

Abstract

This study examined the effect of financial resources accessibility on small and medium enterprises financial performance in Tanzania, a case study of Kigoma municipality. There is inadequate access of financial resources by the small and medium enterprises in Tanzania due to various reasons like insufficient and or unregistered collaterals, lack of business registrations and lack of financial information. Specifically the study investigated the access of financial resources by SMEs from financial institutions and found out the factors which contribute to inadequate access of credit facility by small and medium enterprises. The study also investigated the effects of access of financial resources on the performance of small and medium enterprises. Furthermore, the study determined the ways of addressing the effects of inadequate access of financial resources by small and medium enterprises in Tanzania. A research was a case study of three selected wards of Gungu, Rusimbi and Mwangi Kaskazini within Kigoma Ujiji municipality. The study was quantitative since the data collected were quantitative in nature. A physical count of SMEs was done within the selected wards and population was estimated and found 300 enterprises. Research employed a structured questionnaires method to collect required data. A sample of 103 respondents was obtained by using a systematic random sampling technique. Descriptive statistics were applied to analyse and interpret the results using the frequency distribution technique. Simple regression was applied to indicate relationship between financial performance of SMEs and access loans from commercial banks. The results revealed that 63.8% of SMEs owners maintain bank account while 22% failed to open account for various reasons. Only 39% of SMEs were found to have access to loans from commercial banks while 51% failed to access loans from commercial banks. Lack of required collaterals was found to be the major barrier to SMEs obtaining loan from commercial banks. The study recommends that commercial banks and other financial institutions should develop credit facilities for SMEs which lack required collaterals and create financial awareness among SME owners. The study further recommends that government should create friendly environment for registration of SMEs and their properties for identification.