



EMPIRICAL ANALYSIS OF FACTORS THAT INFLUENCE CREDIT DEMAND AMONG SMALL SCALE ENTERPRISES IN KANO STATE NIGERIA

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ABSTRACT

This paper investigates the factors that determine credit demand and their influence on the credit accessibility among small scale enterprises operating within three political zones of Kano state; Kano central, Kano north and Kano south. A random sampling of 404 surveyed enterprises for the data collected through a questionnaire was analysed using a logit regression in the first part of the analysis to find whether or not respondents (small business operators) apply for credit. In the second part, the ordered logistic regression was used to identify the influence of these factors on credit application outcome. In the logistic regression analysis, the results show that age, gender and collateral are statistically significant of being apply (versus not apply) while education, enterprise, experience and location show no statistical significance. In the ordered logistic regression, age, location and experience to statistically have influence on access to credit while education, enterprise, gender and collateral show a negative influence. The study recommends policy interventions to design a strategy to improve financial lending with view to improve small business credit accessibility in Nigeria.

Keywords: Credit demand, small scale enterprises, ordered logistic model, logit model.