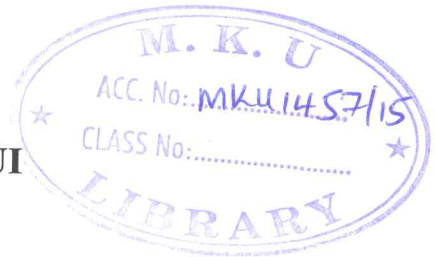


**CHALLENGES FACING SMALL AND MEDIUM ENTERPRISES IN  
ACCESSING FUNDING: A CASE OF SMEs IN LIMURU  
CONSTITUENCY**

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## **ABSTRACT**

Importance in the role of the SME in the development process continues to be in the forefront of policy debates not only in developing countries but also in developed countries. The advantages claimed for SME are various, including the encouragement of entrepreneurship; the greater likelihood that SME will utilize labor intensive technologies and thus have an immediate impact on employment generations; they can usually be established rapidly and put into operation to produce quick returns; and they may well become a countervailing force against economic power of large enterprises.

In attempting to gain access to financial services SME continue to face constraints caused by many factors. Thus this research intended to study the challenges faced by SME in access to finance. The findings indicated that problems faced by SMEs were not meeting the set conditions (67.5%). On the same note the study identified that the loan process take long time before approved that is between one and three months. In terms of coping mechanism used to manage challenges faced by SMES in accessing finance, the study identified the following; saving and trying to reduce expenses, attending financial seminars, borrowing from friends at zero interest rates, reducing credit period for the firm's creditors, obtaining credit facilities from suppliers, offering stock as security, consulting with other SMEs owners, joining Sacco,

Based on the study findings, it is recommended that the stakeholders within the sector should endeavor to provide financial information infrastructure, the government and financial institutions should also provide a good economic environment where SMEs can be able to borrow at reasonable rates as well as friendly terms. It's also important to train most of the entrepreneurs on simple financial management tips, to enable them make informed financial decision.