Microfinance as an enabler of transformative economic development: The Zimbabwean context

Barbara Mbuyisa[1]

[1]Zimbabwe Open University

Corresponding Author's Email: mbuyisab@zou.ac.zw

Abstract

Many countries consider microfinance institutions as a tool for poverty alleviation. This is common in developing and transitional countries such as Zimbabwe, which is experiencing political and economic instability. Zimbabwe is a good example of a country where Microfinance Institutions (MFIs) have a potential to transform the lives of its citizens by providing working capital. Zimbabwe, like many countries in the Sub-Saharan region, has a high unemployment rate of approximately 90%, justifying the emergence of the informal sector as a survival strategy. Although MFIs have been regarded as an economic and transformation enabler by many countries, it remains unclear whether it delivers its promises. This paper explores the implication of microfinance in Zimbabwe, evaluating its effect on transforming the lives of the people and promoting economic development; microfinance intervention improved the access to credit for microfinance clients. The study was conducted using a qualitative research method and semi-structured interviews were used to collect data from 30 farmers, who were purposively sampled from a total of 50 members of the Simunye Burial Society. The study revealed that there is a nexus between micro-credit and improved livelihood of poultry farmers and their households.
.

Key words: Microfinance, micro-enterprises, economic enabler, transformation enabler

Introduction

In developing countries Microfinance Institutions (MFIs) are used as a tool to fight poverty and to promote economic development. Many countries have employed MFI as a capital base for poverty alleviation, especially to the economic active poor who are ignored by the traditional banks in delivering financial solutions (Yunus, 2004, Mago, 2013). Its importance and impact are on building thriving hubs of entrepreneurial activity and on supporting developing countries (Bateman, 2011). Microfinance marked its presence in different countries in the 1970s after Yunus, the founder of MFIs in Bangladesh, justified the MFI claims that they were alleviating poverty, reducing unemployment, and promoting economic development (Lensink, Mersland, Hong Vu & Zamore, 2018).

Yunus (2004) believes that credit received from the Grameen Bank would be collateralized and guaranteed using group instead of property bonding (Fouillet, Hudan, White & CopeState, 2013). However, Lensink *et al.,* (2018) argue that credit on its own is not effective without MFIs "plus" services such as training and development. Some evidence from Yunus indicates that MFI borrowers do not consider training useful and do not retain or apply their acquired knowledge such that time spent on training appears to be an opportunity cost for credit. His argument is that rather than waste time teaching the poor new skills, there is need to make maximum use of their existing skills. Although MFIs has been replicated by many countries because of its benefits, there are challenges that MFIs inhibit in executing its role as a transformation and economic enabler.

After decentralizing the economy, Zimbabwe replaced ESAP with home grown policies such as Zimbabwe Programme for Economic and Social Transformation (ZIMPREST). The main objective was to alleviate poverty through employment creation. These home-grown policies failed resulting in heavy reliance on MFIs to fight poverty (Sibanda & Makwata, 2017). The need for financial resources remained a key demand to the success of entrepreneurial activities and to the transformation of the lives of the Zimbabweans. The MFIs sector grew rapidly in Zimbabwe because of the financing of the financially excluding and marginalized that were unbanked because they had no collateral. In Zimbabwe, the MFI sector is dichotomously categorized as either developmental or consumer based. Moreover, the sector continues to pursue the generic microfinance vision and mission that is built around poverty alleviation of the marginalized members of the society particularly the economic active poor women and the youth (Gwatsvaira & Mtisi, 2016).

Many people still presume that MFI should be predominantly used as a developmental tool because of a result of lack of knowledge and experience on MFI within the politically and economically unstable economy like Zimbabwe (Mutambanadzo, Bhiri & Makunike, 2013). However, Lensink et al., (2018) argue that MFI has been used to cover basic consumption needs rather than to stimulate entrepreneurial activities. Premised on this argument, RZB (2015) funding towards consumption such as health and education are also developmental in that a country requires a healthy and educated workforce to be productive in various sectors of the economy.

The Zimbabwean economy was ruined during decentralization and MFI has shown much potential support for small and medium enterprises (SMEs) and the general populace. It is against this theoretical background that the article gives an overview of how MFIs thrive to contribute to financial inclusion, employment creation and poverty reduction.

Defining microfinance

Many scholars have provided a plethora of MFIs definitions but with a close meaning and in relation to its key characteristic features. Microfinance refers to the provision of financial services to the low income, economically active poor to help them gain access to credit and fight against poverty through income generating projects (Yunus, 2004 & Gwatsvaira *et al.,* 2016). The main target market is the rural poor, economically active and women who are excluded from the traditional banking system. Although MFIs has a social mission, there has been a consensus amongst MFI practitioners during the 1990s that MFIs must operate in a profitable manner to continue with their social mission of serving the economically active poor who are excluded by the traditional banks (Lensink *et al.,* 2018). The key characteristic feature of MFIs is that it is a poverty-based alleviation tool whose clients are rural based, economically active poor who are self-employed, with low income, distribute small loans as working capital and collateral is group guarantied and savings are considered part of a loan product rather than actual savings (Yunus, 2004, Fouillet *et al*., 2013 & Mago, 2013).

The terms transformation and economic enabler refer to the ability of microfinance institutions to stabilize low-income households' income flows and save for future needs. In good times microfinance institutions help entrepreneurs and families to prosper and improve their livelihoods while in times of crisis, microfinance helps them to survive, cope and rebuild their livelihoods.

Research Questions

- What are the challenges faced by MFIs in executing their role as transformation and economic enablers?
- How have MFIs transformed and economically improved the lives of poultry entrepreneurs?
- How would policy interventions improve MFIs' role as transformation and economic enablers?

Literature Review

Contribution of MFIs to economic transformation and growth

Many countries consider MFIs as a tool for economic development since it addresses issues related to poverty and underdevelopment. Yunus (2004) established the Grameen Bank with the idea of supporting the poor and ensuring that the poor access credit through MFIs. Yunus (2004) observed that poverty and development are closely related so availing the funds to the economically active poor would not only transform their lives but would contribute to development in developing and transitional countries (Mzumara, 2014).

The goal of institutions like CGAP (2004) is to give a lot of support to MFIs through research and development to ensure that MFIs contribute towards economic development and transform the lives of their people (Yunus, 2016). This goal conforms to the goals of Sustainable Development (Storey, 2004). Premised on these goals, Storey (1994) argues that if MFIs lack institutional support and mechanisms of stimulating entrepreneurial activities, then most developing countries will remain in poverty. Mzumara (2014) posits that the root cause of poverty is the failure of economies to formulate and implement relevant policies. Yunus (2016) confirms that poverty alleviation allows the poor to explore their potential with the aim of transforming their lives. (Kasali, Ahmad & Ean (2015) also reaffirm that economic development occurs only when the economy can transform the lives of the poor hence the need to carry out this study in Zimbabwe. Kasali *et al.,* (2015) describe development as a means of reducing poverty, inequality, and unemployment without prejudice to economic development.

Hulme & Mosley (1996) posit that the impact of a loan on a borrower's income is closely related to the level of income. This is because those with high incomes have greater opportunities for investment. In a case study that was carried out in the Bank Rakyet in Indonesia, the findings revealed that credit loans improved their clients' incomes by 112% and their clients moved out of poverty (Das, 2012). The Grameen Model is another case study which revealed an improvement in economic development and transformation of the lives of the people in Bangladesh (Yunus, 2016). Klinkhamer (2009) carried out a similar study in Zimbabwe and the findings revealed that there is excess demand of working capital loans over supply as some MFIs focus more on consumption salary-based loans. This has significantly affected entrepreneurial activities as some have eventually closed due to lack of resources. Since the Zimbabwean economy is heavily supported by SMEs and entrepreneurial activities, lack of financial support suggests poor living standards and less contribution towards economic development, hence this paper seeks to explore MFI as an economic development and transformation enabler.

However, RBZ (2015) supports the idea that indeed MFIs have the potential to contribute to economic development in the country and points out that this can only be achieved if lending is directed towards exports and income generating projects managed by Small and Medium Enterprises (SMEs) in the country. Where MFI loans are given for consumption purposes, it has an effect of boosting consumer spending on goods and services. Premised on these findings by Klinkhamer (2009), it is not clear to what extent MFIs have transformed the lives of the citizens especially Bulawayo Farmers in Poultry and contributed to economic development hence the need to carry out this research.

Challenges faced by Microfinance Institutions

The question of transforming the lives of the Zimbabweans and improved economic development can be addressed through reviewing literature on the challenges faced by MFIs. The assumption is that MFIs wish to improve the living standards of society and contribute towards economic development, but they are challenges which prohibit their performance. Considering this, the researcher noted that although MFIs in various countries face similar challenges in their operations, there are some challenges that are context specific. The following are factors that affect the performance of MFIs to serve as an economic and transformation enabler especially in Zimbabwe:

Lack of Capital

Although MFI interventions have some achievements in supporting the low income and the economically active poor, they still face challenges which make them fail to transform the lives of the poor and contribute towards economic development. Marulanda, Fajury, Paredes and Gomez (2010) studied American countries' MFIs that failed because of a lack of capital. Nuwagaba (2015) carried out a similar study in Zambia on the dependence of SMEs on MFIs and concluded that Zambia experienced slow growth and development because of MFIs which were poorly funded.

In Zimbabwe, Mutambanadzo, Bhiri & Mukunike (2013) studied the challenges faced by MFIs and concluded that 85% of MFIs relied on personal sources of funds while only 15% had access to foreign aid. Dube & Matanda (2015) also carried out a similar study and concluded that in Zimbabwe, MFIs have failed because they are undercapitalized. 78% of their participants confirmed that capital is a critical factor that has led to their failure to transform the lives of the poor and to contribute to economic development. Thus, Dube & Matanda (2015) concluded that bank owned MFIs are better placed than non-bank owned MFIs in accessing loans. Lack of capital has been highlighted as a key factor that hinders the performance of MFIs.

Managerial Competency and skills development

MFIs' failure to conduct needs assessment for small businesses has resulted in their failure to transform the lives of the poor and to contribute towards economic development. SMEs have heterogeneous needs which require the ability of their personnel to conduct needs and risk assessment and credit control (Ardic, Hermann & Mylenko, 2011). In Latin American countries, MFIs have failed to operate effectively and efficiently due to a lack of skills (Marulanda *et al.,* 2010). A study on the challenges faced by MFIs in Zimbabwe revealed that poor management skills have compromised their decision making and financial performance (Mutambanadzo et al., 2013).

Competition

For MFIs to remain competitive in the market, they must possess the ability to deal with business development in a dynamic environment. The competitive standards emanate from consumer changing consumption patterns, technological development, and globalization of markets (Ardic *et al*., 2011). Dube & Matanda (2015) established that Zimbabwe flexible micro-lending regulations resulted in commercial banks setting their own micro-lending departments. This has resulted in a very stiff competition between Bank owned MFIs and non-bank owned MFIs hence the need for new product design. Some principal areas of concern that have significantly affected the MFI sector to sustainably finance SMEs that include the informal farmers in poultry identified by various scholars such as (Helms, 2006; Marulanda *et al.,* 2010; Ardic *et al.,* 2011; Mago, 2013; Mutambanadzo *et al*., 2013; Dube & Matanda, 2015) include:

1. Inappropriate risk assessment methodologies
2. Weak portfolio management and data analysis
3. Poor quality of financial services
4. Lack of knowledge of microfinance business and corruption
5. Corporate governance

Chakalipah and Makina (2019) argue that MFIs have, since the pioneering intuition of Yunus, gone beyond any expectation, but the implementation of their plans still raises concerns.

How MFIs have transformed and economically improved the lives of Entrepreneurs.

This paper reconsiders the claims that MFIs pursue both economic and social (transformation) goals of entrepreneurs and their households, inclusive of poultry farmers. More importantly, the impact on success of MFIs has been exaggerated, yet there are claims about failures (Chakalipah and Makina, 2019). Although expectations for impacts were set high by MFIs pioneers, MFIs impacts hold real appeal in some contexts where communities remain fundamentally under saved especially in Zimbabwe (Kang *et al*., 2019). Some researchers have so far failed to come up with evidence that access to MFI services has transformed and economically improved the lives of poultry entrepreneurs, that the majority of the quantitative studies have failed to fully support MFIs' impact on poultry entrepreneurs (Cull *et al.,* 2017). It is in this context that many researchers have brought in the concept of financial inclusion bringing in the notion of the provision of savings, insurance, and payment services in marginalized communities.

However, some researchers have found that many countries that experience financial development tend to transform and economically improve the lives of the marginalized (Banerjee *e t al*., 2015; Breza & Kinnon, 2017) although it is unclear what role MFIs is. This is because MFIs have not penetrated economies to a degree that spells out their impacts. Even where best practices of MFIs have been emphasised, credit from MFIs help fund self-employment activities that mostly supplement individual incomes and rarely generates new jobs for others (Bateman and Chang, 2012)

Traditional banks have in the past years neglected the informal sector due to their issuance of collateralised loans and the need for proper record keeping. The emergence of MFIs came as a relief to the marginalized who could not afford the cumbersome bank requirements. MFIs are designed to cater for the needs of the economically active poor who are totally ignored by the traditional banks. The MFI program uses social structures which are valued by the poor such as group lending. On the other hand, entrepreneurs are regarded as the engine of economic growth in any economy in that they provide income generation projects and transform the lives of the poor both in the rural and urban communities. The goals of both MFIs and entrepreneurs are conjoined. It is in this case that MFIs should work towards good practice to assist in the development of entrepreneurial activities.

Transformation enabler

Microfinance is a welcome contributor to the frontiers of transformation of the lives of the poor in which poor households in the informal economy can access and use the broad range of financial services to create a change and improve their livelihood.

Economic enabler

Microfinance has a beneficial impact on entrepreneurs in terms of economic empowerment. However, some authors such as Mosely and Hulme (2008) argue that MFIs do not assist or empower entrepreneurs economically. Given this situation, the assessment of MFI programs on economic empowerment on entrepreneurs remains an important field for researchers, policy makers and development practitioners.

Yasin (2020) conducted a study in Indonesia where MFIs have been heavily used as a tool for poverty eradication, providing both financial and non-financial help to the poor, the outcomes were positive. These outcomes included employment creation, improved livelihoods, economic development, and women empowerment. In a related study that was conducted by Kato and Kratzer (2013) and their focus was on women empowerment, their findings revealed that providing women with both financial and non-financial resources would transform family lives and the entire communities to escape from poverty and improve the development of the economy.

Khanam, Mohiuddin, Hoque and Weber (2018) carried out a study in Bangladesh and the findings revealed that microloans have a significant positive impact on the poverty alleviation index and consequently improved the standard of living of borrowers by increasing their income levels. In another case study that was carried out by Afolabi (2015), the findings revealed that microfinance has contributed to the growth of the Nigerian economy with real GDP growth rate hovering around 7% while entrepreneurial activities have enhanced growth. Although Microfinance in Zimbabwe is still underdeveloped as it continues to experience hyperinflation, foreign currency shortages as well as high incidences of poverty, positive impacts have been witnessed in some areas.

In a related case study that was carried out by Kurebwa (2020) in Bindura District of Zimbabwe the findings revealed that access to credit has positive outcomes on production, income, consumption, and macro- economic levels. However, not everyone has benefited from the services of Microfinance Institutions considering that MFIs are not found all over the country, especially in the rural areas. Some have scaled down their operations while some have closed completely due to economic instability in Zimbabwe.

Policy interventions

Although MFI policy enhances the sustained provision of diversified microfinance services to the poor which include savings, credit, money transfer, insurance and other services used to support their enterprises and economic activities as well as their household financial management and consumption needs, not everyone has benefited from this policy (RBZ 2020). In a case study that was carried out by Afolabi (2015), the recommendations were that in Nigeria, there should be a policy coordination and policy stability and reforms in the educational curriculum to prepare students for self-reliance and this would improve employment opportunities and standard of living for households. In a related case study that was carried out by Makuyana (2016) on Microfinance regulatory framework, the findings revealed that although there is a new specialised MFI policy in Zimbabwe, there are certain aspects that still need to be improved. It is in this case that MFIs have provided fertile ground for research into poverty alleviation issues, hence the need to carry out this research.

Methodology

Cresswell (2013b) posits that the research philosophy adopted by the researcher is dependent on the development of knowledge and the most common views found in literature are positivism, interpretivism and realism. Cresswell (2007,20013a) posits that interpretivism research is found in the domain of qualitative research which seeks people's accounts of how they make sense of the world and the structures and processes within it. Moreover, the researcher tries to map the range and complexity of views, perceptions, and opinions about the world. The researcher is interested in establishing what people think and how they perceive the use of MFI as a transformation and economic enabler.

This study used a qualitative approach and purposive sampling was adopted. A sample of 30 poultry farmers were purposively sampled from a total of 50 members of Simunye Burial Society. The researcher established that 70% of the members were into poultry and developed interest in their informal activities as a survival strategy and or to complement their incomes, being a member of this society. This limited the sample size to 30 participants. The research was conducted with the Bulawayo farmers in poultry farmers who are also members of Simunye Burial Society. These participants have from time to time sought financial assistance from MFIs for their income generation projects. This was raised several times during discussions on any other business in burial meetings. The purposive sampling method was used in this paper, and it enabled the researcher to use her judgment to select information rich cases that would best help her to access relevant information.

The researcher considered carrying out this study in an ethical manner through the production of trustworthy data. The researcher was therefore guided by the following ethical research principles:

1. The targeted farmers in poultry were informed about the main objective of carrying out this study.
2. The researcher sought permission from the informal farmers in poultry under study.
3. Letters were hand delivered to the informal farmers in poultry at a burial society meeting.
4. All the participants were assured of confidentiality and anonymity of the findings.

Findings and Discussion

Of the 30 participants that were purposively selected for this study, 85% are informally employed while 15% are formally employed and use the project to supplement their income. This is in line with the past research which established that in Zimbabwe approximately 90% of the population has been informally employed since the apogee of the economic crisis which dates back from 2009 to date (National Statistics Agency, 2011). All the participants in this study were females. This could be linked to the fact that the nature of the sector influenced the level of male participation. If it was the furniture industry, most probably the results could have been different.

Discussion of the findings

The findings of the research were discussed under the following subheadings.

Lingering MFI challenges

The study sought to understand if the poultry farmers (women) understood MFIs' coexistent role as a poverty alleviation and developmental tool. All the participants alluded that although they understand the critical role of MFI as indicated in the Sustainable Development Goals, the MFIs seem to be struggling to cater for their needs. This was confirmed by one of the participants who presented that "*I think MFIs also need some financial assistance because at times they take a long time to respond to our loan applications. The long turn around period could reflect their struggle to acquire funds for disbursement*" Although few individuals indicated that bureaucratic tendency of MFIs do not suggest that they face challenges, the majority reaffirmed that MFIs face challenges just like any other organisation considering economic instability Zimbabwe is currently facing. This finding is in congruent with Mutambanadzo *et al*., (2013)'s findings that revealed that capital is a key challenge that affects the operations of MFIs.

Some participants agreed that they have received financial support from other sources such as clubs, personal savings, and informal money lenders to support their entrepreneurial activities. These findings conform with Gwatsvaira and Mtisi (2016) who alluded that limited access to capital is one of the major challenges that does not only confront players in the informal sector, but also impacts negatively on MFIs.

Some participants alluded that, although MFIs could be facing other challenges such as lack of skills and competition from other financial institutions which do not cater for their needs, capital was highlighted as the main challenge.

MFI as a transformation and economic enabler

The findings from the study area showed that most of the informal farmers in poultry were unemployed hence the project was their main source of income. Very few participants relied on poultry as their main source of income since they were employed elsewhere. This finding revealed that the economy is very informal hence the need to rely on such projects as a survival strategy.

The participants, who were out of employment, expressed difficulties in sourcing finance, hence their reliance on informal sources of finance such as MFIs, burial societies, clubs, and credit associations. However, a key finding was that these individuals would approach an MFI to fund their projects, hence they would group guarantee each other. In a study conducted by

Mutambanadzo *et al.,* 2013), they propounded that limited access to funds is one of the factors confronting most of the informal sector in Zimbabwe.

Those who confirmed that they were employed, hence they ran the projects to supplement their incomes, confirmed that they also had access to salary-based loans from MFIs and clubs. Although the informal farmers in poultry highlighted the issue of high interest rate as a challenge, however, they alluded that they still make profits sufficient to sustain a living.

When asked how the informal farmers in poultry have contributed to their lives, all the participants agreed that these income generating projects have contributed immensely to their standards of living. Some pointed out that they have managed to take their children to school, they have bought stands to construct houses and they have bought property including vehicles even though they face challenges in their operations. Some participants indicated that the projects have changed their quality of life in terms of the food they eat and the clothes they wear. They also pointed out that although they are challenges such as finance and operating space to expand their operations, the project is not very expensive to run if an individual is adequately trained to run the project.

In addition to the challenges to raise working capital, as already mentioned, is the difficulty of accessing adequate operating space. The findings revealed that operating space was a crucial factor affecting the development of the informal sector. Most of the informal chicken runs were in the back yards which again could be a health hazard to both the owners and their neighbours. Moreover, shortage of operating space minimized their potential to expand their projects.

All the poultry farmers alluded that if the cost of borrowing was too high and repayment too stiff, then MFIs would not have been able to improve their livelihood. These findings are in tandem with the findings of a case study that was carried out by Yunus (2004) Linsenk *et al.,* (2018) who confirmed that the role of MFIs in line with the Sustainable Development Goals is to cater for the needs of the marginalized who are totally ignored by the Banking Sector. Key issues of concern that were raised by all the participants were capital, capabilities (skills) and credit ration.

Policy Intervention

When poultry farmers were asked of the need for a policy intervention in the operations of both MFIs and Entrepreneurs, their response was that there was a need to intervene. The key issues highlighted were as follows:

- Government, through the Reserve Bank of Zimbabwe, must come up with user friendly MFI policy for its customers. The MFI policy must protect both MFIs and their customers. This conforms with a study that was carried out by Makhuyana (2016) whose findings indicated that MFIs should have rigorous reporting systems and transparent procedures and the sector should remain financially sound to service the poorest.
- Some participants mentioned that the operations of MFIs and those of SMEs must be synchronized.
- Some participants indicated that MFIs should create a dialogue with some SMEs poultry farmers to supply them with relevant products.
- Some participants agreed that the MFI policy should encourage group lending so that poultry farmers can guarantee each other. This finding conforms with the Grameen Model (Kabuya, 2015). Most of the participants concluded that the key policy trust to

empower both MFIs and SMEs including poultry farmers is to relax collateral requirements, prescribe special interest rates for the marginalized, provide training programs for SMEs, control bank charges, provide protection laws, encourage group lending, and synchronise the operations of MFIs with those of SMEs. This policy intervention will promote economic development and improve the livelihood of poultry farmers and the community.

Access to markets

Another crucial factor that was raised by the participants was the issue of the market considering that most women are in poultry farming. It was noted that there is competition for the market and participants relied on their loyal customers who constantly buy from them. However, some of the participants pointed out that "with food, you will never go wrong, some buy on credit and pay later." In a study conducted by Tinarow (2016) highlighted that barriers to market entry can be due to constraints related to excess supply over demand. Barriers to entry imply that certain markets exist but the informal farmers in poultry are constrained in some way to sell produce on that market. Competition resulting in excess supply over demand may push down the selling price, impacting negatively on the profits.

When asked if they are operating as a group, the participants pointed out that the groups are only meant to facilitate the access of loans from MFIs; otherwise, they share the money and operate as individuals. They guarantee each other; encourage each other so that none of them default. This is in line with a study that was carried out in Bangladesh where; the findings revealed that group lending was yielding better results not only for the Grameen bank, but also for the loan borrowers (Kabuya, 2015). This strategy quickly transformed the lives of the participants and in turn contributed to economic development through the products sold in the market.

Formalisation

The key objective of this research was to explore the contributions of MFIs as an economic and transformation enabler in the poultry informal sector. The researcher wanted to explore the perceptions of the participants about MFIs in their operations.

When the participants were asked about the impact of MFIs in transforming their lives, the participants in this burial society eluded that given enough room to expand their operations; MFI has a potential to serve as an economic and transformation enabler considering the improvement in their standard of living and the availability of their products in the market.

When the participants were asked if they would want to expand their operations, they all indicated that they would want more operating space to expand their projects. When asked if they would like to formalise their operations, they all agreed that formalisation of the informal sector is a good idea provided it is tailor-made to suit the informal sector. They all agreed that the MFIs were limiting the loan facilities (Credit rationing) simply because they were operating informally. So, formalising their operations would create confidence, recognition by financial institutions and growth in terms of trade. However, some participants indicated that the problem with formalising their operations is that it is expensive to officially register a company and pay taxes. However, the consensus was that formalisation was a good idea if it could be tailor-made to suit the informal sector.

Conclusion and Recommendations

The study described the perceptions of all the participants who are into poultry farming in Bulawayo Burial Society. The informal sector has been lauded for absorbing unemployed people in the economy. Many who praise the informal sector conveniently overlook to also mention that the growth of this parallel market is partly because of de-industrialisation leading to a rise in cash flow challenges within the informal sector which has seen many informal participants not able to afford the necessary working capital needed for their business. The findings revealed that despite all these challenges that the informal farmers in poultry face, such as lack of capital, high interest rates, competition, inadequate skills and access to market, MFIs have played a critical role in transforming their lives and contributed towards economic development through making products available to the market. For these informal operators to expand their income generating projects, it was observed that there was need for them to formalise their operations as formalisation will create confidence, recognition by MFIs and other financial institutions and growth of business in the informal sector.

It was recommended that for the informal farmers in poultry must formalise their operations to realise the impact of MFIs as an economic and transformation enabler. It was also recommended that for MFIs to efficiently service SMEs, the government, through the Reserve Bank of Zimbabwe and other stakeholders such as Non-Governmental Organisation, must give both financial and non-financial support to MFIs. Since access to finance in this case study has emerged as a major factor affecting these informal SMEs to recognize the benefits inherent to MFI services, a more fruitful survey focusing on financial options could be carried out.

References

Ardic, O. P., Heimann, M., & Mylenko, N. (2011). *Access to financial services and the financial inclusion agenda around the world: a cross-country analysis with a new data set*. World Bank Policy Research Working Paper Series, Vol 3.

Bateman, M. (2011). *Microfinance as a development and poverty reduction policy: Is it everything it's cracked up to be?* London: Overseas Development Institute.

Bateman, M. & Chang, H.J. (2012). Microfinance and the Illusion of Development: From Hubris to Nemesis in Thirty Years. *World Economic Review,* 1(3), 13-36.

Banerjee, A., Duflo, E., Glennerster, R., & Kinnan, C. (2015). The miracle of microfinance? Evidence from a randomized evaluation. *American Economic Journal. Applied Economics*, 7(1), 22–53. [Crossref] [Web of Science ®], [Google Scholar]

Breza, E and Cynthia K. 2017. Measuring the Equilibrium Impacts of Credit: Evidence from the Indian Microfinance Crisis. Northwestern Institute for Policy Research, 2017.

Creswell, J. W. (2013a). *Qualitative inquiry and research design: Choosing among five approaches*. London: Sage Publications.

Creswell, J. W. (2013b). *Research design: Qualitative, quantitative, and mixed methods approach*. London: Sage Publications.

Creswell,J.W. (2007). *Qualitative Inquiry & Research Design: Choosing Among Five Approaches.* (2nd ed.). SAGE Publications

Das, L. (2012). Microfinance in India: Self Help Groups- Bank Linkage Model. *Munich Personal Repec Archive.* Online at http://mpra.ub.un-muenchen.de/38755/ Accessed 13/05/2018

Dube, H., & Matanda, E. (2015). "The downfall of the Micro Lending Business in Zimbabwe. Causes and Remedies". *International Review of Research in Emerging Markets and the Global Economy*, *1*(4), 487–499.

Financial Scope Survey Report. (2012). Zimbabwe- Fin Scope MSME Survey

Fouillet, C., Hudon, M., White, B.H. & Copestate, J. (2013). M*icrofinance Studies: Introduction and overview*. Oxford Development Studies Vol 41. Supplement pgs 51-516. Retrieved on 13/05/2018 from http://dx.doi.org/10.1080/13600818.2013.790360

Gwatsvaira, O. & Mtisi, S. (2016). An investigation into the factors contributing to lack of growth of Small and Medium Entreprises (SMEs) in the furniture manufacturing Industry in Kelvin North, Bulawayo, Zimbabwe. *The International Journal of Business and Management,* 4 (12), 1-12.

Helms, B. (2006). "Access for all: building inclusive financial systems". *Washington, DC, C-GAP*. Retrieved from http://www.developmentbookshelf.com/doi/pdf/10.3362/0957-1329.2006.032 Accessed: 7/19/2016

Kasali, T.A., Ahmad, S.A. & Lim, H.E. (2015). The role of Microfinance in Poverty Alleviation: Empirical Evidence from South-West Nigeria. *Asian Social Sciences* 11 (21) 183-192

Kato, M.P. & Krazer, J. (2013) Empowering women through microfinance: Evidence from Tanzania. *ACRN Journal of Entrepreneureship Perspective* 2(1):31-59

Khanam, D, Mohiuddin, M Hoque, A & Weber, O. (2018). Financing micro-enterpreneurs for poverty alleviation: a performance services offered by BRAC, ASA & Proshika from Bangladesh. *Journal of Global Entrepreneurship Research* 8:27

Klinkhamer, M. (2009). *Microfinance sector recovery study*: Zimbabwe Association of Micro Finance Institutes and SNV Netherlands Development Organisation*,* Zimbabwe. Harare: AYANI

Lensink, R., Mersland, R., Hong Vu, N.T. & Zamore, S. (2018). Do microfinance institutions benefit from integrating financial and non-financial services? *Applied Economics* 50(21) 2386-2401

Mago, S. (2013)." Micro-finance in Zimbabwe: A historical overview". *Mediterranean Journal of Social Sciences*, *4*(14), 599-608.

Makuyana, T. (2016). Microfinance Regulation and Supervision in Zimbabwe: A critical overview. *Mediterranean Journal of Social Sciences,* 7 (1), 376-385.

Marulanda, B., Fajury, L., Paredes, M. & Gomez, F. (2010). “Failures in Microfinance: Lessons Learned”, *International Association of Microfinance Investors.* Retreaved on 28/05/2018 from www.calmeadow.com/pdf/failures. pdf

Mutambanadzo, T., Bhiri, T. & Makunike, S. (2013). Analysis challenges faced by Zimbabwean microfinance institutions in providing financial services to the poor and informal sector in the dollarised regime. *Global Journal of Commerce and Management perspective,* 2 (3) 154-159.

Mzumara, M. (2014). *The Theory of Money and Banking in Morden Times*. Tate Publishing and Enterprises.

Nuwagaba, A. (2015). Microfinancing of Small and Medium Enterprises (SMEs) in Zambia. *International Journal of Business Management Invention,* 4 (8): 48-56.

Sibanda, V. & Makwata, R. (2017). *Zimbabwe Post Independence Economic Policies: A Critical Review*. LAP Lambert Academic Publishing.

Storey, D. (2004). Promoting entrepreneurship and innovative SMEs in a global economy: towards a more responsible and inclusive globalisation. In *Second OECD Conference of Ministers responsible for Small and Medium-sized Enterprises (SMEs), Istanbul*.

The Reserve Bank of Zimbabwe, Microfinance Annual Report- 2020.

Yunus, M. (2004). Grameen Bank, microcredit and millennium development goals. *Economic and Political Weekly*, 4077–4080

Yunus, M. (2016). *Nobel Lecture*, Oslo Norway.