supports decision-making in small and medium enterprises is examined in the fifth element. The mean value of this item is 3.82 with a standard deviation of 1.06. The mean value suggests a positive attitude that most of the respondents perceived, about it is easier to make wise business decisions with good record keeping. There is a lot of spread in the answers, but with a standard deviation of 1.06, most respondents are on the same page accurate records making for better decisions.

The weighted mean is also listed which was calculated for all individual item means to be 3.58 with a standard deviation of 1.31. This weighted average provides an overview of how respondents view record-keeping practices. The mean of 3.58 suggests that there is a generally positive perception by the respondents on their record-keeping approach and an acceptance to the importance versus benefits utilization for effective technologies. There is, however, diversity as expressed through the mean of 1.31 standard deviation; implying that the level of experience and effectiveness differs among small and medium enterprises most notably in complying with regulatory standards and updating them.

Table 6

Perception towards Availability of Financial Institutions

Descriptive Statistics for Availability of Financial Institutions	N	Mean	SD
Access to diverse financial institutions for small and medium enterprises.	385	3.31	0.95
Geographical accessibility of financial institutions.	385	3.59	1.32
Adequate options for financing small and medium enterprises' needs.	385	3.24	0.93
Personalized assistance from financial institutions.	385	3.43	1.05
Perception of healthy competition among financial institutions.	385	3.82	1.06
Weighted average		3.48	1.06

Source: Survey, 2025

The first product assesses the availability of financial institutions for small and medium enterprises to access. The M of this item is 3.31 and its SD is 95. On an average note, participants moderately agree that there are some number of financial institutions available to them. Although most small and medium enterprises think that there are plenty of

financial institutions available, access to them may be suboptimal and the high standard deviation (0.95) indicates a great dissimilarity between responses).

Accessibility of financial institutions geographically is monitored in the second chunk. This item is rated on average as having a value of 3.59, with a standard deviation of 1.32. The mean of 3.59 shows that majority of the respondents believe that financial institutions are accessible. The high standard deviation, which is 1.32, however show differences in the impressions (i.e., distance) between one small and medium enterprises to another, some may perceive that financial institutions are located close to their place while others may find it hard to deal with financial institution due to spread of its location throughout a country.

The third element measures the adequacy of financial options for small and medium enterprises needs. Here, the standard deviation is 0.93 and the average score is 3.24. This average score means that respondents generally feel there are alternatives available, but perhaps not everything they may be altogether applicable and represents a moderately non-committal to moderately positive viewpoint. The relatively high standard deviation (0.93) indicates that there is some variation in responses, which explains inconsistencies between small and medium enterprises whether financing sources are adequate.

In the fourth item, the extent to which financial institutions personally offer support is assessed. This item scored an average 3.43 with a SD of 1.05. While the level of agreement is weak, this score shows that the respondents generally agree that there is some extent to which consumers receive personal advice from financial institutions. Although the provision of tailor-made support is highly appreciated by small and medium enterprises, some may expect even more or better and not uniformly available (indicated by the high standard deviation of 1.05).

The belief regarding sound contention and financing between financial institutions is measured in item five. This question reveals that mostly participants agree that the level of rivalry in financial institutions is healthy with a mean score 3.82 and standard deviation 1.06. SMBs with ECB who are looking for a favorable financing position seem to appreciate such an assess mall and medium enterprises of competitive forces (mean = 3.82). The responses vary somewhat with a standard deviation of 1.06, but one can identify that although competition to an extent is considered positive by many, opinions on the degree and importance of this phenomenon differ.

The weighted mean of the average score (3.48, SD 1.06) of items is also reported in this table. This weighted mean also gives a summary measure of respondent's opinion regarding accessibility to financial institutions. The mean score of 3.48 demonstrates that the respondents generally perceived financial services to be accessible and easily available with a few edges in accessibility in regional terms as well as competitions. The relatively high standard deviation of 1.06, however, implies heterogeneity of experiences and opinions regarding the extent to which individualized support is in place; financing options are appropriate; as well as to what kind of institutions is access available.

Table 7

Perception towards Collateral Security

Descriptive Statistics for Collateral Security	N	Mean	SD
Loan products available without collateral requirements.	385	2.94	1.19
Difficulty in providing required collateral.	385	2.93	1.24
Acceptance of alternative forms of collateral.	385	3.48	1.05
Perception of excessive collateral requirements.	385	3.35	1.03
Collateral improves small and medium enterprises' credibility.	385	2.76	1.20
Weighted average		3.09	1.14

Source: Survey, 2025

Table 7 reveals a descriptive information about the respondents' perceptions towards several items of loan collateral requirement. The table exhibits the mean score, SD and N for each domain. The information sheds light on the extent to which the small and medium enterprises view the importance of collateral, the challenges and effects involved in the loan acquisition process. The availability of no-collateral lending products. The item has a mean 2.94 with SD of 1.19. What this mean value of score implies is that the respondents are somewhat neutral leaning towards negative about the existence of no-collateral lending products that is visible for them. Otherwise it is implied that the items are not available out rightly but depending on the score, some small and medium enterprises can find SD =1.19.

Considering high standard deviation 1.19 it demonstrates that answers vary greatly from each other, meaning the perception of small and medium enterprises on the availability of loans that do not require collateral differ significantly. The second item is provision of collateral to hard. This item mean and SD are 2.93(1.24). Based on this average score, it indicates that the participants feel that giving collagen is hard and at the same time they are somewhat neutral. SD =1.24.

As observed the high standard deviation 1.24 shows variably wide experience, some of the respondents are faced by the difficulties required by the collateral and some respondents are not. Thus, it shows variability but guaranteed that there is a great need for collateral. The third item with mean 3.48 SD =1.05 assesses the acceptability of collagen. The implies that from the s. d Based on this information SD =1.05 it shows that the respondents interviewed this acceptable.

“It speaks to the fact that a lot of small and medium enterprises believe their ability to provide different types of collateral is appreciated. As a general mode, it is generally agreed that banks are interested in alternative collateral options, though the relatively high standard deviation of 1.05 indicate some variance in response.

The idea of over-collateralization is addressed in point four. The range and standard deviation of this tool are 3.35 and 1.03, respectively. “That average suggests more people think collateral requirements are too tight than the other,” Arnold says.

When it comes to how secure loans need to be, the score indicates just a mild case of anxiety. We can therefore conclude that there is agreement on a high extreme, but such reliabilities (a standard deviation of 1.03!) suggest that responses are pretty much uniform responses - less spread than for other items.

The fifth determinant to be investigated is whether they enhance the (xiii) efficiency of small and medium enterprises. This item (mean and SD=2.76 (1.20)). The latter average does still say that the collateral is in a neutral position into somewhat negative (adversely) effect as well to boost small and medium enterprises credibility.

Which is to say, they’re not actually convinced that providing the security does all that much to build trust with lenders. Small and medium enterprises perceptions of the effect of Collateral on credibility Percentage small and medium enterprises views on collateral has a vast difference as reflected by their large standard deviation (+1.20).

A weighted mean of the average item score was also taken (3.09 with SD 1.14). This weighted average is an overall representation of the response to the question as to "secureness of the collateral". The average score for 3.09 indicates that respondents have an overall neutral (whereas slightly positive) attitude towards collateral, by reaching its beneficial effects, and side- effects at local levels. The large standard deviation of 1.14, however, reflects wide dispersion of response and differing opinion/experience regarding the necessity for collateral.

Table 8

Perception towards small and medium enterprises Financial Performance

Descriptive Statistics for SMEs Financial Performance	N	Mean	SD
Positive role of credit access on financial performance.	385	2.76	1.20
Improvement in profitability and liquidity due to loans.	385	3.28	1.01
Continuous improvement in financial performance.	385	3.63	0.97
Investment opportunities enabled by credit access.	385	3.82	1.06
Credit availability enhances small and medium enterprises' resilience and sustainability.	385	2.73	0.85
Weighted average		3.24	1.02

Source: Survey, 2025

Results for descriptive statistics of the items in Table 8 on "Perception towards small and medium enterprises Financial Performance" demonstrate how small and medium enterprises perceive that loan availability affect their organizations' financial performance. The data provide insights into how the availability of loans affects multiple areas of development for small and medium enterprises and provides the respondent number (N), mean, and standard deviation (SD) for each item.

The first one is about the impact of loan availability on small and medium enterprises' financial performance. The mean score for this item is 2.76 and its standard deviation is 1.20. This average rating indicates a neutral to modestly negative perception of the general positive impacts of loan availability on financial success.

The low score suggests that people don’t actually believe access to loans is a crucial attractor for success. The high 1.20 standard deviation shows considerable variance in responses around the effects of loan availability reflecting diverse views and experiences among small and medium enterprises on this subject.

The second relates to whether loans enhance liquidity and profitability. This item mean is 3.28 with a standard deviation of 1.01. This is a rating that represents a fair opinion and thus, it can be concluded that the loans to most of respondents, improve liquidity and profitability.

While loans may be a source of contributed to the facilities allowing small and medium enterprises to increase their profitability and liquidity, diversions in sensitivity towards these benefits exist among small and medium enterprises as evidenced by the large standard deviation 1.01 that shows variation in responses.

The third product measures the longer-term gain in financial performance because of loans being available. The mean score for this item is 3.63 (SD = 0.97). This average score reflects a positive attitude, which implies that there is the most agreement among the respondents in that loan availability supports their farm-level profitability performance. The small standard deviation of 0.97 implies that the opinion is generally constant, and credit are playing a favorable role in supporting continuous financial progress.

Fourth, we use credit access to measure the investment opportunities. The mean score is 3.82 (1.06). The high average rate is a signal that the respondents strongly agree that access to finance facilitates investments.

This would appear to indicate that many small and medium enterprises do see an important link between finance and their capacity to look for and take up investment opportunities. With a standard deviation of 1.06, there is some variance in responses to this question; yet taken as a whole, respondents appear to concur on the positive role that loan availability plays in stimulating investment activity.

In the fifth item we discuss whether access to finance makes small and medium enterprises more resilient and sustainable. This measure has an average of 2.73 with a standard deviation of 0.85. The relatively low mean value indicates that individuals hold the concept of credit in neutrality to negativity in terms of its roles it plays for resilience and sustainability.

That suggests that respondents may not be truly convinced that access to financing does make a difference in their companies' long-term sustainability and survival. Less variance in responses is provided by the standard deviation of 0.85, indicating a relatively steady, usually negative view about this feature.

The rated average mean item scores which are 3.24 with a standard deviation of 1.02have also been introduced in the table. This weighted average gives a general overview of the opinion from respondents on how loans affect financial success by small and medium enterprises.

Respondents also indicated some benefits of the accessibility of loan to profitability, investment opportunity and continued development with a mean value of 3.24 (Table 2). But a mean deviation of 1.02 indicates that the range of experiences and opinions about whether credit contributes to financial success is really wide, with some segments looking more favorably on particular sectors than others.

Table 9

Overall Descriptive Analysis

Variable	Weighted Average Mean	Standard Deviation	Mode
Loan Pricing	3.43	1.06	2.64
Loan Repayment Schedule	3.40	1.21	2.49
Record Keeping	3.58	1.31	2.60
Availability of Financial Institutions	3.48	1.06	2.69
Collateral Security	3.09	1.14	2.24
SMEs Performance	3.24	1.02	2.48

Source: Survey, 2025

Weighted average mean of variable ("Loan Pricing") is 3.43 and standard deviation is 1.06. The moderate rating implies that small and medium enterprises hold a mixed perception on loan pricing. The extent to which this kind of opinion is experienced seems to vary greatly but mainly respondents feel loan interest rates and associated costs are very fair. Although the majority of small and medium enterprises are satisfied with loan pricing, it should be noted that opinions vary regarding this topic and may be influenced by other academic experiences as well as financial states (as indicated by a standard deviation of 1.06 in Table 3 suggests that lenders provide a moderate range of answers).

The Weighted Average Mean and Standard Deviation of "Loan Repayment Schedule" are 3.40 (1.21). Repayment arrangements appear to be also relatively perceived in a positive manner with regard to flexibility and controllability, as indicated by this mean score. Small and medium enterprises generally consider the repayment schedule a part-time, and even frontlines some people preferable payback. The higher standard deviation (1.21) also signals that there is a lot of answer variability, i.e., some small and medium enterprises find payback plans fair while others may face difficulties or have a different opinion about the appropriateness and flexibility of such schedules.

The weighted average mean and standard deviation of the “Record Keeping” variable is 3.58 and 1.31, respectively. This mean score suggests that small and medium enterprises generally view record-keeping practices positively. The respondents generally believe that their record-keeping systems are useful and effective for enhancing management and decision making. The spread of responses is highlighted by the high standard deviation (1.31), indicating disparate practices and opinions on how effective record-keeping systems are in practice. While a lot of small and medium enterprises have faith in their documentation process, there are discrepancies in the way these procedures are performed and perceived.

The mean of weighted availability of financial institutions is 3.48 for a standard deviation of 1.06 counted across counties. This mean score indicating to be “moderately high or good” (Chen and Lee 1999) which demonstrates rather positive view of accessibility and variety in financial services. While views vary on how adequate these available options are, small and medium enterprises tend to feel they have reasonable access to financial institutions and services.

Most small and medium enterprises perceive financial institutions to be within reach but there is a significant variation in the ease of reaching these services as demonstrated by the standard deviation of 1.06 (moderate variability).

The mean and standard deviation of the “Collateral Security” variable (with weights) average 3.09 and 1.14, respectively. This mean score mirrors a more moderate to slight negative view on security tasks. Collateral standards might appear high or difficult to meet if small and medium enterprises consider them to be relatively heavy or prejudiced. The large standard deviation 1.14 implies a large variation of answers, which indicates that some small and medium enterprises may feel it is hard to fulfil ancillary requirements, but others do not.

Third, the weighted average means of "small and medium enterprises Financial Performance" is 3.24 and its standard deviation is 1.02. This average score indicates a relatively positive view of how the various factors considered influence financial success. Favorable opinion is not always reported but respondents generally feel that their financial performance has improved slightly does to the financial practices and lending opportunities made available. There is some dispersion in responses, represented by the standard

deviation of 1.02, which indicates there are varying experiences and viewpoints on how financial management practices impact overall financial success.

4.2.2 Correlation Analysis

Correlation Analysis Table 2 presents correlation coefficients between financial management factors and the performance of Small and Medium Enterprises (small and medium enterprises). Both coefficients are interpreted as effect-size estimates for the relationship between the variables ($p < 0.01$). The robustness of the relationship highlights that these are not spurious relationships but are indeed factors that have an impact on small and medium enterprises financial wellbeing and performance.

Table 10

Correlation Analysis

	LP	LPR	RK	AOFI	CS	SFP
LP	1					
LPR	.402**	1				
	(0.000)					
RK	.335**	.277**	1			
	(0.000)	(0.0000)				
AOFI	.491**	.438**	.367**	1		
	(0.000)	(0.000)	(0.000)			
CS	.626**	.393**	.298**	.497**	1	
	(0.000)	(0.000)	(0.000)	(0.000)		
SFP	.584**	.447**	.414**	.545**	.735**	1
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	

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

Source: Survey, 2025

As presented in Table 10, the relationship between loan pricing (LP) and financial performance (SFP) has a high correlation of 0.584, statistically significant at the level of 0.01. This positive relationship becomes evidence for a moderate to strong relationship, which in turn implies that the financial performance of small and medium enterprises gets better as the perceived price of loans does. This indicates that small and medium enterprises other performance is associated with favorable loan pricing.

There is a 0.447 mutually significant (at the 0.01 level) relationship between SFP and LPR. This weak positive association implies that better financial positions are related to more favorable attitudes towards loan repayment schedules. This suggests that the financial well-being of small and medium enterprises is positively associated with flexible and manageable reimbursement terms.

Financial performance (SFP) and record keeping (RK) are significantly related at 0.01 (link-0.414). There is a somewhat positive relationship that better record-keeping practices are associated with better financial performance. Keeping good records most likely enables small and medium enterprises to be more intelligent in their financial decision-making, benefitting their financial performance.

There is a significant positive relationship between AOFI and the SFP where $p < 0.01$ ($r = 0.545$) and availability of financial institution being 0.196 with AOFI $p < .02$ ($r=192$). This positive relationship denotes a moderate to strong relationship, showing that better financial success is significantly associated with more access to financial institutions. This implies that the access of financial services as well as its availability is beneficial to small and medium enterprises.

SFP and CS are highly correlated with a correlation of 0.735 at 0.01 significant level. This significant positive relationship suggests that the perception of percolate protection has a large impact on financial performance. Good collateral management is crucial in achieving small and medium enterprises financial success, indicated by the probability of achieving better financial performance for those who have positive views on the necessary level of collateral.

4.2.3 Regression Analysis

The regression table is helpful in analyzing how the different financial management variables impact Small and Medium Enterprises (small and medium enterprises) SFP. The magnitude and the sign of parameter estimates for each independent variable are returned for assessing the direction of impact of each predictor on financial performance and its p-value indicates whether it is statistically significant. Here's a look at the findings and what they mean:

Table 11

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.788	.622	.617	.34620

Predictors: (Constant), CS, RK, LPR, AOFI, LP

Source: Survey, 2025

Table 11 below summarizes the regression model used to evaluate the impact of a number of variables on financial performance in Small and Medium Enterprises (small and medium enterprises). Strong positive correlation between predictors (CS, RK, LPR, AOFI and LP) and their relationship with SFP appears to be also obvious as they have a correlation coefficient(R) = 0.788. The R Square value of 0.622 suggests a good model fit in which the independent variables explain approximately 62.2% of the variation in financial performance.

Model suitability in explaining variance in financial performance is also supported as reflected by a modified R Square value of 0.617 (adjusted according to the number of predictors included in this model) which provides an adjusted estimate of explained variance. The mean distance between the observed and predicted values on the regression line is referred to as Standard error of estimate value 0.34620 which represents the accuracy of model's prediction. Collectively, the significant predictors and high R Square and Adjusted R Square values reveal that the model manages to capture the important factors impacting small and medium enterprises' financial performance.

Table 12

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	74.618	5	14.924	124.512	.000
	Residual	45.426	379	.120		
	Total	120.044	385			

Dependent Variable: SFP

Predictors: (Constant), CS, RK, LPR, AOFI, LP

Source: Survey, 2025

The results of the Analysis of Variance (ANOVA) for the regression model investigating how other variables influence Small and Medium Enterprises (small and medium

enterprises) financial performance are presented in Table 12, with title “ANOVA”. The regression has five degrees of freedom, and the sum of squares is 74.618 (the amount of variability that the model can explain). The regression mean square equals to 14.924, producing an F-ratio of 124.512 with a residual mean square of 0.120.

With a p-value of 0.000, this F-value is significant and thus the model as a whole is highly statistically significant and that all the predictors combined exert influence on variability in dependent variable (financial performance) SFP.

Table 13

Coefficient Analysis

		Unstandardized Coefficients			
Model		B	Std. Error	t	Sig.
1	(Constant)	.689	.137	5.014	.000
	LP	.091	.039	2.347	.019
	LPR	.088	.032	2.735	.007
	RK	.129	.031	4.202	.000
	AOFI	.129	.037	3.508	.001
	CS	.335	.027	12.195	.000

Dependent Variable: SFP

Source: Survey, 2025

This variable has a t value of 5.014 (significance level = 0) for its constant term in the regression model reported in Table 13, and unstandardized coefficient of 0.689 (standard error =0.137). These indicate significant basic level of financial success when all predictors are set to zero. It provides a basis for understanding what the theoretical financial performance of small and medium enterprises would be if none of the variables considered in this analysis influenced it.

Loan pricing (LP) has a t-value of 2.347 and t-statistics of 0.091 with standard error (SE) at 0.039 and significant level at 5 %. It suggests that higher financial success would be associated with milder loan pricing perceptions. The positive association means that firm with better lending structure have higher financial performance. This effect appears to be relatively large and also statistically significant based on the significance criterion. This study highlights the importance of competitive interest rate for advancing financial well-

being and demonstrates that better loan pricing could enhance the small and medium enterprises' financial well-being.

The t-value of the loan repayment schedule (LPR) is 2.735, and its significance level is 0.007; its unstandardized coefficient is 0.088 and standard error is 0.032. This indicates that fair and flexible repayment options have a positive impact on financial success. The statistical significance of this relationship means that small and medium enterprises' performance is enhanced in the presence of what they consider to be reasonable terms of repayment, relative to their financial position. So, to help small and medium enterprises with their financial stability and growth, banks need to consider offering repayments on more flexible terms.

RK (t = 4.202, p =.000, b = 0.129, se=0.031). This finding indicates that high level of financial performance is largely contributed by effective accounting systems. Clear and proper inscribed records for a small and medium enterprises would imply that they are able to make better financial decisions, utilize resources in a better manner and achieve better results for the finances under management. The strong statistically significant finding for effective record-keeping systems and performance, suggest that the efforts to strengthen these procedures could potentially impact positively on financial performance.

The unstandardized coefficient of availability of a financial institution (AOFI) is 0.129 (SE=0.037); t-value=3.508, p=0.001). This indicates that better financial performance is determined by improved access to financial service firms. Financial performance is often greater for small and medium enterprises with increased financial services and support. The strong statistical significance indicates that raising the proportion of small and medium enterprises with access to financial institutions will be an extremely useful measure for promoting their financial development and well-being, which is helpful for policy directions and acts concerning enhancing accessibility.

In good faith variable three (CS) has a t-value of 12.195(0.000), unstandardized coefficient for CS 0.335, and standard error: 0.027. Positive beliefs about collateral security play a key role in achieving financial success, which explains the largest positive impact of this predictor. The high significance is evidence that small and medium enterprises financial performance hinges on efficient management of secured debt covenants. This means that if the process of securing or otherwise perfecting a security interest can be optimized, this

could lead to significantly improved financial performance and justify for FIs to consider alternative forms of collateral or less stringent collateral conditions.

All of the factors that were studied; i.e., loan pricing, loan repayment schedules, record keeping, availability of financial institution and collateral security have positive effects on the financial performance small and medium enterprises based on participating coefficient results. Statistical significance of these variables attests to the fact that they are important predictors of financial performance, with collateral security contributing most. For ways by which both financial institutions and governments might improve small firms' financial performance, this study suggests, amongst others: better loans terms, flexible repayment options, well- kept records systems, ease of access to financial services and more reasonable collateral requirements.

4.2.4 Hypotheses Test

According to Hypothesis H1, loan price exerts a great impact on the financial performance of small and medium enterprises. This hypothesis is accepted with p-value 0.019, indicating that pricing of loans significantly influences financial performance. This outcome indicates that small and medium enterprises better financial performance is related to more favorable loan terms. In developing loan products, both financial institutions and policy makers should bear in mind face of this to ensure competitive and fairer pricing which can lead to better financial stability and operational performance for small and medium enterprises.

According to hypothesis H2, the repayment schedule of the loan significantly affects financial performance of small and medium enterprises. This is strengthened given the significant p-value of 0.007, indicating that reasonable flexible repayment terms induce positive financial performance. It also means that firms (like especially the small and medium enterprises) can obtain better repayments if they believe that payback is flexible. It indicates that in order to assist small and medium sized enterprises (small and medium enterprises), improve credit risk status, and develop their business opportunities, financial institutions ought to offer more flexible repayment alternatives.

The third hypothesis examines the relationship between record keeping and financial success of small and medium enterprises. This hypothesis is accepted at p-values of 0.000 which refer to a virtually strong relationship. Effective financial record keeping practices are key to enhanced income performance among small and medium enterprises as it would enable them to adapt resource management and make informed decisions. This finding

highlights the importance of salvation record -keeping systems, and suggests that investment in improving these processes may lead to large benefits in terms of small and medium enterprises financial performance.

H4 examines whether the performance of small and medium enterprises influence by financial institutions. This is confirmed by the p-value of 0.001 that indicates very high loading. Greater access to, and greater utilization of financial institutions and services have a positive effect on firm performance, thus small and medium enterprises benefit from medium level support in terms of re-straining available resources. This study justifies the benefit of legislation on enhanced accessibility to financial services for the development and well-being of small and medium enterprises.

H5 investigates the effect of collateral security on small and medium enterprises financial performance. This hypothesis is supported by the results and its p-value is 0.000 which means that this predictor is a very strong contributor. Of the predictors, cash collateral is the most important for financial success, indicating that positive attitudes toward requiring collateral result in very good financial results. This suggests that in an attempt to facilitate for small and medium enterprises and probably improve their access to finance and the overall performance of firms, banks have to reconsider the need for collateral.

Table 14

Summary of Research Hypotheses

Alternative Hypotheses	P-value	Remarks
H1: There is a positive significant impact of loan pricing on financial performance of small and medium enterprises.	.019	Accepted
H2: There is a positive significant impact of loan repayment schedule on financial performance of small and medium enterprises.	.007	Accepted
H3: There is a positive significant impact of record keeping on financial performance of small and medium enterprises.	.000	Accepted
H4: There is a positive significant impact of availability of financial institutions on financial performance of small and medium enterprises.	.001	Accepted
H5: There is a positive significant impact of collateral security on financial performance of small and medium enterprises.	.000	Accepted

Source: Survey, 2025

4.2 Discussion

Based on loan cost, maturity period, financial rerecording system accessibility of bank and collateral security, the result of this study provides a relative overview of how to enhance lending performance of small and medium enterprises. The study shows statistically correlational and regression results that support and contradict other studies in this field. This is compared to the one above and with other similar ones and is quoted here for comparison. Regression analysis findings imply that factors, such as methods of providing loans; ways of repayment, recording approaches; and accessibility to financial institution and collateral security have a significant influence in the financial performance of small and medium enterprises in Kathmandu. It's much easier to manage your cash flow when you have better records and can make better decisions and keep in compliance or given somewhat longer terms on loan payments that are also more favorable, there's a flexibility in the payback. Small and medium enterprises can get a fair credit and achieve growth and sustainability if they access varied financial services including security of acceptable collateral. The findings highlight the need for effective financial management and loan terms conducive to doing so, presenting policymakers and finance providers with tangible lessons on how small and medium enterprises performance and regional economic dynamism can be enhanced.

The study reveals a positive relationship between the favorable loan terms and the financial performance of small and medium enterprises, which implies a weak to moderate positive association between interest rate on loans and financial performance of small and medium enterprises. This result supports the findings of Chesang (2017) that indicate a strong positive relationship between small and medium enterprises financial performance and loan accessibility. Likewise, Amsi et al. (2017), 'The more beneficial credit conditions, that is interest levels pi e, the better financial results. It is only fitting that their research' agreement perfectly illustrates the very vital support provided by competitive loan pricing to our small and medium enterprises. Results of the current study dataset in table 3.1, results concerning loan price adjustment based on small and medium enterprises suggest that demand for loans might be stimulated which in turn can culminate to better financial health of small and medium enterprises literatures posit that more favorable conditions are expected to lead cleanly lending's such as (Chesang, 2017)

There is a positive partially relationship between loan repayment plans and financial sustainability consistent with (Mwanyika & Koori, 2020) which suggests that flexibility in the duration of paying is good for having high incomes. This is a trend that highlights the necessity of flexible repayment mechanisms for financial health and expansion of small businesses. Ndombi Avouba (2022), on the other hand, acceded that access to credit and terms of payment had no effect on performance even though in the current study findings are congruent with most of such studies signifying the significance of flexibility in relation to repayment schedules. The difference might result from the variation of research context or method, indicating that the flexible words are beneficial to some degree but their effects will be influenced by other factors or local circumstances.

The findings of Niigata and Inaba (2023) made about the importance of information disclosure, in order to help creditors make funds available and remove worries about collateral, are also congruent with moderate relationship discovered by this study between liking accounting system record-keeping records and performance. The inference that sound accounting systems contribute to more efficient management of money and better decision-making which in turn enhances a company's performance is evidenced by the strong positive relationship between good recordkeeping and financial performance. This was in line with the results of Thein et al. (2023), it was suggested that an effective record-keeping system should be established to improve financial performance in small and medium enterprises.

In line with Sanni et al. (2020) have shown that the effects occur in a highly indirect manner, meaning that access to credit positively influences small and medium enterprises performance, and itself just mildly connected with financial success. This finding highlights the significant support financial intermediaries can provide to small and medium enterprises. On the other hand, loan accessibility too as well as growth was negatively insignificant when moderated by government policy (Oladimeji, 2021). The variation between these two reflects the fact that it is not only access to finance that is important, but also differences in regulatory environments which enable such access to be quality.

A line of collateral security, simply because it co-relates with financial performance, have significant effects on profitability of small and medium enterprises. This observation is consistent with the finding of Moulick et al. (2021) found that collateral affected the bank loan availability in Bangladesh. The substantial positive correlation emphasizes the role of a reasonable collateral requirement to successful outcomes. Collateral Problems especially

for some religious communities have been highlighted by other studies too, such as Ghosh (2023). Such conclusions are corroborated by the findings of this study which also indicate a need to alter collateral standards, and demonstrative positive collateral positions as key to improving small and medium enterprises success.

The results of regression overall affirm the positive effects of loan rate, loan term, written evidence, existence credit institution and collateral on financial performance. These findings resonate with the extant literature that sweet against a credit loan and have good finance strategies (Chesang, 2107; Mwanyika & Koori, 2020; Thein et al., 2023). Such independent variables might exert quite a high impact, i.e., even small changes in these fields may lead to substantial improve of the financial situation of small and medium enterprises. The effect of these factors may even be context specific reflected in a loan access and policy differences (Ndombi Avouba, 2022; Oladimeji, 2021). This explains the need for advanced approaches across geographies and regulatory regimes.

The findings of the study are in line with the existing literature, which highlights that good lending terms and solid financial management are instrumental for the success of small and medium enterprises. The consistency with previous research highlights the robustness of current findings and allows for future more nuanced investigation of how this constellation operates within context. Future studies in the regards must further investigate the extent to which differing geographical context and policy environments mediate the impact of financial practice on performance of small and medium enterprises, as indicated by our differences results.

CHAPTER V
SUMMARY AND CONCLUSION

5.1 Summary

The study aims to analyze the availability of loans for Small and Medium Enterprises (small and medium enterprises) in the Kathmandu. The specific objectives are to examine how firm owners consider loan pricing, capital repayment programmers, record-keeping practices, ease of access to financial institutions and collateral requirement as they are related to small and medium enterprises' financial performance. The aim with the research is to try and obtain a deeper understanding of these relationships and their implications for financial performance in small and medium enterprises.

The research is using a descriptive design, which is suitable for studying and describing intrinsic features of variables. Keeping all else constant, this model is helpful in understanding the current state of lending accessibility and its potential for small and medium enterprises. A purposive sampling method was used to select 385 small and medium enterprises throughout the Kathmandu for the study sample. Primary data on the various dimensions of credit accessibility, was obtained using pre-validated structured questionnaires containing close-ended questions on a 5-point Likert scale. To achieve meaningful insights, the data was analyses and tested with SPSS 25.0 for regression analysis, descriptive statistics and correlation analysis.

Findings demonstrate a moderate to significant positive association between loan pricing and financial performance. This suggests that small and medium enterprises perceive good loan facilities for example low interest rate and affordable fees leads to improved financial performance. It is not surprisingly that the findings are in line with other studies emphasizing that reasonable loan pricing provides an important means of enhancing small and medium enterprises performance. Small and medium enterprises with loans that have flexible and convenient repayment periods and terms are generally more financially healthy, as demonstrated by the positive correlation between loan repayment schedule and financial performance. This reiterates how crucial repayments dates are when it comes to keeping small and medium enterprises financially stable.

Financial performance and effective record-keeping systems are positively related, this means that the small and medium enterprises with sound record - keeping systems opine better financial decisions to produce a good result. This finding is consistent with other research which links better financial management and less collateral problems with effective record keeping. The relationship between financial success and financial institutions is positive when being moderate to strong, which mainly implies the easy availability of finance services and support measures for small and medium enterprises. This is in line with (Akhtaret, 2010) who discovered that the performance of small and medium enterprises was affected by more access to financial institutions.

Collateral Requirements and the Financial Performance of small and medium enterprises: Good Collateral is a Crucial Concept for Them to Survive This section presents first the main findings, discusses evidence on financial performance of firms that is strongly related with collateral security have been terminated by 11 out of 29 selected papers, which imply that reasonable collateral requirements are crucial for firm's survival. Small and medium enterprises are more inclined to experience better financial performance if they perceive the collateral demands as realistic and achievable. This finding shows that financial institutions should consider less strict collateral conditions to effectively facilitate small and medium enterprises growth.

Research on regression further reveals that the financial performance of small and medium enterprises is influenced significantly by loan pricing, repayment schedules, records management, availability and accessibility of financial institutions as well as collateral security. This extensive research reveals that it is possible for small and medium enterprises to improve overall performances in terms of financial results by innovating the latter strategically determined areas. The policy implications and practical aspects of the findings are likely to be useful for policymakers and institutions as they suggest that stimulating favorable loan conditions, sound financial behaviors are vital measures in the promotion of small and medium enterprises success and growth within the Kathmandu.

5.2 Conclusion

Most of the entrepreneur's opinion are on good side about loan pricing and repayment schedule as means, they are satisfied with financial relationship parameters. Protocol for record-keeping is also considered a good practice, meaning that businesses apparently trust themselves to supervise and audit their own financial dealings. Collateral security is less

favored, however, and many small and medium enterprises consider the requirements onerous. Access to financial institutions is viewed as adequate but not excellent, suggesting different experiences of obtaining basic financial services. Overall, there are substantial challenges, particularly on collateral security, although there is some prospect in some areas of finance control.

Between various financial management practices and small and medium enterprises' financial performance, the correlations suggest that loan pricing, pay-back time table, record keeping and access to funds can be enhanced in order to enhance small and medium enterprises financial results. Improved financial being comes from favorable loan terms and alternative repayments on the positive side, and good money wrangling through records on the negative side. Superior financial performance is also related to access to financial institutions revealing that broadening the reach of financial services could be good for small and medium enterprises. Although securing the collateral is considered as problematic, it has a substantial influence on financial performance, indicating that even having looser requirements for collateral can be beneficial.

The positive influence of loan pricing, repayment schedules, record-keeping and availability of financial services on financial performance implies their importance as enhancing factors for successful small and medium enterprises outcomes. A healthier financial wellbeing could be contingent on more manageable repayment options and favorable loan terms. Good financial performance is achieved through the availability of better access to financial services, effective record keeping and good financial management. The role of collateral security highlights the necessity for banks to factor in laxer security conditions to enable small and medium enterprises to grow. Reducing the burden of collateral may lead to good healthiness for small and medium enterprises.

5.3 Implications

Practical Implications

The implications of this study have important practice implications for small and medium enterprises, financial service providers and regulators. For small and medium enterprises, it highlights the importance of ensuring that loan pricing, payback periods and record keeping methods are handled correctly. Small and medium enterprises ought to concentrate on maintaining accurate records and still look out for different types of borrowing cycles with low interest financial loans, and easy-going repayment terms. In return, banks are

encouraged to offer competitive rates on loans and flexible schedules for loan repayment to further help small and medium enterprises development. Reducing requirements for collateral can also help to increase access to credit giving small and medium enterprises more opportunities for economic sustainability and development.

Theoretical Implications

In theory, the study contribute to the understanding of access-to-loans conditions which influence small and medium enterprises financial performance. The positively correlated evidence discovered on loan pricing, payback period, ways of keeping, closeness to financial institutions and business success corroborate and reinforce prior hypothesis on finance management and success of small and medium enterprises. The findings are supportive for the link between enabling financial conditions and good financial behaviour as being important determinants of small and medium enterprises success, thus confirming some theoretical model that suggests that access to finance is positively related to firm performance.

Future Research Scope

Future research could follow up on these results by examining the effect of additional factors that were not taken into consideration in this study, such as government deregulation or technological advances making loans easier to obtain. In addition, a prospective study might provide insight on the time factor of these relationships. Some researchers could also be examining the effect of other type financial institutions or non-traditional funding options on small and medium enterprises performance; this will provide a more comprehensive insight into factors that affects small and medium enterprises's financial performance.

Policy Implications

The results of this study suggest the need for policymakers to focus on creating an enabling environment for small and medium enterprises by improving access to financial services and lowering collateral requirements. Incentives to promote competitive loan pricing and flexible paybacks periods could greatly help small and medium enterprises. Additionally, enhancing transparency and efficiency of financial institutions is expected to contribute to creating better access to financial sources reflecting on a more favorable climate for the evolution of small and medium enterprises.

Industry Implications

For the financial industry, this study highlights the importance to tailor financial products and services on small and medium enterprises specific needs. Banks are encouraged to develop new credit products with relaxed terms and less collateral requirements to serve and support these private players. Better financial literacy initiatives for small and medium enterprises could also teach the respective businesses better cash management and improve overall company growth.

Regional Implications

Considering focus on the Kathmandu, results of this study would be more relevant to this region. The findings suggest that tackling regional constraints on access to loans and upgrading financial infrastructure have the potential for enhancing small and medium enterprises performance in this region. Initiatives to broaden access to finance and measures suitable for the specific condition of enterprises within the Kathmandu could have a greater impact on economic development and business growth in this region.

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APPENDIX

RESEARCH QUESTIONNAIRES

Dear Participants,

I am Karuna Sitaula, student at Tribhuvan University currently working for the thesis on the topic of "Credit Accessibility and Small and Medium Enterprises Performance in Kathmandu" for the course of Masters in Business Studies. As a part of my data collection, you have been randomly selected for this study. Kindly complete every part of the questionnaire. Please fill the questionnaire as honesty as possible since this information will not be used for any other purpose apart from academic research. Your cooperation in completing this questionnaire is greatly appreciated.

Instructions: Indicate with a tick (√) in the space(s) provided.

Section I: General information

1. Gender

[ ] Male [ ] Female

2. What is your age category?

[ ] Below 30 [ ] 30- 40 [ ] 41-50 [ ] Above 50

3. What is your education status?

[ ] Literate [ ] School Level

[ ] undergraduate [ ] Graduate

4. Income Level per month

[ ] Below Rs. 200K [ ] Rs. 200K-400K

[ ] Rs. 401K-600K [ ] Rs. 600K Above

5. How much of your annual income do you invest?

[ ] Less than 10% [ ] 10-20%

[ ] 21-30% [ ] 30% above

6. Income Level

[ ] Below Rs. 200k [ ] Rs. 200k-400k

[ ] Rs. 401k-600K [ ] Rs. 600K above

7. Years of Startup (How long did you start your investment?)

[ ] 1-3 Years [ ] 4 to 7 years

[ ] Above 7 years

Section II: Likert Scale Questionnaires

Rate the following items on a scale of 1-5: 1 =Strongly Disagree; 2= Disagree 3= Neutral; 4= Agree 5 =Strongly Agree

Loan Pricing (LP)	1	2	3	4	5
Financial institutions offer competitive and reasonable interest rates.					
Fees and charges for loans are transparently communicated.					
Repayment options are flexible and suit small and medium enterprises' financial circumstances.					
The cost of obtaining a loan is justified by the benefits provided.					
Small and medium enterprises find the interest rates affordable and conducive to growth.					
Loan Repayment Schedule (LPR)					
Repayment schedules are flexible and manageable for small and medium enterprises.					
Adherence to repayment schedules is easy for small and medium enterprises.					
Repayment terms align with small and medium enterprises' revenue cycles.					
Option for renegotiating repayment schedules is available.					
Small and medium enterprises perceive the repayment schedule as fair and reasonable.					
Record Keeping (RK)					
Small and medium enterprises maintain accurate financial records.					
Record-keeping practices comply with regulatory standards.					
Small and medium enterprises use efficient tools for record-keeping.					
Financial records are regularly updated and reviewed.					
Effective record-keeping aids in decision-making.					
Availability of Financial Institutions (AOFI)					
Access to diverse financial institutions for small and medium enterprises.					
Geographical accessibility of financial institutions.					
Adequate options for financing small and medium enterprises' needs.					
Personalized assistance from financial institutions.					
Perception of healthy competition among financial institutions.					
Collateral Security (CS)					
Loan products available without collateral requirements.					
Difficulty in providing required collateral.					
Acceptance of alternative forms of collateral.					
Perception of excessive collateral requirements.					
Collateral improves small and medium enterprises' credibility.					
Financial Performance of Small and Medium Enterprises (SFP)					
Positive role of credit access on financial performance.					
Improvement in profitability and liquidity due to loans.					
Continuous improvement in financial performance.					
Investment opportunities enabled by credit access.					
Credit availability enhances small and medium enterprises' resilience and sustainability.					

!!Thank You!!

PAPER NAME

CREDIT ACCESSIBILITY AND SMALL AND MEDIUM ENTERPRISES PERFORMANCE IN KATHMANDU

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