

## **Factors Affecting Credit Accessibility of Small & Medium Size Enterprise: Special Reference to Galle District**

Dias, K. M. G. S. R.<sup>1</sup> and Amaratunge, S.<sup>2</sup>

At present growth of the Small and Medium Enterprises (SMEs) sector is considered a tremendous factor when achieving sustainable economic growth of any country. Every economy consists of both formal and informal financing sectors. Small and Medium Enterprises are better to able finance their ventures in considering security and low risk. When it is developing this vital sector, sufficient finance is needed. Although there are two approaches available to obtain finance, most SMEs are failed due to lack of finance. Hence, the objective of this study is to evaluate the impact of three determinants of SMEs credit accessibility as, the firm characteristics, financial characteristics and entrepreneurial characteristics.

The study adopted a quantitative research approach, and a self-administrated survey questionnaire that applied to the sample of 70 Small & Medium size enterprises in the Galle district. The sample was selected using the purposive sampling technique. Correlation Coefficient analysis has been used to evaluate the variables using SPSS 23 version. Results show that financial characteristics take the dominant place among all other determinants in access to credit. Firms which are having financial tools have a higher probability of accessing credit rather than firms without having financial tool. Due to the firm's high collateral requirements, it is easy to obtain credit. The findings of the paper serve as support to understand the credit accessibility of Small and Medium-size Enterprises. It could be valuable for company owners who are supposed to get credit facilities.

**Keywords:** *Credit accessibility, Entrepreneurial characteristics, Firm characteristics, Financial characteristics, Small medium enterprises*

---

<sup>1</sup> Department of Commerce and Financial Management, Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka [diassajith@gmail.com]

<sup>2</sup> Department of Commerce and Financial Management, Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka [sunethrani@kln.ac.lk]