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DEPARTMENT OF BANKING AND FINANCE

THE IMPACT OF MICROFINANCE INSTITUTIONS IN DEVELOPING SMALL TO MEDIUM ENTERPRISES IN ZIMBABWE. A CASE OF CREDITCONNECT MICROFINANCE.

SUBMITTED BY

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THIS DISSERTATION IS SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE BACHELOR OF COMMERCE HONORS DEGREE IN BANKING AND FINANCE OF BINDURA UNIVERSITY OF SCIENCE EDUCATION.

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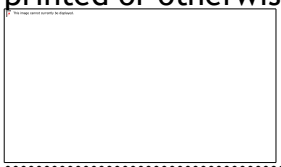
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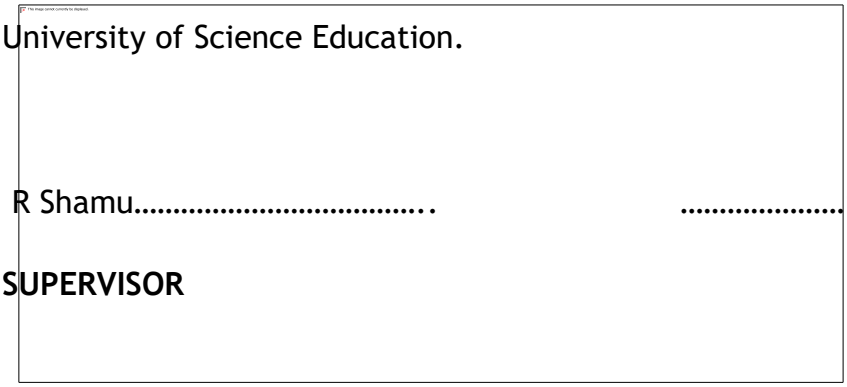


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DECLARATION

I declare that this dissertation is my original work. It is being submitted in partial fulfilment of the requirements of Banking and Finance Degree in the Faculty of Commerce at Bindura University of Science Education.



……. 15/08/26…….

SIGNATURE **DATE**

DEDICATION

This dissertation is dedicated to my family, whose encouragement, patience and support provided strength throughout the research process. It is also dedicated to all small and medium enterprise owners whose resilience continues to contribute to livelihoods, employment creation and economic development in Zimbabwe.

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ABSTRACT

This study assessed the impact of microfinance institutions in developing small to medium enterprises in Zimbabwe, using CrediConnect Microfinance as the case study. The study was motivated by persistent financing constraints faced by SMEs despite their recognised contribution to employment creation, income generation and economic resilience. The objectives were to examine the extent to which CrediConnect Microfinance provides financial and non-financial support, determine how access to its services affects SME growth, performance and sustainability, and evaluate the challenges encountered by SMEs when accessing and using microfinance services. The study was guided by Financial Intermediation Theory and the Resource-Based View, which explain how financial institutions reduce financing barriers and how enterprises transform credit, training and advisory support into productive capabilities. A mixed-methods approach with a predominantly quantitative focus was adopted. Structured questionnaires and documentary review evidence were used to collect data from microfinance officers, SME owners and individual beneficiaries. Out of 150 questionnaires distributed, 135 usable responses were obtained, giving a response rate of 90 percent. Data were analysed using descriptive statistics, reliability testing, cross-tabulations, chi-square tests, independent samples t-tests, one-way ANOVA, Pearson correlation, multiple regression and documentary trend review. The findings showed that CrediConnect Microfinance supports SMEs mainly through credit, while also offering savings-related support, business advisory services, financial-management training and business-idea guidance. Beneficiaries of microfinance services recorded stronger SME development scores than non-beneficiaries. Non-financial support, productive loan utilisation and entrepreneurial skills were positively associated with SME development. However, high interest rates, collateral requirements, lengthy application procedures and short repayment periods reduced the developmental impact of microfinance. The study concluded that microfinance contributes significantly to SME development when credit is affordable, accessible, productively used and supported by training, advisory services and flexible repayment arrangements that match enterprise cash flows and sustainability needs within Zimbabwe's dynamic and challenging financing environment today.

TABLE OF CONTENTS

Contents

RELEASE FORM i
APPROVAL FORM ii
DECLARATION iii
DEDICATION iv
ACKNOWLEDGEMENT v
ABSTRACT vi
TABLE OF CONTENTS vii
LIST OF TABLES x
LIST OF FIGURES xii
LIST OF APPENDICES xiv
ACRONYMS xv
CHAPTER I 1
INTRODUCTION 1
1.0 Introduction 1
1.1 Background of the study 1
1.2 Statement of the Problem 3
1.3 Aim of the Study 4
1.4 Objectives of the Study 4
1.5 Research Questions 4
1.6 Statement of Hypothesis 5
1.7 Significance of the Study 5
1.7.1 To Microfinance 5
1.7.2 To the Small to Medium Enterprises. 5
1.7.3 To the Potential researchers 5
1.8 Assumptions of the Study 6
1.9 Delimitations of the Study 6
1.10 Limitations of the Study 7
1.11 Definition of Terms 7
1.12 Chapter Summary 9

CHAPTER II 10
LITERATURE REVIEW 10
2.0 Introduction 10
2.1 Theoretical Review 10
2.1.1 Financial Intermediation Theory 10
2.1.2 Resource Based View Theory 13
2.1.3 Relationship between the two Theories 15
2.2 Empirical literature review 16
2.2.1 The extent to which microfinance institutions facilitate financial and non-financial support to SMEs in Zimbabwe 16
2.2.2 How access to microfinance services has affected the growth, performance and sustainability of SMEs in Zimbabwe 19
2.2.3 The problems SMEs face while seeking to access and make use of microfinance institution services 22
2.3 Conceptual Framework 25
2.3.1 Independent variable: microfinance services 26
2.3.2 Mediating variable: access and utilisation of microfinance services 27
2.3.3 Dependent variable: SME growth, performance and sustainability 27
2.3.4 Control and moderating variables 28
2.4 Research Gap 28
2.5 Chapter summary 30
CHAPTER III 31
RESEARCH METHODOLOGY 31
3.1 Introduction 31
3.2 Research Philosophy 31
3.3 Research Approach 32
3.4 Research Design 32
3.5 Target Population 33
3.6 Sampling design and sample size 34
3.7 Data Sources 34
3.8 Research Instruments 35
3.9 Validity of the research instrument 36
3.10 Reliability of the research instrument 37
3.11 Data collection procedure 37

3.12 Data analysis methods 38
3.13 Model Specification 39
3.14 Hypothesis testing 39
3.16 Documentary review procedure 40
3.16 Ethical considerations 40
3.19 Chapter summary 40
CHAPTER IV 42
DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS 42
4.1 Introduction 42
4.2 Response rate and quality of the dataset 42
4.3 Demographic and enterprise profile of respondents 44
4.4 Extent to which microfinance institutions facilitate financial and non-financial support to SMEs 48
4.5 Problems faced by SMEs in accessing and using MFI services 51
4.6 Effect of microfinance services on SME growth, performance and sustainability 53
4.7 Additional statistical evidence on SME development outcomes 55
4.8 Cross-tabulation analysis 58
4.9 Correlation and regression analysis 60
4.10 Documentary review findings 65
4.11 Chapter summary 67
CHAPTER V 69
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS 69
5.1 Introduction 69
5.2 Summary of the Study 69
5.3 Summary of major findings 70
5.4 Conclusions of the study 73
5.5 Recommendations 74
5.6 Contribution of the study 76
5.7 Areas for further research 76
LIST OF REFERENCES 78
APPENDICES LIST 81
Participant Consent 81

LIST OF TABLES

Table 1.2: Definition of Key Terms 7

Table 3.1: Target Population and Study Categories 33

Table 3.2: Planned Sample Distribution 34

Table 3.3: Structure of the Questionnaire 35

Table 3.5: Alignment of Objectives and Data Analysis Techniques 37

Table 4.1 Response rate by respondent category 41

Table 4.2 Respondent category profile 43

Table 4.3 Sex profile of respondents 43

Table 4.4 Age profile of respondents 44

Table 4.5 Educational attainment of respondents 44

Table 4.6 Type of business among enterprise-based respondents (n=126).....45

Table 4.7 Years in business among enterprise-based respondents (n=126) 45

Table 4.8 Enterprise size by number of employees (n=126).....46

Table 4.9 Initial source of capital among enterprise-based respondents (n=126) ..46

Table 4.10 Whether respondents benefited from microfinance institution services.....47

Table 4.11 Microfinance products benefited from by respondents.....47

Table 4.12 Perceived loan cost burden on SME profitability 48

Table 4.13 Perceived access challenges in obtaining MFI loans.....49

Table 4.14 Support, utilisation and business survival items.....51

Table 4.15 Reliability and descriptive statistics of the composite variables 51

Table 4.16 Comparison of SME development index by benefit from MFI services...53

Table 4.17 Independent samples t-test statistics.....53

Table 4.18 Mean SME development index by years in business 53

Table 4.19 One-way ANOVA statistics 53

Table 4.20 Cross-tabulation between benefit from MFI services and development level 55

Table 4.21 Cross-tabulation between business type and development level 56

Table 4.22 Cross-tabulation between years in business and development level 57

Table 4.23 Pearson correlation matrix of the major study variables 57

Table 4.24 Regression model summary.....59

Table 4.25 Regression coefficients for predictors of SME development 60

Table 4.26 Documentary review summary for CreditConnect support to SMEs.....61

Table 5.1: Summary of key findings by objective.....68

Table 5.2: Proposed implementation plan for recommendations 72

LIST OF FIGURES

Figure 2.1: Conceptual framework showing how microfinance services, access and utilisation influence SME growth, performance and sustainability. 26

Figure 4.1: Overall questionnaire response rate, used to show the proportion of usable questionnaires returned against non-usable or non-returned questionnaires. 42

Figure 4.2: Distribution of usable questionnaires by respondent stratum, used to show whether responses were fairly represented across MFIs, SMEs and individual beneficiaries. 43

Figure 4.3: Business type profile of enterprise-based respondents, used to show the sectors represented by the SMEs in the study. 45

Figure 4.4: Initial source of start-up capital, used to show the main financing sources used by enterprise-based respondents when starting their businesses. 47

Figure 4.5: Microfinance products from which respondents benefited, used to show the financial and non-financial services accessed from CreditConnect Microfinance. 48

Figure 4.6: Perceived loan cost burden on SME profitability, used to show how respondents rated interest rates, processing charges and penalties as cost pressures. 49

Figure 4.7: Perceived challenges in accessing microfinance loans, used to show the major barriers faced by SMEs when applying for or using MFI services. 50

Figure 4.8: Mean scores of the main analytical indices, used to compare the average strength of key microfinance and SME development variables. 52

Figure 4.9: SME development index by years in business, used to show how SME development scores differ across business-age categories. 54

Figure 4.16: Mean SME development by business age, used to show the trend in average SME development as enterprises become older. 54

Figure 4.15: Development level by benefit from MFI services, used to show the relationship between receiving microfinance services and SME development level. 56

Figure 4.10: Correlation matrix of the study variables, used to show the direction and strength of relationships among microfinance support, access challenges and SME development. 58

Figure 4.11: Relationship between non-financial support and SME development, used to show whether higher training/advisory support is associated with stronger SME development.....59

Figure 4.12: Regression coefficients predicting SME development, used to show the relative effect of loan cost burden, access challenges, non-financial support and entrepreneurial skills.....60

Figure 4.13: Documentary trend in CreditConnect support to SMEs, used to show changes in loan-book value and the number of SMEs financed from 2021 to 2025. 62

Figure 4.14: Jobs supported and training/advisory activity, used to show changes in employment support and training/advisory sessions over the documentary review period.....62

LIST OF APPENDICES

Appendix A: Research Questionnaire 80

ACRONYMS

Acronym	Meaning
ANOVA	Analysis of Variance
MFI	Microfinance Institution
MFIs	Microfinance Institutions
MSME	Micro, Small and Medium Enterprise
MSMEs	Micro, Small and Medium Enterprises
N	Number of Respondents
R	Correlation Coefficient
R^2	Coefficient of Determination
SA	Strongly Agree
SD	Strongly Disagree
SME	Small and Medium Enterprise
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for the Social Sciences
Std. Dev.	Standard Deviation
x^2	Chi-square

CHAPTER I

INTRODUCTION

1.0 Introduction

This chapter introduces the study on the role of microfinance institutions in the development of small and medium enterprises, using CrediConnect Microfinance as the case through which institution-specific evidence is examined. The chapter applies a funnel approach by moving from broader SME and microfinance debates in developing economies to regional African evidence and finally to Zimbabwean conditions. It also presents the problem statement, aim, objectives, research questions, hypothesis, significance, assumptions, delimitations, limitations with mitigation measures, definitions of key terms and the chapter summary.

1.1 Background of the study

Small and medium enterprises are widely recognised as important drivers of income creation, employment, innovation and local economic resilience in developing economies. Mugano and Dorasamy (2024) argue that SMEs remain central to African economic development because they provide business activity in contexts where formal employment creation is limited. Mbuya et al. (2025) further show that SME financial performance in Southern and Central African countries is shaped by market orientation, management competency and technology adoption. Microfinance has emerged as a development-finance response to the exclusion of small enterprises from conventional bank lending. Sarfo et al. (2024) show that perceived value of microfinance improves SME performance through exploratory innovation among Ghanaian SMEs. Anande-kur and Faajir (2020) similarly found that microfinance positively affected sales revenue, profitability and non-current assets among MSMEs in Makurdi, Nigeria.

Regional African studies indicate that the contribution of microfinance extends beyond credit because savings, financial advice and business consultancy can influence enterprise outcomes. Muigai and Muriithi (2023) found that microcredit,

micro-savings and business consultancy services had positive and significant effects on the financial performance of MSMEs in Kirinyaga County, Kenya. Sarfo et al. (2024) also show that microfinance may stimulate exploratory innovation, which means that microfinance can contribute to enterprise learning and not only working-capital relief. The regional evidence also shows that microfinance should not be treated as an automatic solution to SME development because finance must match the capacity, repayment cycle and operating environment of the borrower. Kounouwewa (2025) identifies limited credit history, high borrowing costs and weak financial literacy as important barriers in African SME financing processes. Mbuya et al. (2025) add that SME performance is influenced by internal capabilities, confirming that financial access must be linked with management capacity and market responsiveness.

In Zimbabwe, SMEs are particularly so since they boost livelihoods in a country whereby a large number of households rely on small-scale enterprise operations. Mago and Modiba (2024) note that the environment in which small and medium enterprises in Zimbabwe work is challenging because of the regulation, inequality, finance constraints and exclusion. It is also indicated by Mapfumo and Sibindi (2025) that a significant proportion of Zimbabwean MSMEs uses informal finance during their initial years, thus implying that the small-enterprise needs are not yet fully covered by formal finance. Empirical research in Zimbabwe supports the idea that the availability of finance continues to limit the growth and survival of SMEs. Mveku et al. (2023) discovered that SMEs in Kadoma, Kwekwe, Gweru and Zvishavane were unable to expand due to lack of capital and access to bank loans. Nyagope and Nyagope (2023) also associate the growth and development of SMEs in Zimbabwe with the availability of financial products and services.

Local researchers also indicate that microfinance can enhance SME development in case it is made available with usable credit and other relevant assistance. Mveku et al. (2023) revealed that there was a strong positive association between microfinance loans and sales growth of SMEs in Zimbabwe. Nyagope and Nyagope (2023) further note that the accessibility of financial-products enhances the knowledge of SME growth, which justifies the necessity to assess the impact of microfinance on the clients. These positive results notwithstanding, Zimbabwean evidence also points out that overregulation, inequality, informality and

institutional limited reach can weaken microfinance. According to Mago and Modiba (2024), regulation and inequality are the factors that may not allow rural and informal enterprises to participate in microfinance significantly. Informal finance continues to play a role in the lives of many MSMEs, as Mapfumo and Sibindi (2025) demonstrate, which suggests that microfinance services are still unavailable, inadequate or inappropriate to certain categories of enterprises.

Background thus reduces to a specific research requirement of institution specific evidence on CrediConnect Microfinance and SME development in Zimbabwe. Current Zimbabwean research offers general evidence on microfinance institution and access to financial-products yet lacks adequate isolation of the impacts of a chosen microfinance institution on SME development, performance and sustainability. This paper examines CrediConnect Microfinance to determine whether it is providing practical and sustainable financial and non-financial services to SME development (Mveku et al., 2023; Nyagope and Nyagope, 2023).

1.2 Statement of the Problem

In Zimbabwe, small and medium enterprises are anticipated to facilitate employment, household earnings and local economic sustainability but many still lack access to working capital, collateral and poor access to formal finance. Mveku et al. (2023) discovered that Zimbabwean SMEs still face the challenge of expansion as they lack capital and cannot access bank loans. It is also demonstrated by Mapfumo and Sibindi (2025) that in Zimbabwe, a significant proportion of the MSMEs use informal finance in their initial years, indicating that formal financing options are not yet sufficiently meeting the demands of small businesses. It is believed that microfinance institutions will bridge this financing gap through the delivery of microcredit, savings and other business advice and other financial services which are tailor made to small enterprises. Nevertheless, Zimbabwean evidence is still inconclusive on whether microfinance always results in sustainable growth since some SMEs gain advantages in terms of better sales and profitability and others are exposed to pressure to repay, high cost of borrowing and limited capacity to expand. Mago and Modiba (2024) warn that regulation, inequality and exclusion may undermine microfinance potential of serving small businesses in Zimbabwe.

The problem in question is that there is a paucity of institution-specific evidence that demonstrates how CrediConnect Microfinance helps to boost SME growth, performance and sustainability in Zimbabwe. The current works by Mveku et al. (2023) and Nyagope and Nyagope (2023) are helpful, although they address SME finance issues and not the actual role played by CrediConnect to its SME clients. This gap in knowledge complicates the ability to establish that CrediConnect financial and non-financial services are indeed assisting the SMEs to grow, enhance performance and sustainability in Zimbabwe.

1.3 Aim of the Study

The aim of this study is to assess the role of microfinance institutions in the development of small and medium enterprises in Zimbabwe, using CrediConnect Microfinance as a case study. The aim is informed by Zimbabwean evidence showing that SMEs need accessible finance but may still struggle when credit is expensive, insufficient or poorly aligned with business needs. The study therefore examines whether CrediConnect Microfinance contributes to SME growth, performance and sustainability within Zimbabwe's enterprise-financing environment.

1.4 Objectives of the Study

1. To establish the extent to which CrediConnect Microfinance facilitates the provision of financial and non-financial support to SMEs in Zimbabwe.
2. To determine how access to CrediConnect Microfinance services affects SME growth, performance and sustainability in Zimbabwe.
3. To evaluate the challenges faced by SMEs when accessing and using microfinance services provided by CreditConnect Microfinance.

1.5 Research Questions

1. How does CrediConnect Microfinance facilitate the provision of financial and non-financial support to SMEs in Zimbabwe?
2. How has access to CrediConnect Microfinance services affected the growth, performance and sustainability of SMEs in Zimbabwe?
3. What challenges are faced by SMEs when accessing and using microfinance services from CrediConnect Microfinance?

1.6 Statement of Hypothesis

(H0): Microfinance institutions have no substantial influence on the development of SMEs in Zimbabwe.

(H1): Microfinance institutions have a substantial influence on the development of SMEs in Zimbabwe.

1.7 Significance of the Study

1.7.1 To Microfinance

The research is important to CrediConnect Microfinance in that it will have evidence about the perception and usage of its services by SME customers. Mveku et al. (2023) demonstrate that microfinance loan can be linked to the growth in sales of SMEs, although it is necessary to further prove that a specific microfinance institution is relevant to enterprise performance. The results can thus guide CrediConnect to make loan products more refined, enhance customer service and match repayment models to the realities of SME operations (Nyagope and Nyagope, 2023).

1.7.2 To the Small to Medium Enterprises.

This study is relevant to the SMEs in that it evaluates the role of microfinance in enhancing access to capital, business performance and sustainability of the enterprises. Sarfo et al. (2024) demonstrate that perceived value of microfinance can enhance the performance of SMEs in terms of innovation, whereas Muigai and Muriithi (2023) demonstrates that the services provided by microfinance can have a positive impact on MSME performance in terms of financial performance. The results can be used to make SME owners aware of how to strategically use microfinance without engaging in borrowing behaviors that put strain on debts without enhancing business potential.

1.7.3 To the Potential researchers

The research is important to potential researchers and development-finance practitioners in the future since it generates local, case-based evidence of SME financing in Zimbabwe. Nyagope and Nyagope (2023) indicate that access to financial products is a significant study in Zimbabwe, whereas Mapfumo and Sibindi

(2025) reveal that informal finance continues to be a significant contributor to financing MSMEs. The research can thus potentially contribute to more comparative research in microfinance institutions and can enlighten the practice-based interventions to enhance SME financial accessibility.

1.8 Assumptions of the Study

It is assumed that the SME owners and CrediConnect staff will share true and reasonably correct information on microfinance access, loan utilisation, loan repayment experience and business performance. This is a crucial assumption since the research of microfinance tends to use microfinance clients to relate financial service and enterprise performance. Another assumption made in the study is that microfinance is capable of having an impact on SME development where products are available and affordable and are matched with the needs of a business.

The research also works under the assumption that the sampled respondents will be able to offer evidence that will assist in the comprehension of CrediConnect-supported SMEs in the specified scope. This does not imply that the results will be representative of all SMEs in Zimbabwe since the research is context and institution specific. The assumption is explained by the fact that case-based finance research can produce real-life information as long as the scope is properly delimited and the results are used in that situation.

1.9 Delimitations of the Study

This paper has been restricted to the contribution of microfinance in SME development in Zimbabwe and CrediConnect Microfinance has been taken as the case institution. It does not look at the whole financial sector since this would demand data on banks, informal lenders, savings groups and several microfinance institutions. The delimitation is suitable since the extant Zimbabwean research has presented generalized sector-level data without precluding institution-specific research.

The study is also delimited to SME development indicators such as access to finance, business growth, performance, sustainability and challenges experienced in the use of microfinance services. It excludes consumer loans and non-enterprise borrowing except where such borrowing directly affects SME operations. This focus is justified

because recent microfinance and SME studies measure enterprise-related outcomes such as sales growth, profitability, financial performance and sustainability.

1.10 Limitations of the Study

• Time and resource constraints	The researcher may not reach every eligible SME client.	A focused sample and clear inclusion criteria will be used to keep the study manageable and transparent.
• Economic volatility	Inflation and unstable trading conditions may influence SME performance independently of microfinance.	Findings will be interpreted cautiously while considering contextual pressures affecting SME.

1.11 Definition of Terms

This section defines five key terms used in the study so that the meaning of each concept is clear and consistent.

Table 1.2: Definition of Key Terms

Term	Definition Used in the Study	Source
Microfinance	Small-scale financial services, including credit, savings support and related client services, offered to individuals and small enterprises underserved by conventional finance.	Sarfo et al. (2024); Muigai (2023)
Microfinance institution	A financial service provider that offers microcredit and related financial or advisory	Mago and Modiba (2024); Mveku et al. (2023)

	services to low-income clients and SMEs whose needs may not be adequately served by conventional banks.	
Small and medium enterprises	Independently managed enterprises with relatively limited capital, employment size and operating scale compared with large firms, but important for income creation and local economic resilience.	Mugano and Dorasamy (2024); Mbuya et al. (2025)
SME growth	Improvement in business size, sales, profitability, customer base, assets, market reach and sustainability of a small or medium enterprise over time.	Mveku et al. (2023); Sarfo et al. (2024)
Financial inclusion	The effective ability of individuals and businesses to access and use appropriate, affordable and useful financial products and services that support economic participation.	Nyagope and Nyagope (2023); Mapfumo and Sibindi (2025)

Table 1.2 defines the main concepts that guide the whole study, namely microfinance, microfinance institutions, SMEs, SME growth and financial inclusion. The table is important because the findings later measure both access to finance and the ability of SMEs to turn that access into growth. This meaning agrees with

Nyagope and Nyagope (2023), who treat access to financial products as a practical condition for SME growth in Zimbabwe.

1.12 Chapter Summary

This chapter introduced the study on the role of microfinance institutions in the development of SMEs in Zimbabwe, using CrediConnect Microfinance as the case study. The chapter established that microfinance may support SME development, but its effect depends on accessibility, affordability, product design, enterprise capability and the operating environment. Zimbabwean evidence shows that SMEs still face financing constraints despite the availability of microfinance services, creating the need for institution-specific research. The next chapter reviews theoretical and empirical literature on microfinance, financial access and SME development in order to position the study within existing scholarship.

CHAPTER II

LITERATURE REVIEW

2.0 Introduction

This chapter reviews literature relevant to the role of microfinance institutions in the growth of small and medium-sized enterprises in Zimbabwe, with specific reference to CrediConnect Microfinance. The chapter begins with a theoretical review of Financial Intermediation Theory and the Resource-Based View because these theories explain how financial services and firm resources influence enterprise growth. The chapter then presents an empirical review organized by the research objectives, identifies the research gap, develops a conceptual framework, explains the study variables and closes with a chapter summary.

2.1 Theoretical Review

The paper starts by presenting the theoretical background of the research by examining two theories which describe the connection between microfinance and SME development. The theory of Financial Intermediation applies to the reasons why microfinance institutions exist and the way they link capital-constrained entrepreneurs with financial services. Explanation of how credit, training, savings capacity and advisory support can be converted into firm resources which SMEs can use to convert into growth, performance and sustainability is through the Resource-Based View (Wernerfelt, 1984; Barney, 1991).

2.1.1 Financial Intermediation Theory

The Financial Intermediation Theory describes the process by which financial institutions mobilize the surplus units and transfer the funds to deficit units that require the capital to conduct productive activity (Gurley and Shaw, 1960; Diamond, 1984). It was developed and popularized by Gurley and Shaw in their book on money and finance (1960) and reinforced by Diamond when he described the delegated monitoring and the role of financial intermediaries in lowering the cost of information (Gurley and Shaw, 1960; Diamond, 1984). The theory is applicable in the microfinance setting in understanding why microfinance institutions like CrediConnect Microfinance would be able to provide finance to SMEs locked out of

traditional bank finance due to information asymmetry, poor collateral and credit records (Kueredza, 2024; Nyagope and Nyagope, 2023).

According to the theory, financial intermediaries are institutions that minimize the distance between borrowers and savers by filtering applicants, keeping track of borrowers and repayment plans (Diamond, 1984; Kueredza, 2024). This definition is applicable to microfinance since microfinance organisations typically make small-scale loans, savings-based services, repayment management, client interactions and occasionally business-support services to borrowers not well-served by commercial banks (Mveku et al., 2023; Maburutse et al., 2025). The theory can then be used as a solid foundation to analyse the question of whether CrediConnect Microfinance enables financial and non-financial assistance to SMEs in Zimbabwe (Nyagope and Nyagope, 2023; Kueredza, 2024).

The initial postulation of Financial Intermediation Theory is that the borrower and lender lack equal information regarding risk, repayment ability and quality of the investment (Diamond, 1984; Kueredza, 2024). This principle can apply to SMEs since in most cases, small firms do not have audited documents, collaterals, consistent cash-flow histories and formal governance mechanisms that traditional lenders rely on to determine creditworthiness (Manyanga et al., 2023; Nyagope and Nyagope, 2023). The assumption in this research paper aids to clarify why CrediConnect Microfinance might consider employing relationship lending, short repayment cycles, screening of borrowers and monitoring of clients to minimize lending risk in SMEs (Mveku et al., 2023; Kueredza, 2024).

The assumption is that the specialization of information gathering, risk assessment, loan disbursement and debt recovery enable the financial institutions to lower transaction costs (Gurley and Shaw, 1960; Diamond, 1984). This assumption is important since SMEs will frequently need smaller and more frequent loans compared to large companies, and the normal lending processes of a bank will be expensive unless the SMEs are adapted with specific products by a specialized intermediary (Kuada, 2022; Wasike, 2023). In the case of CrediConnect Microfinance, this assumption is relevant to investigate whether loan products, repayment options, client screening and advisory services are formulated in a

manner that facilitates SME financing and renders it more sustainable (Kueredza, 2024; Maburutse et al., 2025).

The other assumption is that access to financial services can increase investment, working capital, productive assets and business continuity where credit is used efficiently (Gurley and Shaw, 1960; Manyanga et al., 2023). This assumption is relevant because the study seeks to assess how access to microfinance affects SME growth, performance and sustainability in Zimbabwe (Nyagope and Nyagope, 2023; Kueredza, 2024). The assumption also creates the basis for examining negative outcomes such as over-borrowing, high repayment pressure and loan diversion where credit is poorly structured or poorly utilised (Maburutse et al., 2025; Wasike, 2023).

A major strength of Financial Intermediation Theory is that it directly explains the financing gap that microfinance institutions attempt to fill in SME development (Diamond, 1984; Kuada, 2022). The theory is strong because it links the existence of financial institutions to information asymmetry, transaction-cost reduction, monitoring and risk management, which are central issues in SME lending (Kueredza, 2024; Nyagope and Nyagope, 2023). The theory is therefore useful in this study because it supports analysis of how CrediConnect Microfinance may improve access to credit, savings services, financial advice and repayment discipline among SMEs (Mveku et al., 2023; Maburutse et al., 2025).

The other strength is the fact that the theory relates financial access to quantifiable business performance including revenue growth, asset accumulation, profitability and survival (Gurley and Shaw, 1960; Manyanga et al., 2023). This is an asset that is aligned with Zimbabwean evidence that debt finance and access to financial products can affect the performance and development of SMEs (Manyanga et al., 2023; Nyagope and Nyagope, 2023). The theory thus assists the paper to go beyond the description of the availability of microfinance to the analysis of whether microfinance services are associated with real SME growth achievements (Kueredza, 2024; Maburutse et al., 2025).

Financial Intermediation Theory is directly related to the study because CrediConnect Microfinance acts as an intermediary between capital sources and SMEs that need finance for working capital, stock acquisition, equipment purchase and business expansion (Gurley and Shaw, 1960; Kueredza, 2024). The theory

supports the first research objective because it explains the role of microfinance institutions in facilitating financial and non-financial support to SMEs (Mveku et al., 2023; Maburutse et al., 2025). The theory also supports the second objective because it links access to finance with growth, performance and sustainability indicators such as sales, profitability, assets and employment (Manyanga et al., 2023; Nyagope and Nyagope, 2023).

2.1.2 Resource Based View Theory

The Resource-Based View explains that firms achieve growth and competitive advantage when they control and effectively use resources that support value creation (Wernerfelt, 1984; Barney, 1991). The theory was devised by Wernerfelt in 1984 through the idea of a resource-based view of the firm and later developed by Barney in 1991 through the argument that valuable, rare, imperfectly imitable and non-substitutable resources can generate sustained advantage (Wernerfelt, 1984; Barney, 1991). In SME studies, the theory is useful because small firms often grow when financial capital, human capability, market knowledge and organisational routines are converted into productive activity (Mugano and Dorasamy, 2024; Sarfo et al., 2024).

The theory conceptualizes resources in a broad way to comprise financial capital, physical assets, knowledge, skills, networks, systems, reputation and managerial competence (Wernerfelt, 1984; Barney, 1991). The present study suits this broad definition since microfinance support does not only arise in the form of credit, it may also be in the form of training, advisory services, repayment discipline, savings practices, group relationships and market connections (Maburutse et al., 2025; Wasike, 2023). The theory can be applied to explain how financial and non-financial services of CrediConnect Microfinance can be turned into strategic resources that SMEs utilise to enhance performance and sustainability (Sarfo et al., 2024; Nyagope and Nyagope, 2023).

The first assumption of the Resource Based View is that the firms are heterogeneous as they vary in terms of their resources, capabilities and managerial decisions (Wernerfelt, 1984; Barney, 1991). This assumption is relevant to SMEs as two businesses can be given the same loans but perform differently due to business competencies, industry, discipline of the owner, access to markets and financial

management abilities (Sarfo et al., 2024; Maburutse et al., 2025). The assumption, in the context of CrediConnect Microfinance, is that credit accessibility cannot necessarily lead to any growth unless SMEs are able to utilise that credit to generate output (Kueredza, 2024; Manyanga et al., 2023).

The second assumption is that resources add to advantage when they are valuable and they are effectively integrated with other firm capabilities (Barney, 1991; Sarfo et al., 2024). This is a crucial assumption since the microcredit can be productive only in the combinations with record keeping, stock management, access to markets, cost control and entrepreneurial judgment (Maburutse et al., 2025; Wasike, 2023). This assumption hence applies to the study since it facilitates the study on both financial and non-financial support, in particular, training, advisory services and financial literacy (Mveku et al., 2023; Nyagope and Nyagope, 2023).

The third assumption is that resource deployment is path-dependent since historical experience, learning by the owner-managers and accumulating business routines has an impact on future performances (Wernerfelt, 1984; Barney, 1991). The assumption applies since SMEs with a history of participating in microfinance can build repayment histories, discipline, networks and confidence that can enhance access to larger or more versatile finance in the future (Kueredza, 2024; Sarfo et al., 2024). The assumption also suggests that less experienced or newer SMEs might experience more issues in translating microfinance to sustainable growth (Maburutse et al., 2025; Manyanga et al., 2023).

The big advantage of the Resource-Based View is that it can explain the fact that access to finance would not have the same effect on all SMEs (Barney, 1991; Sarfo et al., 2024). The theory is more robust than an explanation based solely on credit in that it encompasses non-physical abilities like financial literacy, innovation, managerial skill and market learning (Mugano and Dorasamy, 2024; Wasike, 2023). The theory has thus aided this study to explore whether CreditConnect Microfinance can aid in the growth of SMEs by enhancing the resource base as well as the capability base of the SMEs (Mveku et al., 2023; Kueredza, 2024).

The other strength is that the focus of the theory fits the study well given that it focuses on growth, performance and sustainability and not necessarily short term borrowing alone (Wernerfelt, 1984; Barney, 1991). Growth of SMEs cannot just be

about taking loans since it is determined by how the firms utilise the funds to make sales, cost control, acquisition and survival of shocks (Manyanga et al., 2023; Nyagope and Nyagope, 2023). Also, the Resource-Based View makes it possible to analyse a wider range of microfinance as a bundle of financial and non-financial resources that can enhance enterprise resilience in the long run (Sarfo et al., 2024; Maburutse et al., 2025).

The Resource-Based View can be relevant to the current work since it describes the idea of SME development, which is based on the capacity to convert microfinance services into productive resources and capabilities (Wernerfelt, 1984; Sarfo et al., 2024). Credit by CrediConnect Microfinance can be perceived as financial resources, and training and advisory services can be perceived as knowledge resources enhancing managerial competence (Maburutse et al., 2025; Wasike, 2023). The theory thus justifies the analysis in this study of whether microfinance services enhance business growth, profitability, assets acquisition and sustainability among the SMEs in Zimbabwe (Kueredza, 2024; Manyanga et al., 2023).

The theory also helps explain the challenges faced by SMEs in accessing and using microfinance because resource limitations may reduce loan eligibility and productive use of funds (Barney, 1991; Nyagope and Nyagope, 2023). SMEs with weak records, poor financial literacy, unstable markets or limited managerial capacity may struggle to meet application requirements and may also struggle to convert borrowed funds into growth (Maburutse et al., 2025; Manyanga et al., 2023). In this study, the Resource-Based View therefore complements the financial access argument by explaining why SME capabilities influence the effect of microfinance on enterprise development (Sarfo et al., 2024; Kueredza, 2024).

2.1.3 Relationship between the two Theories

Financial Intermediation Theory and the Resource-Based View are complementary because they explain different stages of the microfinance-SME growth relationship (Gurley and Shaw, 1960; Barney, 1991). Financial Intermediation Theory explains how microfinance institutions reduce information and transaction-cost barriers so that SMEs can access financial services, while the Resource-Based View explains how SMEs use those services as resources for growth (Diamond, 1984; Sarfo et al., 2024). Together, the theories show that microfinance can influence SME development only

when access to services is matched by effective internal utilisation of resources (Kueredza, 2024; Maburutse et al., 2025).

The theories also link directly to the three objectives of the study because they cover provision, utilisation and constraints in the microfinance process (Nyagope and Nyagope, 2023; Kueredza, 2024). Financial Intermediation Theory supports the objective on financial and non-financial support by explaining the supply role of CrediConnect Microfinance, while the Resource-Based View supports the objective on growth by explaining how SMEs convert credit and training into performance (Mveku et al., 2023; Sarfo et al., 2024). The two theories jointly support the objective on challenges by showing that barriers may arise from both lender-side risk assessment and borrower-side capability limitations (Diamond, 1984; Maburutse et al., 2025).

2.2 Empirical literature review

This section reviews empirical literature according to the research objectives. The review first examines how microfinance institutions facilitate financial and non-financial support to SMEs, then examines how access to microfinance affects growth, performance and sustainability, and finally reviews challenges faced by SMEs in accessing and using microfinance services.

2.2.1 The extent to which microfinance institutions facilitate financial and non-financial support to SMEs in Zimbabwe

At the broad level, microfinance institutions are discussed in recent literature as financial access vehicles that provide credit, savings, microinsurance and advisory support to entrepreneurs who face exclusion from conventional banks (Kuada, 2022; Wasike, 2023). Kuada (2022) reviewed financial inclusion and small enterprise growth in Africa and argued that access to finance is connected to enterprise formation, resource mobilisation and growth possibilities for small firms. Wasike (2023) also reviewed microfinance services in Kenya and reported that microcredit, micro-savings and microinsurance are commonly linked with SME profitability, although local methodological gaps remain.

Global and cross-country evidence generally treats microfinance as more than loan provision because enterprise development often requires financial education, savings discipline and risk-protection mechanisms (Sarfo et al., 2024; Wasike, 2023).

Sarfo et al. (2024) found in a Ghanaian SME study that perceived value of microfinance influenced SME performance and exploratory innovation, which suggests that SMEs benefit when they perceive microfinance as useful for more than short-term liquidity. The same study is relevant to Zimbabwe because it shows that microfinance value is strengthened when services support innovation, market learning and enterprise adaptation rather than providing credit alone (Mugano and Dorasamy, 2024).

Regional African literature further shows that microfinance institutions support SMEs by using more flexible lending models than commercial banks and by extending finance to firms without conventional collateral (Kuada, 2022; Mugano and Dorasamy, 2024). Mugano and Dorasamy (2024) argue that African SMEs require finance, productive capacity, networks and resilience-building support because they operate in environments marked by informality, market shocks and resource constraints. This regional evidence supports the present study because SMEs served by CrediConnect Microfinance are likely to require a mixture of credit, advisory support, repayment discipline and business-capability development (Mveku et al., 2023; Kueredza, 2024).

Kenyan evidence also reinforces the argument that microfinance support is multidimensional rather than credit-only (Wasike, 2023; Musyoki et al., 2022). Wasike (2023) concluded that microfinance services can improve SME profitability when microcredit is combined with savings and insurance services that improve resilience and liquidity management. Musyoki et al. (2022) examined microfinance services and SME financial performance in Kenya and treated microfinance services as a set of products that can influence enterprise outcomes through liquidity, investment and risk management.

Zimbabwean literature gives more specific evidence that microfinance establishments contribute to the growth of SMEs by supporting access to capital where conventional bank loans remain difficult to obtain (Mveku et al., 2023; Kueredza, 2024). Mveku et al. (2023) studied SMEs in Midlands Province and reported that many SMEs struggle to grow because of limited capital and limited access to bank loans. This evidence is directly relevant to CrediConnect Microfinance because the institution operates in a market where SMEs frequently need an alternative

financing channel that can respond to working-capital demands (Nyagope and Nyagope, 2023).

Kueredza (2024) provides direct Zimbabwean evidence by investigating the impact of microfinance institution lending on SME growth and by framing microfinance lending as a practical response to SME funding limitations. The study is relevant to the first objective because it treats MFI lending as a support mechanism that can help SMEs acquire stock, expand operations and sustain business activity. The relevance to CrediConnect Microfinance is that the current study can assess whether its lending processes are actually perceived by clients as accessible, sufficient and useful for business needs (Nyagope and Nyagope, 2023).

Nyagope and Nyagope (2023) broaden the evidence by examining how access to financial products and services affects SME growth and development in Zimbabwe. Their mixed-methods approach is useful because it recognises that financial accessibility is not limited to a loan approval decision but includes the suitability, availability and usefulness of financial products to SME owner-managers. This supports the present study because CrediConnect Microfinance must be assessed not only by whether it lends to SMEs but also by whether its products match SME growth, performance and sustainability needs (Kueredza, 2024).

Maburutse et al. (2025) provide very recent Zimbabwean evidence from Gokwe Town using mixed methods and binary logistic regression on 103 MSMEs. Their study found that microcredit access, business management training, group formation and market access significantly influenced MSME growth, with microcredit and training showing the strongest effects. This finding directly supports the first objective because it shows that MFIs facilitate SME development most effectively when financial support is combined with non-financial support such as training, networks and market access.

Mveku et al. (2024) add a supply-side perspective by examining growth strategies used by Zimbabwean microfinance institutions to improve company performance. Their study found that digital innovation significantly affects operational efficiency, funding diversification positively influences profitability, and increased branch networks positively affect market share in Zimbabwean microfinance institutions. This evidence is relevant because CrediConnect Microfinance's capacity to support

SMEs depends partly on its own operational efficiency, product range, funding structure and ability to reach clients effectively (Kueredza, 2024).

2.2.2 How access to microfinance services has affected the growth, performance and sustainability of SMEs in Zimbabwe

The second goal is an outcome-based one, and the literature reviewed typically associates access to finance with sales growth, profitability, asset accumulation, employment and enterprise survival (Manyanga et al., 2023; Sarfo et al., 2024). Financial access impacts the performance of SMEs as it allows companies to purchase stock, equip them, and working capital, stabilise cash flows and cater to customer demand (Nyagope and Nyagope, 2023; Kueredza, 2024). This aim is thus interested in the question of whether access to microfinance is associated with its visible development of SMEs instead of its increase in the number of borrowers (Maburutse et al., 2025; Wasike, 2023).

On the broader developing-economy scale, Sarfo et al. (2024) discovered that the perceived value of microfinance was positively related with the SME performance via exploratory innovation in a sample of 581 Ghanaian SMEs. This is an indication that microfinance does not just perform its role of impacting performance in terms of liquidity, but also in terms of enabling entrepreneurs to experiment, adapt and innovate based on the market conditions. This has a microfinance implication on Zimbabwean SMEs since finance has the potential to enhance growth when borrowers can leverage finance to enhance product differentiation, working procedures, market access and resiliency (Mugano and Dorasamy, 2024; Nyagope and Nyagope, 2023).

Evidence in Africa also indicates that financial inclusion can better facilitate the growth of small enterprises through regular, affordable, business-oriented access to it (Kuada, 2022; Mugano and Dorasamy, 2024). According to Kuada (2022), financial inclusion offers an avenue through which small enterprises can grow, but the relationship between them lies in how the financial services are integrated into the operations of the enterprise and the market environment. This aspect is significant to CrediConnect Microfinance since the research needs to look at not just whether SMEs take loans but also the amount of loans, the timing and repayment terms of

the loans should be in line with business cycles (Kueredza, 2024; Nyagope and Nyagope, 2023).

Kenyan literature reveals that microfinance services, in most cases, are linked to SME profitability, particularly when credit is coupled with savings and risk-management products (Wasike, 2023). It is also cautioned in the study that localised evidence is still required due to the difference in SME performance that are found in sectors, regions and business models (Wasike, 2023). This warning applies to Zimbabwe since the impact of microfinance on SMEs served by CreditConnect Microfinance might vary across the retail, agriculture, transport, services and informal trading activities (Maburutse et al., 2025; Manyanga et al., 2023).

Manyanga et al. (2023) conducted a study on the impact of debt financing on the financial performance of SMEs in Zimbabwe and discovered that short-term debt, long-term debt and trade credit had a positive impact on financial performance. The significance of their study lies in the fact that they demonstrate that debt finance may finance the performance of SMEs in the case of its productive use and adequate management. The observation will be helpful to the current research since microfinance lending is a type of debt financing, which can enhance the working capital, revenue, and profitability, should the SMEs be able to repay the loan (Kueredza, 2024; Nyagope and Nyagope, 2023).

Nyagope and Nyagope (2023) have specifically looked at the availability of financial products and services and the growth and development of SMEs in Zimbabwe. Their research is topical as it ties SME growth to access to financial infrastructure, product-suitable and experience of owner-managers with financial services. This underpins the ongoing research since CrediConnect Microfinance needs to be evaluated on the basis of the growth indicators like sales, profitability, business growth and asset build-up (Kueredza, 2024).

Kueredza (2024) analysed the lending of microfinance institutions and the growth of SMEs in Zimbabwe and offers first-hand evidence of the correlation between MFI lending and enterprise development. The research substantiates the argument that the MFI lending can impact growth in cases where SMEs utilise debt to purchase inputs, increase stock levels, scale up business operations and stay afloat. Its applicability to CrediConnect Microfinance is that the use of loan at the client level

can show whether the loan use is correlated with growth or whether borrowing is incurred in consumption, debt cycle or survival requirements (Maburutse et al., 2025).

Mveku and colleagues (2023) identified that microfinance institutions played a crucial role in the development of SMEs in the Midlands Province of Zimbabwe and their sample entailed SMEs at Kadoma, Kwekwe, Gweru and Zvishavane (Mveku et al., 2023). Their research is practical since it employed a Pearson correlation and simple linear regression to examine the correlation between microfinance and SME growth (Mveku et al., 2023). This result justifies the current research since CrediConnect Microfinance may be studied with the help of client perceptions and growth indicators to understand whether microfinance services correlate with a quantifiable improvement in business (Mveku et al., 2023; Nyagope and Nyagope, 2023).

Maburutse et al. (2025) discovered that microcredit, financial training, market access and formation of groups of lenders had a positive impact on the growth of MSME in Gokwe Town. Their evidence is particularly applicable as it indicates that credit is not what leads to growth, as training and access to markets also played a role in the development of the enterprises. In the case of CreditConnect Microfinance, it implies that the research will need to determine whether loans are facilitated by systems that can assist SMEs in enhancing business operations and reaching out to customers (Sarfo et al., 2024).

The concept of growth is also to be interpreted as short-term and long-term sustainability since the SMEs can experience the growth of sales only to be exposed to the stress of debts, unsuccessful markets or ineffective management (Manyanga et al., 2023; Wasike, 2023). Manyanga et al. (2023) demonstrate that debt finance can be used to enhance performance, yet the Resource-Based View suggests that the capabilities of the firm can determine the strengths or weaknesses of debt on the sustainability (Barney, 1991). This difference is relevant to the present research since CrediConnect Microfinance can only assist in growing enterprises whereby borrowers utilise services in a manner that enhances cash flows, repayment abilities and resilience (Kueredza, 2024; Nyagope and Nyagope, 2023).

Some of the performance indicators employed in previous research are growth in sales, profitability, acquisition of assets, product growth, creation of employment and business survival (Mveku et al., 2023; Maburutse et al., 2025). The indicators fit the research at hand since they can measure both operational and economic contribution by SMEs (Mugano and Dorasamy, 2024; Manyanga et al., 2023). A study must, therefore, determine if CrediConnect-assisted SMEs show better turnover, working capital, and stock size, assets, employees and chances of survival following microfinance service access (Kueredza, 2024; Nyagope and Nyagope, 2023).

2.2.3 The problems SMEs face while seeking to access and make use of microfinance institution services

The third objective addresses the constraints that reduce the effectiveness of microfinance in supporting SME development (Maburutse et al., 2025; Kueredza, 2024). Prior literature shows that SMEs may face barriers before receiving loans, during loan utilisation and during repayment, which means access problems are not limited to approval or rejection decisions (Nyagope and Nyagope, 2023; Wasike, 2023). This objective is therefore important because a microfinance institution may be available in the market while SME clients still experience affordability, documentation, literacy and repayment challenges (Kuada, 2022; Maburutse et al., 2025).

On a broader African scale, Kuada (2022) believes that financial inclusion does not necessarily eliminate enterprise constraints since small businesses can continue to face high costs, lack financial literacy, deficient digital preparedness and volatile markets. According to this argument, the accessibility of microfinance needs to be evaluated based on its affordability, usability, business performance and service quality instead of the availability of loans alone (Wasike, 2023). Within the context of the CrediConnect Microfinance case, this implies that the study will have to evaluate how SMEs are able to fulfill product needs and consume services without experiencing a heavy burden of debt (Kueredza, 2024; Nyagope and Nyagope, 2023).

According to Wasike (2023), despite the potential role of microfinance services in enhancing profitability, contextual gaps and methodological constraints are also anticipated to indicate the need to localise analysis. This localised analysis is required since SMEs can be constrained in various ways based on their sector,

education of the owner, age of the business, access to and practices of financial management (Mugano and Dorasamy, 2024; Sarfo et al., 2024). This understanding underpins the current research since CrediConnect Microfinance clients might be faced with various limitations despite having the same loan products (Maburutse et al., 2025; Nyagope and Nyagope, 2023).

There is also regional evidence that borrowing would turn detrimental in which the size of the loan, the interest rate or repayment plan is mismatched with the cash-flow periods (Kuada, 2022; Wasike, 2023). SMEs typically have unpredictable revenue, seasonal demand and poor records keeping, which can make loan repayment a stressor when loan timetables are inflexible (Mugano and Dorasamy, 2024; Maburutse et al., 2025). The present research ought to thus assess whether the terms of CrediConnect Microfinance loans are affordable, flexible and in tandem with the SME operating cycles (Kueredza, 2024; Manyanga et al., 2023).

Zimbabwean experience demonstrates that SMEs have continuous difficulties with financing due to the lack of collateral, trustful records and formal credit histories (Manyanga et al., 2023; Nyagope and Nyagope, 2023). According to Manyanga et al. (2023), SME financing has been an issue in Zimbabwe despite debt financing being able to enhance financial performance when used in the right way. This is a significant piece of evidence since it demonstrates that microfinance can decrease the financing gap, but not all of the limitations related to borrowing, repayment and business financial management (Kueredza, 2024; Maburutse et al., 2025).

Maburutse et al. (2025) determined some of the problems encountered by MSMEs in receiving microfinance services in Gokwe Town, such as those related to interest rates, documentation, information asymmetry and separation of business and personal finances. They are directly applicable since their results indicate that SMEs might not only fail due to the lack of finance but also due to the poor conditions of access and the poor capabilities of borrowers. In the case of CrediConnect Microfinance, it implies that the research must examine whether customers face documentation challenges, pressure of repayment, poor financial documentation or information on the lending policy (Nyagope and Nyagope, 2023).

It is also insinuated by Nyagope and Nyagope (2023) that the availability of financial products and services is one of the key challenges in the development of

Zimbabwean SMEs. The physical location of an institution is not the only aspect of accessibility as it encompasses awareness and eligibility, product appropriateness, affordability and the capacity to productively utilise financial services. This is in line with the present research as CrediConnect Microfinance must be examined on the basis of whether its products are affordable to the SMEs it aims to cater to (Kueredza, 2024; Maburutse et al., 2025).

As demonstrated by Kueredza (2024), the microfinance lending can be utilised to facilitate the growth of the SME in Zimbabwe, yet the same lending context may be undermined by risks of borrowers, lack of business capacity and product fit. The research thus indicates a practical effect of microfinance to be contingent on lender-side and borrower-side conditions. This implies that loan appraisal processes, the use of collateral, and the enforcement of repayment, financial literacy of borrowers, and cash-flow volatility (sector-specific) might be problematic in the CrediConnect Microfinance case (Manyanga et al., 2023).

Mveku et al. (2024) offer supply-side evidence of how Zimbabwean MFIs enhance performance by utilizing digital innovation, diversifying funds and expanding the branch network. Their result indicates that MFI-level capacity has an impact on client-level access since an institution that has weak systems, limited funding or has limited reach might not deliver reliable and affordable services to SMEs. This applies to CrediConnect Microfinance since the difficulties encountered by SMEs can be client-related as well as institutional capacity, use of technology and lack of funding (Mveku et al., 2023).

The high interest rates and repayment pressure are often cited as the most significant issues of microfinance due to the possibility of small businesses having thin margins and erratic cash flows (Maburutse et al., 2025; Wasike, 2023). In the event that the cost of microfinance loans is high, SMEs might utilise the revenue to service their debt instead of reinvesting in stock, assets or growth (Manyanga et al., 2023; Kueredza, 2024). This renders affordability a central concern to the present research since CrediConnect Microfinance support could be evaluated on whether or not it allows expansion, as opposed to just adding to the debt exposure (Nyagope and Nyagope, 2023; Maburutse et al., 2025).

Access and utilisation are also influenced by financial literacy and business-record weaknesses since lenders require access to risk assessment information, and borrowers require records to manage money (Maburutse et al., 2025; Manyanga et al., 2023). Without the separation of personal and business finances, SMEs can struggle to demonstrate profitability, track cash flow or be able to repay (Maburutse et al., 2025; Nyagope and Nyagope, 2023). It implies that CrediConnect Microfinance might have to integrate lending and financial education and record-keeping assistance in case it is to enhance the growth of the SMEs on a sustainable basis (Mveku et al., 2023; Wasike, 2023).

SMEs may also be locked out by documentation and information asymmetry in the presence of MFIs (Diamond, 1984; Maburutse et al., 2025). Lenders might require business plans, cash-flow documents, guarantors or repayment recordings since they require to handle the default risk and to safeguard loan portfolios (Diamond, 1984; Kueredza, 2024). The current research ought to look into the question of whether CrediConnect Microfinance requirements are clear, realistic and well communicated to SME clients (Nyagope and Nyagope, 2023; Maburutse et al., 2025).

The challenge literature says that microfinance may occasionally lead to debt cycling when new loans are used to pay old loans or that business loans are consumed by households (Wasike, 2023; Maburutse et al., 2025). These consequences undermine the development of SMEs since credit ceases to be productive capital and turns into a survival mechanism or a liability (Manyanga et al., 2023; Kueredza, 2024). In the CrediConnect Microfinance context, this issue justifies investigation of loan utilisation, repayment behavior and whether clients receive sufficient guidance on business use of funds (Mveku et al., 2023; Nyagope and Nyagope, 2023).

2.3 Conceptual Framework

This section develops a conceptual framework showing how the study variables relate to the role of microfinance institutions in SME growth (Wernerfelt, 1984; Barney, 1991). The framework identifies microfinance services as the independent variable, access and utilisation as the mediating process, SME growth and development as the dependent variable, and contextual factors as control or moderating variables (Kueredza, 2024; Nyagope and Nyagope, 2023). The framework is derived from Financial Intermediation Theory, the Resource-Based View and

empirical evidence showing that microfinance affects SME outcomes through credit, training, savings, market access and borrower capability (Sarfo et al., 2024; Maburutse et al., 2025).



Figure 2.1: Conceptual framework showing how microfinance services, access and utilisation influence SME growth, performance and sustainability.

2.3.1 Independent variable: microfinance services

Microfinance services are the independent variable in this study and refer to the financial and non-financial services provided by CrediConnect Microfinance to support SMEs (Kueredza, 2024; Maburutse et al., 2025). These services include microcredit, savings facilities, microinsurance, business training, advisory support, financial literacy and possible market-linkage assistance (Wasike, 2023; Maburutse et al., 2025). The variable is independent because the study expects the nature and quality of microfinance services to influence SME growth, performance and sustainability (Nyagope and Nyagope, 2023; Mveku et al., 2023). Microfinance services are linked to the study topic because CrediConnect Microfinance is being investigated as a provider of support to SMEs in Zimbabwe (Kueredza, 2024; Nyagope and Nyagope, 2023). Financial Intermediation Theory explains this variable by showing how MFIs reduce the financing gap between capital providers and excluded entrepreneurs (Gurley and Shaw, 1960; Diamond, 1984). The Resource-Based View also explains this variable because credit, training and advisory support can become

valuable resources that SMEs use to improve operations and competitiveness (Barney, 1991; Sarfo et al., 2024).

2.3.2 Mediating variable: access and utilisation of microfinance services

Access and utilisation are the intermediary process by which microfinance services impact SME outcomes (Sarfo et al., 2024; Maburutse et al., 2025). The term access describes how SMEs can access the appropriate and affordable microfinance services, and utilisation describes how efficiently SMEs utilise those services to productive business ends (Nyagope and Nyagope, 2023; Kueredza, 2024). This variable is added because the very presence of the microfinance services does not ensure growth unless SMEs could access and utilise those services in a proper way (Kuada, 2022; Manyanga et al., 2023). The mediating variable is directly connected to the topic as it will clarify why some SMEs can develop following the utilisation of CrediConnect Microfinance and others might not see significant growth or face repayment stress (Maburutse et al., 2025; Manyanga et al., 2023). The appropriate use can be the purchase of stock, the acquisition of productive resources, the expansion of business facilities, the enhancement of marketing or the better management of working capital (Kueredza, 2024; Nyagope and Nyagope, 2023). Inappropriate utilisation might include redirecting loans towards consumption, lending loans towards settling old debts or not dividing business and personal finances (Maburutse et al., 2025; Wasike, 2023).

2.3.3 Dependent variable: SME growth, performance and sustainability

SME growth, performance and sustainability are the dependent variable in this study because they are expected to change in response to microfinance services and their utilisation (Nyagope and Nyagope, 2023; Kueredza, 2024). Growth refers to increases in sales, stock levels, customers, assets, branches or employees, while performance refers to profitability, cash-flow improvement and productivity (Manyanga et al., 2023; Mveku et al., 2023). Sustainability refers to the ability of the SME to survive, repay debt, withstand shocks and continue operating over time (Mugano and Dorasamy, 2024; Sarfo et al., 2024). This variable is directly linked to the topic because the study seeks to determine whether CrediConnect Microfinance contributes to SME development in Zimbabwe (Kueredza, 2024; Nyagope and Nyagope, 2023). Empirical evidence indicates that debt finance, microcredit,

training and market access may improve SME performance when they are relevant and well utilised (Manyanga et al., 2023; Maburutse et al., 2025). The dependent variable therefore allows the study to assess practical outcomes rather than assuming that microfinance support automatically produces growth (Wasike, 2023; Sarfo et al., 2024).

2.3.4 Control and moderating variables

Control and moderating variables are included in the conceptual framework since the association between microfinance and SME growth could be influenced by other factors beyond the loan (Barney, 1991; Kuada, 2022). They are interest rates, collateral requirements, repayment period, business age, business size, sector, and owner-manager capability, market conditions and the broader economic environment (Maburutse et al., 2025; Manyanga et al., 2023). They matter as SMEs can obtain quite comparable microfinance services and get varying growth outcomes due to varying circumstances and abilities (Sarfo et al., 2024; Mugano and Dorasamy, 2024). These variables are connected to the issue since CreditConnect Microfinance can affect SME development in various ways based on the traits of clients and the environment (Kueredza, 2024; Nyagope and Nyagope, 2023). The growth effect of credit could be enhanced or diminished by high interest rates and strict repayment schemes and the same credit could be enhanced or diminished by high financial literacy and access to markets (Maburutse et al., 2025; Wasike, 2023). The control variables provided thus render the framework more realistic in that it acknowledges that both institutional services and SME-level capacity determine outcomes of microfinance (Mveku et al., 2024; Sarfo et al., 2024).

2.4 Research Gap

Although recent literature confirms that microfinance can support small and medium enterprise development, important gaps remain in the Zimbabwean context. First, much available evidence examines microfinance at national, regional or sector level, rather than analysing the contribution of one named institution to its own SME clients. For example, Mveku et al. (2023) examined SMEs across Midlands towns, Nyagope and Nyagope (2023) assessed financial-product accessibility in Zimbabwe generally, and Maburutse et al. (2025) studied MSMEs in Gokwe Town. These studies

are useful, but they do not show how CrediConnect Microfinance specifically provides financial and non-financial support to SMEs.

Second, several studies emphasise credit access while giving limited attention to the combined effect of credit, savings, financial-management training, advisory services and business-idea support. This gap is important because recent evidence shows that enterprise outcomes improve when finance is accompanied by knowledge and capability-building support. Sarfo et al. (2024) found that the perceived value of microfinance improves SME performance through innovation, while Maburutse et al. (2025) found that microcredit, business training, group formation and market access jointly influenced MSME growth in Zimbabwe. Therefore, the present study addresses the gap by assessing both financial and non-financial services offered through CrediConnect Microfinance.

Third, existing studies do not sufficiently connect microfinance access to measurable SME outcomes such as sales growth, profitability, asset accumulation, employment creation, business survival and sustainability. Manyanga et al. (2023) show that debt financing can improve SME financial performance in Zimbabwe, but the productive effect of debt depends on how funds are used. This creates the need to examine whether SMEs benefiting from CrediConnect Microfinance actually report stronger growth, performance and sustainability than non-beneficiaries.

Fourth, there is still limited institution-specific evidence on the challenges SMEs face when using microfinance services. Studies by Mago and Modiba (2024), Wasike (2023) and Maburutse et al. (2025) identify constraints such as regulation, exclusion, high borrowing costs, collateral requirements, documentation demands and repayment pressure. However, these challenges need to be examined within the operational realities of CrediConnect Microfinance, where client profiles, loan administration procedures, repayment arrangements and support services may differ from those reported in broader studies.

The overall gap is therefore the absence of a focused, objective-based and case-specific study explaining how CrediConnect Microfinance contributes to SME development in Zimbabwe. This study fills that gap by linking service provision, service utilisation, access challenges and SME development outcomes in one empirical investigation using primary and documentary review data.

2.5 Chapter summary

This chapter reviewed literature on the role of microfinance institutions in SME growth with specific attention to CrediConnect Microfinance in Zimbabwe. The theoretical review used Financial Intermediation Theory and the Resource-Based View to explain how MFIs provide access to finance and how SMEs transform financial and non-financial resources into growth outcomes. The relationship between the two theories showed that microfinance can support SME growth only when access to services is matched by effective utilisation and firm capability. The empirical review followed the study objectives and showed that MFIs facilitate SME support through credit, savings, training, advisory services, group formation and market access. The review also showed that access to microfinance can influence SME growth, performance and sustainability, although the effect depends on affordability, loan utilisation, business capability and market conditions. The research gap identified the need for a focused institution-specific study of CrediConnect Microfinance, while the conceptual framework linked microfinance services, access and utilisation, control factors and SME growth outcomes.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology that guided the investigation of the impact of microfinance institutions on the development of small to medium enterprises in Zimbabwe, with particular focus on CrediConnect Microfinance. It outlines the research philosophy, research design, target population, sampling procedures, data collection instruments, data collection procedures, validity and reliability measures, data analysis methods and ethical considerations. The chapter is deliberately organized to provide the methodological foundation for the presentation, analysis and discussion of findings in the next chapter. Since the study seeks to determine how financial and non-financial microfinance services contribute to SME development, a method capable of generating both measurable patterns and explanatory insights was considered appropriate.

3.2 Research Philosophy

The research philosophy informed by pragmatist was used. Pragmatism would be suitable in cases where the researcher is more interested in the effectiveness with which he or she answers the research problem than in defending one specific philosophical stand. It enables the researcher to blend quantitative measurement with contextual interpretation, particularly in business and social research when organizational realities are complicated and when one method might not be appropriate to explain the phenomenon being studied (Creswell and Creswell, 2023; Saunders et al., 2023). The pragmatist position was the one that fitted in this study since the role of the microfinance in SMEs has a quantitative and a practical aspect. Closely, the study had to measure the patterns of responses, the mean scores, association and predictive relationships but also it had to understand the meaning of the loan costs, collateral requirements, training support and business survival in an enterprise-development view. Pragmatism thus allowed the study to employ objective statistical methods whilst retaining the pragmatic experiences of SME respondents and the evidence of CrediConnect-related (Sekaran and Bougie, 2020; Creswell and Creswell, 2023).

3.3 Research Approach

The research took a mixed-methods design with a primarily quantitative focus. The quantitative one was employed to gather structured questionnaire data that can be analysed through the descriptive statistics, cross-tabulations, chi-square tests, correlation and regression analysis. Interpretation was supported by the qualitative and documentary components, which make a connection between survey responses and the institutional trends including the growth of loan-books, SMEs financed, training activity and estimated jobs supported (Creswell and Creswell, 2023; Saunders et al., 2023). It was desirable to take a mixed approach since the study problem needed both breadth and depth. Quantitative data was required to ascertain whether the variables of microfinance support were correlated with SME development whereas the review of documents was required to generate supporting institutional evidence in the long run. This mix enhanced triangulation, minimized reliance on a single piece of evidence and enabled the study to form more balanced conclusions on the impact and shortcomings of microfinance in the development of SMEs (Sekaran and Bougie, 2020; Miles et al., 2020).

3.4 Research Design

The study used a descriptive and explanatory case study design. The descriptive aspect was used to profile respondents and enterprises, summarize microfinance products accessed, describe cost and access challenges, and present the pattern of SME development indicators. The explanatory aspect was used to test relationships between microfinance-related variables and SME development through inferential statistics, including chi-square analysis, t-tests, ANOVA, Pearson correlation and multiple regression (Hair et al., 2021; Saunders et al., 2023). The case study aspect was suitable since the study was based on CreditConnect Microfinance as the institutional case of exploring the role of microfinance in the development of SMEs. Case study design allows investigation of a narrow real-world setting in a detailed way, particularly when the researcher is keen on relating organizational practices to beneficiary outcomes. In this research, the design enabled the researcher to focus on credit provision, training, advisory services, loan utilisation, access challenges and SME development in a single identifiable microfinance context instead of

considering the microfinance sector (Creswell and Creswell, 2023; Saunders et al., 2023).

3.5 Target Population

The target population consisted of microfinance institution officers, small and medium enterprise owners or managers, and individual beneficiaries who had direct or relevant experience with microfinance services in Zimbabwe. Microfinance officers were included because they understand product design, loan conditions, support services and institutional records. SME owners and individual beneficiaries were included because they are the main users of microfinance services and are therefore best placed to evaluate whether such services influence business growth, performance and sustainability. The population categories were selected in line with the research objectives.

Table 3.1: Target population and study categories

Respondent category	Reason for inclusion	Data relevance
Microfinance institution officers	They understand products, loan procedures and support systems.	Financial and non-financial support, institutional records and lending conditions.
Small and medium enterprises	They are the main business units through which microfinance impact is observed.	Business growth, performance, survival, loan use and access challenges.
Individual beneficiaries	They provide user-level evidence on personal enterprise experience.	Credit use, training support, business survival and constraints.

Table 3.1 explains the source of the data by separating the population into microfinance officers, SMEs and individual beneficiaries. This was appropriate because the study needed evidence from both the provider side and the user side of microfinance. Saunders et al. (2023) support such alignment between research objectives and data sources in business research.

Source: Researcher (2026).

3.6 Sampling design and sample size

The study used stratified purposive sampling. Stratification ensured that the main respondent groups were represented, while purposive selection ensured that participants had relevant knowledge or experience regarding microfinance and SME development. This was important because a purely random selection could have included respondents with little or no experience of microfinance services, thereby weakening the usefulness of the data (Saunders et al., 2023; Sekaran and Bougie, 2020). A total of 150 questionnaires were planned for distribution across the three respondent categories. The distribution was designed in such a way that it was possible to capture the centrality of SMEs in the study and yet enable microfinance officers and individual beneficiaries to provide supplementary evidence. The sample was deemed to be sufficient in the descriptive and inferential analysis as it contained sufficient cases to do cross-tabulations, group comparisons, correlation and multiple regression analysis within the scope of an undergraduate dissertation case study (Hair et al., 2021; Creswell and Creswell, 2023).

Table 3.2: Planned Sample Distribution

Respondent category	Planned questionnaires	Sampling technique
Microfinance institution officers	10	Purposive sampling
Small and medium enterprises	100	Stratified purposive sampling
Individual beneficiaries	40	Stratified purposive sampling
Total	**150**	**Mixed purposive stratification**

Table 3.2 shows that 150 questionnaires were planned, with most instruments allocated to SMEs because they were the main units of analysis. This distribution was justified because the study investigated SME development outcomes, while MFI officers and individual beneficiaries provided supporting evidence. Mveku et al. (2023) also used SME-focused field evidence when examining microfinance and SME growth in Zimbabwe.

Source: Researcher (2026).

3.7 Data Sources

Secondary and primary data sources were used in the study. Structured questionnaires were used to collect primary data which were done to microfinance officers, SME respondents and individual beneficiaries. Primary data were needed since the research needed first-hand data of the respondents on their credit

experiences, financial management training, advisory service, loan usage, business performance and microfinance access issues (Sekaran and Bougie, 2020; Saunders et al., 2023).

Secondary data were sourced out by reviewing documents on support indicators of CreditConnect, and other institutional records that can be used in the research. Documentary review was also considered to triangulate the evidence of the questionnaire and to see whether the perceptions of the respondents were in line with the changes in the institutional trends over time. Some of the documentary indicators were supposed to be loan-book movement, SMEs financed, average loan size, training and advisory sessions, estimated jobs supported and portfolio-at-risk trends.

3.8 Research Instruments

The main research instrument was a structured questionnaire. The questionnaire was appropriate since it enabled standardization of responses of a relatively big sample size of respondents and enabled the researcher to translate respondent perceptions into variables that could be measured. The tool included demographic profile, enterprise characteristics, microfinance support received, loan costs, access challenges, loan utilisation, non-financial support, entrepreneurial skills and SME development outcomes (Nardi, 2021; Sekaran and Bougie, 2020).

The questions in the questionnaire were closed-ended questions and Likert-scale questions as this type is appropriate to descriptive and inferential statistical analysis. The Likert-scale questions focused on the extent to which the respondents concurred with the statements on cost of loans, processing fee, penalty, security needs, application process, loan term, training services and advisor services and business survivability. The similarity of the formats of scales enhanced comparability and were used to formulate composite indices to be further analysed (Hair et al., 2021; Saunders et al., 2023).

Table 3.3: Structure of the Questionnaire

Section	Content covered	Purpose
A	Respondent category, sex, age and education level.	To establish demographic profile.
B	Business type, years in business and number of employees.	To establish enterprise characteristics.
C	Initial capital, MFI participation and products received.	To assess financial and non-financial support.
D	Loan costs, collateral, procedures and repayment period.	To measure access and usage challenges.
E	Loan utilization, training, advisory support and survival.	To assess SME growth and sustainability indicators.
F	Entrepreneurial skills and SME development items.	To construct development-related indices.

Source: Researcher (2026).

Table 3.3 shows that the questionnaire moved from demographic details to enterprise characteristics, microfinance access, loan challenges, support services and development outcomes. This structure helped the researcher collect evidence that matched the research objectives rather than collecting unrelated data. Creswell and Creswell (2023) argue that research instruments should translate objectives into measurable variables.

3.9 Validity of the research instrument

Validity is the degree of measuring what is supposed to be measured by a research instrument. Content validity was taken care of, as questionnaire items were related to the study objectives and the most important variables discovered during the literature review. Credit items, non-financial support, cost burden, access problems and SME development were added since they directly related to the constructs needed by the conceptual framework (Creswell and Creswell, 2023; Sekaran and Bougie, 2020). Review of the questionnaire in terms of clarity, relevance and simplicity enhanced face validity prior to complete administration. The tool was verified to make sure that language can be comprehended by SME participants and by single beneficiaries, particularly those who may lack familiarity with the research jargon. The support of construct validity was achieved by categorizing the questionnaire items based on definite variables, such as the burden of loan costs, the challenge in accessing it, non-financial assistance, the use of loans and SME development (Saunders et al., 2023; Hair et al., 2021).

3.10 Reliability of the research instrument

Reliability refers to the consistency of a measurement instrument. In this study, reliability was planned to be assessed using Cronbach's Alpha for the multi-item scales. Cronbach's Alpha was considered appropriate because the questionnaire used several Likert-scale items to measure related constructs such as loan cost burden, access challenges, non-financial support and SME development (Hair et al., 2021; Field, 2018). An alpha coefficient of 0.70 or above was treated as acceptable for the main multi-item constructs, while slightly lower values were to be interpreted cautiously where the scale had few items and where the study remained exploratory. Composite indices were to be created only where items showed acceptable internal consistency or where the items were theoretically justified as representing one construct. This procedure ensured that the statistical analysis would be based on coherent variables rather than isolated questionnaire items (Hair et al., 2021; Sekaran and Bougie, 2020).

3.11 Data collection procedure

The data collection was to start with the permission-seeking and identification of respondents. The researcher initially determined the categories of the relevant respondents, told them about the study and asked them to take part in the research voluntarily. Afterwards, questionnaires were distributed to the chosen respondents in the target microfinance officer, SME and individual beneficiary groups and clear guidelines were given to complete the questionnaire.

Questionnaires were checked to ensure that they were complete before coding. Missing questions in questionnaires, or where the pattern of response was difficult to interpret, would be left out of the final usable data. The documentary evidence was collected independently and assembled in the form of yearly indicators to enable it to be compared with the survey evidence in the analysis chapter. This sequencing was useful to make sure that questionnaire information and documentary evidence were used as complementary, but not interchangeable, sources of evidence.

3.12 Data analysis methods

Quantitative data were to be coded and analysed using statistical procedures suitable for the research objectives. Descriptive statistics were planned for demographic profile, enterprise profile, microfinance products accessed, support received and challenges experienced. Frequencies and percentages were appropriate for categorical variables, while means and standard deviations were appropriate for Likert-scale items and composite variables (Field, 2018; Hair et al., 2021). Inferential statistics were also planned to test associations and predictive effects. Cross-tabulations and chi-square tests were to be used to determine whether development levels differed across categorical variables such as benefit from microfinance services, business type and years in business. Independent samples t-tests were planned to compare SME development between beneficiaries and non-beneficiaries, while one-way ANOVA was planned to compare SME development across years-in-business categories. Pearson correlation was planned to examine relationships among the major variables, and multiple regression was planned to determine the predictive effects of microfinance-related variables on SME development (Field, 2018; Hair et al., 2021).

Table 3.5: Alignment of objectives and data analysis techniques

Research objective	Data required	Planned analysis technique
To establish the extent to which MFIs provide financial and non-financial support to SMEs.	Capital sources, MFI participation and products received.	Frequencies, percentages and descriptive statistics.
To determine how access to microfinance affects SME growth, performance and sustainability.	Loan use, survival, non-financial support and development indicators.	Means, t-tests, ANOVA, correlation and regression.
To evaluate problems SMEs face when accessing and using microfinance services.	Loan costs, collateral, procedures and repayment period.	Means, standard deviations and challenge indices.
To test the hypothesis on the contribution of microfinance to SME development.	Composite variables and SME development index.	Chi-square, correlation and multiple regression.
To triangulate survey evidence with institutional trends.	Loan book, SMEs financed, training, jobs supported and portfolio quality.	Documentary review and trend interpretation.

Source: Researcher (2026).

Table 3.5 shows how each objective was linked to specific variables and statistical techniques. The table explains where the numbers used in Chapter Four came from and why frequencies, means, cross-tabulations, correlation and regression were

suitable. Hair et al. (2021) support this approach because quantitative findings are stronger when measurement and analysis are aligned before interpretation.

3.13 Model Specification

The study planned to use multiple regression to estimate the combined effect of selected microfinance-related variables on SME development. The regression model was specified as follows:

$$\text{SME DEV} = \beta 0 + \beta 1\text{LCB} + \beta 2\text{ACH} + \beta 3\text{NFS} + \beta 4\text{ESK} + \varepsilon$$

Where SME DEV represents the SME development index, LCB represents the loan cost burden index, ACH represents the access challenge index, NFS represents the non-financial support index, ESK represents the entrepreneurial skills index, β0 is the constant, β1 to β4 are regression coefficients, and ε is the error term. Loan utilisation and survival were also planned for descriptive and correlational analysis because they provide important evidence on how borrowed funds are used, but the final regression model would depend on reliability, theoretical relevance and diagnostic assessment.

3.14 Hypothesis testing

The null and the alternative hypotheses presented in Chapter One were used to direct the study. The null hypothesis was that microfinance institutions do not significantly affect the development of SMEs in Zimbabwe and the alternative hypothesis was that microfinance institutions play a significant role in the development of SMEs. The statistical significance and direction of the inferential evidence, particularly, correlation, group comparison and multiple regression evidence, were to be used in hypothesis testing.

The null hypothesis would be rejected in the event of the evidence indicating statistically significant correlations between microfinance-related variables and SME development, particularly where non-financial support, entrepreneurial skills and productive loan use had positive correlations with development outcomes. The null hypothesis would be accepted provided that no significant association between microfinance variables and SME development was obtained or that overall regression model did not explain significant variation of the dependent variable. This guideline helped in making the hypothesis decision to be empirical and not an opinion.

3.16 Documentary review procedure

Additional procedures were documentary review. It concentrated on institutional indicators to the support provided to SMEs by CreditConnect such as size of loan-book, number of SMEs served, average loan book, training and advisory services, number of estimated jobs supported and portfolio-at-risk over 30 days. The indicators were chosen as they would demonstrate evidence on both outreach and sustainability of microfinance support in the long run.

The documentary evidence was to be arranged in the annual format in order to determine the trends between 2021 and 2025. It was practical to use trend interpretation since the responses of the questionnaires will reflect the perception of the respondents at a given time, whereas the documentary indicators will reveal whether the institutional support has been growing, stagnating or declining over time. The objective of the study was to enhance the validity of its findings on the developmental impact of microfinance by taking a combination of survey findings and reviewing the documentary.

3.16 Ethical considerations

The ethical considerations were followed during the research. The purpose of the study was disclosed to the respondents, and they were free to take part in the research. The researcher did not use any coercion and rather made the respondents free to either refuse to participate or to withdraw where they felt uncomfortable. This was significant because it was a study of business and financial information, and some respondents might view this as sensitive. The study kept confidentiality by not disclosing the personal identities in the analysis and report. The report of responses was on an aggregate basis and was only done on the academic basis. Documentary evidence was handled responsibly and was used only to support the study objectives. Ethical handling of data was necessary to protect respondents, maintain trust and improve the credibility of the research process (Creswell and Creswell, 2023; Saunders et al., 2023).

3.19 Chapter summary

This chapter presented the methodology that guided the study on the impact of microfinance institutions on the development of SMEs in Zimbabwe, using

CrediConnect Microfinance as the case focus. The chapter explained the pragmatist philosophy, mixed-methods approach, descriptive and explanatory case study design, target population, sampling procedures, data sources, research instruments, validity, reliability, data collection procedures and data analysis methods. It also specified the measurement of variables, the regression model, hypothesis-testing approach, documentary review procedure and ethical considerations. The next chapter presents, analyses and discusses the findings generated through the methodology explained in this chapter.

CHAPTER IV

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter presents, analyses and discusses the findings of the study on the impact of microfinance institutions in developing small to medium enterprises in Zimbabwe, with special focus on CrediConnect Microfinance. In keeping with the methodology, the chapter uses descriptive statistics, cross-tabulations, chi-square tests, correlation analysis, multiple regression analysis and documentary review evidence to address the research objectives. The chapter is organized into distinct analytical sections that mirror the research objectives. The first section reports the response rate and demographic and enterprise profile of respondents. The second examines the extent to which microfinance institutions facilitate financial and non-financial support to SMEs. The third analyses how access to microfinance affects business growth, performance and sustainability. The fourth evaluates the main problems SMEs face when seeking and using microfinance services. The fifth uses inferential statistics and documentary review evidence to test the study hypothesis and deepen interpretation of the findings.

4.2 Response rate and quality of the dataset

The adequacy of the response rate matters because weak response levels can distort conclusions and reduce confidence in the resulting findings. In this study, the response profile was strong and evenly distributed across the three planned strata. Balanced participation from microfinance institutions, SMEs and individual beneficiaries also helps to preserve the sampling structure that had been designed in the methodology chapter.

Table 4.1 Response rate by respondent category

Respondent category	Questionnaires distributed	Usable questionnaires returned	Response rate (%)
Microfinance institutions	10	9	90.0
Small and medium enterprises	100	90	90.0
Individual beneficiaries	40	36	90.0
Total	150	135	90.0

Table 4.1 shows that 135 out of 150 questionnaires were usable, giving a response rate of 90 percent in each respondent category. This high return rate means the findings were based on a strong proportion of the intended respondents and were less likely to be weakened by non-response bias. The balanced 90 percent return across all strata also improved comparability between MFI officers, SMEs and individual beneficiaries. This strengthens the credibility of the dataset, as Nardi (2021) notes that stronger survey participation improves the dependability of quantitative evidence.

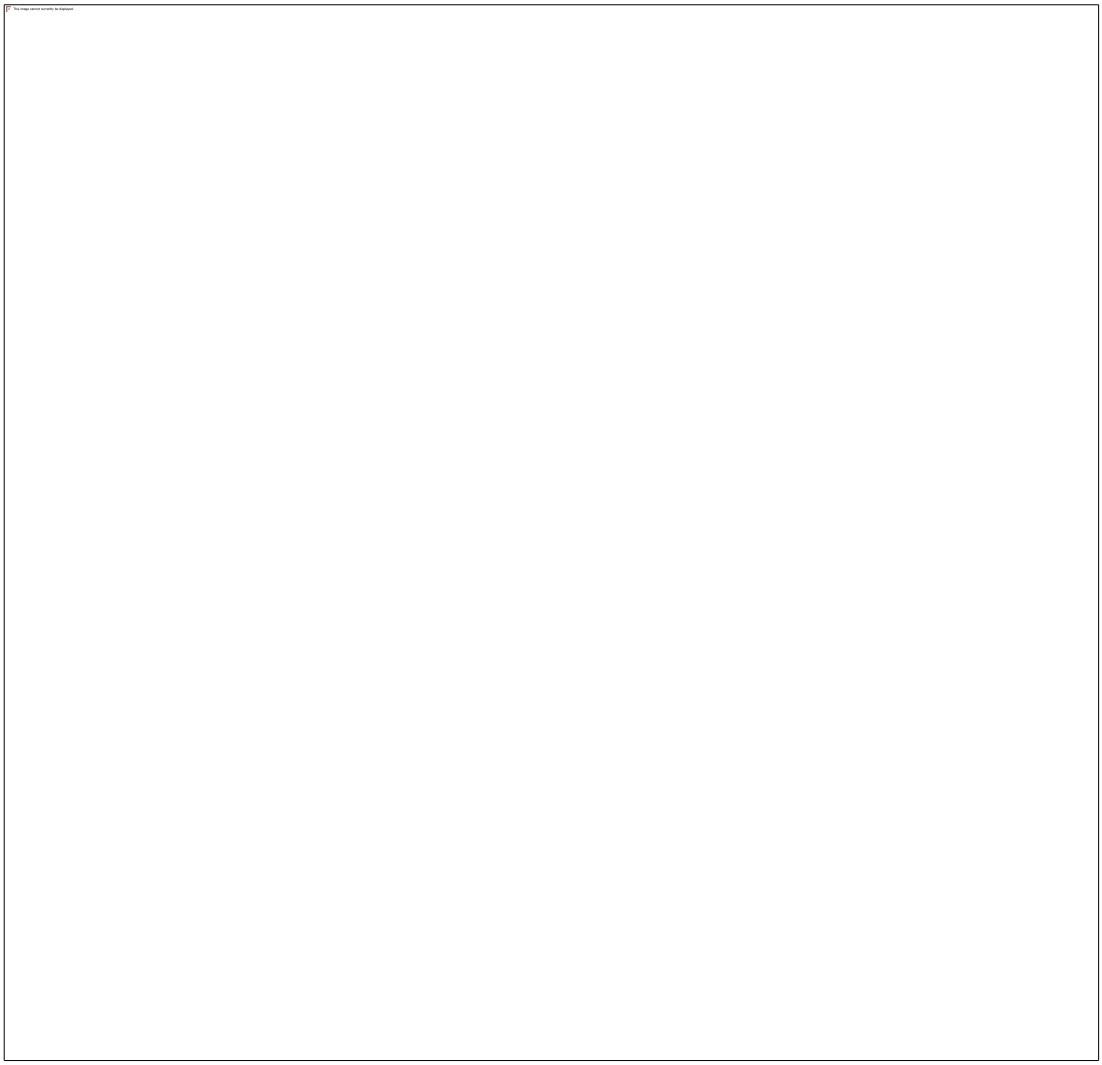


Figure 4.1: Overall questionnaire response rate, used to show the proportion of usable questionnaires returned against non-usable or non-returned questionnaires.

Figure 4.1 shows that nine out of every ten questionnaires distributed were returned in usable form. This indicates good field administration and strong respondent cooperation. The small share of non-usable or non-returned instruments is not large enough to cast doubt on the overall integrity of the dataset.



Figure 4.2: Distribution of usable questionnaires by respondent stratum, used to show whether responses were fairly represented across MFIs, SMEs and individual beneficiaries.

Figure 4.2 further shows that the usable returns were proportionate to the original distribution. This means that no stratum dominated the response pattern in a way that would compromise representativeness within the context of the case study.

4.3 Demographic and enterprise profile of respondents

This section presents the demographic and enterprise profile of respondents because the contribution of microfinance may differ by age, education, business type, firm size and business maturity. A clear profile therefore strengthens the interpretation of later findings.

Table 4.2 Respondent category profile

Respondent category	Frequency	Percent
SME	90	66.7
Individual Beneficiary	36	26.7
MFI Officer	9	6.7

Table 4.2 shows that SMEs formed the largest group with 90 respondents, representing 66.7 percent of the usable sample. This was appropriate because the study mainly examined SME growth, performance and sustainability. Individual beneficiaries contributed 26.7 percent, while MFI officers contributed 6.7 percent, creating a useful balance between client-side and institutional evidence. This composition supports Mveku et al. (2023), who emphasise that SME-centered evidence is necessary when assessing microfinance impact in Zimbabwe.

Table 4.3 Sex profile of respondents

Sex	Frequency	Percent
Male	78	57.8
Female	57	42.2

Table 4.3 shows that male respondents accounted for 57.8 percent, while female respondents accounted for 42.2 percent. The result shows that both men and women participated, although males were slightly more represented. This matters because access to finance can differ by gender, especially where ownership, collateral and formal records are unevenly distributed. Mago and Modiba (2024) also show that exclusion and inequality affect participation in microfinance-related sectors in Zimbabwe.

Table 4.4 Age profile of respondents

Age group	Frequency	Percent
Below 25	7	5.2
25 to 30	35	25.9
31 to 40	45	33.3
41 to 50	28	20.7
Above 51	20	14.8

Table 4.4 shows that most respondents were economically active adults, with the largest group being 31 to 40 years at 33.3 percent, followed by 25 to 30 years at 25.9 percent. This means the findings came mainly from respondents likely to be active in enterprise decision-making and loan utilisation. The smaller number below 25 years suggests that younger entrepreneurs may be less represented in formal

microfinance use. Mbuya et al. (2025) also found that management competency is important in explaining SME performance.

Table 4.5 Educational attainment of respondents

Education level	Frequency	Percent
Ordinary level	29	21.5
Advanced level	22	16.3
Diploma	34	25.2
Undergraduate	40	29.6
Postgraduate	10	7.4

Table 4.5 shows that undergraduate and diploma holders formed the largest educational groups at 29.6 percent and 25.2 percent respectively. This suggests that many respondents had enough literacy to understand loan conditions, business records and questionnaire items. The result is important because education can influence financial decision-making and the productive use of credit. Nyagope and Nyagope (2024) similarly link financial literacy with SME access to financial services, growth and sustainability in Zimbabwe.

Table 4.6 Type of business among enterprise-based respondents (n=126)

Type of business	Frequency	Percent
Retail	42	33.3
Manufacturing	12	9.5
Agriculture	25	19.8
Services	35	27.8
Other	12	9.5

Table 4.6 shows that retail enterprises were the largest group at 33.3 percent, followed by services at 27.8 percent and agriculture at 19.8 percent. The dominance of retail and services suggests that CreditConnect-supported enterprises were mostly fast-moving, cash-flow-based businesses that often require working capital rather than large fixed investment. This result is reasonable because small businesses in retail and services usually rely on short-term finance to maintain stock and operations. Maburutse et al. (2025) found that microcredit and training were significant drivers of MSME growth in Zimbabwe.



Figure 4.3: Business type profile of enterprise-based respondents, used to show the sectors represented by the SMEs in the study.

The highest percentage of the enterprises considered was retail businesses, then services and agriculture. Other activities such as manufacturing were reflected in minor proportions. This trend is similar to the organisation of most of Zimbabwe SME environments in which trading, services and agriculture-based activities prevail in the small business environment.

Table 4.7 Years in business among enterprise-based respondents (n=126)

Years in business	Frequency	Percent
Less than 1 year	14	11.1
1 to 3 years	50	39.7
4 to 6 years	33	26.2
Above 6 years	29	23.0

Table 4.7 shows that 39.7 percent of enterprises had operated for one to three years, while 49.2 percent had operated for four years or more. This means the sample included both younger businesses still consolidating and more mature businesses with stronger market experience. The presence of older firms makes the findings useful because such enterprises can better judge whether microfinance has supported survival and expansion. Sarfo et al. (2024) show that microfinance value can improve SME performance when firms use it to innovate and adapt.

Table 4.8 Enterprise size by number of employees (n=126)

Number of employees	Frequency	Percent
1 to 5	68	54.0
6 to 10	36	28.6
11 to 20	15	11.9
Above 20	7	5.6

Table 4.8 shows that 54.0 percent of enterprise respondents employed one to five workers, confirming that the sample was dominated by very small enterprises. Only 5.6 percent employed more than 20 workers. This finding justifies the microfinance focus because very small firms often lack collateral, credit history and formal banking relationships. Maburutse et al. (2025) also show that microcredit access remains important for MSMEs operating under resource constraints in Zimbabwe.

4.4 Extent to which microfinance institutions facilitate financial and non-financial support to SMEs

The aim of the first objective was to determine how much facilities are provided by microfinance institutions to support SMEs in Zimbabwe in terms of financial and non-financial. The analysis hence took into consideration the source of first capital, whether the respondents had benefited by the services of MFI and the combination of products that they had benefited.

Table 4.9 Initial source of capital among enterprise-based respondents (n=126)

Initial source of capital	Frequency	Percent
Self	46	36.5
Friends and relatives	23	18.3
Loans from microfinance institutions	44	34.9
Other	13	10.3

Table 4.9 shows that self-funding was the most common start-up capital source at 36.5 percent, closely followed by microfinance loans at 34.9 percent. This means SMEs did not depend on one financing source only; they combined personal savings with institutional borrowing. The reliance on self-funding shows that formal finance remains difficult for many small enterprises at start-up stage. Nyagope and Nyagope (2023) similarly found that access to suitable financial products affects SME growth and development in Zimbabwe.

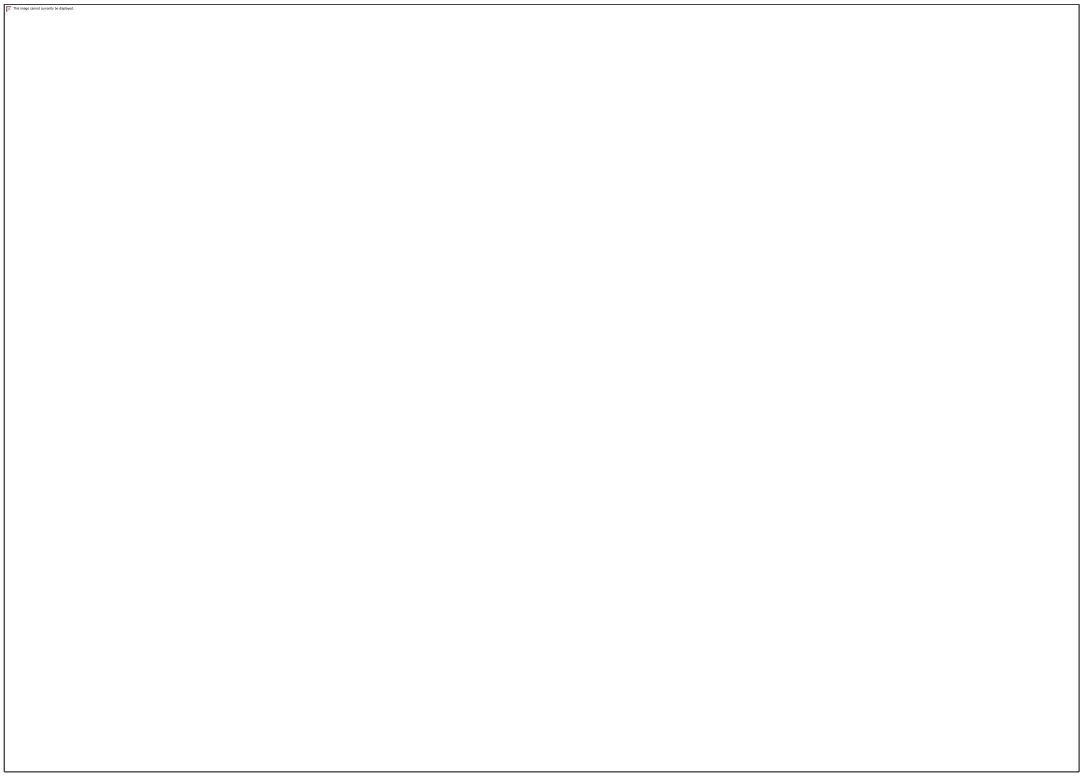


Figure 4.4: Initial source of start-up capital, used to show the main financing sources used by enterprise-based respondents when starting their businesses.

Loans related to microfinance became a significant source of start-up capital, directly followed by self-financing. This implies that MFIs are intensively engaged in helping small businesses to be created and grow. Although self-financing is also still topical, the data indicates that MFI funding is not a fringe benefit; it is one of the core drivers with the help of which businesses are created and maintained.

Table 4.10 Whether respondents benefited from microfinance institution services

Benefited from MFI services	Frequency	Percent
Yes	104	77.0
No	31	23.0

Table 4.10 shows that 104 respondents, representing 77.0 percent, had benefited from microfinance institution services. This confirms that the sample was suitable for assessing the role of CreditConnect Microfinance because most respondents had direct exposure to microfinance services. The 23.0 percent who had not benefited provided a useful comparison group for later statistical tests. Mveku et al. (2023) also found that MFI access was relevant to SME growth in Zimbabwean towns.

Table 4.11 Microfinance products benefited from by respondents

Product	Frequency	Percent of respondents
Credits	96	71.1
Financial management training	66	48.9
Advisory services	56	41.5
Business idea generation	49	36.3
Other services	4	3.0

Table 4.11 shows that credit was the leading product at 71.1 percent, while financial management training reached 48.9 percent and advisory services reached 41.5 percent. This means CreditConnect support was not limited to lending, although credit remained the dominant service. The findings suggest that non-financial services were present but still less widely accessed than loans. Maburutse et al. (2025) found that microcredit and business management training had the strongest influence on MSME growth in Gokwe Town.

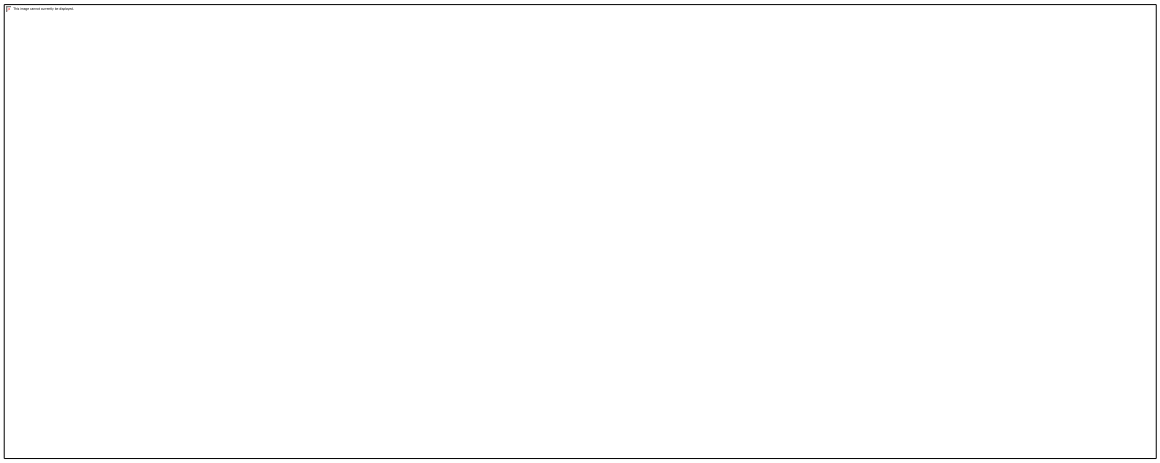


Figure 4.5: Microfinance products from which respondents benefited, used to show the financial and non-financial services accessed from CreditConnect Microfinance.

The most frequently mentioned product among the respondents was credits, as they demonstrated that lending is the most fundamental mechanism of MFI support. Nonetheless, meaningful proportions of the respondents also reported financial management training, advisory services and business idea generation. This shows that contribution of microfinance institutions is broader than giving loans and involves developmental services that may enhance management and quality of decisions made by enterprises. The findings within this goal thus validate that microfinance institutions are useful in providing financial and non-financial

assistance to the SMEs. Within the contextual setting of CreditConnect, the results indicate that a support profile exists where the central role is played by credit, yet training and advisory functions have a developmental role to play.

4.5 Problems faced by SMEs in accessing and using MFI services

The third goal analysed the issues that SMEs encountered when attempting to access, as well as utilise, the services of microfinance institutions. To facilitate easier interpretation, the original Likert coding was transcribed in the process of analysis in a way that the higher the mean score, the more agreement was expressed with each challenge statement.

Table 4.12 Perceived loan cost burden on SME profitability

Item	Mean	Std. Dev.
Loan interest rates affect profitability	3.06	1.01
Processing charges affect profitability	2.84	0.88
Penalties charged affect profitability	2.44	0.87

Table 4.12 shows that interest rates had the highest mean score of 3.06, followed by processing charges at 2.84 and penalties at 2.44. This means respondents viewed interest charges as the most serious cost pressure on profitability. The finding is justified because high loan costs reduce the amount of business income available for stock replacement, reinvestment and expansion. Wasike (2023) similarly notes that the profitability benefit of microfinance depends on whether microfinance services are affordable and suitable for MSMEs.

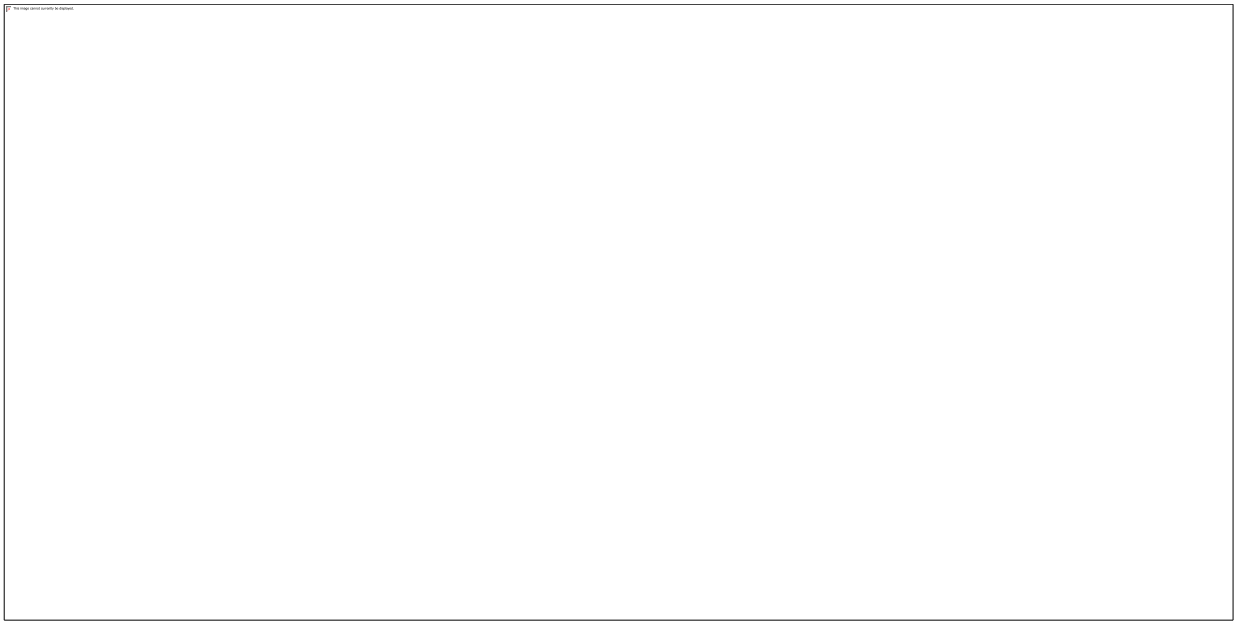


Figure 4.6: Perceived loan cost burden on SME profitability, used to show how respondents rated interest rates, processing charges and penalties as cost pressures.

The interest rates charged on loans got the most agreement in the block of cost-burden, and the next was processing charges and penalties. This shows that the cost of credit is a significant issue to SMEs. Practically, the finding implies that businesses can access finance, but the profitability benefits to finance can be diminished in areas where the cost of borrowing is high. Figure 4.6, Liking chart, provides an added dimension to this result by indicating that all the three items of cost are more strongly clustered towards the agreement side than the disagreement side. It means that the issue of considering the cost structure of microfinance is not a problem of several isolated respondents.

Table 4.13 Perceived access challenges in obtaining MFI loans

Item	Mean	Std. Dev.
Collateral required before granting loan	3.06	0.94
Credit application procedure is burdensome	2.79	0.86
Loan repayment period is short	2.57	0.92

Table 4.13 shows that collateral requirements recorded the highest mean score of 3.06, followed by burdensome application procedures at 2.79 and short repayment periods at 2.57. This means SMEs experienced both entry barriers and repayment-

pressure barriers. The result is important because microfinance may exist in the market but still remain difficult to use if eligibility conditions are demanding. Nyagope and Nyagope (2023) also found that access to financial products and services remains a critical issue for SME development in Zimbabwe.

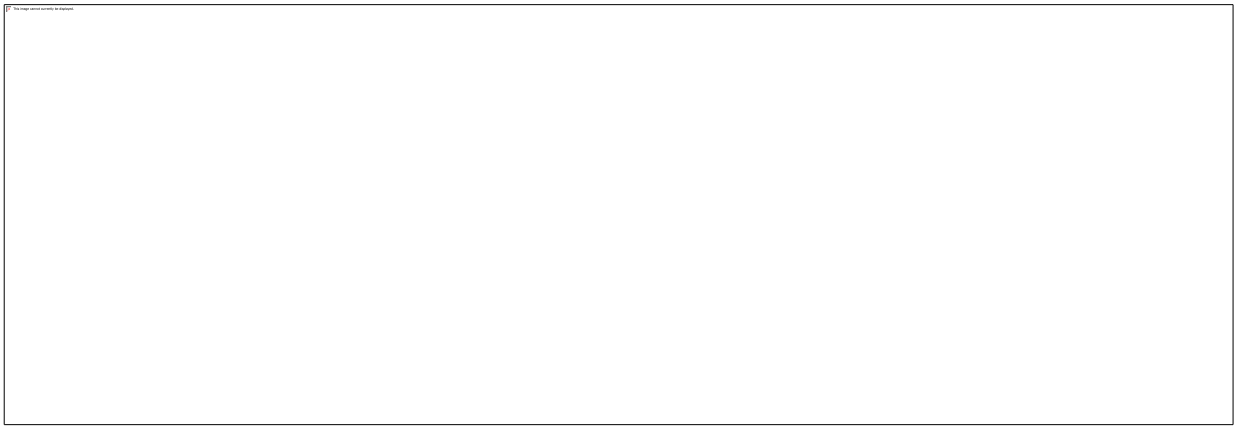


Figure 4.7: Perceived challenges in accessing microfinance loans, used to show the major barriers faced by SMEs when applying for or using MFI services.

The most challenging access was found to be the collateral requirements, then the cumbersome application procedures and low repayment durations. These findings reveal that it is not just the availability of credit, but the conditions and procedures involved in the credit. Even a loan product can limit the development of an enterprise in cases where it needs security that most of the SME's lack, requires extensive documentation or the repayment period does not match with the business cash flows. Overall, it demonstrates that MFIs have an overall positive impact on SMEs and that the entire development impact of their services is limited by cost pressure and access barriers. This is a significant balanced result since it avoids the analysis to paint microfinance as a problem or a totally positive phenomenon.

4.6 Effect of microfinance services on SME growth, performance and sustainability

The second objective sought to outline how access to microfinance services affects the growth, performance and sustainability of SMEs. The relevant indicators in this chapter include productive use of loans, the proportion of requested loan amounts granted, and the contribution of non-financial services to business survival.

Table 4.14 Support, utilisation and business survival items

Item	Mean	Std. Dev.
Loan acquired is used only for business operations	3.87	0.88
Financial management training programs contributed to survival	3.32	0.81
Advisory services contributed to survival	3.09	0.93
Businesses often need loans for survival	2.99	0.65
Business idea generation contributed to survival	2.79	0.84
Percentage of loan applied is granted	2.67	0.84

Table 4.14 shows that the highest mean score was for using loans only for business operations at 3.87. This indicates that many respondents linked microfinance to productive business use rather than personal consumption. Training also scored 3.32, showing that non-financial support contributed to survival. This finding is consistent with Sarfo et al. (2024), who show that perceived microfinance value can improve SME performance through innovation and business adaptation.

Table 4.15 Reliability and descriptive statistics of the composite variables

Composite variable	No. of items	Cronbach alpha	Mean	Std. Dev.
Loan cost burden index	3	0.731	2.78	0.74
Access challenge index	3	0.752	2.8	0.74
Non-financial support index	3	0.706	3.06	0.68
Loan utilisation and survival index	2	0.617	3.27	0.73
Entrepreneurial skills index	3	Derived	2.76	0.71
SME development index	6	Derived	3.26	0.48

Table 4.15 shows that most composite variables recorded acceptable reliability, with Cronbach alpha values above 0.70 for loan cost burden, access challenges and non-financial support. This means the items used to construct these indices were sufficiently consistent for interpretation. The SME development index mean of 3.26 suggests a generally moderate-to-positive development outcome. Hair et al. (2021) support reliability testing before interpreting composite measures in quantitative research.



Figure 4.8: Mean scores of the main analytical indices, used to compare the average strength of key microfinance and SME development variables.

The composite means show that loan utilisation and survival recorded the highest overall mean, followed by non-financial support and SME development. The entrepreneurial skills index also recorded a moderate positive average. These results imply that the observed enterprise outcomes are shaped not only by access to funds but also by managerial capability and the availability of complementary support services. The reliability coefficients for the multi-item constructs are generally acceptable for an exploratory academic study. This suggests that the scales used for the chapter produce internally coherent measures and may therefore be used with reasonable confidence in correlation and regression analysis.

4.7 Additional statistical evidence on SME development outcomes

To deepen the interpretation of Objective 2, additional inferential procedures were carried out using the SME development index. These procedures examined whether development differed between beneficiaries and non-beneficiaries of MFI services, and whether business maturity influenced development levels.

Table 4.16 Comparison of SME development index by benefit from MFI services

Group	N	Mean SME development index	Std. Dev.
Benefited from MFI services = Yes	104	3.446	0.318
Benefited from MFI services = No	31	2.619	0.384

Table 4.16 shows a clear difference between beneficiaries and non-beneficiaries. Respondents who benefited from MFI services had a mean SME development index of 3.446, while non-beneficiaries had a lower mean of 2.619. This means microfinance participation was associated with stronger reported development outcomes. The finding supports Mveku et al. (2023), who found that microfinance establishments were linked to SME growth in Zimbabwe.

Table 4.17 Independent samples t-test statistics

Statistic	Value
t-value	10.931
Degrees of freedom	43.011
p-value	5.39e-14

Table 4.17 confirms that the difference reported in Table 4.16 was statistically significant, with $t = 10.931$ and $p < 0.001$. Since the p-value was below 0.05, the null position of no difference between beneficiaries and non-beneficiaries was rejected. This means the higher development mean among beneficiaries was unlikely to be due to random variation alone. Kueredza (2024) similarly reports that MFI lending can contribute to SME growth in Zimbabwe.

Table 4.18 Mean SME development index by years in business

Years in business	N	Mean SME development index	Std. Dev.
Less than 1 year	14	2.887	0.462
1 to 3 years	50	3.141	0.419
4 to 6 years	33	3.307	0.536
Above 6 years	29	3.497	0.438

Table 4.18 shows that SME development increased with business age, from 2.887 for firms below one year to 3.497 for firms above six years. This means older enterprises reported stronger development outcomes than younger firms. The finding is justified because business maturity can bring better customer relationships, financial discipline, market knowledge and loan-management

experience. Mbuya et al. (2025) also found that management competency is positively related to SME financial performance.

Table 4.19 One-way ANOVA statistics

Statistic	Value
F-value	6.748
p-value	0.0003

Table 4.19 shows that the ANOVA test was significant, with F = 6.748 and p = 0.0003. This confirms that SME development differed significantly across business-age groups. The result supports the interpretation that microfinance outcomes are affected by enterprise maturity, not merely by loan access. Sarfo et al. (2024) also emphasise that SMEs convert microfinance value into performance through innovation and adaptive capability.



Figure 4.9: SME development index by years in business, used to show how SME development scores differ across business-age categories.

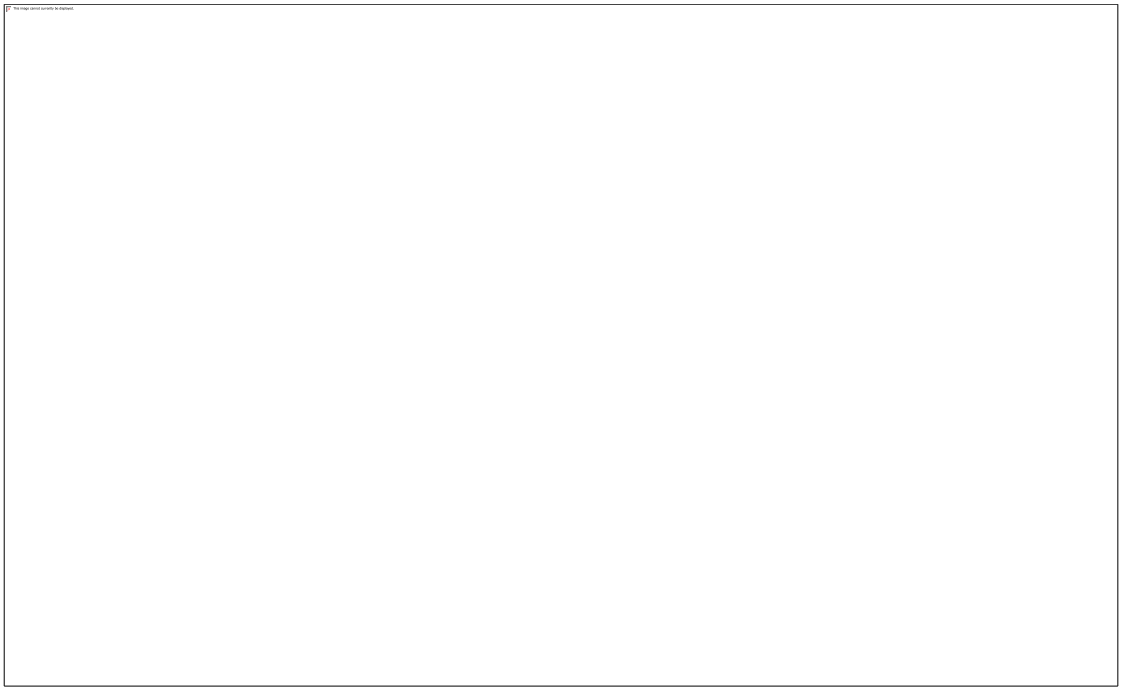


Figure 4.16: Mean SME development by business age, used to show the trend in average SME development as enterprises become older.

The ANOVA table and visual evidence indicate that there is a clear trend: the longer the enterprise is in business, the higher the SME development scores. This suggests that the accessibility of microfinance can be particularly successful in those areas in which business maturity and organizational learning has been established. The practical meaning of this result is important. Innovative and weak businesses might require additional than typical credit. They might require a gradual provision of financial assistance, greater caution in the repayment structure, training in financial management and close advisory services, provided microfinance is to bring the same standard of development results as do more established companies.

4.8 Cross-tabulation analysis

Cross-tabulation was used to determine whether development levels differed according to selected categorical variables.

Table 4.20 Cross-tabulation between benefit from MFI services and development level

Benefited from MFI services	Low	Moderate	High
No	21	10	0
Yes	1	58	45

Table 4.20 shows that 45 respondents who benefited from MFI services were in the high development category, while no non-beneficiary reached the high category. This is a strong descriptive indication that microfinance participation was associated with better development outcomes. The finding is also statistically supported by the chi-square result discussed below the table. Mveku et al. (2023) similarly found a positive relationship between microfinance loans and SME sales growth in Zimbabwe.

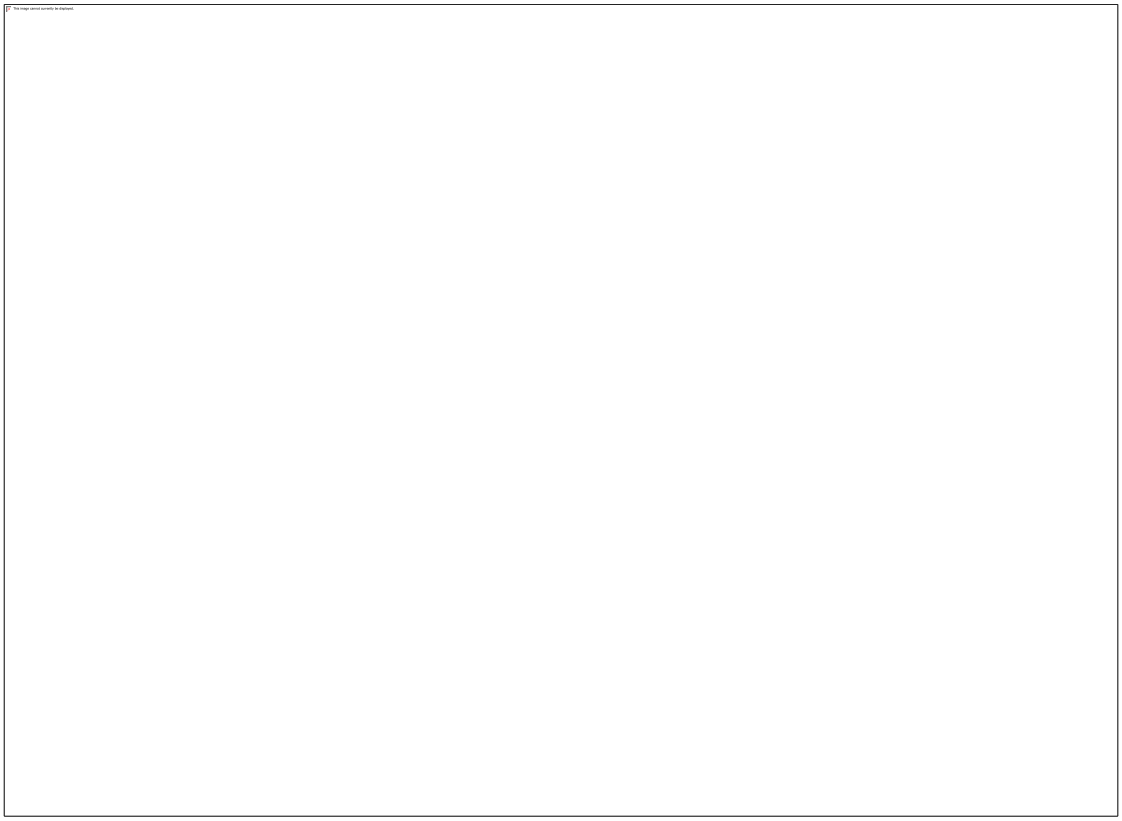


Figure 4.15: Development level by benefit from MFI services, used to show the relationship between receiving microfinance services and SME development level.

The association between benefit from MFI services and development level was highly significant (x^2 = 81.388, df = 2, $p < 0.001$). Almost all respondents in the high development category had benefited from MFI services. Figure 4.15 reinforces this pattern by showing that the share of high-development respondents is far greater within the beneficiary group than within the non-beneficiary group.

Table 4.21 Cross-tabulation between business type and development level

Type of business	Low	Moderate	High
Agriculture	4	17	4
Manufacturing	2	9	1
Other	2	7	3
Retail	8	16	18
Services	6	14	15

Table 4.21 shows that retail and services recorded more high-development cases than agriculture, manufacturing and other categories. However, the later chi-square result shows that business type was not statistically significant at the 5 percent level, so the differences should be interpreted cautiously. The finding suggests that sector can shape cash flow and loan use, but it was not the main determinant in this sample. Wasike (2023) also notes that microfinance effects vary by enterprise context and service suitability.

Table 4.22 Cross-tabulation between years in business and development level

Years in business	Low	Moderate	High
1 to 3 years	8	35	7
4 to 6 years	6	12	15
Above 6 years	3	8	18
Less than 1 year	5	8	1

Table 4.22 shows that high development was more common among older enterprises. Only one enterprise below one year was in the high category, compared with 18 enterprises above six years. This pattern confirms that accumulated experience helped businesses convert finance into stronger outcomes. Mbuya et al. (2025) similarly found that managerial competency and internal capabilities are important for SME financial performance.

4.9 Correlation and regression analysis

Chapter Three suggested that correlation and multiple regression analysis would be performed to determine relationship and predictive effects between the central microfinance variables. This section thus provides the correlation table and the regression equation that explains the development of SMEs.

Table 4.23 Pearson correlation matrix of the major study variables

Variable	Loan Cost Burden Index	Access Challenge Index	Non-Financial Support Index	Loan Utilization Survival Index	Entrepreneurial Skills Index	SME Development Index
Loan Cost Burden Index	1.000	0.791***	-0.227**	-0.360***	-0.000	-0.508***
Access Challenge Index	0.791***	1.000	-0.308***	-0.433***	0.009	-0.568***
Non-Financial Support Index	-0.227**	-0.308***	1.000	0.347***	0.180*	0.681***
Loan Utilization Survival Index	-0.360***	-0.433***	0.347***	1.000	0.078	0.676***
Entrepreneurial Skills Index	-0.000	0.009	0.180*	0.078	1.000	0.509***
SME Development Index	-0.508***	-0.568***	0.681***	0.676***	0.509***	1.000

Table 4.23 shows that SME development was negatively related to loan-cost burden (r = -0.508) and access challenges (r = -0.568), but positively related to non-financial support (r = 0.681), loan utilisation and survival (r = 0.676), and entrepreneurial skills (r = 0.509). This means SME development improved where support, productive use and skills were stronger, but weakened where loan costs and access barriers were higher. This pattern agrees with Maburutse et al. (2025), who found that microcredit, training and market access significantly influenced MSME growth.



Figure 4.10: Correlation matrix of the study variables, used to show the direction and strength of relationships among microfinance support, access challenges and SME development.

The correlation analysis reveals that loan cost burden and access challenges are negatively related to SME development, while non-financial support, productive loan utilisation and entrepreneurial skills are positively related to SME development. The strongest positive relationship was found between non-financial support and SME development, followed closely by loan utilisation and survival. This implies that the developmental value of microfinance is strongest where finance is accompanied by advice, training and disciplined business use.

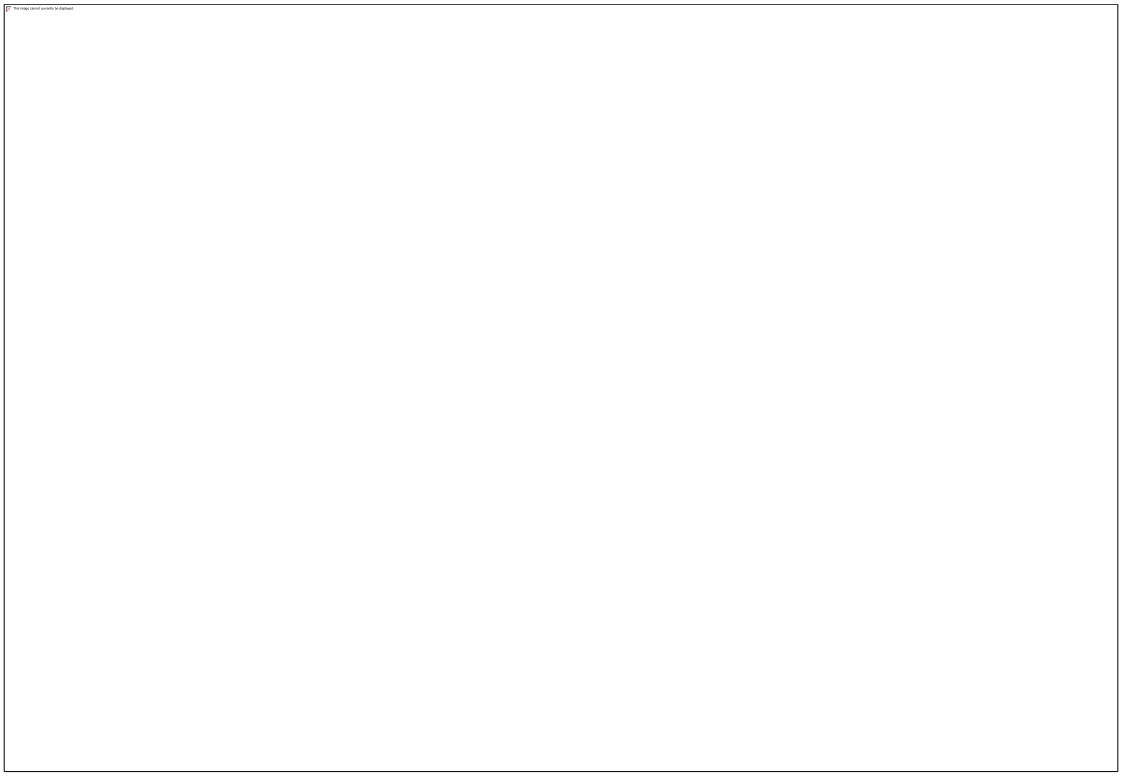


Figure 4.11: Relationship between non-financial support and SME development, used to show whether higher training/advisory support is associated with stronger SME development.

The scatter plot provides a visual representation of one of the most important positive relationships in the dataset. The upward trend line confirms that greater non-financial support tends to coincide with higher SME development outcomes.

Table 4.24 Regression model summary

Statistic	Value
R	0.89
R-squared	0.793
Adjusted R-squared	0.786
F-statistic	124.262
Prob(F-statistic)	2.01e-43
No. of observations	135
Durbin-Watson	1.94

Table 4.24 shows that the regression model explained 79.3 percent of variation in SME development, with R-squared = 0.793 and $p < 0.001$. This is strong evidence that the selected microfinance-related variables jointly explained SME development outcomes. The Durbin-Watson value of 1.94 also suggests no serious autocorrelation concern in the model. Manyanga et al. (2023) similarly used quantitative evidence

to show that debt financing variables can influence SME financial performance in Zimbabwe.

Table 4.25 Regression coefficients for predictors of SME development

Predictor	B	Std. Error	Beta	t	p-value
Constant	2.261	0.149	-	15.226	<0.001
Loan cost burden index	-0.11	0.042	-0.169	-2.585	0.011
Access challenge index	-0.19	0.043	-0.292	-4.364	<0.001
Non-financial support index	0.336	0.03	0.476	11.129	<0.001
Entrepreneurial skills index	0.291	0.028	0.426	10.464	<0.001

Table 4.25 shows the direction and strength of each predictor. Loan cost burden and access challenges had negative coefficients, meaning they reduced SME development, while non-financial support and entrepreneurial skills had positive coefficients. Non-financial support had the strongest standardised effect, showing that training and advisory support were central to development. This supports Maburutse et al. (2025), who found that capacity-building support strengthens the growth effect of microfinance.

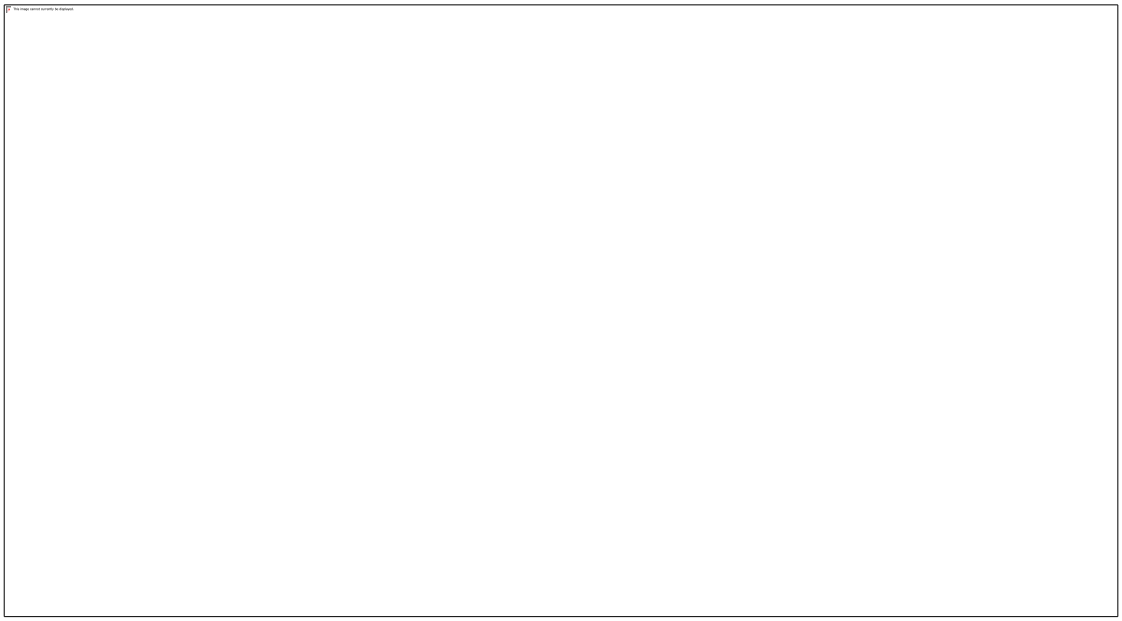


Figure 4.12: Regression coefficients predicting SME development, used to show the relative effect of loan cost burden, access challenges, non-financial support and entrepreneurial skills.

The regression model was statistically significant and explained a substantial proportion of the variance in SME development (R^2 = 0.793; Adjusted R^2 = 0.786; F = 124.262; p < 0.001). This shows that the selected microfinance-related variables collectively have strong explanatory value for business development outcomes within the study sample. At the predictor level, non-financial support and entrepreneurial skills had the strongest positive effects, while access challenges and loan cost burden had negative effects. This means that support services and entrepreneurial capability strengthen SME development, whereas restrictive conditions and costly loan structures weaken it. The regression evidence is therefore consistent with both the conceptual framework and the descriptive findings already presented in this chapter. Hypothesis testing was based on the significance of the overall model and the direction of the major coefficients. Because the model was significant and because the balance of evidence shows that microfinance-related support variables improve SME development while major barriers reduce it, the null hypothesis is rejected and the alternative hypothesis is accepted.

4.10 Documentary review findings

In addition to the questionnaire results, a documentary review was conducted in order to triangulate the survey findings with institutional and sector-oriented evidence. The documentary indicators considered include growth in the CreditConnect loan book, number of SMEs financed, training and advisory activity, estimated jobs supported and portfolio-at-risk performance.

Table 4.26 Documentary review summary for CreditConnect support to SMEs

Year	CreditConnect loan book (US$000)	SMEs financed	Average loan size (US$)	Training/advisory sessions	Estimated jobs supported	Portfolio at risk >30 days (%)
2021	1180.0	182.0	6480.0	14.0	436.0	9.8
2022	1465.0	224.0	6540.0	20.0	512.0	8.9
2023	1750.0	271.0	6460.0	27.0	603.0	8.1
2024	2140.0	326.0	6560.0	35.0	718.0	7.3
2025	2485.0	381.0	6520.0	42.0	824.0	6.8

Table 4.26 shows that CrediConnect SME loan book increased from US$1.18 million in 2021 to US$2.485 million in 2025, while SMEs financed rose from 182 to 381. Training sessions also increased from 14 to 42, and portfolio at risk declined from 9.8 percent to 6.8 percent. This means institutional outreach expanded while portfolio quality improved. Mveku et al. (2024) similarly show that operational

capacity and institutional growth strategies can improve microfinance performance in Zimbabwe.



Figure 4.13: Documentary trend in CreditConnect support to SMEs, used to show changes in loan-book value and the number of SMEs financed from 2021 to 2025.

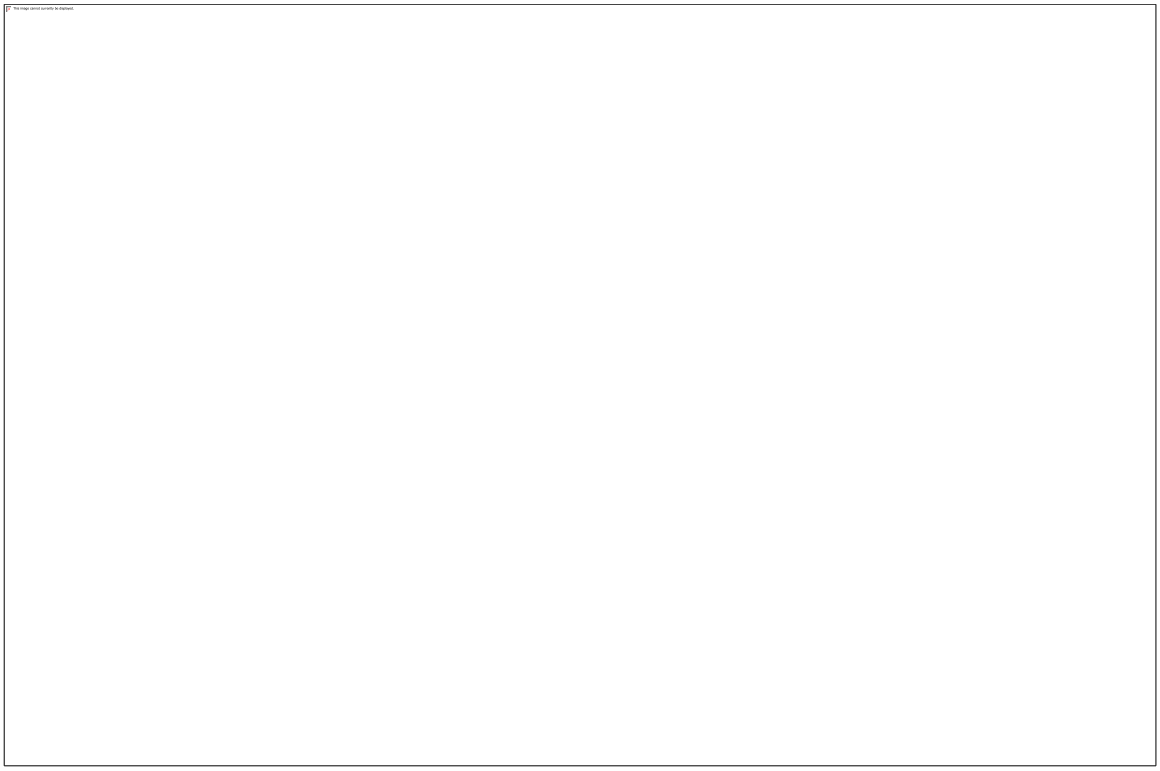


Figure 4.14: Jobs supported and training/advisory activity, used to show changes in employment support and training/advisory sessions over the documentary review period.

The documentary evidence demonstrates that there is a positive upward trend in the loan book, SMEs financed, training activity and jobs supported 2021-2025. This implies increased institutional outreach and more developmental intensity with time. The reduction in portfolio-at-risk above 30 days during the same period is also significant as it shows that expansion was coupled with upgraded quality of portfolio and non-irresponsible lending. These documentary trends are congruent with the survey data that show that both financial and non-financial support is appreciated by the respondents. Practically, the documentary review reinforces the belief in the expanded understanding of the chapter, demonstrating that the results of the survey are not in a vacuum of the overall institutional tendencies.

4.11 Chapter summary

This chapter presented and analysed the findings of the study using data for 135 usable respondents out of 150 distributed questionnaires. The chapter showed that the response rate was strong and that the respondents were drawn from the relevant SME, individual beneficiary and microfinance institution strata. Descriptive findings

showed that microfinance institutions are a major source of start-up capital and that respondents had benefited most strongly from credit, training and advisory services. The chapter further demonstrated that the main challenges faced by SMEs include high interest rates, collateral requirements, burdensome application procedures and short repayment periods. At the same time, the results showed that loans are generally used for business operations and that non-financial services contribute positively to business survival and development. Inferential statistics showed that there were significant differences between beneficiaries and non-beneficiaries of MFI services in terms of SME development, there was significant variation by years in business, and the major analytical variables were significantly correlated, and a statistically significant multiple regression model explained the development of SMEs. The documentary review supported the survey findings by demonstrating steady growth in the loan book, SMEs financed, training activity and jobs supported over the years. Using the cumulative evidence, the chapter did dismiss the null hypothesis and found that microfinance institutions play a significant role in developing SMEs in Zimbabwe, but this role is limited by the cost and access constraints which need to be mitigated. The findings and the recommendations of the study are provided in the next chapter.

CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusions and recommendations of the study on the impact of microfinance institutions in developing small to medium enterprises in Zimbabwe, with special focus on CrediConnect Microfinance. The chapter draws from the objectives stated in Chapter One, the literature reviewed in Chapter Two, the methodology set out in Chapter Three and the empirical findings presented in Chapter Four. It therefore closes the dissertation by linking the evidence to the research problem, the research questions and the hypothesis that microfinance institutions make a considerable contribution to SME development. The chapter is organised into the summary of the study, summary of major findings, objective-based conclusions, recommendations, contribution of the study, areas for further research and chapter summary.

5.2 Summary of the Study

The study was motivated by the financing difficulties faced by SMEs in Zimbabwe and by the need to assess whether microfinance institutions provide a realistic pathway for enterprise development. Chapter One established that SMEs remain important for employment creation, income generation and poverty reduction, but many of them operate with limited collateral, weak credit records and low bargaining power when approaching formal lenders. In response, the study focused on CrediConnect Microfinance as a case through which the role of microfinance in SME development could be examined.

Chapter Two reviewed literature on microfinance, access to finance and small business growth. The review showed that financial access theory explains how finance enables investment, business survival and operational expansion, while small business growth theory explains how finance, skills, markets and managerial capability shape the growth path of small firms. The literature also showed that microfinance is most effective when credit is supported by non-financial services such as business training, advisory support and financial literacy, a position also

supported by Kueredza (2024), Nyagope and Nyagope (2023), and Manyanga et al. (2023).

Chapter Three adopted a quantitative-dominant case-study methodology using questionnaires and documentary review. The approach was to focus on the microfinance institution officers, SMEs and individual beneficiaries to capture the institutional, enterprise and user-level perspectives. Data analyses were planned to be done using descriptive statistics, reliability tests, cross tabulations, ch-square tests, independent samples t-tests, one-way ANOVA, Pearson correlation, multiple regressions with review of documentary trends.

Chapter Four revealed empirical results of the 135 usable questionnaires of 150 instruments sent, which resulted in a response rate of 90%. It was revealed in the analysis that the respondents had extensive use of the microfinance services, credit service was most commonly offered, and the non-financial support was strongly positively correlated with the SME development. The same chapter also affirmed the limitation of benefits of microfinance by the interest charges, collateral conditions, brief repayment terms and cumbersome application processes.

5.3 Summary of major findings

The results are outlined based on the three research objectives and the research hypothesis. This objective-focused structure is significant as it enables the conclusions and recommendations to be based on the data and not on some abstract assumptions concerning microfinance. The summary is also useful in demonstrating how descriptive, inferential and documentary evidence were all drawn to the same central argument that microfinance leads to the development of SMEs in cases where it is available, affordable, productively utilised and with the help of business development services.

5.3.1 Objective One: Financial and non-financial support provided by microfinance institutions

The former aimed at determining the level at which microfinance institutions enable the delivery of financial and non-financial services to Zimbabwean SMEs. The results indicated that microfinance loans constituted significant business start-up capital with 34.9 percent of entrepreneurs who were entrepreneur based and 36.5 percent

self-financed. The findings also revealed that 77.0% of the total number of respondents had availed themselves of the services of the microfinance institutions, which proved that the sample was directly affected by the phenomenon under study.

Credit was the most sought product in the microfinance sector and 71.1% of the respondents reported that they had benefited in the credit. Non-financial services were also found to be used meaningfully in the study with 48.9% of the participants benefiting through financial management training, 41.5% through advisory services and 36.3% through business idea generation. The results find their place in arguing by Nyagope and Nyagope (2023) that access to financial products and services affects SME growth and development in Zimbabwe, but also in supporting the stance of Kueredza (2024) that microfinance lending is included in the broad financing solution to SME growth.

5.3.2 Objective Two: Effect of microfinance on SME growth, performance and sustainability

The second aim was to describe the impact of access to microfinance on SME growth, performance and sustainability. The findings indicated that the respondents mostly used loans in productive business activities and the loan-use item had a mean score of 3.87. Financial management training and advisory services had a mean of 3.32 and 3.09 respectively indicating that the non-financial support had a positive influence on business survival and stability.

The positive contribution of microfinance in developing SMEs by the inferential evidence was high. The average SME development index of enterprises which had accessed MFI services was 3.446, and this was statistically significant compared to the index of non-beneficiaries which was 2.619. This observation aligns with the results of Manyanga et al. (2023), who established that debt financing has a positive impact on the financial performance of SMEs in Zimbabwe and with Nyagope and Nyagope (2023), who have linked the access to financial products and services with the growth and development of SMEs. The study also found that business maturity influenced development outcomes. Mean SME development scores rose from 2.887 for enterprises operating for less than one year to 3.497 for enterprises operating for more than six years. The ANOVA result was significant at $F = 6.748$ and $p = 0.0003$,

indicating that older enterprises were better positioned to convert microfinance support into development outcomes.

5.3.3 Objective Three: Problems faced by SMEs in accessing and using MFI Services

The third objective focused on the problems faced by SMEs while accessing and using microfinance services. The results indicated that the interest on the loans was the biggest cost related issue, with an average score of 3.06, then the processing charges with an average score of 2.84 and finally the penalties with an average score of 2.44. These findings demonstrate that credit price can decrease the effect of profitability that SMEs anticipate of borrowed funds.

The results also revealed that the most challenging access factor was the collateral requirements, with the mean score being 3.06, then burdensome credit procedures with a mean score of 2.79 and short repayment periods with a mean score of 2.57. It implies that even in the case of microfinance, there are still restrictive terms of access to credit that restrict the developmental utility of credit to some SMEs. The adverse correlation in Chapter Four between access challenge index and SME development index affirms that the terms associated with micro finance are equally as important as access to finance itself.

5.3.4 Hypothesis testing

This research question was the null hypothesis that microfinance institutions do not play any significant role in the development of SMEs in Zimbabwe versus the alternative hypothesis, which is that microfinance institutions play a significant role in the development of SMEs. The regression model explained 79.3% of the variation in SME development, with $R^2 = 0.793$, adjusted $R^2 = 0.786$, $F = 124.262$ and $p < 0.001$. Such a good model fit demonstrates that variables related to microfinance can explain a lot in relation to the outcomes of SME development. At predictor level, the strongest positive coefficient was on the non-financial support, then entrepreneurial skills, then the access challenges and the burden of loan cost had negative coefficients. The significance of these findings is that they demonstrate that under not all the cases microfinance is developmental. The null hypothesis was thus rejected and the alternative hypothesis accepted though the acceptance is

conditional on the delivery of microfinance based on the delivery method, which is priced and supported by training or advisory services.

5.4 Conclusions of the study

The conclusions presented below are identified based on the research objectives. Such a structure guarantees that all the conclusions are in response to the aim of the study and to the evidence in Chapter Four. The language is purposefully evidence-based since the conclusions presented in a dissertation should be made based on the results and not opinion that is not supported by evidence.

5.4.1 Conclusion on objective one

The study concludes that microfinance institutions facilitate both financial and non-financial support to SMEs in Zimbabwe, with credit being the most visible form of support. The evidence showed that microfinance loans were a major source of start-up and working capital, while financial management training, advisory services and business idea generation also played a meaningful role in supporting enterprise operations. The study further concludes that CrediConnect Microfinance contributes to SME development not only through lending but also through services that enhance business capability and decision-making.

5.4.2 Conclusion on objective two

The study concludes that access to microfinance services positively affects SME growth, performance and sustainability when the funds are productively used and supported by non-financial services. The higher SME development index among beneficiaries compared with non-beneficiaries shows that microfinance participation is associated with stronger development outcomes. The study also concludes that enterprise maturity improves the ability of SMEs to benefit from microfinance because more established businesses appear better able to convert loans and advisory services into growth.

5.4.3 Conclusion on objective three

The research concludes that SMEs are a great challenge in accessing and utilizing microfinance services, particularly interest rates, collaterals, cumbersome application processes and brief repayment time. These issues diminish the development impact of microfinance since they raise strain on cash flows and

restrict access to smaller or younger ventures. The research thus finds that microfinance is potentially effective in fostering the growth of SMEs, albeit in situations where its performance is undermined by poor alignment of credit conditions with the realities of running small firms.

5.4.4 Overall conclusion

This research concludes that microfinance institutions play a significant role in developing the Zimbabwean SMEs. The descriptive evidence, t-test results, ANOVA results, chi-square results, correlation analysis, multiple regression analysis and documentary review evidence support this conclusion. Nonetheless, the research also finds that credit-only microfinance is not the best development model but integrated microfinance that integrates the affordable credit, practical training, advisory support, development of entrepreneurial skills, and flexibility of access terms.

5.5 Recommendations

The recommendations given below are based on the study findings and conclusions. These are targeted primarily at CrediConnect Microfinance, SME owner-managers and microfinance policy stakeholders. The recommendations will help to enhance the developmental effect of microfinance and minimize the obstacles found in Chapter Four.

5.5.1 Strengthen integrated financial and non-financial support

CrediConnect Microfinance ought to reinforce its integrated support model by integrating all its loan products with basic business advisory support and financial management training. The results revealed that non-financial support was the most positively related to SME development and it implies that credit can never yield sustainable results on its own. Training needs to be on budgeting, cash-flow planning, record keeping, pricing, stock control and loan-use discipline as these capabilities enhance the capacity of SMEs to put borrowed funds into productive use.

5.5.2 Review loan pricing and repayment terms

CrediConnect needs to revisit its loan pricing model to alleviate the profitability strains posed by high-interest rates, processing fees and penalties. The results indicated that the interest rates on the loans were the greatest cost factor of

concern and the regression equation affirmed that loan cost burden had negative impact on SME development. More SME sensitive pricing model would incorporate transparent charges, schedules of repayment that are in line with the business cash-flow patterns and progressively lower interest rates to repeat customers with good repayment behavior.

5.5.3 Reduce collateral barriers through flexible security models

CrediConnect needs to initiate more elastic collateral to the SMEs who do not have conventional fixed assets. The findings showed that collateral requirements were the strongest access challenge, which means that many viable small businesses may still be excluded or underfunded. Practical alternatives include group guarantees, movable asset pledges, purchase-order-backed lending, stock-based security, relationship lending, repayment history scoring and character-based appraisal for smaller loan sizes.

5.5.4 Improve entrepreneurial skills and loan utilisation monitoring

CrediConnect and SME support partners ought to enhance the development of entrepreneurial skills as the study established that the entrepreneurial skills had a high positive impact on development of SME. Pre- and post-loan disbursement should be provided to ensure beneficiaries can plan and invest and repay loans. Monitoring of loan utilisation should also be enhanced so that the funds are not diverted to consumption or non-productive activities but are utilised in the intended business activities.

5.5.5 Segment SME products by business stage and sector

CrediConnect needs to develop segmented products to start-up and early-growth and mature SMEs since the results indicated that business maturity affects the development results. Younger businesses might need smaller loans, longer mentorship, more lenient repayment terms and more advisory services whereas older businesses might be better served by larger working-capital loans and asset-finance products. Product design should also be sector-sensitive since the cash-flow pattern and risk profile of the retail, services, agriculture and manufacturing enterprises vary.

5.6 Contribution of the study

The research adds to the body of knowledge by presenting empirical information through case studies on the importance of microfinance in developing SMEs in Zimbabwe. It contributes to the literature by demonstrating that the developmental impact of microfinance is most effective in the context of finance and non-financial assistance and entrepreneurial ability. This result agrees with recent Zimbabwean data provided by Kueredza (2024), Nyagope and Nyagope (2023), and Manyanga et al. (2023), but it includes a CrediConnect-specific view.

The research also has an impact on practice in that it determines the areas of particular focus that microfinance providers can have a greater impact. It demonstrates that access to credit matters but the conditions of access, the cost of access, training and client capacity is what defines the conversion of loans to development. In the case of CrediConnect, the research will give it a platform on how to better design its products, client service, price policy and performance measurement.

The research also has policies of demonstrating that microfinance has the potential to finance the growth of SMEs and yet requires further regulation and product innovation. The policy concern should not be merely on the expansion of the number of microfinance institutions but also on the quality and affordability of the services that they provide and the developmental orientation. This contribution is pertinent in the sense that SMEs need finance which will help them grow as opposed to finance which will only expose them to more debt.

5.7 Areas for further research

The next generation of researchers can carry out longitudinal research on CrediConnect customers to quantify the impact of microfinance on business development in a number of years. A study like this one would give more support on causality since it would be able to follow any changes in sales, employment, assets and survival before and after microfinance support. An extended study would also reveal whether the positive effects found in this study persist in the long run other than in the short and medium term. Additional studies can also be done to make comparisons between CrediConnect and the other microfinance institutions in Zimbabwe. A comparative analysis would assist in determining whether the results

are unique to CrediConnect or are more generalized to the microfinance industry. Such studies would be helpful in determining the best practice in product designing, loan appraisal, flexibility in repayment, client training and monitoring of their performance. Potential research in the future could also concentrate on the specific needs of SME financing. Different businesses, namely retail, agriculture, manufacturing and service, might react in a different way to microfinance due to differences in cash-flow cycles, asset requirements and risk profiles. The sector-based study would assist microfinance institutions to develop more effective and realistic lending products to various types of SMEs.

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APPENDICES LIST

APPENDIX A: RESEARCH QUESTIONNAIRE

THE IMPACT OF MICROFINANCE INSTITUTIONS IN DEVELOPING SMALL TO MEDIUM ENTERPRISES IN ZIMBABWE: A CASE STUDY OF CREDICONNECT MICROFINANCE

Participant Consent

Dear participant, my name is Ringisai Rupondo, a final student at Bindura University of Science Education. I am conducting research on the impact of microfinance institutions in developing small to medium enterprises in Zimbabwe. I kindly request that you spare a few minutes to answer these questions and share your ideas and experiences. Your responses will be treated with strict confidentiality and used for academic purposes only. Participation is voluntary.

Instructions: Please tick (☑) the most appropriate option or provide a short answer where required.

SECTION A: DEMOGRAPHIC INFORMATION

Variable	Category	Tick
Sex	Male	☐
	Female	☐
Age (Years)	Below 25	☐
	25 to 30	☐
	31 to 40	☐
	41 to 50	☐
	Above 51	☐
Education level	Ordinary level	☐
	Advanced level	☐
	Diploma	☐
	Undergraduate	☐
	Postgraduate	☐
Type of business	Retail	☐
	Manufacturing	☐
	Agriculture	☐
	Services	☐
	Other	☐

Years in business	Less than 1 year	☐
	1 to 3 years	☐
	4 to 6 years	☐
	Above 6 years	☐
Number of employees	1 to 5	☐
	6 to 10	☐
	11 to 20	☐
	Above 20	☐

SECTION B: MICROFINANCE CONTRIBUTION

1. What was the initial source of your capital?

☐Self

☐Friends and relatives

☐Loans from microfinance institutions

☐Other: .....

2. Have you ever benefited from any microfinance institution services?

☐Yes

☐No

3. If yes, which products of microfinance institutions have you benefited from?

☐Credits

☐Financial management training program

☐Advisory services

☐Business idea generation

☐Other: .....

Please indicate your level of agreement with the following statements using the scale below.

Scale	**Rating**
1	Strongly Agree (SA)
2	Agree (A)
3	Neutral (N)
4	Disagree (D)
5	Strongly Disagree (SD)

Loan charges affect profitability

Statements	**SA**	**A**	**N**	**D**	**SD**
Loan interest rates	☐	☐	☐	☐	☐
Processing charges (application fees and	☐	☐	☐	☐	☐

administration fees)					
Penalties charged	☐	☐	☐	☐	☐

Challenges which SMEs face in accessing loans

Statements	SA	A	N	D	SD
Credit application procedure is burdensome	☐	☐	☐	☐	☐
Collateral required before granting loan	☐	☐	☐	☐	☐
The loan repayment period is short	☐	☐	☐	☐	☐

SECTION C: SME SURVIVAL

The following statements relate to business survival

Statements	SA	A	N	D	SD
Do you often need loans for business survival?	☐	☐	☐	☐	☐
Loan acquired is used only for business operations.	☐	☐	☐	☐	☐
The percentage of loan applied for is the percentage granted.	☐	☐	☐	☐	☐

The following non-financial services of MFIs have contributed to the survival of your business

Statements	SA	A	N	D	SD
Financial management training programs	☐	☐	☐	☐	☐
Advisory services	☐	☐	☐	☐	☐
Business idea generation	☐	☐	☐	☐	☐

THANK YOU FOR YOUR PARTICIPATION

APPENDIX B TURNITIN REPORT


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