



The extent of accessibility of microfinance institutions by SMEs in Zimbabwe

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Abstract

Firmly premised on the notion that microfinance institutions (MFIs) could be drivers of financial performance in small enterprises (SEs), the current study primarily sought to establish the extent to which SEs in Zimbabwe require the services of MFIs for their operations. The research went further to determine the accessibility of different MFI services to SEs in Zimbabwe. The final and most crucial thrust of the study was an investigation of the extent to which Zimbabwean SEs are able to access microfinance services, cognizant of the fact that prior to offering micro-credit and other microfinance services to SEs, MFIs undertake strict assessments of the SEs seeking such services. The research triangulated the qualitative and quantitative designs, whereby the population for the study comprised the many SEs in and around Harare Central Business District. The researchers purposively sampled twenty SEs from each sector from within the population of SEs operating in Harare. The questionnaire was used as a data collection tool. The study established SEs' selective demand for microfinance services. It was evident from the study that micro-credit is the most popular and accessible microfinance service. Other services were both unpopular and inaccessible, save for venture capital and money transfer services which were slightly accessible. Overall, SEs still have limited access to microfinance services in Zimbabwe. Due to the SEs' selective demand for microfinance services which was revealed in the study, we notice the need to empirically examine how the much needed micro-credit either costs or benefits the beneficiary SEs. That is, future research ought to focus on the possible nexus between microcredit and financial performance in SEs.

Keywords: accessibility of microfinance institutions, SMEs

Introduction

Beck (2013) [3] reiterates that microfinance has existed for centuries in Africa and around the world. Alhassan, Hoedoafia and Braimah (2016) [1] concur with Beck (2013) [3] and further assert that everyone, no matter how poor, needs and uses financial services all the time. There are many global examples of the history of microfinance, ranging from informal, small-scale, rotating savings and loans clubs in England, Ireland, and Germany during the eighteenth century. According to the African Development Bank (2006), in Nigeria for instance, microfinance goes back to the fifteenth century and was carried from there to the Caribbean by slaves. Microfinance mainstreaming, formalization, and recognition as part of the formal financial sector began to gain momentum in the late 1990s throughout Africa.

In Zimbabwe, microfinancing has over the years been mainly done by fully-fledged microfinance institutions (MFIs), but this has since changed as banks and other insurance companies are also incorporating microfinance divisions within their operations. This could be attributed to the huge opportunities that exist in Zimbabwe for microfinance institutions to replicate the success of those in emerging markets and build large and scalable operations. A

study carried out by Machingambi (2014) [5] reveals that MFI growth in Zimbabwe has remained stagnant since dollarization, characterised by poor performance. Opportunities in the Zimbabwean microfinance industry have not yet been fully exploited, as compared to other emerging markets in the region. The same authors also envisaged that there is still need for MFIs to build large and scalable operations. Many MFI's have succumbed to capital erosion and liquidity pressures since dollarization. A Zimbabwe Association of Microfinance Institutions (ZAMFI) (national microfinance apex association) research suggests that currently all MFIs combined barely serve 80,000 SMEs, while operating capacity among MFIs has fallen to between 20% and 30%. Seventy percent of MFIs have fewer than 10 employees, and over 95% of MFIs have fewer than 10 branches. The Reserve Bank of Zimbabwe noted that as at May 2012 loans amounting to only \$164.4 million out of total loans of \$2.8b, (a mere 5 % of the total loans) were advanced to SMEs by various financial institutions.

The graph below shows the trend of growth of licensed microfinance institutions from 2003 to 2014. The negative growth depicted also reflects the drying up of the critical financial ingredient of the micro small enterprises.

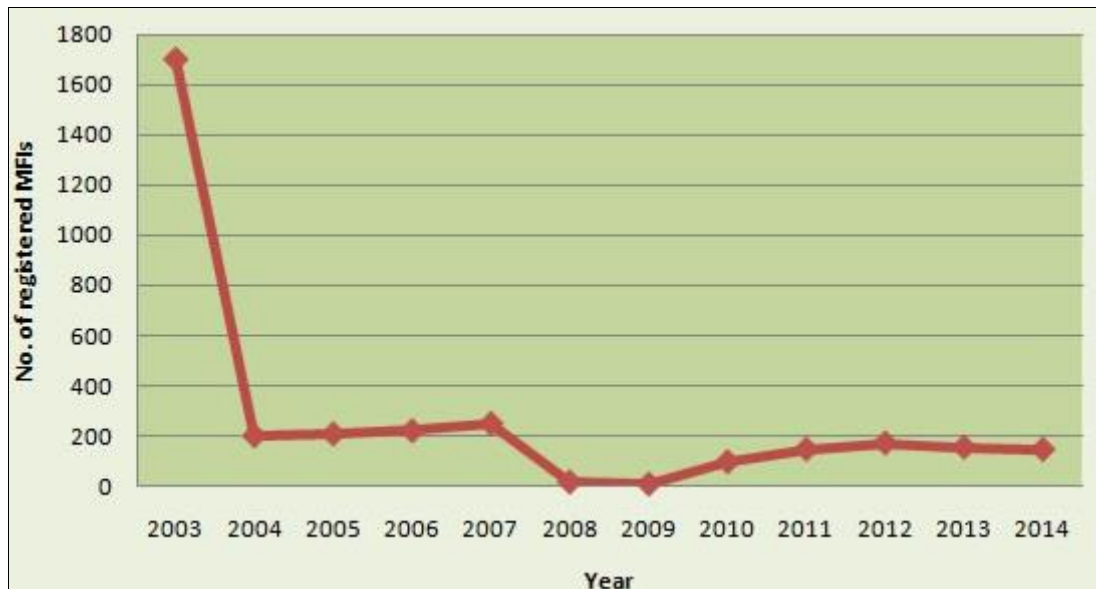


Fig 1: Licensed Microfinance Institutions in Zimbabwe (Source; ZAMFI, 2014)

As a way of exploiting the opportunities in the microfinance sector, several banks and insurance companies have since incorporated microfinance divisions within their operations. To this end, we sought:

1. To ascertain SEs' need for the various forms of microfinance services in the Zimbabwean context;
2. To determine the accessibility of the different MFI services to SEs in Zimbabwe and
3. To examine the extent to which various MFIs' requirements affect SEs' access to microfinance services in Zimbabwe.

Improving the access to finance of Small and Medium Enterprises (SMEs) is crucial in fostering entrepreneurship, competition, innovation and growth in both developing and developed countries (Chipangura and Kaseke 2012). SMEs in both developed and developing countries are faced by difficulties in accessing sufficient and adequate capital to enhance further growth and development of their businesses. Small businesses have difficulties in accessing finance as many financial service providers consider them as high risk businesses which are mainly associated with high transaction costs and or low returns on investment. SMEs in Zimbabwe do create employment opportunities, generate income, contribute to economic growth and reduce poverty by serving as livelihood for the poor. Access to financial services however remain a very strong constraint to their growth and development despite their increasing roles.

Microfinance gives people new opportunities by helping them to get and secure finances so as to equalise the chances and make them responsible for their own future. Microfinance of late has become very important in enhancing SMEs access to financial services by providing services which are tailor made for the SMEs which traditional Formal Financial Institutions failed to do. Small and Medium Enterprises (SMEs) are commonly believed to have very limited access to deposits, credit facilities and other financial support services provided by Formal Financial Institutions (FFIs). This is because these SMEs cannot provide the necessary collateral security demanded by these formal institutions and also, the banks find it

difficult to recover the high cost involved in dealing with small firms. In addition to this, the associated risks involved in lending to MSEs make it unattractive to the banks to deal with micro and small enterprises (World Bank, 1994). Littlefield and Rosenberg (2004) argue that the poor are generally excluded from the financial services sector of the economy so MFIs have emerged to address this market failure. By addressing this gap in the market in a financially sustainable manner, an MFI can become part of the formal financial system of a country and so can access capital markets to fund their lending portfolios, allowing them to dramatically increase the number of poor people they can reach (Otero, 1999). In Zimbabwe, Microfinance began to show face in the early 1990s and started to grow exponentially in the early 2000. The rapid deterioration of the Zimbabwean economy since 1999 coupled by high unemployment, by then officially pegged at levels exceeding 80%, led to the unprecedented growth of the informal sector in Zimbabwe. Regrettably informal operators were unable to access funding from traditional capital providers (formal financial institutions), because they lacked collateral and they also found the modus operandi of traditional banks too demanding and intimidating. In response to the inability by traditional financial service providers to enable the informal sector to access capital (finance), microfinance emerged strongly as the most effective vehicle to provide access to capital for members of the informal sector. (ZAMFI report, 2011). It is against the aforementioned background that it sought to find out the impact of MFIs on SMEs by specifically looking at the following objectives:

- To find out whether SMEs are able to access MFI loans.
- To assess the percentage of loans applied by SMEs which was granted by MFIs.
- To investigate if loans provided by MFIs to SMEs are being effectively utilised for Business Growth.
- To examine the effect of MFIs' products and services to SMEs

Literature review

Microfinance has been touted in contemporary literature as an important ingredient for SME development and more precisely, authorities such as Obokoh, Monday and Ojiako (2016)^[7] reiterate that the microfinance market is important to poor economies, where there is high unemployment and high poverty levels. Zimbabwe is typical such an economy; and thus the need to examine in the Zimbabwean context how SEs in the country are either consistent or inconsistent with such literature with regards to their requirement for the various forms of microfinance services. Elifuraha, Jianzhong and Kiptoo (2016) further assert that within the context of poor economies, the poor; whose personal economy is small by every measure, with very little or no income at all, are considered costly to service and too risky a market for banks who then design products beyond the reach of the poor and low income people.

Empirical studies on microfinance accessibility have been carried out in several countries and the table below summarises some of the researches.

Concept of microfinance

Robinson (2003) postulated that, "Microfinance is a development tool that provides or grants financial services and products such as very small loans, savings, micro-leasing, microinsurance and money transfer to assist the very or exceptionally poor in expanding or establishing their businesses". Microfinance enables the poor and excluded section of people in the society who do not have an access to formal banking to build assets, diversify livelihood options and increase income, and reduce their vulnerability to economic stress. Microfinance arose in the 1980s as a response to doubts and research findings about state delivery of subsidised credit to poor farmers. Institutions which include mainly Nongovernmental Organisations played a major role in the development of Microfinance by developing a successful credit and training system for individual micro entrepreneurs in Fundacion Carjaval, establishing solidarity group lending to urban vendors (Latin America ACCION) and in Asia where Dr Mohamed Yunus of Bangladesh initiated a pilot group lending scheme for landless people. (Ledgerwood, 1999:2). Microfinance in general can be Non-Governmental Organisations (NGOs), Savings and Loans Cooperative, Government banks, Commercial banks or Non-Bank Financial Institutions (Ledgerwood, 1999:1). Microfinance clients are typically self-employed, low income entrepreneurs in both rural and urban areas, traders small farmers, service providers. (Ledgerwood, 1999:3). In the Zimbabwean set up Microfinance Institutions are privately owned, owned by Commercial banks, Government Owned vehicles (SEDCO), Donor funded Savings and Loans Cooperatives and organisations among others.

Microfinance and small to medium enterprises

Ahiabor, 2013 examined the impact of Microfinance on Small and Medium Enterprises (SMEs) in Ghana, using a case study of the Ledzorkuku-Krowor Municipal Assembly. The findings of the study revealed that to a greater extent SMEs had the knowledge of the existence of MFIs and acknowledged positive contributions of MFIs loans towards promoting their growth. He further suggested that, other than financial support, it is recommended that microfinance institutions should at all-time give professional advices to SMEs since proper professional advice serve to inform the

lending microfinance institutions whether the amount the SME requested for is too much for the project or less. In line with that Idowu 2009 assessed the impact of Microfinance on Small and Medium Enterprises (SMEs) in Nigeria and asserted that quite a significant number of the SMEs managed to access MFIs loans even though only few of them were capable enough to secure the amounts they actually required. Idowu further pointed out that majority of the SMEs acknowledged positive contributions of MFIs loans towards promoting their market share, product innovation and the SMEs overall competitive advantage.

Ngwenya and Ndlovu, 2003 carried out a research study to evaluate the performance of MFIs in relation to the promotion of Credit access to the Poor in the Matabeleland region in Zimbabwe. They highlighted that despite facing some industry wide challenges, MFIs made a significant impact in linking SMEs and the poor to sources of credit. They recommended the Zimbabwean government to formulate a strategic plan on SMEs and MFIs for prudential operations. They also recommended that the government of Zimbabwe must make information disclosure by MFIs mandatory and also encouraged MFIs to introduce insurance products to cushion both themselves (MFIs) and SMEs in the event of a problem.

Ali *et al*, 2013 investigated the accessibility of microfinance for small businesses in Mogadishu. The main objective of the research study was to examine the challenges which were being faced by small businesses in accessing microfinance services in Mogadishu. The main findings were that Small businesses in Mogadishu were facing challenges to access loans from MFIs and this results many small business to close shop some may not have started due to lack of ability to overcome the challenges. The researchers recommended that microfinance institution were required to set more flexible, affordable and attractive requirements in financing Small businesses, their role need to be felt by the Small enterprises in terms of growth and development.

Odebiyi and Olaoye, 2012 carried out a research study on the role of Microfinance in the development of Small and Medium Scale Aquaculture enterprises in Nigeria. The results of the study indicated a positive impact of microfinance bank loan on small and medium scale aquaculture development as it increased the revenue of the farmers, reduced rural-urban migration and increased overall yield and even generate employment opportunities.

Ojo, 2009 examined the impact of microfinance on entrepreneurial development of small scale enterprises in Nigeria. Three different hypotheses were formulated and tested using various statistical tools such as chi-square test, analysis of variance and simple regression analysis. The study revealed that (i) there was a significant difference in the number of entrepreneurs who used microfinance institutions and those who do not use them; (ii) there was a significant effect of microfinance institutions activities in predicting entrepreneurial productivity; and (iii) that there was no significant effect of microfinance institutions activities in predicting entrepreneurial development. The researcher found out that microfinance institutions world over and especially in Nigeria were identified to be one of the key players in the financial industry that had positively affected individuals, business organizations, other financial institutions, the government and the economy at large through the services they offer and the functions they perform in the economy.

Oni E *et al* 2012, assessed the contributions of MFIs to the sustainable growth of SMEs in Nigeria. The analysis revealed that MFIs did and contributed to the sustainable growth of SMEs in the Nigeria. Their research study however also found out that MFIs services outreach to SMEs was poor. The researchers recommended appropriate modification to be made to address gaps for MFIs to effectively contribute to SMEs activities in the country. They also highlighted that apart from creating greater SMEs out-reach to MFIs services through establishment of rural branches, both government and MFIs can increase SMEs access to MFIs services through intensified campaigns at the local government and ward levels.

Vogelgesangu, 2001 analysed the impact of microfinance loans on productivity and growth of client's enterprises. The researcher used client database of Caja Los Andes, one leading microfinance in Bolivia. The results highlighted that the clients put the MFI loans to good use and clients with a higher number and a higher average size of MFI loans were found to have higher growth rates than other clients. A cross-sectional analysis of sales revenue showed that clients with MFI loans generated higher sales revenue than others for a given asset level.

Coleman 1999 examined if loans accessed from MFIs were effectively utilised by borrowers and suggested that the village bank credit did not have any significant and physical asset accumulation to the borrowers. The women ended up in a vicious cycle of debt as they used the money from the village banks for consumption purposes and they were also forced to borrow from money lenders at high interest rate to repay the village bank loans so as to qualify for more loans. The study mainly highlighted that credit was not an effective tool to help the poor out of poverty or enhance their economic condition. The researcher further suggested that the poor are too poor because of some other hindering factors such as lack of access to markets, price stocks, unequal land distribution but not lack of access to credit.

Montgomery *et al*, 1996 suggested that though women accessed loans from MFIs as this is viewed by most microfinance service providers as enhancing women empowerment drive and eradication of poverty from the women the majority of women did not have control over loans taken by them when married. In Line with that, Goetz and Gupta, 1994 asserted that in most Microfinance programs women were the main target of the credit program but the management and utilisation of the loans was made by the men hence not making the development objective of lending to the women to be met.

Empirical studies

1. Tanzania

According to Woldie *et al* (2012) ^[16], the empirical evidence gathered shows that the financial sector has failed to sufficiently extend microfinance facilities to SMEs due to high transaction costs, lack of collaterals, inadequate skills in developing and managing bankable projects. A survey research method was adopted using primary and secondary data from a purposively selected sample of SME operators. This research article was centered on a research studying the challenges of microfinance accessibility by SMEs in Tanzania.

2. Somalia

The study established that small businesses in Mogadishu are facing challenges to access loan from MFIs and as a result, many small business fail prematurely, or may not be started due to lack of ability to overcome the challenges. Purposive sampling technique was employed in selecting the 100 Small businesses that constituted the sample size of the research. To achieve the objectives of this study, data was collected through questionnaire instrument. This paper investigated the accessibility of microfinance for small businesses in Mogadishu. The main objective of the study was to examine the challenges facing by small businesses in accessing microfinance services in Mogadishu (Ali *et al* (2013).

3. Nigeria

The result shows positive contribution of microfinance lending to the development of such enterprises. However, it appears that a number of factors including cumbersome process, poorly packaged business plans and perceived high cost of credit still limit the access of indigenous

SMEs to credit A total of 800 such indigenous SMEs were identified (Obokoh *et al* (2017) ^[8]). However, data were obtained from 300 of the identified indigenous SMEs from a questionnaire survey in four states (provinces) within the country that make up the Niger Delta region. The paper explored the extent to which current microfinance lending impacts on indigenous SME access to finance and how the intermediation services of the microfinance banks (MFBs) contributed to or otherwise to the development of SMEs.

4. Indonesia

According to Pranata and Nurzanah (2018) ^[9] Results indicate that rural banks credit disbursement is more determined by demand side rather than supply side as variable representing demand side (production index) has significant effect to credit disbursement both long run and short run. In terms of supply side, the amount of credit disbursement is affected by interbank fund in the long run, whereas in the short run the significant variables are customer fund and internal fund. In addition, Consumer Price Index (CPI) and NonPerforming Loan (NPL) impose significant effect to the microfinance credit disbursement; yet, interestingly, interest rate is not a significant factor in microfinance's case. The study applied Autoregressive Distributed Lag (ARDL) model by using monthly data over the period of January 2009 to January 2016. The paper investigated determinants of Indonesia's microfinance credit disbursement, case taken from Indonesia's rural banks (BPRs), which primarily focus on providing funding to the Micro and Small Enterprises (MSEs).

5. Uganda

Results indicate that there is a significant relationship between credit terms and loan repayment performance among clients of MFIs unlike borrowers' characteristics performance of MFIs in rural Uganda. This study's regression model predicts 16% of the variance in loan repayment This study is cross sectional and correlational. Data were collected through a questionnaire survey of 51 MFIs in Uganda. The purpose of this study was to investigate the contribution of borrowers' characteristics and credit terms on loan repayment performance of MFIs in rural areas of Uganda.

After a critical evaluation of the literature, we gather that small enterprises in different jurisdictions face diverse challenges due to differing contextual circumstances.

Research methodology

The research triangulated the qualitative and quantitative designs for quick and effective collection of both qualitative and quantitative data. The population for this particular study comprised the many SEs in and around Harare Central Business District. The study stratified the SEs by sector. Then the researchers purposively sampled twenty SEs from each of the eight identified sectors, on condition that the SE owner or manager reveals that the enterprise has acquired microfinance at some point in time; taking into consideration the cost and time benefit analysis. Questionnaires were used as data collection tools. In particular, a structured questionnaire was developed by the researchers themselves, containing appropriate number of closed ended and open ended questions to allow the respondent to give as much information as possible in a short space of time. Due to the largely scattered population and also to avoid risk of meager responses, the researchers themselves with the aid of one competent research assistant delivered the questionnaires to the respondents in different

workstations where the respondents were based. However, after distributing 160 questionnaires, only 128 were returned, representing an 80% response rate which, according to Cooper and Schindler (2003) is representative of the entire population. The researchers categorised data so as to ensure the ease of analysis. The research findings were presented using tables and charts for enhanced understandi

Results and discussions

The researchers utilised both descriptive and inferential statistics in the discussion of the research findings. Correlational and regression analyses were performed with a view to establish the key determinants of microfinance accessibility to Zimbabwean SEs. The research sought to gain an understanding of the respondents’ demographic profiles by posing questions that solicited responses on their gender, highest level of education, age and experience in their current positions. The respondents were either SE owners or managers; and of the 128 respondents, who successfully completed the survey questionnaire, 82 were owners and 46 were managers in the respective SEs. Table 2 below tabulates the demographic information of the targeted research group.

Table 1: Demograh

Demographic Characteristic	Type	Frequency	%
Gender	Male	73	57
	Female	55	43
	Total	128	100
Age Group	18-28 years	55	43
	29-38 years	18	14
	39-48 years	38	29.7
	49-58 years	13	10.2
	Above 58 years	4	3.1
	Total	128	100
Experience	Less than 1 year	37	28.9
	1-5 years	45	35.2
	6-10 years	31	24.2
	11-15 years	9	7
	Above 15 years	6	4.7
	Total	128	100
Education	Primary	28	21.9
	Secondary	42	32.8
	Diploma	26	20.3
	Degree	17	13.3
	Postgraduate	15	11.7
	Total	128	100

Validity results

Validity is defined by Yin (2013) ^[17] as the extent of the research instruments’ ability to measure what they are intended to measure. To ensure face validity, the questionnaires were pilot-tested before the final administration on the selected respondents from the SE sector. The pilot study findings were assessed and sensitive, unclear and biased items were identified and pulled out of the instrument. On the other hand, content validity was also pertinent and this was determined through the involvement of three experts in the field of finance in discussions relating to the questions in the questionnaire. The experts were asked to rate the questions on a scale of 1 to 4; with a view to establish whether or not the questions were pertinent to the measurement of what they were intended to measure in respect of the research objectives. The computed content

validity index was 0.835. As asserted by Rutherford (2013) ^[11] the index should always surpass 0.5; and hence the computed index of 0.835 indicates that the questions contained in the questionnaire were valid for the current study.

Accessibility of microfinance services to SEs

The second research objective focused on the extent to which the various MFI services are accessible to Zimbabwean SEs. From a bird’s eye view, the researchers focused on the general accessibility of the various microfinance services among SEs in Zimbabwe; and from a worm’s eye view, focus was on the impact of a set of independent variables on the accessibility of micro-credit to SEs. The researchers chose to expedite the study towards

the factors influencing access to micro-credit as literature as well as preliminary findings of the current study pinpoint micro-credit as the key microfinance service required by SEs.

The SEs' relatively higher demand for micro-credit is firmly premised on the notion that finance is the lifeblood of any business venture. The research noted the ease with which micro-credit can be accessed by SEs as compared to other MFI services such as micro leasing, micro saving and micro insurance which are generally considered inaccessible according to the responses given by the participating respondents. Micro venture capital and money transfer services are slightly accessible with 33.5% and 32.8% of the respondents attesting the accessibility of the respective MFI services.

Table 2: Accessibility of microfinance services to Zimbabwean SEs

	SA	A	D	SD	Decision
Micro-credit	37	42	33	16	Accessible
Micro-leasing	12	8	39	69	Inaccessible
Micro-venture	11	32	48	37	Slightly accessible
Saving	4	15	38	71	Inaccessible
Micro-insurance	12	18	40	58	Inaccessible
Money transfer	17	25	39	47	Slightly accessible

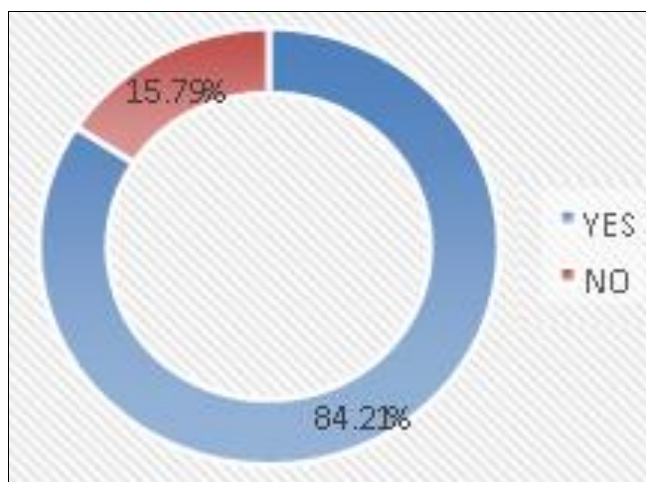
Key to Table 5:

SA = strongly agree, A = agree, D = disagree, SD = strongly disagree

This section presents and discusses the results of the research data. Presentation of results is arranged in the order of the research study objectives.

Access to MFI Services

The respondents were asked if they were able to access loans from MFIs for their business purposes and the results were as depicted in Figure 1 below:



Source: Field Survey, January 2014

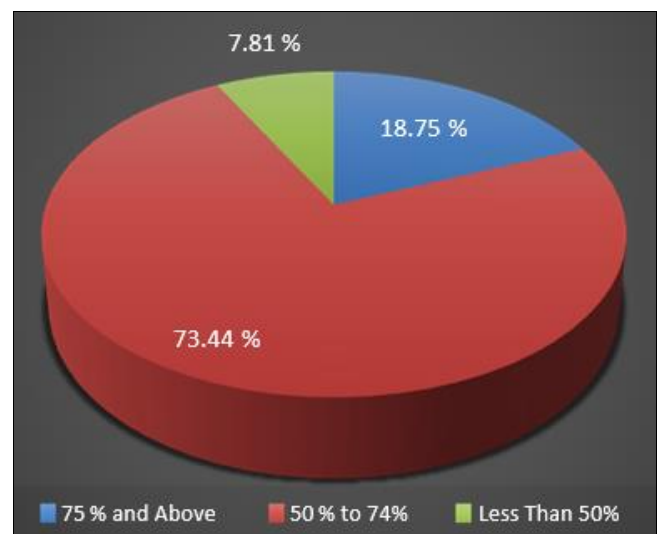
Fig 1: SMEs Access to MFI Loans

SMEs access to financial services must be number one priority in both developed and developing economies as it go a long way to enhance SMEs growth thus alleviating poverty and enhancing economic growth. Figure 1 above depicts weather SMEs had access to MFI Loans and the results depict that, out of 76 respondents, 64 of the respondents which represents 84.21%, claimed that they had

access to MFI loans. Only 12 respondents which represents 15.79% of the respondents noted that they have no access to MFI loans. The results implied that a substantial number of SMEs had access to MFI loans. The results concurred with Friday Christopher Idowu (2009) according to his research study asserted that 92% of SMEs had access to MFI Loans. The research study however contradicted with, Ali *et al* 2013 [2], who asserted that Small businesses in Mogadishu were facing challenges to access loans from MFIs which caused many small business to close shop and some may not have started due to lack of ability to overcome the challenges.

The Percentage of Loan Applied Was Granted by MFIs.

SMEs at all times must be granted the loan amount they apply in full for them to be able to meet their immediate liquidity challenges, The respondents were asked the percentage of MFI loans which they applied were granted and the results were as shown in Figure 2 below:



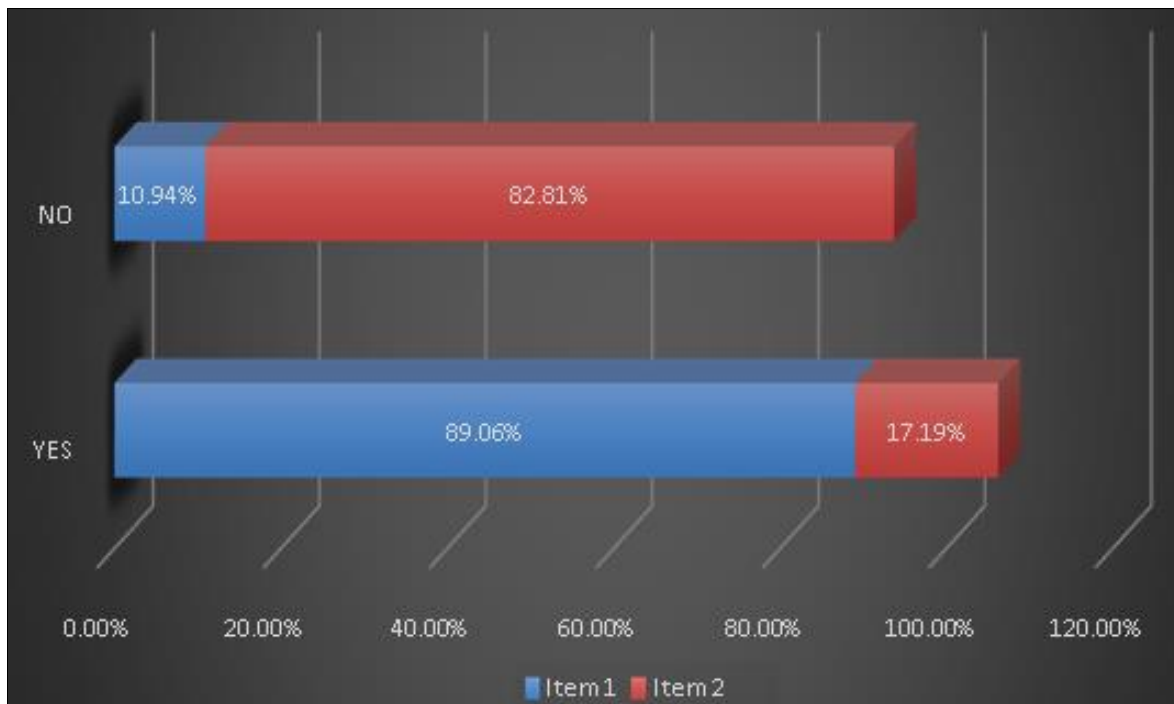
Source: Field Survey, January 2014

Fig 2: Percentage of MFI Loans applied by SMEs

Figure 2 above represents the assertion of 64 respondents in which 18.75% of the respondents asserted that they have received 75% and above of the loans they applied from MFIs.73.44% of the respondents which represents almost 75% of the respondents claimed that they were granted between 50% and 74% of the loans they applied whilst a minute 7.81% believe that they received less than 50% of the loans they applied. The results implied that although SMEs had access to MFI loans only a few of them were capable enough to secure the loans amount they required in full.

Utilisation of loans accessed from MFIS

SMEs must ensure that the loans they receive from MFIs are used solely for business purposes in order to reap the benefits of the loans in their businesses.SMEs were asked if they ever had felt the need to acquire a loan for other purposes apart from Business. And if they always use exactly what they acquired as a loan, solely for Business Use? And the results were as shown in Figure 3 below.



Source: Field Survey, January 2014

Fig 3: SMEs Utilisation of MFI Loans

Key: Item 1= Have you ever felt the need to acquire a loan for other purposes apart from Business?

Item 2= Do you always use exactly what you are acquired as a loan, solely for Business Use?

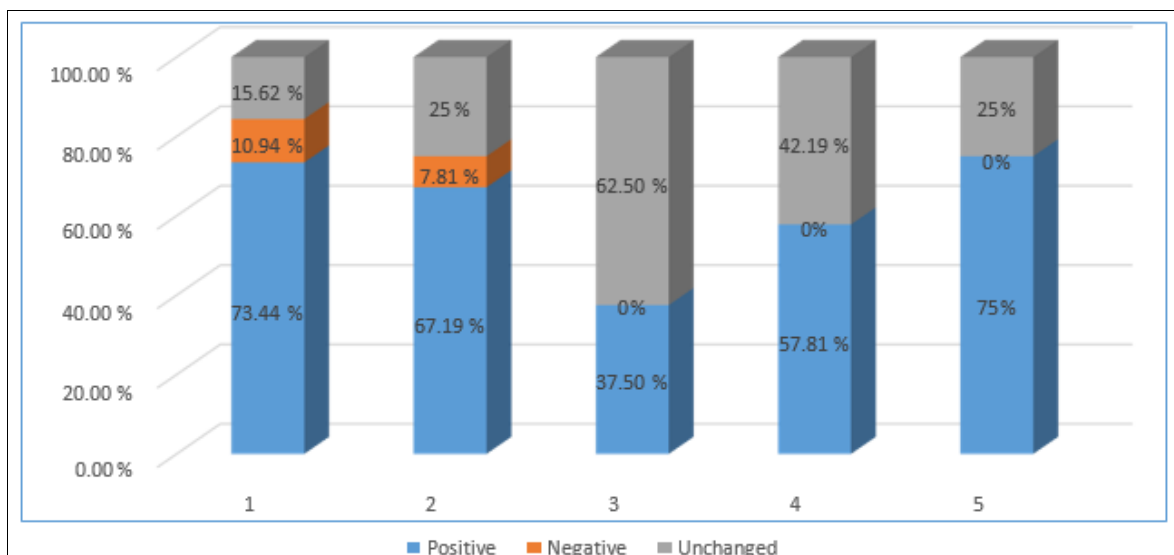
As depicted in Figure 3 above 57 out of 64 respondents representing 89.06 % ascertained that they have never felt the need to acquire a loan for other purposes other than business while 10.94% claimed otherwise. On the same note 53 out of 64 respondents representing 82.81% pointed out that they have used the loans they applied for solely for business purposes whilst 17.19 argued that they have at one time used the loans for other purposes. The results implied that most SMEs utilised the loans granted by MFIs effectively for business purposes. This however was contrary to Coleman, 1999 who asserted that MFIs loans were not effectively utilised by borrowers as women

borrowers end up in a vicious cycle of debt as they used the money from the village banks for consumption purposes and they were also forced to borrow from money lenders at high interest rate to repay the village bank loans so as to qualify for more loans.

Impact of MFIs to SMEs.

The effect or Impact of MFIs on SMEs was assessed using five variables namely Increase in quantity, quality and range of products; increase in number of branches, Improved training, Increased Cash flows and Increase in Market Share, The SMEs were asked whether MFI Loans had impacted positively, negatively or if there was no change on the variables above.

The respondents' opinion to the assertion is as shown on the graph below;



Source: Research Data, January 2014

Fig 4: Effect of MFI Loans to SMEs

Key: In your view what was the effect of MFI Loans to SMEs in the following areas:

Item 1= Increase in quality, quantity and range of products sold?

Item 2= Increase in Number of Branches?

Item 3= Improved Training?

Item 4 = Improved Cash flow Levels?

Item 5= Increased Market Share?

Figure 4 above shows the views of 64 respondents. Item 1 indicate that 47 out of 64 respondents representing 73.44% of the respondents accepted that MFIs had a positive effect on the increase in product quantity, quality and range they sold. In contrary 7 respondents representing 10.94 % believed that MFIs impacted negatively on the products they sold. Only 15.62 claimed that the quantity, quality and range of products they sold remain unchanged.

In line with that, on increase in number of branches, 67.19% of the respondents posited that MFIs had a positive effect on increase in the number of branches they had, 5 respondents which represent 7.81% of the respondents claimed MFIs impacted negatively whilst 25% argued that their branch network remained unchanged.

SMEs were also asked whether MFIs had any effect in their training levels. Only 24 respondents which represent 37.5% claimed that MFIs impacted positively in their training levels while 62.5 % claimed that there were no change in their training levels and capabilities.

On whether MFIs have led to improved cash flow levels 57.81% (37) of the respondents which represent more than half of the respondents believed that MFIs have led to improved cash flow levels while 27 respondents (42.19%) claimed that MFIs did not lead to any change in their cash flow levels.

Figure 4, Item 5 highlight MFIs effect towards SMEs market share, 48 respondents representing 75% claimed that MFIs posed a positive effect in in their achievement of a substantial market share whilst 25% believed that there was no change in their market share posed by MFIs involvement.

The results on Impact or effects of MFIs on SMEs generally reflected that MFIs had enhanced a positive effect on SMEs in terms of product quality, quantity, and range as well as number of branches, improvement in cash flow and increase in market share. The results were in line with Friday Christopher Idowu (2009), who acknowledged the positive contributions made by MFI Loans on SMEs towards promoting their market share, product innovation, and goal achievement among others.

Conclusions

The current study primarily sought to establish the extent to which SEs in Zimbabwe require the services of MFIs for their operations. The research went further to determine the accessibility of different MFI services to SEs in Zimbabwe. The final and most crucial thrust of the study was an investigation of the extent to which Zimbabwean SEs are able to access the microfinance services; cognisant of the fact that prior to offering micro-credit and other microfinance services to SEs, MFIs undertake strict assessments of the SEs seeking such services. The study established SEs' selective demand for microfinance services. It was also evident from the study that microcredit is the most accessible microfinance service. Other services were both unpopular and inaccessible; save for venture

capital and money transfer services which were slightly accessible. Overall, SEs still have limited access to microfinance services in Zimbabwe. Therefore in a nutshell, a lot has to be done in both the SME and MFI sectors with a view to affording SEs and opportunity to benefit from the various microfinance services for the enhancement of their financial performance and ultimate organisational growth and competitiveness. The researchers recommend that SEs in Zimbabwe be enlightened on how a wide range of microfinance services could be a key to their competitiveness and improved financial performance. MFIs on the other hand should ensure these services are readily available for SEs. Future researches ought to focus on those SEs that have so far been able to access microfinance services; how their financial performance has been impacted by the microfinance services.

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