

IMPACT OF CREDIT FINANCING ON HUMAN RESOURCE DEVELOPMENT AMONG MICRO AND SMALL ENTERPRISES: A CASE STUDY OF KIMILILI SUB COUNTY, KENYA

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ABSTRACT

Human resource development ensures that an enterprise has the quality of people needed to attain its goals for improved performance and continuity. This can be attained by enabling owner-managers of Micro and Small Enterprises (MSEs) and their employees acquire knowledge, skills and entrepreneurial traits to level of competence required to carry out business activities effectively. Credit financing boosts the financial base of MSEs enabling them utilize part of it on human resource development. This study examined utilization of credit financing on human resource development and how it impacted on the performance of MSEs. This study utilized the Resource-Based View theoretical framework of the firm which postulates that competitive advantages generated by the firms, MSEs inclusive, are derived from its unique set of resources that propels it into performing better than their competitors in the same industry. Using a sample survey design, data was collected through questionnaires and interview schedules. Data was analyzed descriptively and inferentially using chi-square test and ANOVA. The findings revealed that many MSEs received credit packaged as training and monetary and that high level of educational attainment enhanced potential for further credit financing and even MSEs Performance. It was concluded that socio-economic factors like education level and training had an impact on the performance of entrepreneurs and their businesses. Credit accessibility and availability was found to have a direct relationship with diversified utilization on business requirements, including human resource development. The study recommends need for boosted investment on human resource development as an integral aspect of entrepreneurship and sustainability of MSEs.

Key words: Credit financing; enterprises; performance; human resource development.