

# Role of Microfinancial Institutions on SMEs – Types of Services and Their Effectiveness on SME Growth: A Case Study of IZWE Loans in Lusaka

Robert Kaluba<sup>1</sup> and Peter Silwimba<sup>2a</sup>

<sup>1</sup>*School of Humanities and Business, Information and Communications University, Lusaka, Zambia*

<sup>2</sup>*Risk Department, National Savings and Credit Bank and*

<sup>a</sup>*School of Humanities and Business, Information and Communications University, Lusaka, Zambia*

<sup>a</sup>Corresponding Author: Peter Silwimba, Email: [silwimbap47@gmail.com](mailto:silwimbap47@gmail.com)

**APA Citation and Referencing:** Kaluba, R. & Silwimba, P. (2026). Role of Microfinancial Institutions on SMEs – Types of Services and Their Effectiveness on SME Growth: A Case Study of IZWE Loans in Lusaka. *JENER Journal of Empirical and Non-Empirical Research*, 2(1), 77-89

ARTICLE INFORMATION	ABSTRACT
<p><b>Article history:</b>            Published on 2<sup>nd</sup> Jan 2026</p>	<p>This study analysed the effectiveness of micro-finance Institutions (MFIs) on small and medium enterprises (SMEs) Growth) in Lusaka, using IZWE as a case study. The research specific objectives targeted the impact of microfinance on SME growth and addressed the challenges SMEs encounter when seeking financial support. The major problem was to account for the gap that exists between the growing number of the MFIs in the capital city but at the same time accompanied by the increasing capital adequacy and operational financial resilience on the part of SMEs. The findings revealed a notable gender disparity among SME owners, with males constituting 90% of respondents and females only 10%, reflecting persistent cultural and structural barriers to women's entrepreneurship. Most respondents were aged 30 to 45 years, representing the economically active group, and held at least secondary or tertiary education, indicating sufficient knowledge for effective utilization of microfinance services. It was reviewed that most of the SMEs are traders as represented by 43% of the sampled population and the rest are in retail and agriculture as represented by 29% and 26 % respectively. Businesses include trading, manufacturing, agriculture, and services, with a dominance of trading-related businesses. This indicates that most SMEs in the study are involved in trading business following how the Zambian economy is structured, it is an economy heavily dependent on imports as there are few manufacturing industries. Accessibility to loans remain a challenge due to high interest rates, small loan sizes, and stringent collateral requirements were found to hinder many SMEs. Regarding the impact of microfinance, results indicate that SMEs experienced marginal revenue growth and hire of workers after accessing financial support. Many enterprises reported increased monthly revenues, improved liquidity, and expanded market reach. However, some SMEs continued to operate at low revenue levels, highlighting differences in how financial support translates into business performance. SMEs also face persistent barriers in accessing financial support, including frequent loan rejections and limited financial literacy. Many businesses had to submit loan applications, while others resorted to informal lending sources. Respondents emphasized the need for reduced interest rates, relaxed collateral requirements, and enhanced financial training to improve access to finance. Overall, the study concludes that microfinance institutions such as IZWE play a vital role in fostering SME growth and entrepreneurship in Zambia.</p>
<p><b>Keywords:</b>            Micro-Financial Institutions            SMEs            Growth            IZWE</p>	

## 1. Introduction

### 1.1 Background

Small and medium-sized enterprises (SMEs) are considered the backbone of most economies, particularly in Zambia, where they contribute significantly to employment, income generation, and economic development (Bank of Zambia, 2021). However, access to adequate finance remains one of the most significant barriers to the growth and sustainability of SMEs in Zambia. Traditional banking institutions often view SMEs as high-risk borrowers, leading to a credit gap. Bank of Zambia (2021) Micro-financial institutions, such as IZWE Financial Services, have stepped in to address this gap by offering small-scale loans, financial advice, and other services to underserved businesses. These institutions are often more flexible than traditional banks, enabling SMEs to

access much-needed capital for growth and development. Access to finance remains a critical challenge for small and medium enterprises (SMEs) globally. According to the World Bank (2023), approximately 65 million firms, or 40% of formal micro, small, and medium enterprises (MSMEs) in developing countries, have an unmet financing need of \$5.2 trillion every year. This financing gap is particularly pronounced in emerging markets, where traditional banking systems often fail to accommodate the specific needs of SMEs due to perceived high risks, lack of collateral, and high transaction costs (IFC, 2022). Consequently, micro-financial institutions (MFIs) have emerged as pivotal actors in bridging the financing gap by offering tailored financial products to underserved segments.

In Sub-Saharan Africa, SMEs contribute significantly to employment and economic growth but face notable barriers in accessing credit. According to the African Development Bank (2022), only about 20% of SMEs in the region have access to a credit line, with the majority relying on informal funding sources. Micro-financial institutions have gained importance in this context by serving as a bridge between informal financial systems and the formal banking sector. MFIs in the region play a critical role not only in offering financial services but also in improving financial literacy, reducing poverty, and fostering entrepreneurship (IMF, 2021).

In Zambia, SMEs represent over 70% of the country's employment and contribute significantly to GDP (Zambia Development Agency, 2023). Despite their economic importance, SMEs continue to face substantial challenges in accessing finance, mainly due to collateral requirements, high interest rates, and limited financial infrastructure. In response to these challenges, micro-financial institutions such as IZWE Financial Services have become instrumental in facilitating financial inclusion. IZWE offers a variety of financial products, including personal loans and SME finance, targeting underserved populations with simplified credit processes (IZWE Zambia, 2024). By providing accessible and flexible financing solutions, IZWE has played a notable role in supporting the growth and sustainability of SMEs in Zambia, thereby contributing to broader socio-economic development.

### *1.2 Problem Description*

Access to finance remains a major constraint to small and medium enterprises in Zambia. There have been credit constraints pertaining to working capital and raw materials, SMEs lack the necessary collateral to serve as security for loans because they are considered as a high-risk business (Bank of Zambia, 2021). This is on the ground that applicants from the informal sector tend to apply for small loans and it required the same oversight and administrative methods that are required for large loan request that is made by large or medium scale firms (Salomey et al, 2013). SMEs in Zambia. Bank of Zambia (2021) reported that 38% of SMEs surveyed mentioned credit as a major constraint of financing their businesses. This stems from the fact that SMEs have limited access to capital markets, in part because the high cost of borrowing, and rigidities of interest rates has also made financing of small-scale enterprises very difficult in Zambia. Bank of Zambia (2021) most SMEs also lack the necessary collateral to obtain loans from financial institutions, therefore resulting in SMEs not often obtaining long-term finance to finance and expand their businesses. Often, SMEs especially informal ones are sideline from financial inclusion due to the notion that "Rather than the constraints in obtaining finances, SME owners in Zambia are mostly unskilled and semiskilled, usually some of them do not even understand the procedures and requirements needed in order to acquire a loan", other common absences among SME owners are labor, managerial competence in handling business enterprises and also lack of business ideas. As a result, their growth prospect remains stagnant (Bank of Zambia, 2021). There is also the problem of having access to modern technology since most firms use old machinery, and have problems with finding replacements parts to purchase (Zambia Financial Sector Deepening, 2022). Microfinance institutions in Zambia have proven to be a powerful tool for promoting inclusive economic growth especially in the area of Small-Scale Enterprise development and employment as well by enabling SMEs and other microenterprises access suitable finance feasibly (Zambia Financial Sector Deepening, 2022).

### *1.3 Research Objectives*

The general and specific objectives of this study are as presented in the sections below.

#### *1.3.1 General Objective*

The main objective of the study was to assess the Role of Microfinancial Institutions on SMEs – Types of Services and Their Effectiveness on SME Growth: A Case Study of IZWE Loans in Lusaka

#### *Specific Objectives:*

- i. To establish types of financial support given to SMEs in Lusaka
- ii. To examine effectiveness of loans on SMEs Growth

#### *1.3.2 Research Questions*

- i. What types of financial support are given to SMEs in Lusaka?
- ii. How effective are loans in contributing to the growth of SMEs?

### *1.4 Conceptual Framework*

The conceptual framework illustrates relationship between the loan facilities offered by the micro financial institutions and their contribution to the growth of the SMEs. The summary of this is as shown in the figure below.

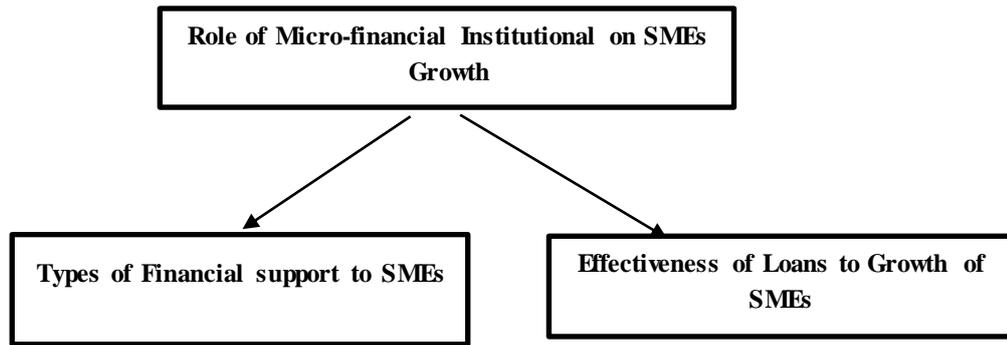


Figure 1. Conceptual Framework

### 1.5 Significance of the Study

This study is significant because it will contribute to the existing literature on micro-financing and SME development in Zambia. The findings of this study will provide valuable insights for policymakers, financial institutions, and SMEs themselves in understanding the role of micro-financial institutions in improving access to finance. Furthermore, the study may assist in identifying the gaps in the current micro-financing system, which could lead to recommendations for policy and operational improvements aimed at enhancing financial inclusion for SMEs.

## 2. Literature Review

This chapter presents a review of existing literature relevant to the study on the effectiveness of micro-financial institutions (MFIs) on the growth of Small and Medium Enterprises (SMEs), with a focus on IZWE Loans in Lusaka. It synthesizes scholarly work on two major thematic areas aligned with the study's specific objectives: (i) types of financial support extended to SMEs and (ii) the effectiveness of loans on SME growth.

The literature review draws on global, regional and Zambian literature to position the study within existing knowledge and highlight gaps that justify the research.

### 2.1 Types of financial support given to SMEs in Lusaka

Micro-financial institutions provide a diverse range of financial products designed to meet the operational and investment needs of SMEs, particularly those that face difficulties accessing traditional banking facilities. According to Ledgerwood (2013), MFIs typically offer credit services, savings products, insurance, and money transfer facilities, all intended to enhance financial inclusivity among underserved groups. In the Zambian context, SMEs often depend heavily on short-term and medium-term loans because they lack collateral and struggle with stringent requirements imposed by commercial banks (FSD Zambia, 2018). As a result, institutions like IZWE Loans have positioned themselves to fill this gap by offering unsecured loans, salary-backed loans, working capital loans and asset-financing products intended to boost business liquidity. Such financial support is crucial, considering that many SMEs in Lusaka operate in volatile environments where access to constant cash flow determines survival and competitiveness.

Moreover, microfinance institutions globally have diversified their products beyond conventional credit. For instance, Churchill and Frankiewicz (2006) argue that micro-insurance has become one of the fastest-growing financial services due to its role in cushioning businesses against unexpected shocks such as market fluctuations, fire accidents and illness. In Zambia, SME-oriented micro-insurance schemes are increasingly being adopted, particularly among enterprises in wholesale and retail trading. Savings mobilization is also a critical support service, allowing entrepreneurs to accumulate capital for investment and reduce reliance on borrowing. Rutherford (2000) emphasizes that savings-led financial services are often more sustainable than loan-dependent financing for SMEs, especially in developing economies.

Another important financial support tool is financial literacy training. Many MFIs in Lusaka, including those partnering with international development organizations, provide business skills education aimed at improving entrepreneurship capabilities. Studies by Chikalipah (2017) note that training interventions help reduce loan defaults and improve business performance by equipping entrepreneurs with financial management and record-keeping skills. Although not strictly a financial product, training is considered a form of financial support because it enhances the ability of SMEs to utilize credit responsibly. In the context of institutions like IZWE Loans, financial literacy programs whether formal or informal play a key role in ensuring that SMEs can translate borrowed funds into meaningful business growth.

The literature on small and medium enterprise (SME) development in Zambia consistently emphasizes the central role of financial support particularly from micro-financial institutions (MFIs) in facilitating SME growth, survival, and expansion, especially in urban centres such as Lusaka where entrepreneurial activity is heavily concentrated and competition for financial resources is intense. Studies show that financial support for SMEs in Lusaka takes multiple forms, each serving specific operational and developmental needs, and that MFIs such as IZWE Loans, Bayport, MFZ, and others have become indispensable in a context where traditional banks impose rigid collateral requirements, formal documentation demands, and high interest rates that many SMEs cannot meet (Ziba & Phiri, 2021; World Bank, 2022). Among the most prominent financial instruments is working capital

financing, which enables SMEs to fund day-to-day business operations such as inventory purchases, supplier payments, wages, utilities, and transport. Empirical studies conducted on SMEs in Lusaka indicate that microfinance working capital loans significantly improve liquidity, cash flow, operational efficiency, and profitability, with one study showing a statistically significant positive relationship between microfinance capital financing and SME working capital performance ( $r = 0.534$ ) (Sitali, 2023; Banda & Chisha, 2020). Because many SMEs in Lusaka operate in volatile sectors such as retail trade, informal manufacturing, hospitality, and general commerce, working capital loans help stabilize operations during periods of fluctuating revenue, protecting firms from liquidity crises that could lead to business closure (Mwanza, 2020). Complementing working capital loans is order finance, also known as purchase-order or tender financing, which allows SMEs to fulfil confirmed supply contracts by providing upfront funds to acquire goods or raw materials (MFZ, 2021; Mbozi, 2019). This is especially important in sectors such as wholesale and retail distribution, construction materials supply, agro-processing, and corporate procurement, where SMEs often secure orders but lack capital to fulfil them.

Closely related is invoice discounting or receivables financing, which helps SMEs maintain liquidity by converting unpaid invoices into immediate cash rather than waiting 30–90 days for payment (World Bank, 2022). Evidence shows that invoice discounting supports firms supplying goods to government agencies, mines, hospitals, and NGOs entities that generally operate with long payment cycles thereby allowing SMEs to take on multiple contracts simultaneously (Chidumu & Sakala, 2021). In addition to short-term instruments, MFIs and SME-focused lenders in Lusaka also provide asset financing loans for equipment, machinery, vehicles, and other fixed assets essential for scaling up production or improving business efficiency. Scholars argue that asset financing is central to SME transformation from informal micro-trading operations to more structured, capital-intensive businesses (UNZA, 2020; Mwale, 2018). The introduction of Zambia's Movable Property (Security Interest) Act has made it easier for MFIs to accept movable assets as collateral, thereby increasing SME access to capital expenditure financing (World Bank, 2020).

MFIs also provide medium-term business loans, which support expansion, inventory growth, and diversification, though high interest rates and short repayment cycles remain major constraints (Ziba & Phiri, 2021). Beyond credit, MFIs such as IZWE Loans offer non-financial support, including business training, financial literacy, bookkeeping assistance, and advisory services. Research highlights that SMEs equipped with financial literacy are more likely to allocate credit productively, maintain better financial records, avoid over-indebtedness, and achieve sustainable growth (Kapena & Shula, 2019). According to MFZ (2021), such non-credit services reduce information asymmetry, improve loan performance, and increase the likelihood of business survival. Other forms of financial support available to SMEs in Lusaka include leasing, government credit guarantee schemes, and matching grants, though uptake remains low due to limited awareness and eligibility constraints (Bank of Zambia, 2020; MFW4A, 2022). Despite the diversity of financial instruments, SMEs in Lusaka continue to face significant challenges accessing finance, including high interest rates, collateral demands, limited financial literacy, and lack of information on available financial products (Mwanza, 2020). MFIs also face operational challenges such as inadequate funding, high default rates, and administrative inefficiencies that limit the scale of support they can provide (Sitali, 2023). Within this complex ecosystem, MFIs particularly IZWE Loans play a critical role in expanding financial inclusion by offering accessible and flexible financial support tailored to the needs of small businesses. For a case study of IZWE Loans in Lusaka, the literature suggests evaluating the institution's mix of financial instruments working capital loans, order finance, invoice discounting, asset financing, and non-financial training and assessing how effectively these instruments address the financial constraints that inhibit SME growth, profitability, formalization, and long-term competitiveness in Lusaka's dynamic economic environment.

## 2.2 *The effectiveness of loans on SMEs Growth*

Research highlights that microfinance loans can significantly enhance SME growth by increasing working capital, enabling business expansion, and improving operational efficiency. According to Beck and Demirgüç-Kunt (2006), credit access is one of the largest predictors of SME growth, productivity and innovation, particularly in emerging economies. Loans allow SMEs to acquire inventory, purchase machinery, introduce new product lines or expand into new markets. In Lusaka, microfinance loans from institutions such as IZWE Loans have facilitated entrepreneurs in the retail, transport and service sectors to expand their operations and increase their revenue cycles. Such improvements are consistent with empirical findings from African countries, where microfinance interventions have demonstrated positive effects on business output and job creation (Banerjee et al., 2015).

However, the effectiveness of loans depends on several contextual and institutional factors. According to Karlan and Zinman (2010), loan structures such as repayment schedules, interest rates and loan size significantly influence whether SMEs experience positive or negative outcomes. In situations where interest rates are high or repayment terms are too short, borrowers may face repayment pressure, which can limit reinvestment of profits and hinder growth. This is particularly relevant in Zambia, where micro-credit interest rates tend to be high due to perceived risks associated with lending to SMEs. Consequently, while loans have the potential to support SME growth, their effectiveness varies based on how well they address the needs and realities of small businesses.

Additionally, borrower characteristics influence the effectiveness of microfinance loans. Research shows that entrepreneurs with higher financial literacy and business experience are better able to convert loan capital into productive investments (Atkins on & Messy, 2012). In contrast, those lacking financial management skills may misuse funds, leading to poor business outcomes even when loan amounts are sufficient. Studies in Sub-Saharan Africa also highlight gender differences in loan effectiveness, with women entrepreneurs often achieving higher repayment rates but facing greater barriers to expanding their enterprises (Kabeer, 2001). These insights suggest that while IZWE Loans may effectively support SME growth in Lusaka, effectiveness depends on loan conditions and the borrower's capacity to manage funds productively.

Microfinance institutions (MFIs) have long been championed globally as vehicles to extend financial inclusion and support small and medium enterprises (SMEs), yet they continue to encounter a complex constellation of institutional, operational, regulatory and contextual barriers that limit their ability to promote meaningful access to finance for SMEs. At a global level, MFIs grapple with the dual pressures of fulfilling social inclusion mandates while maintaining financial sustainability: they often operate in high-cost environments because they provide small loans, in remote or underserved markets, which drives up transaction costs per unit and forces them to charge higher interest rates or impose shorter maturities, thus limiting their outreach or the usability of the loans for growth-oriented SMEs (Oxford study, 2025). Moreover, information asymmetry is a persistent challenge: many SME borrowers lack reliable financial statements or collateral, making credit assessment difficult and increasing default risks which in turn leads MFIs to adopt conservative underwriting, higher pricing or avoid certain segments altogether (Yusuf, Abubakar & Digil, 2021).

The mismatch between loan size or structure and the growth financing needs of SMEs has also been widely documented: MFIs are often geared to micro-loans for very small businesses rather than the “missing middle” SMEs that require larger, longer-term investment loans, which means their product offering does not always align with the growth aspirations of SMEs (Strategic Journals Kenya case, 2025). Technological and infrastructure barriers also operate globally: especially for rural or digital-poor markets, MFIs face difficulties in technology adoption for credit scoring, digital disbursement and monitoring, which undermines their cost efficiency and reach (Vault of Trust, 2023). Regionally across Africa these challenges are magnified: MFIs in Africa frequently contend with limited access to long-term funding sources, which constrains their ability to scale up lending to SMEs; high operational costs, weak regulatory frameworks, and underdeveloped credit-information systems raise the cost of risk and reduce product diversification (Afrisure, 2024). In rural African contexts, MFIs also face the burden of high per-client servicing costs, logistical hurdles, poor infrastructure and low digital literacy among clients all of which reduce outreach and increase default risk (Executive Education Blog on Rural Finance in Zambia, 2021). Within Zambia specifically the literature indicates that MFIs face acute challenges in promoting financial accessibility for SMEs: a study of MFIs in Lusaka identified limited access to funding, operational inefficiencies, and low financial literacy among clients as key failure factors (Nyirenda, Mulenga & Mwanza, 2024). Regulatory and supervisory constraints also hamper MFI performance: for example, the Bank of Zambia (BOZ) has struggled with licensing issues, institutional form mismatches and weak supervisory capacity under the Microfinance Regulations, which reduces the effective oversight and support for MFIs (Ndovi, 2013). The high cost of borrowing is another constraint: Zambia’s SME sector reports interest rates of 25-30 % or more, collateral demands that exclude many SMEs, and under-funded guarantee schemes that limit risk sharing (Mwale, 2025).

Furthermore, digital divide issues in Zambia further restrain MFIs from leveraging technology effectively poor network coverage, limited digital literacy and lack of infrastructure mean that MFIs cannot fully exploit mobile-money or fintech channels to reduce costs and expand outreach (African Journal of Management & Business Research, 2025). Institutional capacity within MFIs is also weak: many MFIs in Zambia have small capital bases, limited staff training in SME credit appraisal or monitoring, and high portfolio-at-risk ratios, which discourage risk taking or product innovation (Sakala, 2025). Contextually, macro-economic instability such as inflation, currency depreciation, and unpredictable regulatory interventions compound risk and raise costs for MFIs, which then pass on the burden to borrowers or shrink capacity (Inclusive Business Network Zambia, n.d.). Additionally, cultural and behavioral factors such as lack of trust in formal finance, low awareness of microfinance product options or poor record keeping among SMEs mean that MFIs may struggle to attract viable borrowers or sustain repayment discipline (Daily Nation Zambia, 2023). Thus, the literature underscores that while MFIs hold potential to promote SME financial accessibility, in practice their impact is constrained by funding and cost structures, product-client mismatches, regulatory and infrastructure deficiencies, human capital weaknesses and macro-contextual risks. For cases like Izwe Financial Services Zambia (Izwe), this implies that operating effectively in Zambia’s SME–finance space requires not only innovative products but also robust institutional capacity, effective technology adoption, tailored product design for SMEs (not just microenterprises), and supportive policy and infrastructure frameworks. Unless these multifaceted challenges are addressed, MFIs will struggle to bridge the gap between finance supply and SME growth demand.

ZDA (2020) Globally, micro-financial institutions (MFIs) have emerged as pivotal players in delivering financial services to underserved populations, particularly small and medium enterprises (SMEs). According to the World Bank (2020), MFIs offer tailored services such as micro-credit, savings products, insurance, and payment systems. These services are structured to accommodate the unique financial profiles of SMEs, which often lack the collateral and formal documentation required by traditional banks. The Consultative Group to Assist the Poor (CGAP, 2019) also emphasizes the growing diversification of MFI services, including digital finance, mobile money platforms, and business training.

A study was done in China by He in 2009 through the China Association of Microfinance (CAM) “examined the impacts of microfinance development at macro, meso, and micro levels, spanning over agricultural industry, financial markets, and socially vulnerable groups such as women and farmers (He, et al., 2009)”. The findings indicated that most people in the farming sector, get a lot of assistance from MFIs, except the repayment tenures do not entirely suit them. The study did not look at SMEs in general, but was biased towards women and farmers, hence the results cannot represent the SMEs as a whole. This calls for research that looks at SMEs as a whole. Another study by Wang, (2013) in London, was conducted and its main focus was on determining how microfinance had impacted farmers and agriculture as a whole. It concludes that microfinance has offered an effective finance method for the construction of new socialist rural regions and has won the support of agriculture and farmers. It also examined the impact of microfinance on gender inequality in China and have discovered that there are many benefits to providing microfinance to women, despite lack of conclusive evidence on significantly reducing gender inequality. Microfinance allows women to enjoy greater economic power, better living quality, and stronger social and political empowerment (Wang, 2013). The study by Wang lacked information on the negative sides encountered while accessing or trying to access loans through

microfinance such as rigid high interest rates. The study being undertaken now bridges that gap by providing solutions to how accessing loans through microfinances can be enhanced. Wang, (2013), further studied the impact of microfinance on the development of small and medium enterprises (SMEs). The main objective was to establish the significance of microfinances in SME growth in China. The study made use of survey data collected from SMEs in Taizhou, Zhejiang, the largest home of SMEs in China. The study first showed that microfinance plays a crucial role in the revenue and profit growth of SMEs. The study then revealed that the SMEs with higher financial risk and lower level of productivity are more likely the firms to seek microfinance. Furthermore, the paper found that firm characteristics including product innovation efforts and managerial and entrepreneurial attitudes are the keys that determine the likelihood of receiving micro-financing. The study realized gaps in the areas of due diligence, the focus for this study was mostly on what benefits SMEs are drawing from microfinances and did not look at the terms and conditions and capacity for SMEs to repay loans.

In Sub-Saharan Africa, MFIs have tailored their service offerings to address the structural deficiencies in the formal banking sector. According to African Development Bank (AfDB, 2021), MFIs in the region provide flexible loan products, group lending schemes, and mobile banking services to extend outreach to rural and peri-urban entrepreneurs. The use of mobile money platforms like M-Pesa in Kenya has been widely studied as a successful model, facilitating quick, low-cost transactions and loan disbursements. Services are often bundled with non-financial offerings such as financial literacy training to improve loan utilization and repayment.

In Zambia, MFIs like IZWE Financial Services offer an array of financial products aimed at bridging the gap between formal banks and SMEs. IZWE provides payroll-based loans, business loans, asset financing, and insurance products. The Bank of Zambia (2023) notes that Bayport's model of leveraging technology and partnerships has allowed for streamlined credit assessments and quicker service delivery. This localized approach ensures that services are accessible to underserved groups.

The instruments used in this study were open and closed ended Questionnaires, observation and interview guide. Face and content validity was used to ascertain the conceptual clarity and investigative bias. The study used simple random sampling of 47 SMEs out of the SMEs there were 17 SMEs did not take loan with MFIs while 30 SMEs had loans with MFIs. Data was presented through the use of frequency tables, pie charts and percentages. Data was analyzed using inferential statistics. In the final analysis, the research clearly found that MFI have a positive effect on the performance of SMEs with a level of significant of less than 5%. In order to enhance a sustained and accelerated growth in the operations of SMEs credits should be client-oriented and not product-oriented. Dennis, Achesa, and Dr Gedion, (2015), further concluded that a large number of Uasin Gishu residents derive their livelihood from the SMEs.

However, in spite of the importance of this sector, experience shows that provision and delivery of credit services to the sector by formal financial institutions such as commercial banks and MFIs has been below expectation. This means that it is difficult for the poor to move out of poverty due to lack of finance for their productive activities. Small-scale loans can relieve capital constraints that might otherwise preclude cash-strapped entrepreneurs from investing in profitable businesses, while savings services can create opportunities to accumulate wealth in safe repositories and to manage risk through asset diversification. As SMEs grow, they require funds to finance growth in fixed asset and increase working capital. SMEs therefore require long-term credit in ever increasing amounts. SMEs needs funds so that they can purchase raw materials supplies and carry out activities that they need to facilitate the production process (Dennis, Achesa, & Gedion, 2015). The study also found that all SMEs borrow investment capital and they use it for the purpose in which they borrowed for, most of them do not have other source of financing other than from micro-finance institutions and they did not have other form of financing before they started receiving financing from microfinance institutions. The study finally concludes that ROA increased with each consecutive loan showing that microfinance services enhance performance of SMEs in Uasin Gishu County. The regression results imply that microfinance credit contribute more to the financial performance of SMEs and hence higher return on assets (Dennis, Achesa, & Gedion, 2015). The gap determined was that the study was biased towards the performance of SMEs as a result of MFIs.

This study addressed that gap, for the fact that it brought another aspect of to add to the performance inclined findings by establishing the actual benefits SMEs draw from MFIs. In addition, Gathogo, (2014) did a study to determine the effect of MFIs on the growth of SMEs in Kiambu County. The study was guided by the following research objectives: To determine the effect of MFIs on the growth of SMEs capital, to examine the effect of MFIs on the growth of SMEs human resource and to investigate ways of how MFIs can improve their financial assistance towards SMEs growth. This research adopted a descriptive research design. A descriptive research design is a scientific method which involves observing and describing the behavior of a subject without influencing it in any way. The research population consisted of 25,000 registered Kiambu SMEs. In this study, the sampling frame constituted of SMES entrepreneurs and the information was obtained from the Kiambu County Authorities.

The sampling techniques included the purposive sampling method in the determination of SMEs to be included in the study. Using a confidence level of 95% and a total population of 25,000 SMEs the sample size was 393 (Gathogo, 2014). The data collection techniques that were employed for the research included the use of structured questionnaires. The respondents were requested for their time prior to sending the actual questionnaire. A pilot test involving 5 respondents was carried out to evaluate the completeness, precision, accuracy and clarity of the questionnaires. In this study, the descriptive statistics such as percentages and frequency distribution were used to analyze the demographic profile of the participants. The demographic data will be tabulated using frequency and percentages. In order to describe the data, the study used means of each variable. The study established that savings remains the most important source of finance throughout the business cycle. Zambia Financial Sector Deepening (2022) The MFIs play a smaller role in economic empowerment of SMEs in Kiambu County, as most of the respondents, depended on village loans, self-help groups (SHG) and from family members in generating their business start-up capital. SHGs can also promote savings and yield moderate economic benefits that reduce the dependence on moneylenders. Zambia Financial Sector Deepening (2022) Access to finance has been identified as a key element for small scale enterprises to succeed in their drive to

build productive capacity, to compete, to create jobs and to contribute to poverty alleviation in the county. Without finance, small scale enterprises cannot grow or compete in the turbulent business environment. MFIs play a small role on the growth of human capital. From the findings, MFIs also play a small role in making the labor force to be more productive.

A small proportion of the respondents agreed that there were a number of MFIs offering business training to small and medium scale entrepreneurs in Kiambu County. It was also found that MFIs do not play any significant role in offering training in business skills (Gathogo, 2014). The study concludes that MFIs have a small impact on the growth of SMEs as savings remains the most important source of finance throughout the business cycle. MFI plays a small role on the growth of human capital. The Kenyan government has failed to safe guard the property of the SMEs. The study recommends that MFIs should come up with innovative ways to finance SMEs for successful growth. MFI should play a critical role on the growth of human capital. The government should be involved in business growth. MFIs should assist SMEs in marketing of the business products, making credit available to SMEs at an affordable rate (Gathogo, 2014).

The study by Gathogo had loopholes as it was more inclined to SMEs generating capital from MFIs, and the findings indicated that MFIs have a small impact on the growth of SMEs. Therefore, this study aimed at closing some of the gaps realized from this research by bringing in an aspect effects that MFIs have on SMEs. Furthermore, Ngugi and Kerongo (2014) also did a similar study in Kenya on determining SMEs' preference for loans. The fundamental objective of this study was to assess the effects of Micro financing on growth of small and micro enterprises in Mombasa County. The findings give contradictory conclusions, small and micro enterprises in Kenya are mostly out of scope of formal banking services. And it was established that most SMEs depend on MFIs loans to finance their business operations. Despite access to credit SMEs growth remains a major problem. Access to credit should enable a business to achieve their growth objective. Despite this it is interesting to note that most of the SMEs could not survive third year of incubation period. Descriptive Survey method was employed in this study. The study adopted stratified and systematic random sampling method. The sample size was 157 SMEs. Semi-structured questionnaire was designed to facilitate the acquisition of data. Data was collected from 102 respondents, a response rate of sixty-five percent. Sales, income and competitiveness were used as the independent variable while growth of SMEs as dependent variable. Descriptive statistics was used to analyze data. Results indicated that microfinance has positive effects on growth of SMEs. Majority of the owners indicated that microfinance has enabled them to expand businesses, build their business assets, also ability of the business to complete was enhanced (Ngugi & Kerongo, 2014).

According to Ngugi and Kerongo (2014), a positive and significant relationship has been established between Microfinance loans and SMEs growth. County Government policies and programs designed to develop SMEs are ineffective and thereby need to be re-conceptualized. The county and central government should ease the process of accessing the women fund and youth enterprises funds. Apart from provision of tax incentives, and financial supports, the County Government should try to provide sufficient infrastructural facilities such as electricity, good road network and training institutions. In the midst of these, the study to emphasizes that the finding of this research clearly indicates that Microfinance has had a positive effect on the growth of SMEs (Ngugi & Kerongo, 2014). The fundamental objective of this study was to assess the effects of Micro financing on growth of small and micro enterprises in Mombasa County, it realized a positive relationship between MFI loans and SME growth but did not address any issues pertaining to what SMEs think on the terms and conditions of loans from MFIs and what they would like to see happening for the conditions to be more favorable to them and that is among the key issues the current is bringing across.

Another study by Rotich, et al., (2015) on the effects of microfinance services on the performance of MSMEs in Kenya. Micro, Small and Medium Scale Enterprises (MSMEs) sector in Kenya has grown tremendously over the last two decades prior to the study but its growth is characterized by low productivity and survivalist enterprises. The sector is however very strategic in providing future employment for the economy. This paper reviews the effects of microfinance services on the performance of MSMEs using an explanatory research design. The study targeted 429 MSMEs registered by the Kiambu Municipal Council and sampled 270 enterprises. The study utilized multiple regression analysis set draw inferences on the study using SPSS statistical package. The study found access to savings schemes, managerial training and loan grace period to be statistically significant in determining the performance of MSMEs. This study concludes that increasing provision levels of micro finance will result in increased performance of micro enterprise. The findings further indicated that the access to credit, savings mobilization and training in micro enterprise investment was on average satisfactory to the micro entrepreneurs. The study concluded that there existed a relationship between extent of provision of microfinance and performance of microenterprises and that micro finance significantly affected performance of micro enterprises. It therefore implies that improvement in the provision levels of micro finance will result in increased effect on performance of micro enterprise.

CFEE (2011) Training in micro enterprise investment as a component of micro finance help clients in business management and minimizing transaction related risks (Rotich, et al., 2015). The gap noted in this study was that the study was biased towards how MFIs to change in the performance of MSMEs, it did not reflect on the concerns of MSMEs on the terms and conditions of the MFIs loans. This research brings in the component that elucidates on the concerns of MSMEs on the terms and conditions to appear flexible and appealing to them. Lastly, another study was done by Ahiabor, (2013) to assess the impact of Microfinance on Small and Medium Enterprises (SMEs) in Ghana, using a case study of the Ledzorkuku-Krowor Municipal Assembly. Simple random sampling technique was employed in selecting the 70 SMEs and 30 MFIs that constituted the sample size of the research. Structured questionnaire was designed to facilitate the acquisition of relevant data which was used for analysis.

Descriptive statistics which involve simple percentage graphical charts and illustrations was tactically applied in data presentations and analysis. The findings of the study reveal that significant number of the SMEs had the knowledge of the existence of MFIs and some acknowledge positive contributions of MFIs loans towards promoting their growth. Other than financial support, it is recommended that microfinance institutions should at all-time give professional advices to SMEs since proper professional advice will inform the lending microfinance institutions whether the amount the SME requested for is too

much for the project or less. Seminars and workshops should be organized by the microfinance institutions to educate SMEs on their policies and judicious use of funds for SMEs and what it takes to assess loans. Also, the microfinance institutions should initiate more developmental projects in order to win the confidence and trust of the SME's. The main objective for embarking on this study was to assess the impact of microfinance on the development of small-scale enterprise in Ghana and the following findings were made. The microfinance institutions do not care about the finances of SME's but grants loans to them when they think the SME has enough collateral to secure the loan. For that matter they do not provide any financial advice and monitoring to their customers. Even when Small and Medium Enterprises are given credit, they are often granted short-term loans and therefore they have no option but to depend on short-term and informal credits in financing their long-term needs such as acquiring new equipment (ZDA, 2020).

The views of the SME's are not factored in the formulation of credit policies of the microfinance institutions hence the SME's do not feel part of it. Because of that it does not favor the SME's interest and this has been one of the greatest causes of failure of the credit management policies hence the default. High interest rates and the other fees are making it very difficult for the SMEs to make any meaningful profit so as to be able to repay their loans. The type of collateral security preferred by the microfinance institutions make it impossible for some SMEs to qualify for the loan. Also, most of the SMEs could not provide the required collateral security and hence cannot go for loan from the microfinance institutions (Rotich, Charles & Kogei, 2015). 16 The gaps in the study by Charles and Kogei came in because it did not regard the warfare of SMEs, the primary concern was to just ensure loans are granted to SMEs and not the aftermath. This study done in Lusaka Zambia did give a concern on the warfare of SMEs by getting their views about the loans they get from MFIs, and how beneficial or non-beneficial they are.

In Sub-Saharan Africa, the impact of microfinance on SME growth has been mixed but largely positive. Research by the World Bank (2018) suggests that MFIs enable business expansion and job creation, especially among women-led and rural SMEs. However, the benefits are moderated by challenges such as high interest rates and limited loan sizes. For example, in Ghana and Tanzania, studies found that SMEs with MFI access reported improved cash flow management and increased turnover. The success of MFIs is closely tied to the regulatory environment and availability of digital infrastructure.

In Zambia, empirical studies indicate that financial services from MFIs such as Bayport have positively influenced the growth trajectories of many SMEs. According to ZDA (Zambia Development Agency, 2022), SMEs that access microfinance exhibit higher levels of capital investment and sales growth. Bayport's integration of credit scoring models and payroll-based lending ensures low default rates while improving access for previously excluded entrepreneurs. Additionally, the ability to access working capital in a timely manner contributes to the sustainability of businesses, particularly in volatile markets like agriculture and informal retail.

### 3. Methodology

The research methodology used to conduct the study, detail the design, data collection, and analysis methods employed.

#### 3.1 Research design

The study adopted a descriptive research design. This design was selected because it allows for a comprehensive analysis of the current situation regarding micro-financial institutions' role in promoting access to finance for SMEs. Descriptive surveys are effective for obtaining information from a representative group and are particularly suitable for analyzing views, behaviors, perceptions, and challenges. Through both qualitative and quantitative approaches, this design enabled the study to examine variables and relationships as they exist in the natural setting without manipulation.

#### 3.2 Target population

The target population for the study consisted of SMEs operating in Lusaka that have either sought or received financial services from IZWE Microfinance Zambia. The SMEs targeted ranged across sectors such as retail, services, manufacturing, and agriculture. Managers, owners, or financial officers of these SMEs formed the primary respondents, while IZWE loan officers and branch staff provided institutional perspectives. The estimated population is approximately 80 SMEs based in Lusaka District.

#### 3.3 Sampling design

A purposive sampling was used to select SMEs that have benefited from IZWE MFI and key informants such as branch managers, and credit officers, as they possess in-depth knowledge of the institution's financing strategies and SME engagement.

#### 3.4 Sample size determination

The sampling frame for this study is 80 SMEs in Lusaka, and the sample size for this study is arrived at using the formula  $n = \frac{N}{1 + N(e)^2}$  where  $n$ =study sample,  $N$ =study population and  $e$ = error at 5%, therefore, 80 SMEs selected purposively to be study participants as shown below.

$$n = \frac{N}{1 + N(e)^2}$$

$$n = \frac{100}{1 + 100(0.05)^2}$$

$$n = \frac{100}{1.25}$$

$$n = 80.$$

Hence, the study sample for this study is  $n = 80$ . The study will use of a sample size of eighty (80) research participants. These participants will be randomly selected and interviewed through questionnaire interviews in order to capture inferable data. Only established SMEs will be considered for this study.

3.5 Data collection methods

A survey in form of standardized questions in a questionnaire will be used to collect data. A survey is a method of collecting data from people about who they are, how they think (motivations and beliefs) and what they do (behavior) (Gathogo, 2014). The data collection techniques that will be employed for the research includes the use of structured questionnaires. The questionnaires will be used for the collection of data from the entrepreneurs from SMEs in Lusaka. The questionnaire will contain both open and closed-ended questions for randomly selected members. A combination of structured and semi-structured questions will be used to collect information from the target population. In a structured interview the survey asks predetermined set of questions, using the same wording and order of questions which are specified in the questionnaire.

3.6 Data analysis

Data collected from questionnaires was analyzed using Statistical Package for the Social Sciences (SPSS). Descriptive statistics such as frequencies, percentages, and mean scores will be used to summarize the responses. Inferential statistics, such as correlation analysis and chi-square tests, will be employed to establish relationships between variables, particularly the impact of financial accessibility on SME growth. Qualitative data from interviews will be analyzed using thematic content analysis, allowing for identification of patterns, themes, and perspectives from the responses of SMEs.

3.7 Triangulation

Triangulation will be used to enhance the validity and credibility of the study. This involves the combination of quantitative data from surveys, qualitative insights from interviews, and document analysis from secondary sources. By comparing different data sources and methods, the study will be able to cross-validate the findings and provide a more comprehensive understanding of the research problem.

4. Findings/Results

The study highlights the key findings on the background characteristics of respondents, types types of financial support given to SMEs and effectiveness of Microfinancing to SMEs growth.

4.1 Background Characteristics of Respondents

A gender representation of 52 making 90% of the participants were male, while 6 making 10% of the respondents that were females that participated in the study, the study depicts that there are more males running the SMEs compared to women. The findings revealed that 90% of the respondents were male (n=52), while only 10% were female (n=6). This indicates that SME ownership or management in the study area is male dominated, reflecting broader national trends where cultural, social, and financial constraints limit female entrepreneurship participation.

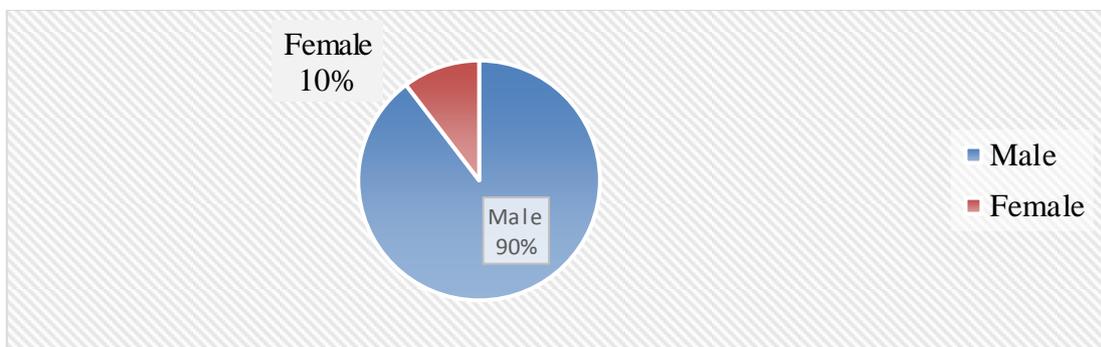


Figure 2. Gender

Although specific percentages were not given, the age distribution (as per the raw data) likely shows that most respondents fall within the 30–45 age group, indicating that SME ownership is concentrated among economically active and experienced adults.

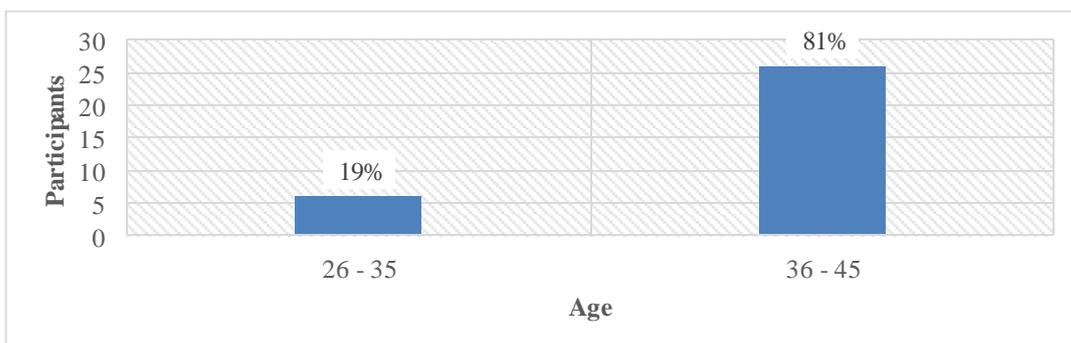


Figure 3. Age of Participants

The education profile of respondents shows that a majority possess tertiary education or secondary, implying that SME operators generally understand business management and financial processes. This could positively influence their ability to utilize microfinance effectively.

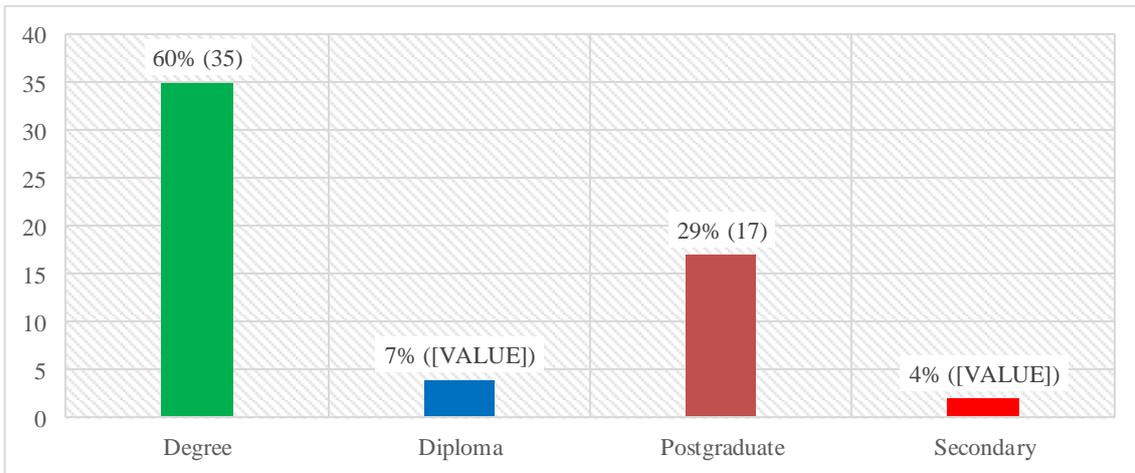


Figure 4. Level of Education

It was reviewed that most of the SMEs are traders as represented by 43% of the sampled population and the rest are in retail and agriculture as represented by 29% and 26% respectively. Business includes trading, manufacturing, agriculture, and services, with a dominance of trading-related businesses. This indicates that most SMEs in the study are involved in trading businesses following how the Zambian economy is structured, it is a country that is heavily dependent on imports to drive the economy as there are few manufacturing industries.

The respondents who were doing business in agriculture were lowest as represented by 26%, this could suggest that SME loans may not be adequate to finance the agriculture business as it requires huge investment outlay and time to have a meaningful gain.



Figure 4. Type of SME

#### 4.2. Types Of Financial Support Given to SMEs In Lusaka

A significant number of SMEs have accessed financial services as 80% of respondents had accessed loan from microfinance institutions, indicating that IZWE and similar institutions play a key role in SME financing. However, a portion of respondents indicated limited engagement, suggesting potential gaps in outreach or awareness.

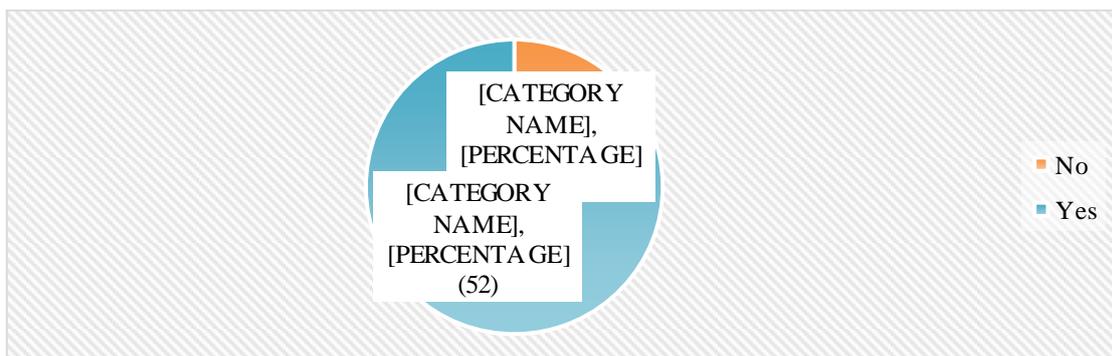


Figure 5. Number of SMEs that accessed financial services from Micro-Financial Institution

4.3 Types of Financial Services Accessed by SMEs

Most SMEs indicated having accessed personal loans as represented by 62% while 32% had accessed business loans and 2% had accessed asset finance loans. Though 62% of respondents indicated that they had accessed personal loans this could have been as result of failure to distinguish usage of loans between private and business and this is typical or characteristics of SMEs as they most able to separate a business from personal transactions. This indicates that credit is the dominant service accessed by SMEs from microfinance institutions.

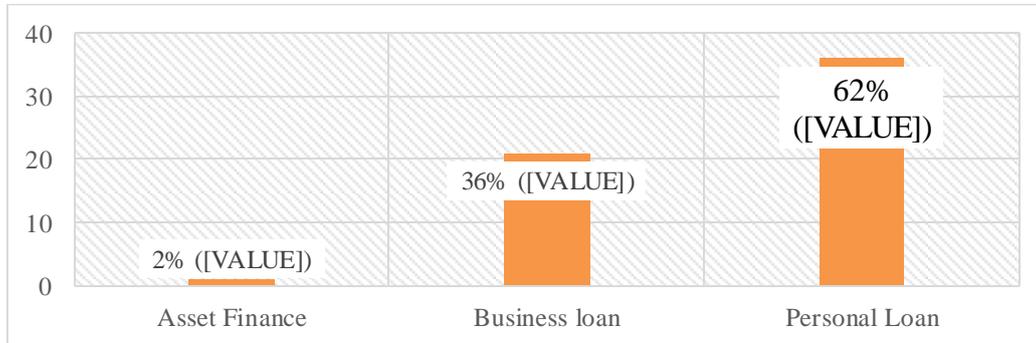


Figure 6. Type of financial services accessed

4.3 Effectiveness of loans on SMEs Growth

4.3.1 Purpose of Loans Obtained

The data show that SMEs primarily borrowed for working capital (38.5%), business expansion (18.5%), and asset purchase (16.9%). This reflects a strong reliance on microfinance for operational liquidity and growth. The lower percentages for startup financing (10.8%) suggest that microfinance institutions may prefer funding already established enterprises, and fewer SMEs about 3.1% obtained loans for inventory restocking.

The Loans obtained clearly indicated that most loans were used by SMEs to boost their business or as startup and asset purchase as indicated in the table below.

Table 1. The primary purpose of loans obtained

Loan purpose	Frequency	Percent	Cumulative Percent
Start up	7	10.8	10.8
Asset purchase	11	16.9	27.7
Business expansion	12	18.5	46.2
Inventory restocking	2	3.1	49.2
Other	8	12.3	61.5
Working capital	25	38.5	100.0
Total	65	100.0	

4.3.2 Percentage of Total Financing Needs Covered by Loan

The findings indicate that the majority of respondents reported that the loans they received from the microfinance institution covered only a portion of their total financing requirements. Specifically, most SMEs stated that the loans covered between 26-49% representing 41% of respondents, while 33% of the respondents indicated that it had covered less than 25% of their financing. And 7% of the respondent indicated that loans covered their finance needs in their businesses between 75% and 100%.

This suggests that although microfinance institutions such as IZWE provide a vital source of funding, the loan amounts are often insufficient to fully address the financial demands of SMEs. Consequently, most SMEs still rely on personal savings, reinvested

profits, or informal credit sources to supplement their financing gaps. The limited loan coverage may be attributed to factors such as loan size ceilings, risk-averse lending policies, and high demand for credit among SMEs.

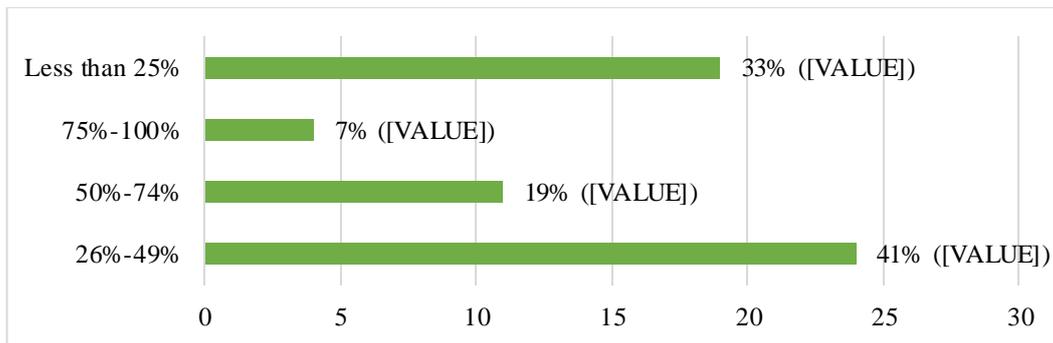


Figure 7. Percentage of total financing needs covered by the loan

## 5. Summary, Conclusion and Recommendations

### 5.1 Summary

The demographic analysis reveals a significant gender disparity among SME owners, with males constituting 90% of respondents compared to only 10% females. This trend reflects broader societal norms and barriers that often hinder female participation in entrepreneurship, such as cultural expectations, limited access to resources, and financial constraints. The age distribution indicates that the majority of respondents are within the economically active age group of 30 to 45 years, suggesting that SME ownership is predominantly held by experienced adults capable of navigating the complexities of business management. Furthermore, the education levels of participants, with many holding secondary or tertiary qualifications, imply a foundational understanding of business operations, which is essential for effective utilization of microfinance services.

A significant number of SMEs have accessed financial services as 80% of respondents had accessed loan from microfinance institutions, indicating that IZWE and similar institutions play a key role in SME financing. The type of financial services accessed by SMEs was for asset financing, business and personal loans.

The SMEs also highlighted that the loans accessed were used to finance business expansion, working capital, asset purchase, business startup and inventory restocking.

Further, most SMEs stated that the loans obtained covered a certain proportion of their financing needs, this indicated that most SMEs were not able to get full financing from the microfinancing Institutions.

### 5.2 Conclusion

Microfinance institutions are essential in SME development, access to loans significantly enhances SMEs' operational capacity as findings revealed that loans obtained enabled them to either expand their businesses, acquire assets or recapitalized the businesses or start up new businesses.

### 5.3 Recommendations

- i. Increase outreach and awareness campaigns: Microfinance institutions should actively reach underserved areas and sectors to ensure broader access to financial services, particularly among women and younger entrepreneurs who are underrepresented in SME ownership.
- ii. Enhance financial literacy and training programs: providing SMEs with education on financial management, credit utilization, and business planning can empower entrepreneurs to better leverage available financial resources.

## References

- [1] Afriquire. (2024). African SME growth and the role of microfinance in Africa. Daily Nation Zambia. (2023, February). Inclusivity in action: The progress of financial inclusion in Zambia. Executive Education Blog. (2021). Rural finance in Zambia.
- [2] Ahiawodzi, K.A & Adade, T.C. (2012). Access to credit and growth of Small and Medium scale enterprises in the Ho Municipality of Ghana. *British Journal of Economics and Management Science*, 6 (2).
- [3] Akuku, A.O (2009). The role played by Microfinance Institutions in the funding of business Start-ups for Micro-Entrepreneurs: A case study of Gikomba Market micro-entrepreneurs. (Unpublished Diploma Thesis), Strathmore University.
- [4] Armendariz, B & Morduch, J. (2010). *The Economics of Microfinance* (2nd ed). Cambridge, Massachusetts, MIT: The MIT Press.
- [5] Armendáriz, B., & Morduch, J. (2010). *The Economics of Microfinance*. MIT Press.
- Atkinson, A., & Messy, F. (2012). Measuring financial literacy: Results of the OECD survey. OECD.
- Ayyagari, M., Demirgüç-Kunt, A., & Maksimovic, V. (2014). Who creates jobs? *Small Business Economics*, 43(1), 75–99.
- Banerjee, A., Karlan, D., & Zinman, J. (2015). Six randomized evaluations of microcredit: Introduction and further steps. *American Economic Journal: Applied Economics*, 7(1), 1–21.

- [6] Beck, T., & Demirgüç-Kunt, A. (2006). Small and medium-size enterprises: Access to finance. *Journal of Banking & Finance*, 30(11), 2931–2943.
- [7] Beck, T., Demirgüç-Kunt, A., & Levine, R. (2008). Finance, firm size, and growth. *Journal of Money, Credit, and Banking*, 40(7), 1379–1405.
- [8] Byiers, B., Rand, J., & Tarp, F. (2010). Credit demand in Mozambican manufacturing. *Journal of International Development*, 22(1), 37–55.
- [9] Chikalipah, S. (2017). Financial inclusion and financial literacy in Sub-Saharan Africa. *African Development Review*, 29(1), 1–15.
- [10] Churchill, C., & Frankiewicz, C. (2006). Making Microfinance Work: Managing Product Diversification. ILO.
- [11] Cull, R., Demirgüç-Kunt, A., & Morduch, J. (2009). Microfinance meets the market. *Journal of Economic Perspectives*, 23(1), 167–192.
- [12] FSD Zambia. (2018). SME Finance and Support Report. Lusaka.
- [13] Honohan, P., & Beck, T. (2007). Making Finance Work for Africa. World Bank.
- [14] IFC. (2018). MSME Finance Gap Report. International Finance Corporation.
- [15] Karlan, D., & Zinman, J. (2010). Expanding credit access: Using randomized supply decisions. *Review of Financial Studies*, 23(1), 433–464.
- [16] Ledgerwood, J. (2013). The New Microfinance Handbook. World Bank.
- [17] Rutherford, S. (2000). The Poor and Their Money. Oxford University Press.
- [18] Ayyagari, M., Demirgüç-Kunt, A., & Maksimovic, V. (2011). Small vs. young firms across the world: contribution to employment, job creation, and growth. World Bank.
- [19] Bank of Zambia (2021). Annual Report, Delinquency Management in Microfinance Institutions.
- [20] Bateman, S & Chang, H (2009). The Microfinance illusion. University of Cambridge, UK. Basefsky, S & Sweeney, S. 2010. Employment relations in SMEs.(p.2).