EFFECT OF MICROFINANCE SERVICES ON THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES

CASE STUDY: JUBA CITY

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A POST GRADUATE DISSERTATION PRESENTED TO THE FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF A DEGREE OF MASTER'S DEGREE OFBUSINESS ADMINISTRATION

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DEDICATION

I sincerely dedicate this work to my sponsor (Catholic University of South Sudan) for inspiration patience, love, understanding for the unwavering faith in me, the spiritual support and kindly support that have be given to me all through the study.

I dedicate this research study also to my family, friends, class mates and every one that participated towards the accomplishment of this study.

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I am very thankful to the Almighty God for giving me knowledge and wisdom to complete this study.

My special acknowledgement goes to my sponsor who have persistently encouraged me to pursue further studies and given me education to face this competitive world I will be forever grateful, may God richly bless you!

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Finally to my classmates and friends who shared their knowledge and guidance with me during the course of this study may God bless the works of your hands and fulfill your hearts desires.

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LIST OF ABBREVIATIONS

ANOVA	Analysis of Variance Technique
SACCOs	Savings and Credit Cooperative Society
SSMDF	South Sudan Microfinance Development Facility
MFI	Management Financial Intuitions
MSEs	Medium and Small Enterprises
NGOs	Non- Governmental Organizations
OECD	Organization for Economic Cooperation and Development
ROSCAs	Rotating Savings and Credit Associations
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for the Social Sciences

ABSTRACT

Small and Medium Enterprises (SMEs) play an important role in the socio-economic development of any country. They provide an appropriate channel for the achievement of national macroeconomic objective in terms of employment generation at low investment cost and enhancement of apprenticeship training. The objectives of the study was to examine the effect of credit on the performance of SMEs in Juba city, to assess the role of training on the performance of SMEs in Juba city and to assess how mobilization of savings affects growth of SMEs.

This research problem was studied through the use of a descriptive research design. The research sample for study was50 respondents of which 39 responded. This research study used purposive sampling technique and specifically the judgmental sampling method to select 39 SMEs which is representative of the target. Primary data was gathered through structured questionnaires. The data was then analyzed using SPSS v20 software package. The linear regression model was applicable since it allowed simultaneous investigation of the correlations among different variables. Multivariate regression model was applied to determine the relative importance of each of the three variables; microcredit, savings and training, with respect to the effects of microfinance services on the performance SMEs. The data findings analyzed also shows that taking all other independent variables at zero, a unit decrease in Microcredit provided by MFI will lead to a (-0.569) decrease in the performance of the SME; a unit increase in savings showed a 0.340 of the SME increase in performance but was not significant predictor of performance, while a unit decrease in training services provided to the SME will lead to a (-0.298) decrease in performance of the SME. The ANOVA analysis was intended to investigate whether the variation in the independent variables explains the observed variance in the outcome. The ANOVA findings in this study showed that at 5% level of significance and 95% level of confidence, the study found out that Microfinance services, microcredit, savings and training were all significant in the performance of the SME. Based on the key findings, the study made the following recommendations. Microfinance Institutions should enhance training of their clients on the entrepreneurial skills so as to enhance their skills as a large proportion of the respondents were found to be certificate holders of high school graduates hence they lacked the necessary business management skills. The study also recommends the MFIs carry out sensitization campaigns on the need to save among the SMEs. The study also recommends that the MFIs use that traders savings as part of collateral since most may not have large tracts of land or the physical collateral needed.

DEFINITIONS OF KEY CONCEPTS

Loan: Loan is the sum of money borrowed at an agreed rate of interest. It can be of long term or short term.

Microfinance: - Is the provision of a broad range of financial services such as deposits, loans, and payment services, Money transfer and insurance to poor and low-income households and, their micro enterprises.

Financial institution: A business entity formed to maintain checking and saving accounts, business loans and provide credits

Formal banks: are those banking institutions offering financial services that fall under the supervisory and regulatory jurisdiction.

An Entrepreneur: Is someone who undertakes the risk of new enterprise and a person who seeks the best opportunities for using resources for their highest commercial yields (provide added value to the society.)

Micro enterprises: - These are small enterprises that provide financial services in rural and urban areas enabling those people having low income to participate in the development process and enhance their quality of life through promoting employment and income generating opportunities.

CHAPTER ONE

1.0 Introduction

Microfinance encompasses the provision of financial services and the management of small amounts of money through a range of products and a system of intermediary functions that are targeted at low income clients (Maengwe & Otuya, 2016).

Indeed, the concept of microfinance is not new in South Sudan. There has always been the tradition of people saving and/or taking small loans from individuals and groups within the context of self-help to start businesses or farming ventures. Over the years, the microfinance sector has thrived and evolved into its current state, as in the post-conflict country like South Sudan this study sets out to analyze microfinance services and the performance of SMEs in the setting of South Sudan and to this end, draw lessons and findings from other empirical studies.

This chapter therefore, explores the background information of the problem, and states how the problem came about and what has been done so far by learning various literature reviews. The chapter presents the statement of the problem, objective of the study, research questions, scope of the study, significance of the study, justification of the study and conceptual framework model.

1.1 Background to the study

Microfinance is a powerful tool to alleviate poverty and promote financial sustainability of SMEs. The link between microcredit and financial sustainability of SMEs, though repeatedly emphasized by donors and practitioners in conferences and summits, is a controversial area of empirical research (Mwangi et al. 2014). Previous findings on the statistics in the study by Muiruri (2014) demonstrate that MFIs offer services to customers who are of the low income earning level and the disadvantaged, majorly women, persons with disabilities and youths to start up or expand SMEs and this has contributed to economic growth which has been rapid over the years.

Microfinance performs three major functions in relations to its members and general economic development of the country. In particular, these functions are collecting savings from its members, giving loans to its member's borrowers and giving financial and non-financial advice to its members in order to facilitate microfinance beneficiaries utilize well the micro loans they have borrowed from MFIs (Vincent, 2004).

The concept of Micro financing can be traced back to an ambiguous experiment in Bangladesh 30 years ago. It has since become a worldwide movement as a development activity, as a way of helping poor people out of poverty (Adams & Bartholomew 2010). Buckley (1997) captures their prominence role in development of economies; he describes them as the newest darling of the donor community. Other authors have described them as the newest silver bullet for alleviating poverty while Greer et al, (2008), claim that microfinance shines as a proven way to improve the lives of the poor.

Microfinance is about providing financial services to the poor who are traditionally not served by the conventional financial institutions.

Microfinance is mostly used in developing economies where SMEs do not have access to other sources of financial assistance (Robinson, 1998). That is microfinance recognize poor and micro entrepreneurs who are excluded or denied access to financial services on account of their inability to provide tangible assets as collateral for credit facilities (F.T et al. 2013). There are different providers of microfinance (MF) services and some of them are nongovernmental organizations (NGOs), savings and loans cooperatives, credit unions, government banks, commercial banks or non-bank financial institutions. The target group of MFIs are self-employed low income entrepreneurs who are; traders, seamstresses, street vendors, small farmers, hairdressers, rickshaw drivers, artisans blacksmith (Ledgerwood, 1999).

The aim of microfinance is not only to extend credits to beneficiaries but to promote entrepreneurship and boost rural financial markets that will provide sustainable access to financial services by creating a relationship between those with financial resources and those who need them. It is the practice of delivering those services in a sustainable manner so that poor households will have access to financial services so that they can build sustainable micro enterprise.

SMEs are the backbone of many economies in Sub-Saharan Africa (SSA) and hold the key to possible revival of economic growth and the elimination of poverty on a sustainable basis. Despite the substantial role of the SMEs in Tanzanian's economies, they are denied official support, particularly credit, from institutionalized financial service organizations that provide funds to businesses (Madole, 2013). Numerous evidences have pointed to the fact that the number of SMEs has huge potential for employment generation and wealth creation in any economy, yet the sector has stagnated and remain relatively small in terms of its contribution to GDP or to gainful employment. Beck, Demirguc-Kunt, and Maksimovic (2004) determined the financing obstacles faced by firms in over 10,000 sampled firms from 80 countries established that SMEs are faced with higher financing constraints than larger and older firms as part of the reason that limits their growth and financial sustainability.

Lack of access to credit is indicated as a key problem for SMEs worldwide. In some cases, even where credit is available, the entrepreneur may have difficulties because the lending conditions may require collateral for the loan. Credit constraints operate in variety of ways in Juba; South Sudan where undeveloped capital market forces entrepreneurs to rely on self-financing; the formal banking system is too expensive and inconvenient. Whereas banks consider SMEs with no transaction history are too risky because their ability to repay loans is not yet known. These Unbanked SMEs may also not have collateral to access formal credit. Another issue is that these unbanked SMEs might not have the skills to run the business professionally. They may not have proper bookkeeping procedures, inventory systems, business plans or income statements making it hard for a bank to evaluate them (Ngugi, 2014).

Performance of SMEs depends a lot on microfinance institutions support; therefore the establishment and launch of South Sudan through South Sudan Microfinance Development Facility (SSMDF) is expected to change the credit landscape since information on the credit worthiness is to be made available hence reducing the degree of information asymmetry. However, launch of this body does not suffice since information on most potential borrowers and first timers remain unknown (SSMDF, 2009).

However, due to insufficient mechanisms and inadequate information in Juba on credit markets, banks are discouraged and unwilling to lend to micro enterprises. It is against this background therefore, that the researcher is trying to find out the effect of microfinance services on the performance of SMEs in Juba city.

1.2 Statement of the problem

Provision of financial services, especially credit and saving facilities plays an important role in the development of the economy Cheruiyot (2012). Despite the efforts of microfinance institutions to take microfinance services within the reach of poor people and SMEs that have not benefited from the conventional formal financial system, growth and expansion of SMEs sector had not shown any sign of growth and expansion. Poverty is a concept that applies to all humans and more seriously to people in the developing world. The deadly effect of poverty on the poor necessitated a worldwide research into ways of reducing its impact. An important tool in fighting poverty is microfinance which has gained prominence over the last few decades in countries hardly hit by the menace (Wanambisi, 2013).

Studies have shown that microfinance has produced certain successes in poverty reduction and increased performance of SMEs. Adama and Agbim (2015), found out that micro-credit has significant effect on self-employment, education, training and skills acquisition, and economic empowerment. Despite the growth of MFIs in the finance sector, recent studies have continued to report mixed findings on the effect of microfinance services on the performance of the firm (Ngugi, 2014). Some report a positive relationship but also note challenges in delivery of the loan facilities. Others report a deteriorating performance of SMEs because loan comes with a price. This then lead to the question of the effectiveness of the microfinance services on the performance of SMEs in Juba City.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of this study is to find out the effect of micro financial institutions on the performance of SMEs in Juba city.

1.3.2 Specific objectives

The specific objectives of this research will include the following:-

1. To examine the effect of credit on the performance of SMEs in Juba city
2. To assess the effect of financial skills training on the performance of SMEs in Juba city
3. To assess the influence of savings mobilization on the growth of SMEs.

1.4 Research Questions

The specific objectives stated above guided the following key study questions:

1. What is the effect of credit provision on the performance SMEs in Juba city?
2. What is effect of financial skills training on the performance of SMEs in Juba?
3. What is the influence of savings mobilization on the growth of SMEs in Juba city?

1.5 Scope of the Study

Geographical scope

Geographically, the study covered Juba city because it holds large number of both informal and formal business enterprises. In addition, it had 500 the number of registered businesses in Juba (The Business Registry, Ministry of Legal Affairs and Constitutional Development, Government Data, December 2010).

Content scope

The study was limited to MFI services as an independent variable, political environment and MFIs policies as the intervening variable and performance of SMEs as the dependent variable.

1.6 Significance of the Study

The study will be of benefit to;

Micro Finance Institutions

This study was intended to shed light on the relationship between microfinance credits and the performance of small and medium enterprise. This can help them to come out with substantive possible alternative policy interventions which might help to address problems and challenges which small and medium enterprises face.

This study can offer empirical evidence on the impact of microfinance credit on the performance of small and medium enterprises for use in short term and long term interventions especially in the fight against poverty. A study of this nature is equally very important because it is going to enlighten the government and the public on the role of MFI in the SMEs sector.

The management of microfinance institutions would be interested to know the contribution of this sector to SMEs economic development. The management of MFIs can be happy to see their money being well spent for the benefit of its customers. This study can therefore help the MFIs know how effective and efficient they have been contributing towards the economic development of SMEs.

Small and Medium Enterprises

The capital required in operating SMEs is limited in supply and very few of them have access to it considering the type of collateral security required by the MFIs or banks which must be fulfilled before granting loans. Since financial institutions act as intermediaries between surplus and deficit of the SMEs, at the end of this research SMEs entrepreneurs will be able to know some sources of finance and choose the best available option.

Researchers and Academicians

Research findings can make a great contribution to the world of academia as researchers in the area of microfinance and SMEs growth. The findings will act as a point of reference in their literature reviews.

1.7 Justification of the study

In a post-conflict country such as South Sudan, access to credit and microfinance services is an acute problem. With the handful commercial banks and microfinance institutions operate in South Sudan, Leo et. al. (2012) observe that, they currently service less than 1 per cent of available clients in the greater Juba region, and offer a limited range of products. As of 2010 microfinance institutions had not started addressing the rural and agricultural sectors effectively - where most households derive their primary source of income. Lending rates are comparable with those of other developing countries, ranging between 15 - 35 per cent.

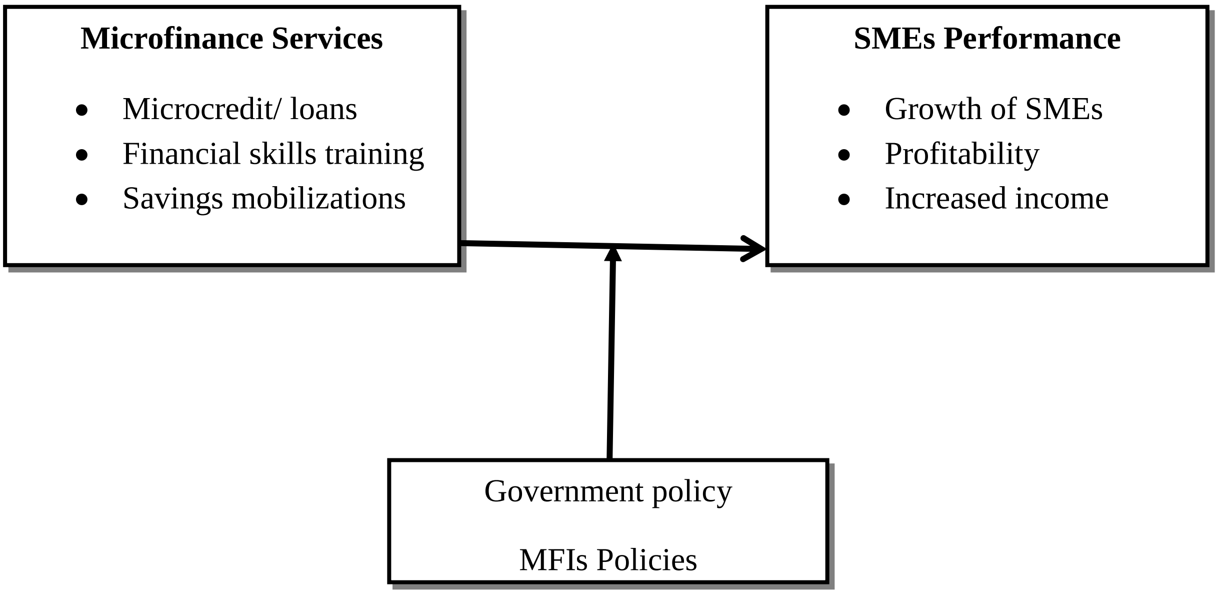
Overall, donor programs are not aligned with many of South Sudan's greatest business environment obstacles - particularly electricity and access to finance. Despite being these the two largest business constraints, donors supported only one electricity project and one microfinance-related program as of 2010. This suggests that donors should explore ways of helping South Sudanese farmers and business owners to better access affordable expansion and operational capital.

1.8 Conceptual Frame Work

According to Joeveer (2006), bank loans have a significant positive effect on most performance indicators of Small and medium sized enterprises (SMEs) in the transition economies. Microfinance encompasses the provision of financial services and the management of small amounts of money through a range of products and a system of intermediary functions that are targeted at low income clients (Asiama, 2007). Microfinance Institutions can gain outreach to SMEs by providing appropriate savings products(Ahmad et al. 2012). Soriano (2010) identifies some factors which influence business performance among which are; education and training on entrepreneur activity It is on the foregoing premise that the conceptual framework (Fig 1.1) has been drawn

Figure 1.1: Conceptual Framework Model

Independent Variables **Dependent Variable**



Moderating Variables

Source: Developed and Modified by the researcher based on the cited literatures (Soriano, 2010;Joeveer, 2006; Ahmad et al. 2012;Asiama, 2007).

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews the literature from various studies that are related to this study in hand. This chapter opens with review some theories on the study the aim is to explore through different written sources so as to get an understanding and experience from other scholars. It focuses also on some of the concepts of microfinance and the role they play in the growth of SMEs. The concepts chosen are those that are in relation with the area of this dissertation. The other centre of attention is SME overview. This gives an idea of the characteristics, role, contributions and constraints of SME. The chapter concludes with a review on effects of Microfinance credit accessing and performance of SME arranged according to the study objectives and variables.

2.1 Theoretical reviews

Economic theories have discussed various factors leading to the economic growth which are applicable to the performance of the SMEs. Theories discussed in this chapter include; Perking order theory of financial gearing andVillage banking theory.

Perking Order Theory of Financial Gearing theory

Perking order theory states that companies prioritize their sources of financing from internal financing to equity, according to the law of least effort, or of least resistance, preferring to raise equity as financing means of last resort (COMSATS University of Information Technology et al. 2012). Myers & Majluf (1984) states that firms finance their needs in a hierarchical order, first by using internally available funds, followed by debt and finally by external equity. Initially the theory was observed to explain financing practices of large firms. However, it was recognized that it may also apply to SMEs (Holmes & Kent, 1991). Its application to SMEs implies that external financial aids may be inappropriate as that may dilute the ownership interest because these form of financing surrenders the enterprise to the source of finance (Abereijo & Fayomi, 2007).

The implication of the theory to Juba; South Sudan is that SMEs should not always rely on loans from microfinance banks as these are expensive due high interest rates. Alternatively, they should try to rely on the capital which is generated from the profit and mobilize the member to serve their income to build the capital base.

Village banking theory

Village banks are community-managed credit and savings associations established by NGOs to provide access to financial services, build community self-help groups, and help members accumulate savings (Ahiabor, 2013). They have been in existence since the mid-1980s. They usually have 25 to 50 members who are low-income individuals seeking to improve their lives through self-employment activities. These members run the bank, elect their own officers, establish their own by-laws, distribute loans to individuals and collect payments and services (Develtere & Huybrechts, 2002).The loans are backed by moral collateral; the promise that the group stands behind each loan.

The sponsoring MFI lends loan capital to the village bank, who in turn lend to the members. All members sign a loan agreement with the village bank to offer a collective guarantee. Members are usually requested to save twenty percent of the loan amount per cycle. Members' savings are tied to loan amounts and are used to finance new loans or collective income generating activities and so they stay within the village bank. No interest is paid on savings but members receive a share of profits from the village bank's re-lending activities. Many village banks target women predominantly, as according to Holt (1994), "the model anticipates that female participation in village banks will enhance social status and household bargaining power".

2.2 The Concept of Microfinance

Microfinance is the provision of financial services to low-income, poor and very poor self-employed people (TRIPATHI 2014). Robinson (2001) defined microfinance as small scale financial services that involve mainly savings and credit services to the poor. (Samson et al. 2013).

According to Patrick Meagher (2002:7), microfinance is defined as ‘lending small amounts of money for short periods with frequent repayments’. However, this definition equates the concept with micro-credit, which is rather a part of microfinance service. For Van Maanen (2004:17), ‘microfinance is banking the unbankables, bringing credit, savings and other essential financial services within the reach of millions of people who are too poor to be served by regular banks, in most cases because they are unable to offer sufficient collateral’. In broader understanding, Ledger wood (1999: 1), conceived that financial services generally include savings and credit; however, some MFIs also provide credit cards, payment services, money transfers, and insurance services. Besides, many MFIs undertake social intermediation services such as group formation, development of self-confidence, and training in financial literacy and management capabilities among members of a group.

Thus, the concept of microfinance often includes both financial and social intermediations (Ledger wood 1999: 1).

“What is the exact definition of microfinance?” is the underlying question of understanding microfinance. According to Consultative Group to Assist the Poor (CGAP)’s homepage, microfinance’s definition is: “Microfinance offers poor people access to basic financial services such as loans, savings, money transfer services and micro insurance” (www, Consultative Group to Assist the Poor, 1, 2011). Srinivasan & Sriram (2003) defines microfinance as follows: “Microfinance refers to small-scale financial services for both credits and deposits - that are provided to people who farm or fish or herd; operate small or microenterprises where goods are produced, recycled, repaired, or traded; provide services; work for wages or commissions; gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools; and to other individuals and local groups in developing countries, in both rural and urban areas" Additionally, Rohe et al. (2016) also describes the definition of microfinance as "Formal schemes designed to improve the wellbeing of the poor through better access to savings services and loans" As mentioned above, it is shown that there is no rigid definition of microfinance; nevertheless, we can summarize its general idea as "the openness of banking opportunities to poor people in reaching financial services, such as microcredit, micro savings, micro insurance, risk management and etc.". Concept of microfinance Meaning can be defined in many ways and intersects with several different realities. Marc Labie (1999) proposed a comprehensive definition of relevance to define the characteristics of the beneficiaries. "We call microfinance, the provision of financial services (usually credit and or savings) to people developing a productive activity, usually craft and trade, and not having access to commercial financial institutions because of their socioeconomic profile"(Labie, 1999).In this concept, microfinance refers to loans, savings, insurance, transfer services, microcredit loans and other financial products targeted at low- income clients (Hamada, 2010).Microfinance is a source of financial services for entrepreneurs and small businesses lacking access to banking and related services (CIA, 2013a). (Daley Harris 2002) Microfinance is simply defined as credit advanced to the poor who normally do not have collateral to pledge. Microfinance is a type of banking service that is provided to unemployed or low income individuals or groups who would otherwise have no other means of gaining financial services. It involves the provision of financial services via microfinance institutions (MFIs) either to the working poor or those people who rely on their small businesses for income and who are not considered bankable because they lack collateral to be pledged as security or are considered high risk by the mainstream or traditional commercial banking sector. Wrenn (2007) Microfinance can also be defined as the "attempt to improve access to small deposits and small loans for poor households neglected by banks." Microfinance brings together credit, savings and insurance services to poor people across diverse socioeconomic settings. (Hulme, 2000) Microfinance is the provision of a broad range of financial services to low-income microenterprises and households.

The range of financial services usually includes savings and loans, other products also include insurance, leasing, and money transfers. The provision of financial services to low-income clients is the sole of an organization.

Understanding Microfinance

The term microfinance refers to a development tool that grants or provides financial services and products such as very small loans, savings, micro-leasing, micro insurance and money transfer to assist the very or extremely poor in growing or establishing their businesses. It is mostly used in developing economies where SMEs do not have access to other sources of financial assistance (Robinson, 1998).

In another breadth, the term microfinance is usually understood to refer to the provision of financial services to micro-entrepreneurs and small businesses which lack access to banking and related services due to high transaction cost associated with dealing with such range of clients. Generally, provision of credit by MFIs is undertaking using two major approaches, namely; relationship- based banking which is structured for individual entrepreneurs and small businesses as well as group – based modules in which several entrepreneurs come together to apply for loans and other financial services as a group. Research, the world over has come to establish quite a wide range of functions of MFIs since their inception.

One other function of MFIs can be said to be financial intermediation which involves the provision of social intermediation services such as the formation of groups, development of self-confidence and the training of members in that group on financial literacy and management cited in the work of Ledgerwood (1999). Other sections of social advocates like gender activists also from another perspective consider microfinance as a means of empowerment through support for women and other women groups in order to forge economic participation. Elsewhere across the African continent, precisely South Africa, this is supported by a study by (Angelucci et al. 2015) where recipients of microcredit were shown to be better off, economically, than non-recipients. Further research works also attest to the fact that the opportunities created by credit availability helps a lot of poor people to invest in their own businesses, educate their children, improve their healthcare and promote their overall wellbeing (van Rooyen et al. 2012).

In another study by Khan and Rahaman (2007) in the Chittagong district in Bangladesh, recipients of microfinance facilities were reported to improve their livelihoods and moved out of poverty. More importantly, Khan and Rahaman (2007) reported that microfinance recipients had empowered themselves and become very active participants in the economy.

Not only that, an attempt to examine the impact of microfinance using regression module as stated by Yusuf et al. (2013) established that there is significant positive relationship between credit recipients and income; the findings suggest that program participation led to a 10% increase in income. However, Chowdhury & others (2009) report suggests that though microcredit may be helpful in reducing poverty, it is never a panacea and that it is only one of such tools to reduce poverty or the vulnerabilities of the poor. Morduch & Haley (2002) have also noted that microfinance may not always be the best tool to help the poorest of the poor.

Similarly, Hashemi and Rosenberg (2006) are of the opinion that in spite of the prime focus of microfinance as a tool for poverty eradication; it really does not reach the poor. The target group of MFIs is self-employed low income entrepreneurs including; traders, seamstresses, street vendors, small farmers, hairdressers, rickshaw drivers, artisans blacksmith etc. (Ledgerwood, 1999).These groups of individuals may not necessarily fall within the poverty bracket even though they currently form the major group of beneficiaries.

Overview of SMEs

There is a wide range of definitions and measures of SMEs that differ from country to country. Though there is no universally agreed upon definition of SMEs, three commonly used criteria are the number of employees, value of assets, and value of sales (Mylenko, & Saltane, 2012).

The number of employees has gained prominence because it is easy to collect.

The European Union (EU) defines a small enterprise as one which has a headcount of less than 50 employees and a balance sheet and turnover each of which is not more than 10 million Euros. A medium-size enterprise has headcount of less than 250, and a turnover of not more than 50 million Euros or a balance sheet of not more than 43 million Euros. Value of assets refers to the balance sheet of the enterprises which reflects the overall wealth of the enterprise, whereas turnover or sales simply refers to annual sales volumes minus discounts and sales taxes in a given accounting period.

In the USA, the Small Business Administration (SBA) Size Standard Office is charged with setting the size of SMEs to reflect sectoral differences and to aid policies targeting SMEs. A firm with less than 500 employees is considered a small business (SBA, 2009).

The definition of SMEs is not simply based on the employees alone, however; it also brings in considerations that differ across sectors. For example, an enterprise specializing in service delivery is considered small if it has a balance sheet of $10 million or less.

In Kenya, a firm that employs between 5 and 50 persons is defined as small, while one that employs 50 to 200 is a medium-sized enterprise. Kenyan SME eligibility criteria are thus closer to those of the EU than U.S. At present, South Sudan does not have an official definition for SMEs. For the purpose of this study, I adopt the World Bank Business Environment criteria, according to which firms with one to four employees are considered microenterprises, five to nineteen small, 20 to 99 medium, and 100 and above, large.

Importance of SME Growth

According to Murphy & Organization for Economic Co-operation and Development (2000) policy, SMEs in emerging economies account for 60% of all companies. A recent survey involving 47,745 firms in 99 countries across the world shows that SMEs are first suppliers of employment and contribute 66% of all jobs in developing economies (Triki & Faye, 2013).

SME peculiarities give them some advantages. According to Garang (2014) SMEs are innovators, employment creators and bridge builders in international trade. They exhibit high levels of productivity and capability, quickly responding to market changes. They provide a breeding environment for entrepreneurs, and act as a bridge in flows of trade, investment and technology. By using more labor intensively than large firms, they generate more employment per unit investment. They outperform in innovations per capita, and they help in transferring labor-intensive technologies and small-scale (Liedholm, 2002). The Bank argues that small firms foster competition and innovation (Audretsch, 2002; Demirguc-Kunt, Levine, & Beck, 2005; Beck &Honohan, 2007).

Berry (2002) recognized that some of the world's best performing economies notably Taiwan and Hong Kong are heavily based on small and medium enterprises. SMEs are critical for creating jobs, reducing poverty and improving living standards in a country. The SME sector can be described as one of the most powerful economic forces. Starting a business or finding a job in an existing business is a sure way for people to escape poverty.

It can also be argued that SMEs can substitute aid which does not have a clear role in reducing poverty and long term economic health of countries.

Microfinance Institutions and Growth of SMEs

Chiyah &Forchu (2010) describes the term growth can be defined as an increase in size or other objects that can be quantified or a process of changes or improvements. The availability of resources to a firm can determine its growth and the existence of growth opportunities in firms can also be an important factor that positively affects cash flow. Therefore it can be viewed that participation in MFI programs by SMEs contribute to reduced vulnerability to liquidity shortage.

Services offered by MFIs which include: Capital financing, financial skills training, and mobilization of savings are an opportunity for SMEs to solve problems that may arise during their growth. A study by Atieno, (2013) reveals that credit scheme services provided by MFIs played a significant role in enabling SMEs obtain capacity to buy land and other assets while business training leads to reduction in wastage of funds. Safe-custody of the SMEs revenues through savings lead to a reduction in thefts and losses. It would be vital to highlight the importance of these services offered by MFIs at the different stages of business growth which the study does not address. Churchill & Coster (2001), outlines the five stages of business growth as Existence, Survival, Success, Take-off and Resource Maturity.

The Existence stage of is where the business is starting up, here the organization is simple, the owner does everything and directly supervises the subordinates. The business faces problems of obtaining customers and delivering products and services to the market.

Financial Institutions consider businesses at this stage to be risky to finance as they cannot provide histories with important signals to help facilitate access to debt financing.

The Survival stage is when a business has demonstrated that it is a workable business entity with customers satisfied with its products and services. At this stage businesses can be divided into stable and unstable. Unstable businesses are not considered credit worthy to access financial services provided by Microfinance Institutions as they may survive for a limited time. MFIs may focus on providing them with other services that can stabilize their businesses.

In the Success stage a business has attained true stability, has sufficient size and product penetration to ensure economic success. The owners of the business would have to make a decision whether to expand or keep the business stable and profitable.

At the Take-off stage a business grows rapidly and therefore requires growth capital to expand. MFIs prefer to provide loan services to businesses at this stage of growth because it is more reliable and possess less risk. SMEs at this stage of growth require funds to finance growth in fixed capital and increase working capital.

The final stage of Resource Maturity is where a business possesses financial resources to engage in detailed operations and strategic planning. Business at this stage possesses financial resources and managerial talent to comfortably run their operations.

Challenges faced by SMEs in accessing finance

Access to finance is defined as availability of financial services in the forms of demand deposits, credit, payments, or insurance (Beck & Honohan, 2007). The availability of such services can be constrained by physical access, affordability and eligibility.

Barriers such as high transactions cost, distance, and minimum balance requirements can exclude individuals and firms. Access to finance also refers to the degree to which financial services are available at a fair price.

Access to finance matters to SMEs. In particular, access to credit is associated with positive growth (Mylenko, & Saltane, 2012; Garang, 2014). In the words of Charles Ou, "access to credit for small business startup, expansion, survival, and financial institutions plays an important role in providing capital to small firms (those with fewer than 500 employees) since these firms are not in a position to access fund from equity capital or publicly traded markets". Special problems of credit access by SMEs arise due to several reasons. First, SMEs lack strong and transparent record-keeping systems. This leads to difficulty in assessing client creditworthiness and enforcing creditor rights (Beck, & Honohan, 2007). Second, SMEs access to finance is poor because of high default risk, collateral requirements, delays in loan processing, inflexible conditions, and high interest rates. Third, SMEs face small markets, often fragmented financial systems, and difficult business environments (Kauffamn, 2005; Sacerdoti, 2005). Fourth, SMEs can and do fail due to lack of competent management, poor bookkeeping, staffing, sales and marketing problems, and adverse economic conditions.

For these reasons, formal banks often see lending to SMEs as unprofitable (Aryeteey, 1994).

In African countries, commercial banks have not traditionally serviced small-scale borrowers, and instead depended on lending to the state and larger private sector enterprises. So, institutionally, banks have had little capacity (or incentive to build capacity) to administer small-scale loans. Such loans are costly to manage (transactions costs) and lack of information on borrowers can present a further problem (Kablan, 2010).

SMEs sometimes have turned to microcredit units, which themselves are constrained and face limited expansion possibilities. Despite their revolutionary contributions to credit availability, microfinance institutions (MFIs) typically lend on short terms and do not provide long-term financing that SMEs need for expansion. MFIs also usually lend in small amounts which can be inadequate to satisfy SME needs. In addition, MFIs operate under different mission statements, often rely on NGO support that is not sustainable, and in some cases may crowd out commercially viable projects (Basu, 2004). For example, focus on microfinance for poverty reduction can shift attention to subsidies and charity, which can hurt the quality of services. The poor lack of access to education, markets, technology, and other factors that expand production frontiers and these may not be overcome by microfinance alone.

Improved access to formal finance can improve economic growth and social services (Aduda & Kalunda, 2012), consistent with the view that growth can be good for both poor and rich (Dollar & Kraay, 2002).

This does not mean there are no distributional issues, nor is it an endorsement of trickle-down-Thatcher-Reaganomics. But when there are improved macroeconomic and institutional frameworks and lower interest rates, formal bank lending to SMEs can bring substantial benefits above and beyond those of lending by MFIs.

Banks and MFIs can play complementary roles, as well. For example, formal banks sometimes learn lessons from deposit mobilization initiatives by MFIs such as the Indian Self-help Group initiative (Basu, 2004).

Ayyagari, Demirguc-Kunt and Maksimovic (2006) find that while “inefficient functioning financial markets, inadequate security, and enforcement of property rights, poor provision of infrastructure, inefficient regulation and taxation and broader governance features such as corruption and macroeconomic instability are discussed without any comparative evidence on their ordering”, not all obstacles are equally constraining to firm growth. Rather they find that access to finance, crime and political instability have direct impacts on firm growth, and that other obstacles affect firm growth indirectly. On a further robustness test, they conclude that access to finance is “the most robust of the three”. Similarly, Kumar, Rajan et al. (2001) find that average size of the firm is larger in countries with better financial markets, suggesting that financial constraint does in fact limit a firm size. Protecting property rights can enhance external financing for small firms more than that of larger firms (Beck, Demirguc-Kunt and Maksimovic, 2007). This implies that delivering political stability, and reducing crime rate, as well as financial sector reforms, can help to foster growth in the SME sector (Ayyagari, Beck & Demirguc-Kunt, 2007).

The SME's inability to offer marketable collateral for loans

Microfinance clients are either very small businesses or poor individual who usually have few assets, non - existent credit histories, and low income levels (Mintah et al. 2014). This is a problem because it means these clients cannot offer any collateral to microfinance providers against loans.

As a result, microfinance institutes (MFIs) may either raise their interest rates (which are already high for small loan transactions) or turn down/rejects hundreds of applications.

Poor Institutional viability of micro enterprises

Poorly constructed business ideas with a lack of consideration of demand and costs render the micro venture unsustainable, and microfinance may incorrectly get the blame for it. For instance, in the case of micro crop farming, farmers often fail to account for their personal consumption between the sowing and harvesting periods and realize they face shortage of money. As a result, they often end up using the loan for personal matters. The problem arises when it's time to pay back the loan - the farmer/SME owner is forced to take up a second loan to pay the original loan. This may lead to a vicious cycle where the enterprise gets inundated with debt.

Lack of knowledge about microfinance services

Many micro entrepreneurs live in far off rural areas (Chijoriga, 2015), often remote villages, and have little formal education which leads to two issues: a lack of knowledge about the existence of financial services for the poor and little access to microfinance services offered by MFIs

Inability to exploit growth opportunity

Lack of access to finance or funds means micro entrepreneurs cannot inject money into their businesses (say, to buy more resources or hire more people) to grow them after observing a surge in demand. Moreover, the remote locations of micro businesses means they have little information pertaining to their market, such as customer needs and competitor strength and weaknesses.

As a result, many critics may find faults with the idea of microfinance, not realizing that this isn't really a problem, but just a challenge that can be overcome as the business grows and increases in capital base.

Few organizational resources and poor governance

Micro entrepreneurs have limited skills, qualifications and exposures to handling businesses. While they need to be trained through capacity building initiatives by the MFIs, many micro entrepreneurs may not grow as planned because of these problems. For instance, they may borrow more money than needed, or miss- allocate it in their business and end up bearing the burden of large interest payments instead of enjoying the fruits of their business.

Low bargaining power

In case micro entrepreneurs operate in competitive markets, their individual bargaining power is diminishing when dealing with customers because of their small size. However, at the other end of the spectrum, there still isn't any respite because micro entrepreneurs deal with MFIs on an individual basis, which also erodes their bargaining power.

Vulnerability to economic shocks

Micro entrepreneur are particularly susceptible to sudden changes in customer demand, or weather (even though microfinance can help with natural disasters) because their business cannot sustain losses owning to their small size (low capital). This may be problem for the social objectives of microfinance providers but MFIs ensure their economic performance is untarnished by charging high interest rates to compensate this risk.

Most problems faced by micro entrepreneurs are caused by their small sizes, varied locations and improper skills. Naturally, once the venture secures a loan begins to grow and these problems will eventually subside.

Risk

Kyule & Ngugi (2014) observes that commercial banks tend to impute a high risk to small enterprises and are therefore reluctant to extend credit to them. Due to their small size and inherent vulnerability to market fluctuations, the mortality rates of small enterprises are relatively high. These firms are, by their very nature, often relatively young and consequently lack a financial history and a track-record of profitable projects. In addition, organizational and administrative deficiencies lower the quality of management, and a lack of appropriate accounting systems may compromise the accessibility and reliability of information from small firms on their repayment capacity (Shoopala, 2015).

In South Africa the risk perception of SMEs is attributed to the high failure rates. Therefore, it is reasonable for financial institutions to ration finance to SMEs, particularly SMEs who have little or even no credit history (Cant &Wiid, 2013). Tightening collateral security requirements is one of the ways through which financial institutions attempt to protect themselves against such risks. The need for collateral militates against potentially viable small, emerging enterprises getting finance (Fatoki & Odeyemi, 2010)

The effect of micro credit on the performance of SMEs

Accessing credit is considered to be an important factor in increasing the growth of SMEs. It is thought that credit augment income levels, business expansion, competitiveness increase sales volume and thereby more profits. It is believed that access to credit enables SMEs to overcome their liquidity constraints and undertake investments.

The main objective of microcredit according to Kyule & Ngugi (2014) is to improve the welfare of the low income earners as a result of better access to small loans that are not offered by the formal financial institutions.

It is argued that MFIs that are financially sustainable with high outreach have a greater livelihood and also have a positive impact on SMEs growth because they guarantee sustainable access to credit by the SMEs (de Martínez, 2011).

Munyanyi & Mapfumo (2016) argue that, the indicators of success of microcredit programs namely high repayment rate, outreach and financial sustainability does not take into consideration what impact it has on micro enterprise operations and only focusing on "microfinance evangelism".

Besides, the empirical evidence emerging from various studies such as Wanambisi & Bwisa (2013) about the MFIs lending on SMEs performance has so far yielded mixed results that are inconclusive especially for developing countries like Kenya.

Philippines find that expanding access to credit is not associated with an increase in business investment, but with an increase in profit, particularly for men and for men with higher incomes (Karlan and Zinman, 2010). A study of thirteen MFIs in seven countries carried out by Mosley and Hulme (1998) concludes that household income tends to increase at a decreasing rate as the income and asset position of the debtors is improve. Investing in SMEs activities will have no effect in raising household income because the infrastructure and market is not developed. Some studies have also argued that using gender empowerment as an impact indicator; micro credit has a negative impact (Hulme, 1999).

Furthermore, a healthy and growing SME sector is perceived to be crucial for sustainable competitive advantage and economic development at local, regional and national levels (Porter, 2006). However, good use of credit facilities from the MFI banks has assisted the growth of many firms. Ensuring adequate access to finance so that SMEs can grow and achieve their full potential is central to achieving their objectives of growth and jobs. Kauffmann (2005) suggests that securing suitable financing remains an obstacle for Small and Medium Enterprises, especially for the growth of innovative Small and Medium Enterprises, whose technology and business models are not understood by many more traditional financial institutions and start-up enterprises and very young firms, which lack a track record and collateral against which to raise debt finance (Cousin, 2007).

Interventions in Credit Markets

Credit markets in Africa tend to exhibit the following characteristics:

- Inability to satisfy existing credit demand, especially among SMEs and in rural areas.
- Imperfect information, costly screening and monitoring, and poor contract enforcement, all of which contribute to moral hazard and adverse selection problems;

According to Atieno (2009), credit markets tend to be segmented and incomplete, hence making it harder for SMEs to secure credit.

- Dualistic markets; informal and formal markets existing side- by-side.

Small business enterprises often rely on their own savings or turn to friends and families to finance expansion. Sometimes they go to moneylenders who charge exorbitant rates.

According to Nieman and Nieuwenhuizen (2009), the largest percentage of SMEs fails during the first two years of their existence due to cash flow problems that arise because they could not manage growth. Cash flow problems can occur as a result of inaccessibility of bank finances.

The result is a dualistic monetary system, in which banks lend to big businesses and leave small borrowers out in the cold, where they may be at the mercy of loan sharks. Nevertheless, informal finance in some cases succeeds where formal finance fails.

Intervention in credit market is not a common experience in South Sudan because the country, including its Central Bank just emerged on the scene recently. The Bank is presently managed by 9-member board of directors which is the "highest policy and decision making body" (Garang 2014).

The board composes of a governor, and two deputy governors who are generally appointed by the president as well as six nonexecutive members who are not Bank employees, proposed and appointed by Governor and the president, respectively. A governor who happens to be chairman of the board and two deputies are appointed for five years and the other board members for seven years each. An exception is made for first such two deputies and other members of board who are slated to serve staggered terms to provide continuity.

Many of conventional and as well as unconventional means of intervening in the credit markets are still foreign to South Sudan, which has only a bank-based weak financial system. The only two major areas where the Bank has played a role in the economy are to act as a banker and agent of the government (receiving its oil revenue and representing the government in some international obligations falling within its competency).

Except through occasional fixed exchange rate policy, many of these policy tools are out of its reach or have not delved into yet. For example, commercial banks are not lending, so interest policy has not been an effective policy. On reserve requirements, many banks are having enough liquidity sitting idly and only found a borrower in the name of the government during austerity measures of 2012. Commercial banks were issued treasury bills and lent money to ministry of finance.

There is no policy of providing credit guarantees to businesses or private sectors nor is the Bank engages in quantitative easing policies as is the case in the West. In short, there are no applications of both the unconventional and conventional means of intervention in credit market today in South Sudan. First, the banking sector is limited in their lending activities and is much concerned with exchange transactions, involving personal remittances and bank transfers. Second, lack of skilled management in the Bank and commercial institutions as well as lack of strong regulatory framework is constraining any meaningful interventions especially with the continuous devaluation of the South Sudanese Pounds.

The effect of financial skills training on the performance of SMEs

Financial education training provides material capital to a business person empowering the person to participate in the economy and society. Microfinance Institutions train entrepreneurs on financial management, business planning and projection. The frequent interactions between MFIs staff and entrepreneurs, they notice skills deficiency which can be improved through training and due to large economies of scale, MFIs can easily achieve this(Kumar and Jeyanth, 2007).

However Kakuru (2008) is not enthusiastic about the role of microfinance institution training to SMEs and thinks that these funds should be diverted to other projects desperately needed such as health of the people in an organization and there is inadequate learning from the training programs offered by Microfinance Institutions funds could be used in other projects that might help the SMEs more. It could also be noted that money given to the SMEs without proper management could result in spending on social entertainment such as alcohol or gambling.

Similarly another study by Ngugi (2014) concludes that education is one of the factors that impact positively on growth entrepreneurs with large stocks of capital that includes education and or vocational training are better placed to adapt the constantly changing business environment. “SMEs are dominated by people with relatively low levels of education in Kenya” Bowen et al. (2009) similarly in Belgium SMEs according to statistics by the Nationale Bank van Belgie, less than one out of ten employees had participated in formal education. In Zimbabwe, Nelson Maseko (2011) argues that the SME sector attracts a low priority to financial training and are often unwilling to participate in programs that require them to finance the costs these enterprises eventually are weak in cash management, marketing strategies and finance.

The study further concluded that SMEs should be trained in the following financial management skills book keeping, preparing financial statements, debit/ credit control, budgeting and tax calculation to ensure their growth. It can be argued that well designed financial training programs can improve the incomes of SMEs. Therefore microfinance institutions need to create ways of measuring the impact of financial skills training to the SMEs.

A study of SMEs by the OECD (2013) in New Zealand, United Kingdom, Belgium, Poland, Turkey and Canada outlined the following reasons why SMEs do not participate in financial training programs: lack of time, very expensive and difficulty in accessing its relevance to the needs of the enterprise. Furthermore a conclusion was drawn that firms that did not participate in these training programs did so because they believed they already have or can recruit the skills the enterprise required. Therefore, Microfinance Institutions need to train SME owners to have skills for specific production, business management and access to markets in order to make profits from the financial resources they receive. Financial skills training can improve the ability of the low-income earners to operate enterprises either directly or indirectly. Complexity of financial decisions requires that business owners are able to make informed choices on saving, borrowing, spending and investing their money (Madole, 2013).

Financial skills as contended by the ILO (2013) can improve productivity and incomes in the informal economy and open opportunities to link with the formal economy this training can support medium term strategies for integration with the mainstream economy while also offering a range of immediate benefits to informal economy entrepreneurs and workers.

This argument is particularly important in Gikomba market where a large population of the SMEs are in the informal economy their transition to the formal economy would create a bigger tax base for the government and also increase formal employment.

Hébert & Gyarmati (2014) into relationships between financial literacy and the nine Essential Skills (i.e., Numeracy, Thinking Skills, Reading Text, Document Use, Oral Communication, Writing, Computer Use, Continuous Learning, and Working with Others.

The study found both empirical and anecdotal evidence in support of the relationship between financial skills and the nine essential skills. These essential skills can be viewed as very important to the success of a business enterprise.

It is therefore important to investigate the effect of financial skills training on the growth of SMEs as it is often these vulnerable businesses affected by lack of financial capability. The effects of a lack of financial capability as highlighted by McQuaid et al. (2016) are not only financial but may lead to wider problems for the individual, household and beyond, including debt, higher stress and reduced wellbeing.

Factors that affect SMEs' success are not the same from one geographical location to another. However, it is agreed that the success factors can be divided into two groups that are external and internal factors. Examples of external factors are things like surrounding economy, social and political environment, legislation and rules, availability of funds and so on. As for internal factors, the examples are like training, education, experiences, management skills and so forth. However, the focus lately is about training and these include training held in terms of entrepreneurship, enhancing employee skills, as well as general management training (Magableh, 2011).

In the past, training seemed to be ignored and is not regarded as an activity that could help SMEs create "value" and help them to successfully deal with competitive and environmental challenges. However, this view has changed over time. For instance, Patterson & Institute of Personnel and Development (1997)found that enterprises that use innovative training practices are more likely to report better financial performance than their competitors who lack such training.

Another benefit of training includes that it helps SMEs to cope with the latest accounting systems, information technology, management concepts and production techniques (Yahya et al. 2012).

Most studies conducted on SMEs, for instance Naituli (2003) agree on the crucial small and medium enterprises of training and management to the successful performance of enterprises. Factors affecting the performance of a business can be divided into two categories: (a) management competence and (b) environmental factors. Management competence encompasses functional knowledge, management skills and managerial behavior. Thus, competencies such as marketing, financial control, training and networking among others, are management functions, although in many studies, the success of the informal sector hinges on the managerial skills of the entrepreneurs who are attracted to the sector due to the relative low investment and service costs required.

This can be attributed to the use of low-cost, low quality materials and also lack of relevant or sufficient skills by the various practitioners in the sector.

Fayolle(2007) who studied humanistic entrepreneurship and entrepreneurial career commitment, concluded that the most important factors of success among humanistic entrepreneurs were: (a) a successful record of previous work history, (b) strong analytical skills acquired in a broad humanistic education, (c) early investment in personal reputation and broad biographical experience outside the narrow field of the profession, (d) early socialization experiences functioning as biographical resources in the discovery of successful business ideas, (e) a training in how to communicate effectively with customers in an increasingly global and knowledge - based economy.

The influence of Savings mobilization on the growth of SMEs

Savings is defined by Gardiol (2004, p.3), "as the action of putting aside a part of current income, in order to consume or invest it later on. The money saved can be kept at home, deposited in a savings account or invested in different types of capital". Savings is a critical service for entrepreneurs who want secure and convenient deposit services that allow for small transactions and offer easy access to their funds (Gardiol, 2004, p.3).

In this study it is concluded that savings mobilization is important for the improved financial performance and outreach especially in the rural areas where access to financial services is challenging.

However, it can be argued that savings mobilization is costly and risky relative to other sources of financing and also that it would be better if entrepreneurs were helped to build assets through saving rather than to take on debt. A study by Bateman and Chang critically examined evidence on saving with microfinance institutions in Croatia and found that savings were only useful in maximization of profits for MFI managers and external shareholders. The study further argues that poverty reduction can only be done through a range of state coordinated policy interventions as happened in Malaysia, China, Taiwan, South Korea and India. It would be important to establish the role of savings on SMEs asset building with a view on possible solutions to any imperfections.

A study in Uganda by c and downscaling of old banks' while competition may be beneficial to the SMEs because of higher interest rates on savings, it could affect the MFIs by reducing the revenue available in order to lend. Similarly Ahmed & others (2002), contends that little progress has been made to establish microfinance institutions (MFIs) as full-fledged financial intermediaries and MFIs offer only credit, and savings mobilization remains the forgotten half of microfinance. Microfinance Institutions can gain outreach to SMEs by providing appropriate savings products. The MFIs should conduct research to ensure that the pricing of their savings products will ensure financial sustainability.

In the United Kingdom a study by Gray et al. (2012), found the main sources of finance used by SMEs to fund their businesses were reinvesting profits (68%), Personal/ family savings (39%) and bank loan (29%). This indicates the importance of saving in funding business growth at 39%. Similarly the Important of savings to SMEs is emphasized by Citi's "susu" in Ghana where 200 to 800 members save between US dollars 40,000 and 800,000 per cycle with the accumulated savings being paid out to the members over a 100 week cycle for each week's collection (Ksoll et al. 2016).

This example is a clear evidence of success of saving with Microfinance Institutions however Bass and Anderson further argue that this success is solely not dependent on the design of the savings products but also on pricing and marketing. The MFIs must also have a sound management structure and an appropriate management information system that safeguards clients' deposits. This argument may be important for the microfinance institutions to consider but the growth of SMEs needs to be taken into consideration also to ensure benefits to SME clients, constant growth of SMEs can improve availability of Micro financial funds and lower their costs.

Akasamire et al, (2010), wrote that firm growth opportunities has a correlation with liquidity levels, enterprises with more investment opportunities keep higher liquidity levels in order not to limit or cancel their profitable investment projects. It can be argued that these kind of firms would require a reliable savings institution to enable them maximize on their growth opportunities, MFIs should establish effective savings programs by transforming their capabilities to support SME saving services. However it should also be noted according to Gray et al. (2012, p.8), too much liquidity is harmful as SMEs might not spend it wisely effective training on cash flow management is also important.

Ackah & Vuvor (2011), states that, a major constraint of small business is its inability to obtain adequate financing, either in an absolute sense or because the cost; in terms of interest rates is often prohibitive. He further argues that the high cost of small business borrowing has put considerable pressure on overall small business marginal profits. The cost of maintaining a savings account influences the business customers in the selection of the microfinance institution for their operations and major influences vary depending on a micro finance institution. In this context, an attempt is made to examine the level of importance attached by small enterprise customers on the various products and accounts offered by the bank.

Importance of Savings Mobilization and Management in Economic Development

Savings represents that part of income that has not been consumed. This provides resources for investment purposes. There are three broad types of savings at the level of the domestic economy namely: voluntary savings, involuntary savings and policy induced savings generated to increase output in a situation of less than full employment.

The importance of savings in the developing economies can be discussed from two main perspectives. The first relates to the resource gap which needs to be bridged through enhanced savings culture amongst the population. As a result of low per capita income, most developing countries have low savings rates relative to their counterparts in the advanced economies and this has affected the level of capital formation in those countries.

1. Among the developing countries, savings rates vary considerably. Studies have shown that East Asian countries save more than 30% of their Gross National Disposable Income, while savings GDP ratio in Sub-Saharan Africa is less than 15 per cent. Regional disparities have been on the increase over the past three decades as savings rates have doubled in East Asia and stagnated in Sub-Saharan Africa, Latin America and the Caribbean. Studies have, however, shown that the poor are capable of saving more where the environment is conducive. In a United Nations workshop on savings in 1999, it was concluded that the importance of savings lies in its potential to reach the poorest the poor.

2. In many developing countries, more capital is held in the informal economy than in the formal economy. A large part of this capital is held in small amounts by those living near or below the poverty line.

   Developing countries can bring these numerous small capital holdings into the formal sector by providing poor households with savings services that can meet their needs and made readily accessible to them. This assertion provides the impetus for the establishment of micro finance institutions (MFIs), such that access to savings services could be enhanced. This has lifted the pace of economic development in some of those countries. In spite of the imperfect financial environment in most developing countries studies have shown that micro finance institutions have succeeded in some countries in South Asia and part of Africa notably Zambia, Tanzania and Uganda. Bangladesh is often cited as the model for successful implementation of the MFIs for the poor.

3. Another perspective is that with sound macroeconomic environment, supported by a stable and honest government, the environment for resource mobilization and its effective utilization would have been created. These pre-conditions have been lacking in most developing countries and this explains the low saving capacity among these countries. These challenges facing most of these countries, therefore, centre on the need to ensure popular participation in both governance and economic activities, which could generate incomes for the vast majority, and thus enhance savings and investment. This would accelerate the pace of economic development.

4. The importance of putting institutional framework in place to provide avenues for savings and investment must also be recognized. While formal institutions have worked efficiently in the developed economics, the outcomes, in the developing

countries have been less than satisfactory. The financial dualism that characterize most developing economies and the need to put the informal sector in proper focus pose serious challenges for savings mobilization in these economies. Cross-country experiences in Africa, Asia and Latin America have shown that savings can be harnessed from the poor given the right institutional arrangements and efforts at reaching the population with innovative products meet their needs.

Conclusion

Micro finance organizations provide financial services to their clients such as savings and credit services to finance the informal sector in developing countries. They provide access to capital on smaller scale and enable poor people to engage in productive economic activities and thus contribute to the development in low income population strata.

Micro finance organizations also provide social intermediation services such as formation of groups, development of self-confidence and the training of members in that group on financial literacy and management. They also provide micro insurance services to SMEs to enable them manage their business risks.

The growth of SMEs in Kenya has been attributed to the availability of micro credit and micro insurance opportunities in the country. Microfinance services have made it possible for the poor to start small and medium enterprises. Micro insurance too has enabled poor people to afford business related insurance payments as well as health micro insurance. The studies reviewed are a clear indication that the micro finance and micro insurance concepts are rapidly gaining popularity not only in Kenya but also in most developing countries where majority of the population is believed to have no access to main stream banking and insurance services due to strict requirements.

Theories of micro finance discussed include; Perking order theory of financial gearing and Village Banking theories. According to Madole (2013), the impact of microfinance credit on the performance of SMEs, shows that SMEs have been able to improve businesses in term of: increased business profit, increased employees, increased sales turnover, increased business diversification, increased business capital and assets as well as reduction of poverty among customers surveyed. Waithanji, S. W, (2011), studied the effect of microfinance credit on the financial performance of SMEs indicates that, the enterprises benefit from loans from microfinance institutions, the SMEs seek financial assistance from the MFIs due to interest rate, easy loan repayment and amount offered. Koech (2011), identified the factors hindering growth of SMEs as capital access, cost, capital market, collateral requirements, information access, capital management and cost of registration. From the above literature review, it was evident no research had been conducted on the effects of microfinance services on the performance of SMEs. This study intended to fill this gap and investigate on the effects of microfinance services on the performance of SMEs in Juba city, South Sudan

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter looks at how data of the research were gathered, the research design employed in the study, area of study, the target population, the sample size and sampling techniques, the data collection techniques and Instruments used, Quality control methods, data management and processing, the data analysis method, Ethical considerations. It finally looks at the limitations to be faced in gathering these evidences.

3.2 Research Design

Kothari describes a research design "as the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure" (Kothari, 2004, p.31). Kothari (2004), further asserts that there are different research designs namely:- Exploratory research which formulate a problem for more precise investigation, Descriptive research which are concerned with describing the characteristics of a particular individual or group and hypothesis-testing research where the researcher test the hypothesis of causal relationships between variables.

This study employs descriptive research design to assess the relationship between three independent variables namely provision of credit, skills and training, mobilization of savings with the dependent variable performance of small and medium enterprises in Juba city, South Sudan.

According to Daniel (1996) the major purpose of descriptive research is the description of the state ofaffairs as it exists and may often result in the formulation of important principles of knowledge and solution for the problem.

This design is adopted because it is relatively less expensive and takes up little time to conduct the study. It can also estimate prevalence of outcome of interest because sample is usually taken from the whole population. It can allow statistical inference to the population being studied.

3.3 Study Population

According to Cooper and Schindler (2003), a population is the total collection of elements about which we wish to make some inferences. The idea is not far from Mugenda & Mugenda (2003), who defined a population as the entire group of individuals, events or objects having a common observable characteristic.

A population consists of the universe of people or things from which a sample is selected (Saunders, Lewis, &Thornhill, 2003). The research population is all the registered and licensed SMEs in Juba city. The study covered 500 registered and licensed SMEs in Juba city.

3.4 Area of Study

The study was conducted in Juba city involving SMEs which have benefited from MFIs services in Juba city. The study specifically dealt with those enterprises that are centered in Juba city which have access to MFI services.

3.5 Sample and Sampling Procedures

3.5.1 Sample Size

Saunders et al. (2009) assert that sampling provides a variety of techniques that enable a researcher to reduce the data that is needed to collect by examining only data from a subgroup rather than the whole population.

The population of the SMEs is large (500) and due to resource constraints and research deadlines, the researcher decided on a sample size based on 10% of the populations for the SMEs in Juba city, hence the sample frame of 50 registered SMEs selected, based on the views of Alreck and Settle (1995) state that it is seldom necessary to sample more than 10%. Hence the total population was 500, then sample size was 50, with a significance level of 5% that has been established as a generally acceptable level of confidence in most behavioral sciences. The 10 per cent has some disadvantages because it does not allow a large sample size to be used but for the inadequacy of finances and limited duration for the study, the 10 per cent was used taking into account some of these disadvantages.

3.5.2 Sampling Techniques

The sampling methods are divided into probability and non-probability sampling methods. In a non- probability sample the chance of a case being chosen is not known. The contrary view is that of probability sampling in which the chance of being the element to be selected to take part in a research is known.

This research study used purposive sampling technique and specifically the judgmental sampling method to select 50 SMEs which is 10% of the target population. Alreck and Settle (1985), argues that if well chosen, samples of about 10% of a population can often give good reliability. This was because judgmental sampling involves the choice of subjects who were most advantageously placed or in the best position to provide information required (Sekaran, 2003).

3.6 Data Collection Methods and Instruments

Kothari (2004) advises that while deciding about the methods of data collection to be used for the study, the researcher should keep in mind two types of data; namely primary and secondary. The instruments for collecting data are therefore selected depending on the type of data the researcher would be collecting. The study used primary data source. Primary data was collected from the owners/managers of SMEs. In order to collect data needed in this study; the researcher used questionnaire and observation methods for collecting primary data.

3.6.1 Primary Data Collection Methods

Questionnaires

Data collections for the research were mainly through the administration of well-structured questions to obtain adequate information to tackle the objectives set for the research. In order to ensure uniformity in response and to encourage participation, the questionnaire were kept short and structured with mostly multiple-choice selections in a likert scale. According to Mugenda and Mugenda (2003), questionnaires are commonly used to obtain important information about a population under study. The questionnaire has earned the right to be a perennial favorite, a frequent choice of researchers because of its versatility, it’s time and cost efficiency and for its overall ability to get the job done (Ruane, 2005:143). Therefore the questionnaires were used to obtain the quantitative information from the 39 beneficiaries of microfinance services in Juba city. The questionnaire was used because it is specific for the respondents to explain the exact situation without giving room for unnecessary and irrelevant information for the study. The questionnaire was administered to the SME operators or managers.

Questionnaire first went under pretest to the specialist for instance the supervisors to check if the instrument can measure what the study claims to measure. Thereafter, questionnaires were distributed by two research assistants and the researcher to the respondents for collection of raw data. The fill in of the questionnaires was self-administered.

3.7 Data Management and Processing

After the information had been gathered, a variety of tools was used to analyze it in order to capture the relevant findings and also present it in a manner that would be understood by fellow researchers and other research users. These tools are discussed below.

3.7.1 Editing

Editing was done in order to discard unwanted and irrelevant information, verify the data and check for consistency.

3.7.2 Coding

This involved grouping answers of a similar nature or with similar meaning into one set of answers and giving them a particular number called a code. This means that for example answers with "yes” in a given questionnaire would be coded as number one and answers with "no” would be coded as number two for each questionnaire. The coding assisted the researcher to get the total number of responses for each of the questions. This also helped to tabulate the data using the figures and numbers that were obtained.

3.7.3 Tabulation

Tabulation involved representing the information obtained in figures and tables. This would later be used to establish comparisons as well as conclusions for the study.

3.7.4 Establishing themes

The data were analyzed using specific themes that were in turn used to establish systematic linkages and conclusions for the study. The main themes that were established for example include; type and nature of SMEs, SMEs and their benefits from MFIs services, non-financial services influence on SMEs performance, recommendations for MFIs, and recommendations for further research among others.

3.7.5 Report writing

The research report writing is based on the themes and conclusions drawn from the findings as presented in the research report that comprised this book.

3.8 Data Analysis

Bihani & Patil (2014), argued that data analysis is the process of inspecting, cleaning, transforming and modeling of data with the goal of discovering useful information, suggested conclusion and supporting decision making. He noted that data analysis has multiple facet and approaches encompassing diverse techniques under a variety of names in different business, science and social science domain.

After the respondents had finished filling in the questionnaires, the questionnaires were collected for analysis. The data were transferred directly from the completed questionnaires to the prepared SPSS v20 computer database matching the format used for the questionnaires. Data entry was combined with validation whereby range, structure, and consistency checks were pre-programmed in order to ease the detection and immediate correction of errors. At this stage, questionnaires with gross errors that could be resolved were rejected. All respondents' questionnaires were given computer-derived codes that was specific for each response

3.8.1 Analytical Model

In order to determine the effect microfinance services on the performance of SMEs in Juba city, the researcher conducted a multiple regression analysis using the following analytical model.

$Y = \beta 0+\beta 1X1+\beta 2X2+\beta 3X3 + E$

Where: Y= performance of SMEs (profitability and expansion of business) X1= Credit access (Amount of loan accessed) X2 = Savings/deposits (Amounts Saved within the 2 years) X3 = Training (Financial Skills acquired through training) and E= Error term.

In order to test the significance of the model in measuring the effect of microfinance services on the performance of SMEs in Juba city, the study conducted an Analysis of Variance (ANOVA). On extracting the ANOVA statistics, the researcher looked at the significance value (P-values). The study tested at 95% confidence level and 5% significant level. If the significance number found is less than the critical value (α) set 2.06, then the conclusion was to be that the model is significant in explaining the relationship.

Data analysis commenced immediately following data entry, cleaning, and checking of the data. Each questionnaire was checked systematically, meaning eachquestionnaire was handled one at a time.

1.9 Reliability and Validity

3.9.1 Reliability

Saunders *et al.* (2009) defined reliability as the extent to which data collection technique or techniques will yield consistent findings, similar observations would be made or conclusions reached by other researchers or there is transparency in how sense will be made from the raw data.

The concept denotes the research which is free from errors which doesn't deviate significantly from the reality. It means another researcher under the same condition should come up with the same results. In normal language, we use the word reliable to mean that something is dependable and that it will give the same outcome every time. Kothari (2006) notes that "to obtain data free from errors introduced by those responsible for collecting them it is necessary to supervise closely in the field". Therefore, the researcher carefully and systematically prepared the data collection tools and closely monitored all steps in data collection to avoid errors to ensure reliability.

3.9.1 Pilot Testing

As a part of pilot testing, a draft of questionnaires was given to the supervisor before distributions to clarity assess the validity and relevancy of the questions. Some correction and adjustment were made before issuing the final copy.

3.9.2 Validity

According to Kaplan and Saccuzzo (2001), validity has been described as 'the agreement between a test score or measure and the quality it is believed to measure'. In other words, it measures the gap between what a test actually measures and what it is intended to measure.

The choice of population is noted by Kothari (2006) as one of the factors which ensure validity. The population was defined carefully by the researcher to avoid any error which may be associated with it. Marsden & Wright (2010) gave five points that are to be considered when formulating questionnaires. These include the length of the instrument, the subjects, the items, and the format and how the instrument motivates the respondents. Kothari (2006) note that “to obtain data free from errors introduced by those responsible for collecting them it is necessary to supervise closely in the field”.

To avoid this problem the researcher visited the field and worked together with the assistants in collecting data to ensure the accuracy in data collection. To attain the validity, the different data collection techniques were used. The information thus obtained from each of the instrument was assembled together and the researcher cross checked the information for consistency and accuracy.

3.10 Ethical Considerations

Saunders (2007) defines research ethics as the appropriateness of researcher behaviour in relation to the right of those who become the subject of the study work. In this study ethical procedures were considered throughout the period of research study and the researcher will consider the research values of voluntary participation, anonymity and protection of respondents from any possible harm that could arise from participating in the study. Thus the researcher; introduced the purpose of the study as a fulfillment of a Masters’ Study program and not for any other hidden agenda by the researcher and requested the respondents to participate in the study on a voluntary basis and refusal or abstaining from participating was permitted.

The researcher also assured the respondents of confidentiality of the information given and protection from any possible harm that could arise from the study since the findings would be used for the intended purposes only. The respondents would be provided with feedback about the findings of the study if requested.

3.11 Limitations of the Study

The study focused on SMEs in Juba City and the time limit was not adequate to collect data from the whole city. Cost constraint was also a limiting factor and hence the sample of 50 SMEs from the city was on the lower side. Most business owners were reluctant to fill the questionnaires after reading and establishing that information about their businesses was required in the questionnaire. They said that information was very sensitive and confidential and that giving it to anybody amounted to uncovering themselves. The insecurity and eruption of fighting in Juba city hindered data collections since all the enterprises from which data could be collected were closed down.

Most respondents could not give valid responses that could be confirmed. Majority of the sole proprietors said they get their finances from family to finance from their businesses and were satisfied as long as the businesses continued to operate and were not threatened to close down. The micro enterprises owners were also on the view that they do not get any formal financial services from formal financial institution because of the strict requirement conditions put in place i.e. collaterals, guarantors, and repayment terms. They said they only depend on personal income, families and round table banking for their financial needs.

Finally slow pace of respondents also limited the study. However, conclusions were made with this response rate.

3.12 Conclusion

The chapter looked at the research design used in this research. The researcher opted for a descriptive research design. The study used purposive sampling technique and specifically the judgmental sampling method. The data was collected using a structured survey questionnaire. The analysis of data was done through computer software package SPSS v20.

Ethical considerations were taken into account to ensure that the participants gave informed consent and that there rights to privacy were protected.

CHAPTER FOUR
DATA PRESENTATION AND DISCUSSION

4.0 Introduction

This chapter presents the results and discussions of the study as analyzed in the study objectives. The study had three objectives namely: To examine the effects of credit on the performance of SMEs, to assess the effect of financial skills training on the performance of SMEs in Juba and to assess the influence of savings mobilization on growth of SMEs in Juba city, and data findings were presented in tables, pie charts and bar graphs.

Questionnaire Response Rate

This section presents the response rate of the study respondents. Table 4.1 shows the respondents who were targeted, the number who responded, not responded and the response rate of the study

Table 4.1: Response Rate

Response	Frequency	Percentage
Responded	39	78
Not responded	11	22
Total	**50**	**100**

Source: Researcher 2016

The study targeted a total of 50 SME respondents who owned business enterprises in Juba City. The study successfully got a 78% response rate. This was accredited to the proper field preparation done by the researcher and the research assistants.

This response rate was good an representative and conforms to Mugenda and Mugenda (2003) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. The questionnaires that were not returned were due to reasons like, the respondents were not available to fill them in at that time and with persistence follow-ups there were no positive responses from them due to war out break and insecurity in Juba, South Sudan. The response rate demonstrates a willingness of the respondents to participate in the study.

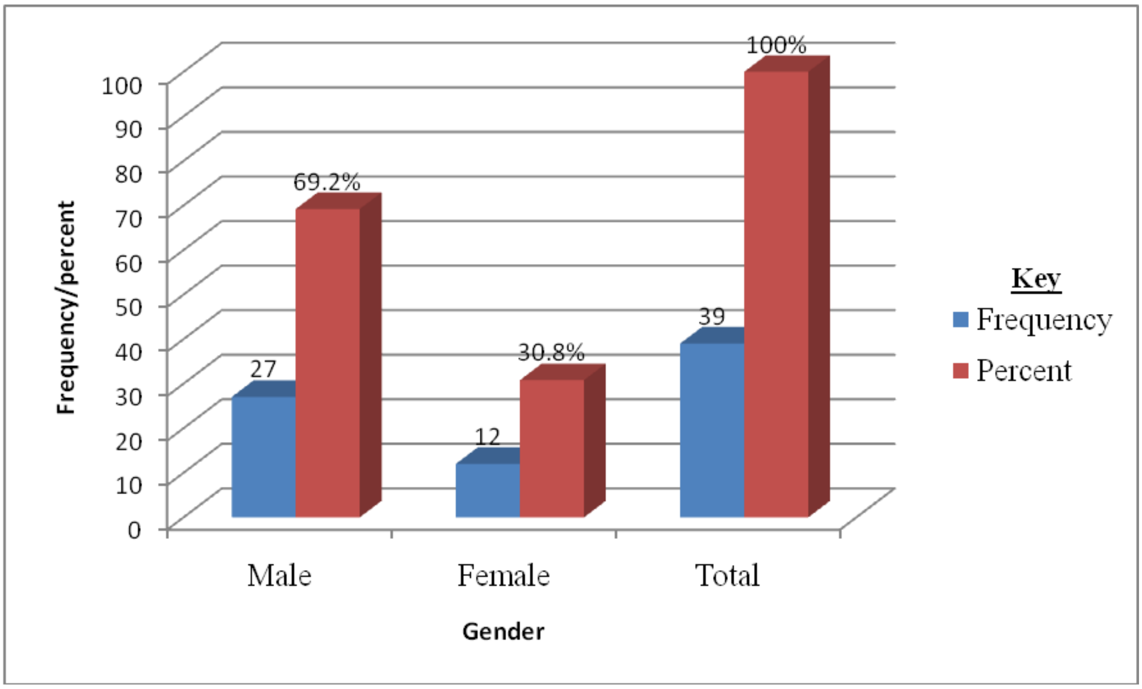
4.1 General Information of the respondents

The study investigated the gender, age, marital status their highest level of education, form of ownership, main business activity, and years of business operation as the demographic characteristics of the respondents. This was important for the study to have proper background information of the respondents. The first demographic characteristic that the study explored was gender. The study did an analysis of;

4.1.1 Gender of the respondents

The study sought to find out the percentage of respondents who were either male or female and the findings are presented in the figure 4.1.

Figure 4.1: Gender of the respondents



Source: Field data 2016

The study depicts that the majority of the respondents were male at 69.2% while females were 30.8%. This indicates that there were a larger percentage of more men than women who conduct business in Juba City.

4.1.2 Age

Table 4.2: Age group of the respondents

Age group	Frequency	Percent
18-25	6	15.4
26-33	14	35.9
34-41	12	30.8
42-49	4	10.3
Above 50	3	7.7
Total	**39**	**100**

Source: Field data 2016

From the Table 4.2, respondents who fell between age group 18 – 25 years were 6(15.4%), those between 26 - 33 years were 14(35.9%). A total of 12(30.8%) respondents fell between age bracket of 34 to 41 years. 4(10.3%) other respondents lied between 42 and 49 years and finally respondent who were above 50 years were 3(7.7%). Majority of the respondents fell between ages 26 and 33 years and 34 to 41 respectively. From these results it is clear that the study followed a normal distribution whereby there were fewer respondents in the low and higher ages and more respondents in the middle segments. The data also indicates that majority of the business owners in Juba city were middle aged. A few were under age and elderly. From this it can be inferred that indeed the study was representative of the population. The study also sought out to find the marital status of the respondents. The results are shown in the table below.

4.1.3 Marital Status of the respondents

Table 4.3: Marital status of the respondents

Status	**Frequency**	**Percent**
Single	9	23.1
Married	12	30.8
Divorced	3	7.7
Widowed	15	38.5
Total	**39**	**100.0**

Source: Field data 2016

Table 4.3 shows that of the total 39 respondents, majority of them 15 (38.5%) respondents were widowed which has been as a result of the persistent and enboiled conflict in South Sudan. 12 (30.8%) of the respondents were married with the 9 (23.1%) who were single and the rest 3(7.7) were divorced. The study then investigated the level of education of the respondents.

Table 4.4: Respondent highest level of education

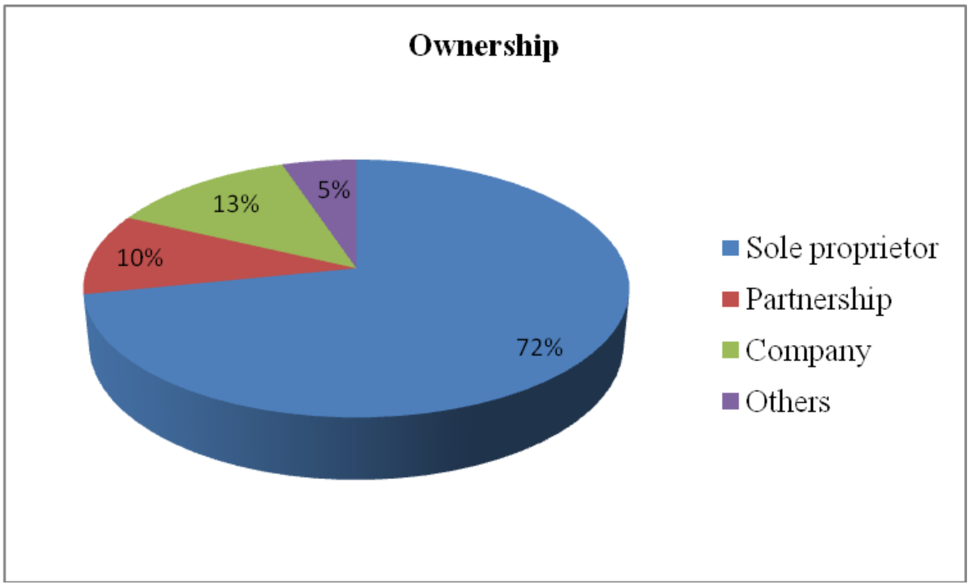
Level of education	**Frequency**	**Percent**
None	3	7.7
Primary	5	12.8
Secondary	18	46.2
University	4	10.3
Others	9	23.1
Total	**39**	**100.0**

Source: Field Data 2016

The study also determined the education level of education of the respondents. The results are summarized in the table above. Out of the total respondents studied, 3(7.7%) had no education, 5(12.8%) had primary education. Majority of the respondents 18 (46.2%) had attained secondary education with 4 (10.3%) respondents having university education. Respondents with other level of education were 9 (23.1%). From the above findings it is evident that most respondent were in a position to read and understand the data collection tool.

Besides this, majority of the respondents were not highly qualified and had only attained basic education to run their enterprises and understand how MFIs work. This concurs with a study by Bowen, Morara & Mureithi (2009) that SMEs are dominated by people with relatively low levels of education in Kenya.

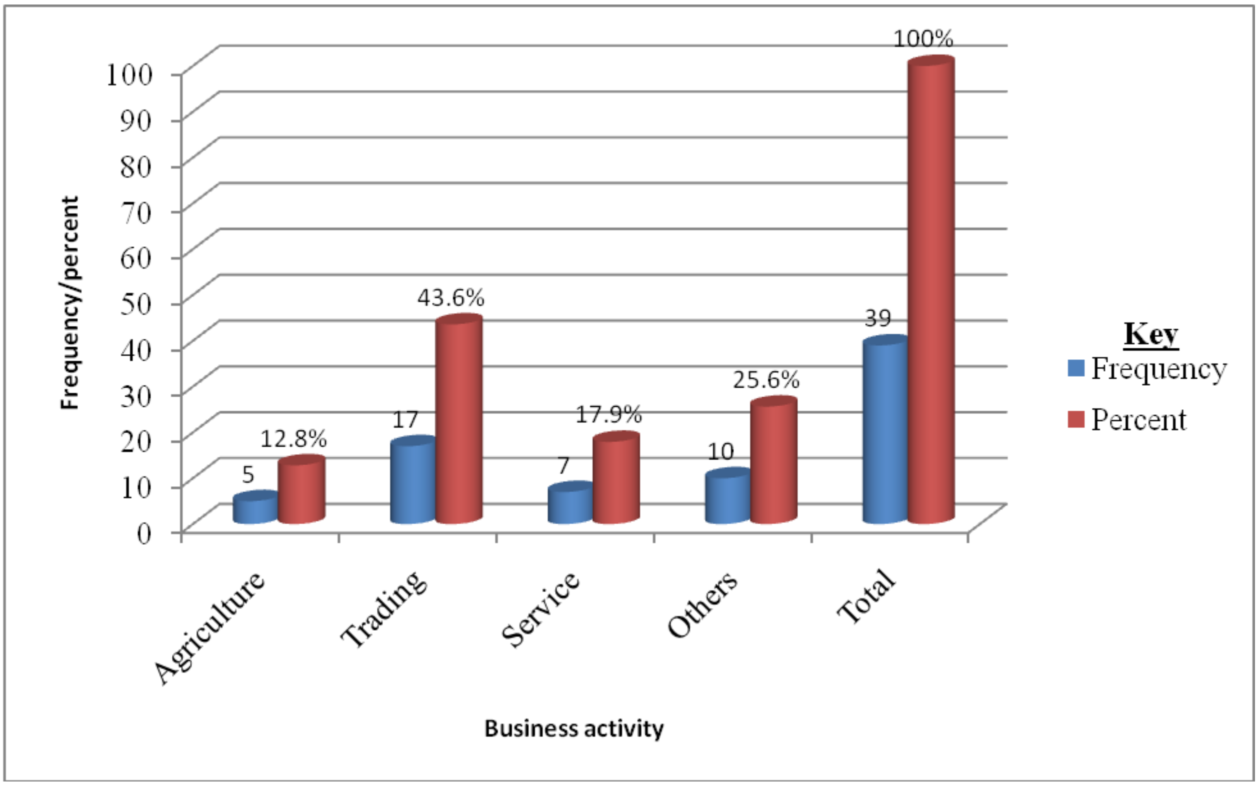
Figure 4.2: Ownership of the business



Source: Field data 2016

From Figure 4.2, above the respondents were requested to indicate the category under which their SME falls in. From the majority respondents 72% indicated their SME was a sole proprietorship, 10% indicated their SME was a partnership, 13% indicated were company, and the rest 5% fall into others. Findings revealed that ownership of most businesses was sole proprietorship representing 72% and least were others comprising of 5% in the entire sample.

Figure 4.3: Respondents main business activities



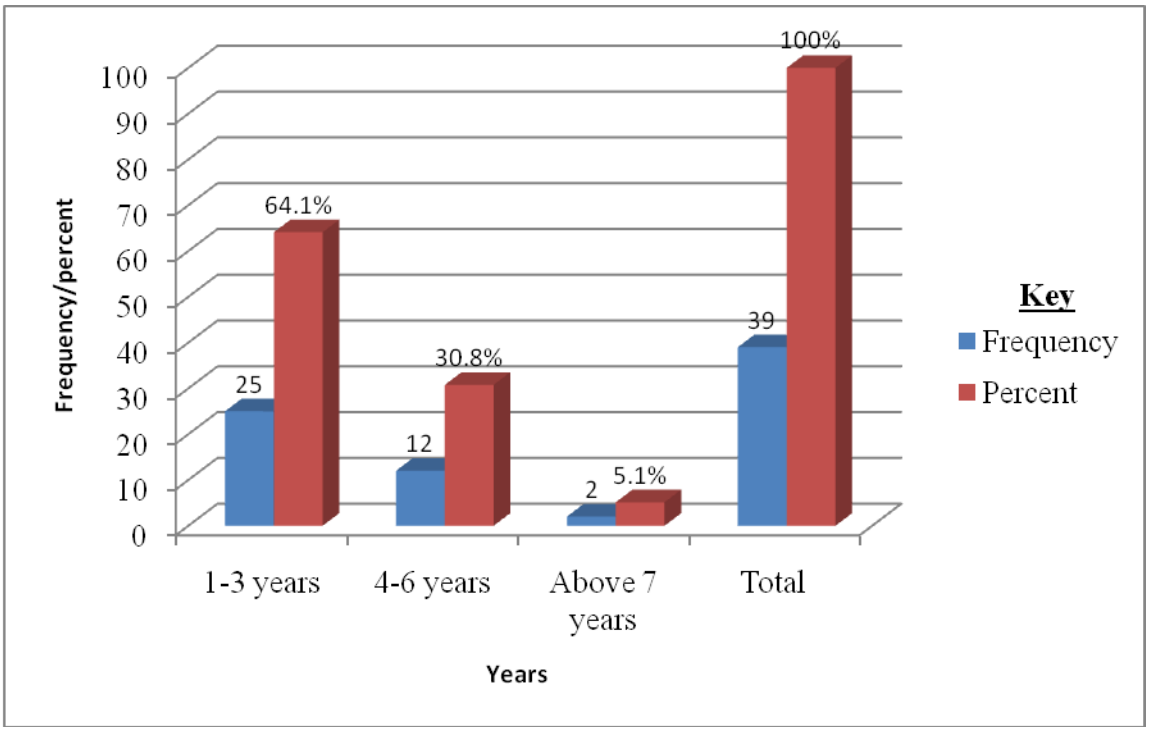
Source: Field data 2016

4.1.4 Main business Activity

The study also determined the main business activity of the respondents. The results are summarized in the Figure 4.3. The figure shows the respondents distribution in terms of their main business activity. It can be seen from the figure that the majority of the respondent at 17(43.6%) who were into trading while 7(17.9%) are in services. Among those businesses that were sampled 5(12.8%) were in agricultural products and 10(25.6%) were others. The study findings indicate that most businesses that were sampled are engaged in the trade kind of business constituting 43.6% and the least were observed to be agriculture comprising of 5% in the entire sample.

This meant that trade was the most dominant business activity carried out by SMEs while agriculture was the least dominant activity.

Figure 4.4: Years of business operations indicated by the respondents



Source: Field Data 2016

4.1.5 Years of business operation

Results from Figure 4.4 above, revealed that most of the businesses have been in existence for a period 1-3 years constituting 64.1%, followed by 4-6 years representing 30.8% and the least have been in existence for a period above 7 years representing 5.1% in the entire sample. This signifies higher instability levels in businesses vulnerability. The finding is in line with that of According to Nieman and Nieuwenhuizen (2009) indicates the largest percentage of SMEs fails during the first two years of their existence due to cash flow problems that arise because they could not manage growth.

Table 4.5: Respondents perception and level of agreement on credit and performance of their businesses (n=39)

Statement	Mean	Std. Dev
The firm can easily get credit from microfinance Institution	4.44	0.940
Frequency of access to loans helps in growth of the firm's business	4.77	0.427
The firm often gets the loan size it requires	4.28	0.999
The firm has enough information on credit availability	3.49	1.023
The firm can get a loan at any time it is needed	2.90	1.119
Credit policies of microfinance influences the firm's decision to get credit	4.03	0.628
The firm has reliable security guaranteed to access credit	4.13	0.339
The amount credit the firm has been getting from MFI is on the increase	4.18	0.556
The firm's ability to repay loans is always satisfactory	4.18	0.389

Source: Field Data 2016

From the findings, respondents strongly agreed that; frequency of access to loans helps in growth of the firm's business (mean=4.77), and that the firm can easily get credit from microfinance Institution with the mean score of 4.44) and also that the firm often gets the loan size it requires with the mean score of 4.28. In addition, respondents agreed that the amount credit the firm has been getting from MFI is on the increase (mean=4.18), the firm's ability to repay loans is always satisfactory (mean=4.18), the firm has reliable security guaranteed to access credit (mean=4.13), credit policies of microfinance influences the firm's decision to get credit Micro scored 4.03, the firm has enough information on credit availability had a mean score of 3.49, and the firm can get a loan at any time it is needed with mean score of 2.90.

Frequency of access to loans service offered by the MFIs is important in the performance of the business, and that the size offered by the MFIs affects the performance of SME.

Table 4.6: Reasons as to why the enterprises obtained loans from MFI's

Reasons	Frequency	Percent
Easy loan repayment	10	25.6
Amount offered	9	23.1
Interest rate	14	35.9
Others	6	15.4
Total	**39**	**100.0**

Source: Field Data 2016

4.2 Reasons as to why the SMEs seek financial assistance from the MFIs

From Table 4.6, the majority (35.9%) of the respondents indicated that their enterprises resorted to seeking financial assistance from the MFIs due to interest rate, 25.6% of the respondents indicated easy loan repayment, while 23.1% of them indicated that the amount offered triggered their enterprises to seek financial assistance from the MFIs. On others of the respondents 15.4% indicated that business expansion and the need to increase production volume forced their enterprises to look for the financier. Other respondents indicated that their business enterprises sought for more than one financier to cover production cost, to improve on the performance of the business, to increase capital and to increase capital of the business.

Table 4.7: General Challenges faced by Respondents in Doing Business in Juba

Challenge	Frequency	Percent
Difficulty in accessing capital	21	53.8
High prices of financial facilities	13	33.3
Government policy	5	12.8
Total	**39**	**100.0**

Source: Field data 2016

4.3 General Challenges Faced by Respondents in Doing Business in Juba City

When respondents were asked on the general challenges they faced in doing business in the district, several responses were given and dominant among them were difficulty in accessing capital for business start-up (53.8%), high prices of financial facilities (33.3%) and lack of government support (12.8%). These challenges are presented in Table 4.7 above.

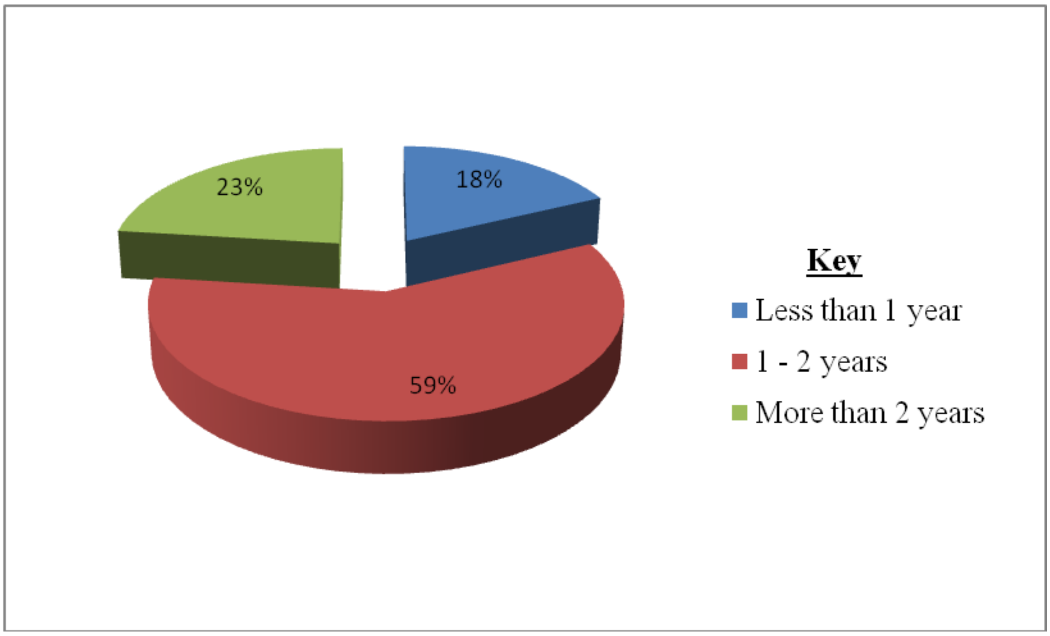
On access to capital, respondents indicated they found it very difficult to access loans especially from the formal sector banks partly due to the fact that they did not satisfy the eligibility criteria of these banks this finding is in line with Mintah et al. (2014). This is a problem because it means these clients cannot offer any collateral to microfinance providers against loans. As a result, microfinance institutions (MFIs) may either raise their interest rates (which are already high for small loan transactions) or turn down/rejects hundreds of applications. This, according to respondents made it difficult to embark on major investments since they depended on their own meager savings and little support from informal sources. Some respondents also indicated that the prices charged on loans made it almost impossible to be able to borrow to support their enterprises; required funds to do their businesses. Another challenge according to respondents was lack of government support which according to respondents left them to their fate. In instances where government supported them, respondents iterated this was not adequate.

4.4 Savings Mobilization

4.4.1 Length of time that the SMEs have been saving their incomes

The study was interested in finding out the length of time that the SMEs have been saving their incomes. The results are depicted in Figure 4.5.

Figure 4.5: Length of time that the SMEs have been saving their income



Source: Field Data 2016

The results shown in Figure 4.5 shows that 59% of the SMEs have been saving their income for the last 1 to 2 years, 23% of them have been saving their income for more than two years, while 18% of the respondents indicated that their SMEs have been saving their income for the less than one year.

Table 4.8 Perception of the Respondents on the Savings Effects on their Businesses (n=39)

Statement	Mean	Std. Div
Most microfinance Institutions offer savings service	3.44	0.912
Your business has increased household savings and income	4.08	0.580
Savings influence financial sustainability of your business positively	4.26	0.595
Savings has helped you to diversify your income sources	4.21	0.409
Savings helped you provide your household with better education, health care and decent shelter	4.69	0.468
Savings has reduced household poverty and business vulnerability	4.26	0.715
Savings has helped your business to have greater control over the business	4.36	0.486
Your business savings has earned you respect among your peers	4.64	0.486

4.5 Perception of the Respondents on the Savings Effects on their Businesses and Households

From the findings, respondents strongly agreed that; savings service offered by the MFIs is important because it has helped them provide their households with better education, health care and decent shelter (mean=4.69), business savings has earned them respect among their peers that counted for the mean score of (4.64), and that savings has helped them to have greater control over the business with the mean of 4.36. In addition majority of the respondents agreed that savings has reduced household poverty and business vulnerability mean of 4.26,Savings influence financial sustainability of their business positively mean of 4.21,their business has increased household savings and income mean score of 4.08, and most microfinance Institutions offer savings service with the score of 3.44.Savings service offered by the MFIs is important in improving the welfare of the household.

This, respondents indicated that their ability to afford their children's education, register on the health insurance scheme and been able to afford decent housing made them better off as cited by (Yunus 1997).

The finding also confirms the views of Al-Shami et al. (2013), who indicated that when microfinance services are introduced, their impacts at the household level through the businesses they ran help to empower the vulnerable group.

Table 4.9: Entrepreneurial training and performance of SMEs

	Frequency	**Percent**
Yes	29	74.4
NO	10	25.6
Total	**39**	**100.0**

Source: Field Data 2016

4.6 Financial skills training effect on the performance of SMEs

The study further sought to establish whether the respondents had received any form of training in how to grow their business. The Table 4.9 represents the responses.

The respondents who said they had received any form of training from credit institutions were 74.4% while 25.6% said no. There is need for entrepreneurs to be trained on business management skills. These skills impact the way they run their businesses. A key determinant of the success of any venture is the management of the business and how they operate the business since management factors have a major impact on the performance of the organization (Njanja, 2010)

Those who said yes were asked to rate the extent to which you are conversant on the following skills as a result of the training.

Table 4.10 Entrepreneur skills

Statements	Mean	Std. Dev
Financial and management counseling	1.18	0.451
Record keeping	1.85	0.587
Business management	1.87	0.469
Investment monitoring	3.21	1.031

Source: Field Data 2016

From Table 4.10 respondents indicated that Financial and management counseling shown by a mean score of 1.18, business management skills shown by a mean score of 1.81 and Record keeping influence with a mean of 1.85influences the performance in the enterprises to a great extent while investment monitoring shown by mean score of 3.21moderately influence the performance in the enterprises. According to Njanjaet al. (2010) concluded that management factors had a significant effect on performance of micro, small and medium enterprises. The study established that the entrepreneurs' skills in financial management, record keeping and business management had improved the performance of their business. However the study established that the skill of investment monitoring had not been improved significantly among the entrepreneurs.

4.7 Response on Business Growth after Receiving Financial Intermediaries

The study also sought to investigate if the SMEs owned businesses experienced any positive growth after they had received funds.

Table 4.11: Response on Business Growth after Intermediaries

Has your business grown after receiving funds?	Frequency	Percent
Yes	32	82.1
NO	7	17.9
Total	**39**	**100.0**

Source: Field Data 2016

In Table 4.11, majority of the respondents 32 (82.1%) claimed to have realized positive growth in their businesses after receiving funds from financial intermediaries with only few respondents 7 (17.9%) who did not achieve the business growth. It is quite evident that financial intermediaries played a great role in aiding business growth. It can also be eluded that probably the few number of respondents who did not realize business growth was probably due to other factors.

The researcher then sought to find out how the respondents measured the performance in their businesses. The researcher presented some statements to the respondents who were expected to answer to what extent they agreed or disagreed. Their response was provided in ordinal form. The respondents were to either respond as Strongly Agree, Agree, Undecided, Disagree or Strongly Disagree. The table below shows the results on how SMEs either agreed or disagreed with the following statements on how they measure performance and growth in their businesses.

Table 4.12: Presents the response measure performance and growth SMEs (n=39)

	Mean	**Std. Deviation**
Profitability of the business	4.33	0.530
Self-satisfaction/satisfaction	3.87	0.864
Increase in income	4.18	0.556
Business is expanding	4.26	0.549
Increase in number of customers/clients	4.03	0.584
Supplying more goods	4.10	0.598
Business is running smoothly	3.74	0.938
Opportunity for self-employment	4.26	0.595

Source: Field Data 2016

From Table 4.12, respondents strongly cited that the measure of performance was the profitability of the business with the mean score of 4.33, Business is expanding scoring 4.26, and Opportunity for self-employment respectively. On the other hand respondents also agreed that the measure of performance was also seen by Increase in income with the mean score of 4.18, Increase in number of customers/clients with the mean score of 4.10, Self-

Satisfaction/satisfaction with the mean score of 3.87, and Business is running smoothly scoring a mean of 3.74. It is clear that if a business was able to make profits, supply more goods, creates self-satisfaction and an increase income then it was growing and performing well.

4.8 Regression Analysis

In addition, the researcher conducted a regression analysis to establish the consolidated effects of the independent variables on the dependent variable. The findings are presented below:

Table 4.13 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.824[a]	.679	.652	.313

a. Predictors: (Constant), Training, Microcredit, Savings

In the above table 4.13, the three independent variables that were studied, explain only 65.2% on the influence of microfinance service on the performance of small medium enterprises represented by the adjusted R square. This therefore means that other factors not studied in this research contribute 34.8% of the microfinance services on the performance of small medium enterprises.

Table 4.14 ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	7.244	3	2.415	24.692	.000[a]
Residual	3.423	35	.098		
Total	10.667	38			

a. Dependent Variable: Performance of SMEs

b. Predictors: (Constant), Training, Microcredit, Savings

The above summary of the basic logic of ANOVA is the discussion of the purpose and analysis of the variance. The purpose of the analysis of the variance is to test differences in means (for groups or variables) for statistical significance. The significance value is 0.000 which is less than 0.05 thus the model is statistically significant in predicting how (microcredit, savings, and training) affect performance of the SME. The F critical at 5% level of significance was 2.06. The ANOVA results indicates that the independent variables significantly (F=24.692, p=0.000) explain the variance in performance of SMEs. The Positivity and significance of all values shows that model summary was significant and therefore gives a logical support to the study model.

Table 4.15 Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	6.217	1.126		5.521	.000
microcredit	-.569	.136	-.459	-4.198	.000
Savings mobilization	.340	.229	.262	1.486	.146
Financial skills training	-.298	.081	-.696	-3.668	.001

a. Dependent Variable: Performance of SMEs

Multiple regression analysis was conducted as to determine the relationship between the financial performance of the SME and the three variables. As per the SPSS generated table below, regression equation ($Y= \beta0+\beta1X1+\beta2X2+\beta3X3 + E$) becomes:

$$Y = 6.217 - 0.569X_1+0.340X_2 - 0.298X_3+ E$$

Where;

Y= Performance of SME

X_1= Microcredit

X_2= Savings mobilization,

X_3= Financial skills Training.

The data findings analyzed also shows that taking all other independent variables at zero, a unit decrease in Microcredit provided by MFI leads to a (-0.569)decrease in the performance of the SME there was a positive relationship between microcredit and the performance of SMEs.

A unit increase in savings leads to a 0.340 of the SME growth but, the finding was not significant predictor of SMEs performance.

On the other hand a unit decrease in financial skills training services provided to the SME leads to a (-0.298) decrease in performance of the SME therefore, there was a positive relationship between microcredit and the performance of SMEs.

This infers that microcredit service most affect the performance followed by financial skills training. At 5% level of significance and 95% level of confidence, Microcredit and Training were all significant in the performance of the SME.

4.8.1 Discussion of key findings

From the results of regression analysis the coefficient of determination, the R squared of 0.679 in Table 4.12 indicates the variation in the dependent variable due changes in the independent variables. From the findings of the study, the regression analysis indicated microcredit, savings mobilization and financial skills training provided by MFIs at 95%

confidence interval, R was the correlation coefficient which showed the relationship between the study variables. From the findings shown in Table 4.12, there was a strong positive relationship between the study variables as shown by the correlation coefficient R of 0.824. The study was on dependence and independence relationship. A multivariate model was applied to determine the relative importance of each of the three variables with respect to the effects of microfinance services on the performance of SMEs in Juba City. From Table 4.14, the constant of 6.217 shows that if Microcredit, savings and training provided by MFIs were rated as zero, annual performance of SMEs would be 6.217. The data findings analyzed also shows that taking all other independent variables at zero, a unit decrease in Microcredit provided by MFI will lead to a (-0.569) decrease in the performance of the SME; a unit increase in savings mobilization will lead to a 0.340 of the SME increase in performance, while a unit decrease in financial skills training services provided to the SME will lead to a (-0.298) decrease in performance of the SME. This implies that microcredit service most affect the performance followed by savings.

The ANOVA analysis was intended to investigate whether the variation in the independent variables explain the observed variance in the outcome - in this study the in performance of SMEs. ANOVA findings in table 4.13 shows that there is correlation between the predictors variables (Microcredit, Savings mobilization and financial skills training provided by MFIs) and response variable (in performance of SMEs) since P-value of 0.000 is less than 0.05**.** This indicated that there was a strong relationship between the study variables. The coefficient of determination R- explains the extent to which change in the dependent variable can be explained by change in the independent variable. The outcome of this study concurs with the findings of Cooper (2012) who studied on the impact of microfinance services on the growth SMEs in Kenya and found a strong positive relationship between microfinance services and the growth of

SMEs. However the findings in this study indicate that savings has a negative effect on the performance of SMEs. This probably explains why most SMEs do not have long period of savings as most of the respondents indicated they have saved part of their income for a period of 1-2 years that may be explained by the persistent hostility and insecurity which causes heavy losses for instance the December 2013 war outbreak resulted to loss of millions of South Sudanese Pounds (SSP) which comprised of people's savings. It can also be concluded that the findings concurs with Mintah et al. (2014). The effect of Microfinance Institutions on the growth of small businesses where it is difficult to access loans from formal banks due to failure satisfy the eligibility criteria such as holding savings account with a particular bank that gives loan.

4.9 Summary of Findings

The study showed that owners of SMEs are mostly men with a proportion of 69.2% and (30.8%) were female. The management is done by personnel of low qualifications.

The majority 18 (46.2%) of the respondents were secondary school leavers whereas 9(23.1%) had other qualifications, 5(12.8%) had primary level of education, 4(10.3%) were university graduates, 3(7.7%) were those who never attended to school.

The study also revealed that most respondents (72%) were in sole proprietor, (13%) of the respondents are in company, (10%) of the respondents are in partnership and (5%) of the respondents were in an income generating wing of a public institution. The study also revealed that, the majority of the respondents, at 43.6% were in trade SME's, 25.6% were other business activities, 17.9% were in services while only 12.8% are in agriculture.

Most respondents businesses have between 1-3 years since they were established at 64.1%, 4-6 years at 30.8%, over 7 years were at 5.1%.

The study found that there was a strong positive relationship between microcredit and the performance of SMEs. This is similar to Maengwe & Otuya (2016) who stated that accessing credit is considered to be an important factor in increasing the development of SMEs. The study also established that the enterprises benefit from loans from microfinance institutions, the SMEs seek financial assistance from the MFIs due to interest rate, easy loan repayment and amount offered.

The SMEs face challenges as loan beneficiaries from the MFI's. This concur with Navajas et al, (2000) that the main objective of microcredit according to is to improve the welfare of the poor as a result of better access to small loans that are not offered by the formal financial institutions. Zeller (2001),Sebatta et al. (2014) also argue that insufficient access to credit by the poor just below or just above the poverty line may have negative consequences for SMEs and overall welfare. Access to credit further increases SMEs risk-bearing abilities; improve risk-copying strategies and enables consumption smoothing the running of business overtime. With these arguments, microfinance is assumed to improve the welfare of the poor.

A multivariate model was applied to determine the relative importance of each of the three variables with respect to the effects of microfinance services on the performance of SMEs in Juba City. From Table 4.14, the constant of 6.217 shows that if Microcredit, savings and training provided by MFIs were rated as zero, annual performance of SMEs would be 6.217. The data findings analyzed also shows that taking all other independent variables at zero, a unit decrease in Microcredit provided by MFI will lead to a (-0.569) decrease in the performance of the SME; a unit increase in savings mobilization will lead to a 0.340 of the SME increase in performance, while a unit decrease in financial skills training services provided to the SME will lead to a (-0.298) decrease in performance of the SME. This implies that microcredit service negatively affect the performance followed by training.

However credit alone can't automatically lead to increased performance. Madole (2013) established that, age or experience of the SMEs owners, and, credit accessibility influence the access of credit and that once accessed, there is need for training on best investment decisions or maintenance of increased profits. The study concluded most of the small businesses depend on loan for business capital growth which plays a very crucial role to promote small business financial health.

The ANOVA analysis was intended to investigate whether the variation in the independent variables explain the observed variance in the outcome - in this study the in performance of SMEs. ANOVA findings in table 4.13 shows that there is correlation between the predictors variables (Microcredit, Savings and Training provided by MFIs) and response variable (in performance of SMEs) since P- value of 0.000 is less than 0.05**.** This indicated that there was a strong relationship between the study variables. The coefficient of determination R-explains the extent to which change in the dependent variable can be explained by change in the independent variable. The outcome of this study concurs with the findings of Cooper (2012) who studied on the impact of microfinance services on the growth SMEs in Kenya and found a strong positive relationship between microfinance services and the growth of SMEs.

The study found that there was a weak negative relationship between entrepreneurial trainingand the performance of SMEs. This is consistent with Guerin (2006) who observed that microfinance institutions need to supply services that fill the gaps and integrate the underserved group into the market. However the study established that the skill of investment monitoring had not been improved significantly among the entrepreneurs. Microfinance enables poor SME to become economic agents of change by increasing their income and productivity, accessing markets and information and decision making power, increasing SME's access to microfinance will enable SME to make a greater contribution to household income and thus will translate into improved well-being for SME and enable SME to bring about wider changes in income inequality. This concur with Cheston et al. (2002) that in any country, there are underserved enterprises and households, ranging from the ultra-poor who may not be economically active, to small growing enterprises that provide employment in their communities.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The chapter presents the summary, conclusion drawn from the data findings. In addition, it presents the recommendations of the study. All this had been geared toward achieving the objectives of the study.

5.1 Summary

The creation of SMEs generates employment but these enterprises are short live and consequently are bound to die after a short while causing those who gained job positions to lose them and even go poorer than how they were. The link between microfinance institution services and performance of SMEs is not only to extend credits to beneficiaries but to promote entrepreneurship and boost rural financial markets that will provide sustainable access to financial services by creating a relationship between those with financial resources and those who need them.

The purpose of the study was to find out the effect of microfinance on the performance of SMEs in Juba city.This research problem was studied through the use of a descriptive research design. For logistical, resource constraint and research deadline concerns the researcher studied a sample of 39 SMEs. This research study used purposive sampling technique and specifically the judgmental sampling method to select 39 SMEs in Juba city. The data was then analyzed using SPSS v20 computer software package.

The study was on dependence and independent relationship. A moderate multiple regression analysis was used. A multivariate regression model was applied to determine the relative importance of each of the three variables; microcredit, savings and training, with respect to the effects of microfinance services on the performance of SMEs. The regression analysis conducted established the independent variables have a significant relationship with the dependent variable. Microcredit and training negatively affect the performance of SMEs while savings affects performance of SMEs positively.

The ANOVA analysis was intended to investigate whether the variation in the independent variables explains the observed variance in the outcome. ANOVA findings in this study showed that there was correlation between the predictor variables (Microcredit, Savings and Training provided by MFIs) and response variable (performance of SMEs) since P- value of 0.000 is less than 0.05. This indicated that there was a strong relationship between the study variables.

5.2 Conclusions

The purpose of the study was to find out the effects of microfinance institutions service on the performance of SMEs in Juba city. The study found out that men were the majority who owned business. creating ways for non-financial support and services (complementary services) to pay explicit attention to SMEs, developing sustainable livelihoods, community development and social service provisions like literacy (Training), increasing access to savings and credit for consumption and production (provision of financially self-sustainable micro-finance services applying the theories of Perking order theory of financial gearing and the village banking theory), making conditions of the microfinance more flexible to SME's aspirations, and program-related strategies are effective tools of enhancing performance of the SMEs.

The study further concludes that the SMEs do not have a long history of saving culture. The savings have weak positive influence on the performance and financial sustainability of the enterprises. The study finally concludes that financial and management counseling, business management, bookkeeping influence the performance of the enterprises.

The regression results imply that credit affect the performance of SMEs followed by financial skills training, while savings mobilization had less effect on the performance and growth of SMEs.

5.3 Policy Recommendations

Based on the key findings, the study made the following recommendations. Microfinance Institutions should enhance training of their clients on the entrepreneurial skills so as to enhance their skills as a large proportion of the respondents were found to be certificate holders of high school graduates hence they lacked the necessary business management skills. The government should invest heavily in youths' education and if possible offer free or subsidized entrepreneurial training especially for the secondary school graduates who are unable to proceed to university or any other tertiary education.

The study also recommends the MFIs carry out sensitization campaigns on the need to save among the SMEs owners. This would be important in ensuring that the customers share of savings is higher thus making it easier to access loans. The study also recommends that the MFIs use that traders savings as part of collateral since most may not have large tracts of land or the physical collateral needed.

5.4 Suggestion for Further Studies

The study found that various SMEs continue to struggle with various challenges in their process of pursuing financial sustainability despite their involvement in the MFIs activities.

These challenges have denied the SMEs a chance of realizing the benefits that would result from the micro-finance institutions. This study therefore recommends that a more comprehensive study be carried out with an aim to investigate the possible solutions to the challenges faced by SMEs in their endeavors of pursuing financial sustainability in South

Sudan.

The study suggests that in future if the same study should be conducted and also includes the views of the staff of microfinance institutions to have a more inclusive study.

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APPENDICES

Appendix 1: Questionnaire

QUESTIONNAIRE FOR THE SMALL AND MEDIUM ENTERPRISES (SMEs)

Dear Respondent,

This questionnaire aims to collect data for partial fulfillment of the requirements for the award of Master Degree of Business Administration MBA) awarded by Uganda Martyrs University. The researcher intends to assess "the effect of microfinance services on the performance of small and medium enterprises using Juba City as a case study".

Therefore the researcher declares that, this research is for academic purpose only. You are kindly invited to complete this questionnaire as directed for a purpose of facilitating the study. Information from this document will be confidential and in no way will it be communicated to any person.

PLEASE NOTE: Your name should not appear anywhere in this document.

Thank you in advance

Yours Sincerely

Stephen Daniel Amosa

SECTION A: Bio Data

Descriptive data (*Please tick where appropriate***)**

1. Gender

Male [ ] Female [ ]

2. Age

18-25 [ ] 26-33 [ ] 34-41 [ ] 42-49 [ ] 50+ [ ]

3. Level of highest education

None [ ] Primary [ ] Secondary [ ] University [ ]

Other (Specify)……………………………………………………………………………

4. Marital status

Single [ ] Married [ ] Divorced [ ] Widowed [ ]

5. Tick the form of ownership

Sole proprietor [ ] Partnership [ ] Company [ ]

Others (Specify)……………………………………………………..

6. What is the main business activity?

Agriculture [ ] Trading [ ] Service [ ]

Others (specify) …………………………………………………………

7. How long has your business operated (Years)?

0-1 year [ ] 1-3 years [ ] Above 4 years [ ]

SECTION B: The credit effect on the performance of SMEs

8. Please mark the given statements according to your level of agreement. The numbers 1-5 represent levels of agreement from strongly disagree to strongly agreewhere 1= Strongly disagree, 2= Disagree, 3= Not sure, 4= Agree, and 5 = strongly agree

		1	**2**	**3**	**4**	**5**
8.1	The firm can easily get credit from microfinance Institution					
8.2	Frequency of access to loans helps in growth of the firm's business					
8.3	The firm often gets the loan size it requires					
8.4	The firm has enough information on credit availability					
8.5	The firm can get a loan at any time it is needed					
8.6	Credit policies of microfinance influences the firm's decision to get credit					
8.7	The firm has reliable security guaranteed to access credit					
8.8	The amount credit the firm has been getting from MFI is on the increase					
8.9	The firm's ability to repay loans is always satisfactory					

9. Challenges faced in doing business in Juba city (Tick one)

a) Difficulty in accessing capital [ ]

b) High prices of financial facilities [ ]

c) Government policy [ ]

d) Others

specify………………………………………………………………………

Section C: Savings mobilization effect on the growth and performance of SMEs

10. How long have you been saving?

a) Less than 1 year [ ]

b) 1 - 2 years [ ]

c) More than two years [ ]

11. To what extent do you agree with the following statements in relation to savings and performance of SMEs? Use a scale of 1-5 where 1= strongly disagree 2= Disagree, 3= Not sure, 4= Agree, and 5 = strongly agree

	Statement	**1**	**2**	**3**	**4**	**5**
11.1	Most microfinance offer savings service					
11.2	Your business has increased household savings and income					
11.3	Savings influence financial sustainability of your business positively					
11.4	Savings has helped you to diversify your income sources					
11.5	Savings helped you provide your household with better education, health care and decent shelter					
11.6	Savings has reduced household poverty and business vulnerability					
11.7	Savings has helped your business to have greater control over the business					
11.8	Your business savings has earned you respect among your peers					

Section D:Training on the performance of SMEs

12. Have you ever attended any training in how to grow your business?

Yes [ ] No [ ]

13. To what extent do the following aspects of entrepreneurial training influence your enterprise performance? 1= To a very great extent, 2= To a great extent, 3= To a moderate extent, 4= To a low extent, 5= To no extent at all.

	Statements	**1**	**2**	**3**	**4**	**5**
12.1	Financial andmanagementcounseling					
12.2	Record keeping					
12.3	Business management					
12.4	Investment monitoring					

Section E: Performance and Growth

13. Since you got funds from microfinance, do you think business has grown?

Yes [ ] No [ ]

If **Yes**, rate the following measures of performance ticking (√) **SA**-Strongly Agree, **A**-Agree, **U**- Undecided, **D**-Disagree, **SD**-Strongly Disagree

	Measure of performance	**SA**	**A**	**U**	**D**	**SD**
13.1	Profitability of the business					
13.2	Self-esteem/self-satisfaction					
13.3	Increase in income					
13.4	Business is expanding					
13.5	Increase in number of customers/clients					
13.6	Supplying more goods					
13.7	Business is running smoothly					
13.8	Opportunity for self-employment					

Thank you