
Impact of Microfinance on Small and Medium Enterprise Growth: A Case Study of Pakistan

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Abstract

The target of the examination was to research the effect of Micro Finance on the connection between admittance to fund and SMEs development in Karachi, Pakistan. For this reason, the theory was figured out. The theory had investigated effect of admittance to back Small and Medium Enterprises development and speculation to surveyed the directing impact of Micro Finance in the connection between providing Micro Finance and development of SMEs. The investigation included examples drawn from SMEs of areas that were assembled and administered. For this reason essential information was accumulated through the giving a bunch of organized surveys an example of 250 SMEs. The reasonable model comprised on eight factors. First was admitted to back as free factor which was estimated utilizing three elements of openness, use and quality and this measure was contained of things. The micro finance proficiency as dependent variable, which was estimated by eight measurement information, aptitudes, demeanor and conduct. This measure was comprised of 51 things. The Progress of Small and Medium Enterprises as predictor variables, that were estimated the quantity of offerings and resources. The quantitative calculation was comprised on eight factors. The information gathered by the proprietors and organization auditors of Small and Medium Enterprises. Helpful examining utilized to gather information. A descriptive and regression method was utilized to dissect the directing impact of micro finance on the development of Small and Medium Enterprises. These examinations were done utilizing Statistical Package for the Social Sciences (IBM SPSS). The finding of this investigation bolsters the theory, which contended that micro finance is a significant garnish in the connection between admittance to support and of SME's Growth.

Keywords: Microfinance, Small and Medium Enterprises Growth,

1. Introduction

1.1 Background

Small and medium enterprises assume a significant job in the advancement of a nation regarding monetary, social, and mechanical areas. It has a critical impact on the formation of occupations and to improve the expectation for everyday comforts of general individuals. SMEs advance the broad-based improvement in business and serious business exercises as result, it gives financial advantages in type of innovation and total profitability development. (Ali, 2019)

In the current time frame, MSEs are considered as a hotspot for business because of their huge commitment towards financial dependability and neediness moderation which is the significant subject today of the developing economies. (Mngadi, 2016).

The small and medium-size undertaking is an important standard in the economy of Nigeria. The modern area is spoken to by practically 90% of the SME regarding number. However, since their introduction to the world, the SMEs in Nigeria have been defying a few troubles, for example, financing and renegotiating as it is difficult to get credits from business banks to start their little and medium-size undertakings. The explanation is on the grounds that business banks request security prior to allowing advances for business purposes. SMEs are subject to higher danger and viably default, with that, banks charge more insurance when they are high danger in the business. Fundamentally, the huge security that is requested by business banks request security prior to conceding advances for business purposes. SMEs are subject to higher danger and adequately default, with that, banks charges more insurance when there is a high danger in the business. Fundamentally, the huge insurance that is requested by business banks cuts the SMEs official direct in getting credits. Thus, the difficulty of admitting to advance from the monetary institution of a state (for example business banks) comprises a unimaginable incident to innovative turn of events. (Bagudu, Khan, & Roslan, 2016).

1.2 Problem Statement

In this paper, it is to be analyzed that the viable components that can support up the little and medium endeavors (SMEs) which are feeble to produce life partner and confronting genuine monetary issues. The Micro Finance organizations just the way that can be a way to deal with satisfying the need for Small and Medium ventures monetary issues and. It is to be viewed as that, the Micro Finance establishments are assuming the vital job for the SMEs to be enduring them. The money is the existence of blood for the organizations as it courses to meet the everyday uses and furthermore use to increment long haul resources just as to build the number of workers.

1.3 Research Gap

This examination investigates that recommends that if the security isn't given, a credit guarantees system can outfit credit support and help SMEs with two separate issues. First and foremost, it may diminish the danger premium charged by banks. Second, the presence of an affirmation may truly empower the little firm to fit the bill for the advance under the bank's credit technique. Without a doubt, the nonappearance of an adequate affirmation program in business areas with lacking straightforwardness (to be explicit, rural countries, for instance, Pakistan, Brazil) may place the very presence of the market at serious risk, and certain undertakings may be grasped to deal with this issue. To decide this issue, governments, for instance, those of Germany, Italy, Japan, Korea, the UK, and US, have mediated by offering affirmations to banks that advance money to SMEs, thusly extending the proportion of bank financing available to more humble associations. Governments will n general put assets into advance confirmation programs since they address the market abandons that cause credit constraint to SMEs, and they goad improvement in the SME zone.

1.4 Research Objectives

The objectives of the research are to:

- 1) Investigate that access to finance significantly related with Small and Medium Enterprise growth.
- 2) To define financial literacy moderates the relationship between access to finance and SMEs growth.
- 3) To investigate the other factors which effect on the Small and Medium Enterprise growth.

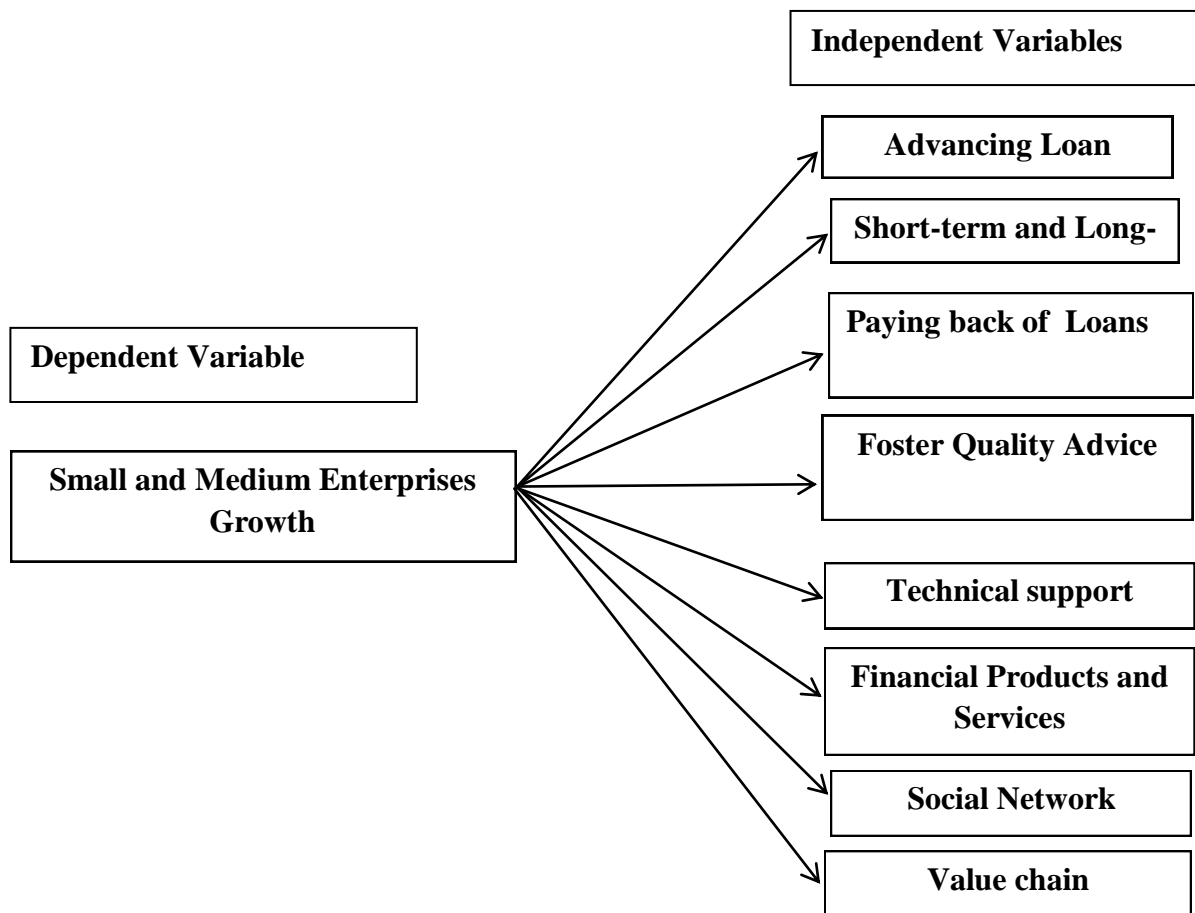
1.5 Research Questions

- 1) How does the predictor (Advancing Loan) have an influence on (Small and Medium Enterprises Growth)?
- 2) How does the predictor (Short-term and Long-term loans) have an influence on (Small And Medium Enterprises Growth)?
- 3) How does the predictor (Paying back of Loans) have an influence on (Small and Medium Enterprises Growth)?
- 4) How does the predictor (Foster Quality Advice) have an influence on (Small and Medium Enterprises Growth)?
- 5) How does the predictor (Technical support) have an influence on (Small and Medium Enterprises Growth)?
- 6) How does the predictor (Financial Products and Services) have an influence on (Small and Medium Enterprises Growth)?

- 7) How does the predictor (Social Network) have an influence on (Small and Medium Enterprises Growth)?
- 8) How does the predictor (Value chain opportunities) have an influence on (Small and Medium Enterprises Growth)?

2. Literature Review

Theoretical Frame Work



2.1 Microfinance and Small & Medium Enterprises Development.

The founder of the German Bank of Bangladesh Dr.Mohammad Younas who generated the idea of Micro Finance for financing poor for development of their small enterprises. The measure of credit is little which is anything but difficult for the borrower to get rid of the loan with easement agreement or installments which is to be paid back in a year. These loans are unsecured and collateral free in nature and the installments are to be paid within a week. The

micro finance main property is that it creates ability to secure microcredit without any collateral formalities (Naeem, 2013).

Various experts portrayed Microfinance in different habits. Microfinance is the plan of budgetary organizations to low-pay poor and amazingly powerless independently utilized individuals". In more broad terms, communicated that "scaled-down budgetary organizations incorporate the game plan of much more noteworthy extent of financial organizations, for instance, stores, credits, portion organizations, money moves and insurance terms to destitute individuals and low-pay families, for their microenterprises and privately owned businesses, to enable them to raise their compensation levels and improve their assumptions for ordinary solaces". (Naeem, 2013)

The little and medium-size undertaking is a critical norm in the economy of Nigeria. As indicated by the NIPC, the cutting edge region is addressed by essentially 90% of the SME to the extent number. The way into the sensible improvement of the nation is held by this zone and its significance can be put in true perspective in relationship with the structure of the Nigerian economy with different execution obligations as the wellspring of advancement progress and new items. Regardless, since their first experience with the world, the SMEs in Nigeria has been going toward a couple of difficulties, for instance, financing and reworking as it is hard to get credits from business banks to begin their little and medium size trees. The clarification is in light of the fact that business banks demand ensure before giving credit for business purposes. SMEs is committed to higher risk and reasonable default, with that, banks charges more insurance when there is high peril in the business. Basically, the tremendous protection that is mentioned by business banks cuts the SMEs official redirect in getting credits. Therefore, the trouble with induction credit from the budgetary association of a state (for instance business banks) sets up an exceptional incident to spearheading improvement. (Bagudu, Khan, & Roslan, 2016).

The need to accomplish economic stability and endurance requires the innovation and production of pay producing exercises both by countries and people. In Ghana and the world over, poverty is a typical marvel. Regardless of different endeavors by Governments, contributors and other Development projects to deal with/diminish neediness, this issue has fundamentally expanded in the previous decade with around half of the sub-Saharan Africa living beneath the neediness line, characterized as remaining alive on under 1 US dollar daily. At the public degree of numerous African nations along these lines, destitution is an emergency that will require the purposeful endeavors of various entertainers. Among the helpless people, ladies are more defenseless against neediness than men. For example, 69 percent of the dynamic female populace in Kenya fill in as resource ranchers contrasted with 43 percent of men is made from this reality, arrangement of endeavors are made by different associations and bodies with the essential point of lessening and killing neediness.

Throughout the most recent twenty years, a growing number of formal territory affiliations (non-government, government, and private) have been made for the explanation of achieving these identical goals.(Tawiah, Ennin, Fosu, Ghansah, & Kwasi, 2013).

2.2 Small and Medium Enterprises

A number of representatives up to 20 including contract workers and yearly deals turnover up to Rs. 75 million. The number of representatives ought to be 21-250 and yearly deals income above to Rs. 75 million and up to Rs.400 million in the instance of Manufacturing and Service Medium Enterprises.. (Ali, 2019)

2.3 Advancing Loan

The investigation shows that, larger part of the SMEs are allowed the aggregate sum they applied for Ninety six percent (96%) of the examined test were conceded exactly100% of the advance they applied for with 3 percent of the SMEs likewise being allowed between 75-99% of the credit. Just a single percent of the absolute example was given less than50%oftheloan they applied for. Be that as it may, sign from the recipients shows a time of vulnerability in the conceding of credit office(Tawiah, Ennin, Fosu, Ghansah, & Kwasi, 2013). It worth referring to here that by far most envision that microfinance is noble cause from government or givers provided for needy individuals of society. This is an off-base thought rather incapacitating poor people. It is truly affirmation for destitute individuals that they are not difficulty on the organization rather they can expect a positive capacity in the overall population to get profitable individual from the overall population by use of microfinance workplaces.

2.4 Short-term and Long-term Loan

Bank advances and credit augmentations remain the standard wellsprings of external financing for SMEs. The bank-crediting channel was incapacitated during the cash related crisis, as demonstrated by banks' diminished advancing breaking point and the extension in financing costs on new advances. The higher affectability to outside staggers incited changes in the deftly of short-and long advance financing to SME borrowers. Information from the Central Bank of affirmed to direct bank clearing activities in the nation. There are likewise striking contrasts across locales regarding complete banking-area resources. Prominently, most budgetary establishments are settled in the State of São Paulo, the most extravagant of the Brazilian organization. This number corporates unfamiliar banks working together in Brazil, just as state-claimed or state controlled banks. This number isn't enormous by any norm, chiefly while thinking about that Brazil has the ninth biggest economy and sixth biggest populace on the planet. However the budgetary framework in Brazil can't be viewed as little and is generally bank-situated(Veiga & McCahery, 2019).

2.5 Paying back of Loans

The past specialists have discovered that SMEs are particularly dependent utilizing a credit and cash stream, yet they face limits on obtaining saves since they are nearly nothing and less widened and have more weak cash related structures. SMEs are more credit-obliged than various firms and, accordingly, have lower levels of benefit. Signs that SMEs are fiscally constrained corporate installment delays on receivables, declining liquidity, and a development in SME insolvencies and liquidations. Other than the market signals that make SME territory company's inconvenient borrowers, firms feel that it's difficult to reliably give incredible protection or to ensure straightforwardness concerning their credit value. (Veiga & McCahery, 2019).

2.6 Foster Quality Advice

Monetary proficiency and quality of guidance have ended up being central in the running of organizations and errands of associations in the convoluted and dynamic climate today. It has been depicted that legislatures around the world are worried about finding effective methodologies of improving the monetary proficiency of their kin through making procedures for the monetary schooling with the main role of giving a few learning openings. Miniature finance organizations have also given insight regarding the money to improve the nature of information just as advices, make it simpler for the organizations' administration to use the credit.

2.7 Technical support

The investigation found that the organizing sexual orientation awareness care systems (sex correspondence and SME's essential freedoms), clearing paths for non-monetary help and organizations (correlative organizations) to give express thought to sex. The assessment further derives that the SMEs don't have a long history of saving society. The investigation also reasons that the undertakings benefit by propels from microfinance foundations, the SMEs search for monetary related help from the MFIs in light of financing cost, basic development repayment and aggregate publicized. The examination finally reasons that money related and the board coordinating effect budgetary acceptability in the endeavors similarly as workshops and courses. The backslide results propose that credit offer more to the financial practicality of SMEs followed by hold reserves, while spearheading progression contributes the least to cash related sensibility of SMEs. The assessment consequently recommends that the MFIs should hurry to measure the accomplishment speed of SMEs by considering factors like high repayment, effort and cash related reasonability, anyway these may not be accomplishment if their activities don't reflect in the improvement of SMEs. The money related associations need to put more energy in financing SMEs, their employment ought to be felt by the SMEs with respect to advancement and improvement. (Wakaba, 2014).

2.8 Financial Products and Services

Admittance to monetary items and getting administrations is one of the main points of interest which is looked by SMEs. A firm can get account two distinct ways. One is formal cash, which incorporate to get an account from formal foundations like business banks, SME bank, Small Medium Enterprises Development Authority (SMEDA), Micro Finance bank and other government or non-regulatory affiliations. Official foundations give credit to little, medium and long haul on various loan costs and budgetary establishment offers high motivating forces for advertisers by utilizing separating a business person full ownership of the organization. In any case, there are additionally challenges to get credit from formal account source because of its unpredictable systems, for example, banks need satisfactory guarantee, the home loan sum needs to arrive at a definite scale, documentation, firm application measure, achievability examinations and field examination. Every one of these things regularly serve to debilitate borrower worried in serious commercial centers in which time is almost in a real sense cash. This all strategy is likewise time taking when contrasted with casual financing source. (Ali, 2019)

2.9 Social Network

Studies wherever on the world have unequivocally settled SMEs as the establishment of each creating economy expressly in the private easygoing zone (SMEs) and most positions in Ghana by and large revolves around close to nothing and medium-scale endeavors (SMEs). From this time forward, the responsibilities the zone makes to financial turn of events and improvement through occupation creation can't be overemphasized. Quantifiable figures made available by Ghana's National mechanical Census (NIS) made it understood that there were a total of 26,190 MSMEs in Ghana around 2003. Among these, smaller than usual and little endeavors were the predominant strength units by then, building up over 95% of all forte units. Around 14,438, or 54.5%, of the total number of SME's were named smaller than normal endeavors subject to the requests set out by the National Board for Small Scale ventures (NBSSI). In gathering, for instance, out of an amount of 26,088 claims to fame units, only 251 units were immense degree endeavors. The figures basically painted the huge work and its connected unparalleled impact on the Ghanaian economy. (Trombetta, Calvo, & Casadio, 2017)

2.10 Value chain opportunities

In the post-crisis time basic interventions have been made by both the European Union and Part States to ease conditions for SMEs to bring capital up in the money related market. By the by, numerous endeavors are yet expected to eliminate snags to getting to back and tending to monetary avoidance; micro finance offered through different modalities across Europe has along these lines stayed a vital instrument. In the moment it assists with acknowledging planned, anyway unbreakable activities. The speculations, in the medium-long haul, improve the Organizations' seriousness, lead to the opening up of new position

openings and in the long run adds to nearby abundance creation. Besides, the significance of the social parts of diminishing operations, neediness and advancing comprehensive development couldn't be more important.

3. Research Methodology

The questionnaire has been made with varieties of options and given to the personnel, worked with the micro finance or loans or know the accounting basics or has the education of finance or have an experienced and be able to answer the questions with the Likert Scaling. The primary data collection will be applied.

All dynamic or ex-borrowers of the picked Micro Finance establishments (MFIs)/Microfinance Banks (MFBs) who have procured advance for least season of 2 years since a long time ago 2019. The dynamic or ex-borrower has a spot with the going with regions in Karachi: who have obtained from the picked Micro Finance Institutes (MFIs)/Microfinance Banks (MFBs).

4. Data Analysis and Interpretation

4.1 Descriptive Statistics

In this regard the descriptive model has developed for this study. The primary collection of the data has been taken from the 250 respondents. The Microfinance institutions want to watch the positive effect on the Small and Medium Enterprise Growth, but there may also be some negative effect of the process.

The process will be assessed by financial and non-financial factors that which lead to the success.

4.2 Multiple Regression Analysis

In this study paper the hypothesis regarding the influence of the Advancing Loan, Short-term and Long-term Loan, Paying back of Loans, Foster Quality Advice, Technical support, Financial Products and Services, Social Network, and Value chain opportunities which identify the strength and weaknesses of Small and Medium Enterprise and finding the appropriate results in long-term objectives.

MLR method is used, given observations, is:

$$Y = B_0 + B_1X_1 + B_2X_2 + \dots + B_pX_p + E_i$$

Where

Dependent Variable (Y)

Independent Variable (X)

Beta Coefficient (β)

According to this research

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + E$$

Y = Small and Medium Enterprise Growth

X₁ = Advancing Loan

X₂ = Short-term and Long-term Loan

X₃ = Paying back of Loans

X₄ = Foster Quality Advice

X₅ = Technical support

X₆ = Financial Products and Services

X₇ = Social Network

X₈ = Value chain opportunities

Y = B₀ + B₁ Advancing Loan + B₂ Short-term and Long-term Loan + B₃ Paying back of Loans + B₄ Foster Quality Advice + B₅ Technical support + B₆ Financial Products and Services + B₇ Social Network + B₈ Value chain opportunities.

4.3 Cronbach Alpha (α)

4.3.1: Dependent and Independent Variables Cronbach Alpha Analysis

Table 4.3.1.1 Showing the Cronbach's Alpha (α) Statistical Reliability test

Cronbach Alpha	No of items
0.885	51

In this table it depicts that the reliability test which shows that the all items can be taken all together for testing.

51

As the alpha value

(α = 0.885) of Cronbach provides relief to instrument to collect the data from the instrument.

Table 4.3.1.2 Averages and Standard Deviation

Dependent Variable Small and Medium Enterprises growth with different Dimensions

Dependent Variable	Variable Reference	Mean	Std. Deviation
Do you prefer a loan for Micro Finance Institution for SME1 the source of your start-up capital?	SME1	3.50	1.186
Has the firm increased assets as compared to last year?	SME2	2.86	1.188
Do the long term assets facilitate the growth of the SME3 business?	SME3	2.65	.967
Do you have an intention to acquire more long-term SME4 assets?	SME4	3.03	.902

Has the sales of the firm increased this year?	SME5	2.79	.789
Does the firm have some long-term assets to sell this year that have fully depreciated?	SME6	3.07	.931
Does the firm have insufficient number of employees to perform business operation and need more employees?	SME7	3.03	1.052
Will the firm grow after hiring more of the employees?	SME8	3.49	.966
Has the firm ever increased the sale after increased in the number of employees?	SME9	3.11	1.123
Has the firm ever created more avenues (path) for exchanging goods and services by giving overtime?	SME10	3.49	1.465
Does the Micro Finance Institution charge affordable fee for the initial account opening?		3.12	1.118
Independent Variable 1	AL		
Does the Micro Finance Institution provide favorable positions and situations of debts?	AL1	2.79	1.263
Does the Micro Finance Institution make reasonable, favorable and reliable feasibility report in support of entrepreneur?	AL2	1.91	.885
Does the knowledge that is given by the Micro Finance Institution about loan, has enough to aware?	AL3	2.24	.860
Does the loan product provide by the Micro Finance Institution suit to the firm?	AL4	2.90	.970
Does the Micro Finance Institution advance suitable and safety loans?	AL5	3.49	1.465
Do you mindful of the tasks of loaning firms identifying with monetary requirements?	AL6	2.93	.781
Independent Variable 2	SL		
Do you mindful of the expenses and advantages of getting to short-term or long-term credit?	SL1	3.18	1.067
Are you satisfied with the short-term loan for the short-term working capital?	SL2	2.62	.946
Do the shot-term and long-term saving product suit for you?	SL3	2.88	.9997
Do the Micro Finance Institutions have ability to boost up the SMEs by providing short-term or long-term loans?	SL4	3.03	1.354

Does the firm can break down our monetary exhibition SL5 3.16 1.208
intermittently to pay back the loan?

Independent Variable 3	PBL		
Does the firm make monthly income returns to the PBL1 lender?	PBL1	2.66	1.057
Does the firm have proper book keeping showing its financial position to the lender?	PBL2	2.79	1.263
Does the board of the business can register the expense of its advance assets?	PBL3	2.96	.783
Do you need to operate saving account to utilize the amount for the loan?	PBL4	3.50	1.186
Does the enterprise mindful of the tasks of loaning firms identifying with its monetary necessities?	PBL5	2.87	1.182
Independent Variable 4	FQA		
Do you know the costs and benefits of accessing credit?	FQA1	2.65	.967
Does the firm's management have ability to correctly calculate interest rates on the loan payments?	FQA2	2.94	.938
Does your management have expected abilities to learn the monetary patterns of the firm?	FQA3	2.93	.781
Does the enterprise management have the basic knowledge to minimize the bad debts to minimize the loss?	FQA4	2.84	.794
Does the Micro Finance Institution information provide sufficient to the enterprise management?	FQA5	2.97	1.005
Independent Variable 5	TS		
Does the Micro Finance Institution disclose all the cost that will be applied on the loan?	TS1	3.19	.953
Has the enterprise management have ever managed any Micro finance loan before?	TS2	3.62	.976
Do the enterprise management want to any calculation relating to the loan provide by the Micro Finance Institution?	TS3	3.60	1.431
Does the enterprise management have knowledge of maintaining basic books of account?	TS4	3.15	1.260

Does the enterprise management have the knowledge of TS5 3.18 1.087
all financial products that the Micro Finance Institution provides?

Independent Variable 6	FPS		
Does the enterprise management aware about the Micro Finance Institution loans?	FPS1	3.01	1.211
Does the enterprise need any service regarding the loan calculation or interest calculation	FPS2	2.04	1.031
Has the loan secured from the Micro Finance Institution have expected abilities to learn the monetary patterns of the firm the enterprise?	FPS3	3.28	1.325
Does the enterprise management satisfy with the loan services of micro finance institution?	FPS4	2.90	1.055
Have you ever wanted to secure an advance for another reason separated from business?	FPS6	2.82	1.051
Independent Variable 7	SN		
Do Micro Finance Institutions lean toward individuals as the accept that they are better and more solid borrowers?	SN1	3.50	1.145
Do you imagine that the expanding SMEs admittance to micro finance will empower SME to make a more prominent commitment to family unit pay and in this manner will convert into improved prosperity for SME and empower SME to achieve more extensive changes in sex disparity?	SN2	2.84	1.183
Does the Microfinance, Finance foundation empowers poor SMEs to become financial influencers by expanding their pay and efficiency, getting to business sectors and data and dynamic force?	SN3	2.80	.860
Does the whole cycle of inward reserve funds and credit back by monetary and the executives directing, advancement of new roads of work and inspiration for improvement of profit from the progressing exercises?	SN4	3.12	.893
Do you think that the enterprise have better way to sustain in the competitive markets and provide better goods and services to the consumers due to the skills that are provided by the Micro Finance Institutions?	SN5	2.80	.739

Independent Variable 8	VCO	
Do Micro finance Institutions help the enterprises to innovate and invent the new goods and services by providing secure loans?	VCO1	3.13 .847
Do Micro Finance Institutions give helping hands to the enterprises to enhance their productivity?	VCO2	3.25 .979
Do Micro Finance Institutions give opportunity to the enterprises to transform a product or service from idea to reality?	VCO3	2.82 .994
Are you satisfied with the updated about the SME's in the country and city and the respective business activities by the Micro Finance Institutions?	VCO4	3.14 .997
Does the credit really assist the venture with normalizing your item/administrations to the degree that you accomplished generous piece of the overall industry?	VCO5	3.50 1.050
No of Cases	250	

4.4 Mean of Elements of Dependent Variable

This table represents the descriptive statistics and the reliability test of the data that is collected by primary method. The average of responses has measured by mean. Having a glance at this table the highest mean of SME1 which is (mean=3.50) that relates to independent variable Small and Medium Enterprises Growth SME1. It means that it is the most controlled determinant of dependent variable while the second highest mean of SME8 and SME10 which is (mean=3.49) which are secondly well controlled elements of the dependent variable. The lowest mean of the dependent variable element is 2.65 SME3. It means this determinant need to control more as its far from other elements.

4.5 Mean of Elements of Independent Variables

The lowest mean of the independent variable element is 1.91 AL2. It means this determinant need to control more as its far from other elements of independent variables. The highest mean of the element of the independent variables is 3.62 of TS2 and TS3 3.60 which are controlled by the firms but not remain the same in the next academic research.

4.6 Standard Deviation of Elements of Dependent Variable

The highest deviated element is SME10 (SD=1.46) . It means that it is far from the its mean and out of control and the management of the financial institutions need to control over it but the determinants do not remain the constant forever they change over the time. The next academic research may find this element in a different way or closer to its mean. The lowest

Standard deviation is (SD= 0.789) of SME5 which is the closest to its mean and the financial institutions do not need to more focus on it but over the time it may change in the future.

4.7 Standard Deviation of Elements of Independent Variable

The highest deviated element is AL5 (SD=1.465) It means that it is far away from the its mean and out of control and the management of the financial institutions need to control over it but the factors do not remain the same forever they change over the time. The next academic research may find this element in a different way or closer to its mean. The lowest Standard deviation is of SN3 (SD= 0.739) SME5 which is the closest to its mean and the financial institutions do not need to more focus on it but over the time it may change in the future.

4.8 Hypotheses Summary

Table 4.8.1: Depicts the model summary:

r	r ²	R Square	
		Adjust	Std. Error
.934	.873	.869	.21155

In this table it depicts that dependent variable Small and Medium Enterprises growth variance is explained 93.4 percent by the eight dependent variables Advancing Loan (AL), Short-term and Long-term loans (SL), Paying back of Loans (PBL), Foster Quality Advice (FQA), Technical support (TS), Financial Products and Services (FPS), Social Network (SN), Value chain opportunities (VCO) as shown by the R² value. It means that these independent variables are directly correlated with the dependent variable.

Table 4.8.2: Analysis of variance

Analysis Of Variance

	Squares	Degree of freedom	(Mean) ²	F-stats	Signi.
Ordinary Least Square	74.194	8	9.274	207.226	.000
Residual	10.786	241	.045		
Total	84.979	249			

a. **Predictors: (Constant)**, Advancing Loan (AL), Shot-term and Long-term loans (SL), Paying back of Loans (PBL), Foster Quality Advice (FQA), Technical support (TS), Financial Products and Services (FPS), Social Network (SN), Value chain opportunities (VCO).

Dependent Variable: Small and Medium Enterprises Growth (SMEG)

In this table (ANOVA) represents the model is acceptable as Sig ($P < 0.05$) and the F value is (207.226). It is clear that Advancing Loan (AL), Shot-term and Long-term loans (SL), Paying back of Loans (PBL), Foster Quality Advice (FQA), Technical support (TS), Financial Products and Services (FPS), Social Network (SN), Value chain opportunities (VCO) have an important relationship with the : Small and Medium Enterprises Growth (SMEG) that unfolds new thinking and also the ways to evaluate the financial organizations' performance that relate to influence of independent variables on the dependent variable.

Table 4.8.3: BetacoefficientofIndependentvariables

	B	Std. Error	Beta		
A	.035	.123		.284	.776
Advancing Loan (AL)	.311	.042	.240	7.347	.000
Shot-term and Long-term loans (SL)	-.147	.031	-.179	-4.796	.000
Paying back of Loans (PBL)	.229	.026	.247	8.935	.000
Foster Quality Advice (FQA)	.390	.044	.374	8.897	.000
Technical support (TS)	.260	.037	.314	7.040	.000
Financial Products and Services (FPS)	-.234	.026	-.217	-8.897	.000
Social Network (SN)	.046	.040	.044	1.147	.253
Value chain opportunities (VCO)	.164	.026	.205	6.225	.000

a. **Dependent Variable: Small and Medium Enterprises Growth (SMEG)**

4.9.1 Hypotheses testing

H1: Advancing Loan have an impact on Small and Medium Enterprises Growth.

4.9.1.1 Advancing Loans

This study paper has also found that Advancing Loans (AL) has positive effect as its beta coefficient is (0.311) it is significant as its prob value is < 0.05 (0.000). It means that the Advancing Loans (AL) has significant effect on the dependent variable (SMEG) but it is not necessary that it will remain the same in the future. This independent variable may get better significance effect in future research.

H2: Short-term and Long-term loans (SL) have an impact on Small and Medium Enterprises Growth

4.9.1.2 Short-term and Long-term loans (SL)

In this study paper has also found that Short-term and Long-term loans (SL) has a negative effect as its beta co-efficient is (- 0.147) it also indicates that for every increase in Short-term and long-term one would have decreased by 14.7% in Small and Medium Enterprise Growth decrease. Its significance as its probe value is < 0.05 (0.000). It means that the Short-term and Long-term loans (SL) has a significant effect on the dependent variable (SMEG) but it is not necessary that it will remain the same in the future. This independent variable may get a better significance effect in future research.

H3: Paying back of Loans (PBL) have an effect on Small and Medium Enterprises Growth

4.9.1.3 Paying back of Loans (PBL)

In this study paper it has found that Paying back of Loans (PBL) has a positive effect as its beta co-efficient is (0.229) it also indicates that for every increase in Paying back of Loans (PBL) ,one would have increased by 22.9% in Small and Medium Enterprise Growth increase. It is significant as its prob value is < 0.05 (0.000). It means that the Paying back of Loans (PBL) has a significant effect on the dependent variable (SME). In the future academic research this factor might be changed on account of nothing remains constant. It may unfold new and better ways for the Financial Institutions.

H4: Foster Quality Advice (FQA) have an effect on Small and Medium Enterprises Growth

4.9.1.4 Foster Quality Advice (FQA)

In this study paper it has found that Foster Quality Advice (FQA) has positive effect as its beta co-efficient is (0.309) it also indicates that for every increase in Foster Quality Advice (FQA), one would have increased by 30.9% in Small and Medium Enterprise Growth increase.it is significant as its prob value is < 0.05 (0.000). It means that the Foster Quality Advice (FQA) has great effect on the dependent variable (SMEG). Further future academic research this factor might be changed on account of nothing remains constant. It may unfold new and better ways for the Financial Institutions.

H5: Technical support (TS) has an effect on Small and Medium Enterprises Growth

4.9.1.5 Technical support (TS)

In this study paper it has also found that Technical support (TS) has positive effect as its beta co-efficient is (0.260) it also indicates that for every increase in Technical support (TS) ,one would have increased by 26.0% in Small and Medium Enterprise Growth increase.it is significant as its prob value is < 0.05 (0.000). It means that the Technical support (TS) has important effect on the dependent variable (SMEG). It will open news ways to investigate in the future to unfold the new thinking.

H6: Financial Products and Services (FPS) have an impact on Small and Medium Enterprises Growth

4.9.1.6 Financial Products and Services

In this study paper it has also found that Financial Products and Services (FPS) has negative effect as its beta co-efficient is (-0.234) it also indicates that for every increase in Financial Products and Services (FPS), one would have decreased by 23.4% in Small and Medium Enterprise Growth. It is significant as its prob value is < 0.05 (0.000). It means that the Technical support (TS) has significant negative impact on the dependent variable Small and Medium Enterprises Growth (SMEG). It will open new ways to investigate in the future to unfold the new thinking.

H7: Social Network (SN) has an effect on Small and Medium Enterprises Growth

4.9.1.7 Social Network (SN)

The study indicates that Social Network (SN) has a negative effect with beta co-efficient is (0.046) but it is insignificant as its prob value is (0.253) greater than >0.05 . It means that the Social Network (SN) has no significant impact but not necessary that it will not unlock in the future. This independent variable may get better or significant in future research.

H8: Value chain opportunities (VCO) have an effect on Small and Medium Enterprises Growth

4.9.1.8 Value chain opportunities (VCO)

In this study paper it has also found that Value chain opportunities (VCO) has positive effect as its beta co-efficient is (0.146) it also indicates that for every increase in Value chain opportunities (VCO), one would have increased by 14.6% in Small and Medium Enterprise Growth. It is significant as its prob value is < 0.05 (0.000). It means that the Value chain opportunities (VCO) have great effect on the dependent variable Small and Medium Enterprises Growth (SMEG).

5. Discussion and Conclusion

5.1 Discussion

It has been searched out to analyse the impact of Micro Finance on the development of Small and Medium Enterprises in numerous Pakistan and many nations, this segment presents the rundown of the examination discoveries, offers itemized conversations of the discoveries, presents that review finishes of the discoveries, and offers suggestions for development, and further investigations. The study showed that Micro Finance support had created the possibility for the Small and Medium Enterprises to engage with micro finance which is used to enhance their enterprises, and this had made it easier for the Small and Medium Enterprises to update product and service and increase capital/finance promptly. Micro Finance was not used to reach and cover an objective capital, expenses, item and

benefits and extend enterprises geographically without any problem. Miniature Finances were likewise utilized by the organization to comprehend their Equity needs, customers, and produce and oversee cozy associations with them.

5.2 Conclusion

This study concludes that dependent variables Growth of Small and Medium Enterprises (SME) and that Advancing Loan (AL), Shot-term and Long-term loans (SL), Paying back of Loans (PBL), Foster Quality Advice (FQA), Technical support (TS), Financial Products and Services (FPS), Social Network (SN), Value chain opportunities (VCO) have an important relationship with the these independent variables and permitted firms to make arrangements and plans to create merchandise and ventures to draw in clients and customers, and was utilized in the Small and Medium Enterprises to expand the situation of the organizations and their items in the outcomes postings for chose watchwords and expressions. This investigation infers that eight determinants can assume an extraordinary part in connecting little and medium undertakings with monetary foundations when utilizing the microfinance to fabricate organization picture and discover target clients.

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