



The growth of small scale businesses through the credit delivery of microfinance institutions in Makeni City, Sierra Leone

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Abstract

Micro-finance institutions over the years have proven indifferent in the provision of formal loans to small scale business owners. Small scale business owners have always faced series of problems in the investment or expansion of their business due to lack of start-up capital, financial management skills, or the preferred knowledge needed in running their business. The study therefore examined the growth of small scale businesses through the credit delivery of microfinance institutions in the Municipality of Makeni. With objectives to assess the involvement of business before obtaining loans from microfinance institutions, look at the performance of the small scale businesses before taking loans, the changes which occur in businesses after benefiting from microfinance institutions and also the services which microfinance institution provides to holder of small scale businesses. The study use of descriptive statistics. 170 respondents out of 3,299 registered small scale businesses in Makeni City Council. Out of the 170 respondents randomly selected, 162 respondents are willing for the interview and the results were presented and analyzed using tables and charts. The result shows that the availability and accessibility to micro-finance have a positive impact on the growth of small businesses. The study recommended that government should formulate polices that will encourage the establishment of more microfinance institutions; this is because the informal sector contribute greatly in the growth and development of the country.

Keywords: Microfinance, Microcredit, Business Growth

1. Introduction

Microfinance is “one component of the global financial sector that in just thirty years has risen to become one of the most important policy and programme interventions in the international development community” (Bateman 2010, p1) ^[3]. Microfinance industry has an important role in the economic development of small businesses in Sierra Leone and the developing countries in the world at large. They offer small loans and technical assistance to their client in the development of their business in low-income communities in developing countries. Hoque & Chisty, (2011) pointed out that micro-finance institutions offer products like micro credit loans, savings and other deposit products, payment services; they also offer advice and training to their clients. The primary client of microfinance consists of those small businesses that face severe blocks to access financial products from conventional financial institutions. These barriers comprise mainly high operational costs, inability to satisfy stringent collateral requirement, the time involved before a loan is secured etc.

The success of the Grameen Bank did not go unseen. Institutions duplicating its models which increase every region of the globe. Between 1997 and 2002, microfinance institutions grew from 618 to 2,572. Altogether, these institutions claimed about 65 million clients, up from 13.5 million in 1997. Vives (2006), highlighted that the amount of money flowing to clients also continues to increase rapidly and the Grameen Bank has extended over 850 million dollar worth of credit over the years.

This same move was pretended in India, South America, Africa, and Caribbean economy in view of boosting the informal sector and the Gross Domestic Product (GDP) of these nations through entrepreneurial development (Lafourcade, Isern, Mwangi, Brown, 2005) ^[10].

In East African nations, microfinance institutions have tried to stimulate small businesses through provision of affordable capital. With the help of the World Bank and other donors, MFIs have forcefully formulated strategies and policies that advocate for small enterprises through financial loans with low interest rates.

In October 2002, a Microfinance Forum was established in Sierra Leone. It could be argued that before the formation of the forum there is no existing policy to regulate microfinance institutions and the way they operate is differ. Hence, the forum was established mainly to share information on a regular basis and also to make estimations on the volume of the demand for microfinance. Following the formation of the forum, a national microfinance policy to provide regulation of the microfinance environment in Sierra Leone was drafted in 2002 and eventually adopted in October 2003. In view of the importance that microfinance had already gained for itself in Sierra Leone, an evaluation of the strategy enshrined in the 2003 policy was made. This was to further gain donor interest in the development of the microfinance sector in the country. With regards to the providers of microfinance, a study was made of the present and future role of microfinance institutions in the development of the small scale businesses in the country. The policy seeks for the adherence to sound microfinance principles with the objective to eventually integrate microfinance into the commercial financial sector of the economy. Following the development of the establishment of a policy and regulatory framework, microfinance as concept had the platform to promise a viable alternative to poverty alleviation.

In the Municipality of Makeni, there are many small businesses that operate within the township. Majority of these businesses were constrained with finance for their operation and are often left with no option but to obtain a micro-credit loans from the microfinance institutions. There are Seven (7) microfinance institutions found in the Municipality of Makeni amongst which are; Live Above Poverty Organization, Bangladesh Rural Advancement Committee which is now called Building Resources Across Communities, A Call To Business, Sierra Leone Microfinance Trust, World Hope International, LAPO and ASA microfinance etc. Owners of these institutions provide essential (pro-poor) services to the general public. They usually provide micro-credit loans, trainings seminars, advisory services, business idea generation and many more. It is an accepted assumption that advancing credit to small businesses will encourage low income households to increase their incomes, build assets and reduce their vulnerability in times of economic stress. Therefore, it could be argued that with better access to micro credit services on a continuing basis, the poor, will become more active partners and more importantly, pro-active partners, in the development process through the enhancement of their business worthiness.

Whiles it promises so much, microfinance as a concept and a finance practice cannot be devoid of counter views. Microfinance institutions provide loans, often with tough conditions attached. Some people view the interest rates to be extortionate and the turn over period to start to make repayments is often considered short. Some therefore asserts

that the claim of microfinance to help in enhancing small-scale businesses and hence their social and economic outcomes is false. It is therefore the interest of this piece of work to look at, albeit on a small scale, the impact of microfinance on the growth of small -scale businesses in the municipality of Makeni city.

1.2 Statement of the Problem

The problem of lack of micro-credit loans before the penetration of micro-finance institutions in the area in fact contributed to the inability of the small scale enterprises to grow while other enterprising people could not do so for they lacked the capital to put up small businesses.

The challenges also affect the microfinance institutions in the process of giving sustainable financial services for growth of small businesses in the Makeni city. One problem lies in the cultural mindset of the people who believe a loan may lead to auction of one's properties and resultant legal actions that may roughly affect their lives adversely. In addition to the problems faced by the micro-finance institutions in Makeni city, there is also low response to the financial services the microfinance institutions offers to the people who have negative attitude of bank loans; hence there is need for holistic approach that can persuade the small scale traders to embrace the financial services extended to them positively. Microfinance should in effect have a positive contribution that should lead to small businesses growth, which should mean that presence of micro finance institutions in Makeni should spar investment and growth.

Microfinance institutions should provide the link between them and those deficit units that want to invest expand or grow their businesses in Makeni city. Despite all strive, there is still problem of accessing finance to establish or grow businesses in the municipality. At this junction, the study sought the growth of small scale businesses through the credit delivery of microfinance institutions in Makeni city.

1.3 Aim and Objectives of the Study

1.3.1 Aim of the Study

This study aims at examine the growth of small scale businesses through the credit delivery of microfinance institutions in Makeni City.

1.3.2 Objectives of the Study

1. Assessing the involvement of small-scale businesses before obtaining loans from microfinance institutions in Makeni city.
2. To look at the performance of small-scale businesses before taking loans in Makeni city.
3. Looking at the changes that occur in small-scale businesses after benefiting from Microfinance institutions in Makeni city.
4. Assessing the services provided by Microfinance Institutions to small-scale business owners.

1.4 Research Questions

1. What has been the involvement of small-scale businesses before obtaining loans from microfinance institutions?
2. What has been the performance of small-scale businesses before taking loans?
3. What are the changes that occur in small-scale businesses after benefiting from microfinance Institutions?
4. What are the services provided by Microfinance Institutions to small-scale business owners?

1.5 Significance of the Study

This study would be important to both microfinance institutions and to individual business in the following way;

1. It would enable the institutions to assess their influence on the growth of small businesses.
2. The research study will be of great importance to microfinance institutions for developing competitive strategy and influence the people of Makeni to develop the culture of investment.
3. The Municipality of Makeni micro-finance banks would gain useful insights from the study on the imbalances on giving out small loans; say insufficient branches in some areas and efficiency of their lobbying sales representatives to the clients.
4. Potential investors and small scale business people would use the results of the study as an eye opener in small scale business development opportunities provided by microfinance and invest wisely.
5. Make them have an enabling environment to expand their thoughts before obtaining loans and other services from microfinance institutions.

1.6 Delimitations of the Study

In order to overcome the challenges faced by the researcher, the under listed are some strategies set;

1. The study was delimited to the municipality of Makeni while its environs (Perry-urban) were excluded.
2. The researcher delimited the research work by apportioning the stipulated time to the activities he has, so as to overcome the challenge of time.
3. Finances were given by parents, good friends and relatives to fasten the movement and some costs incurred in the research work.
4. Different articles, papers, websites were read by the researcher to provide accurate information about the topic under review.

1.7. Definition of key terms

Microfinance: This refers to the process of financing small businesses without tangible collateral to obtain funds from the formal sector but whose activities are linked to income generating ventures.

Microcredit: Is a small loan given to poor people to help them become self-employed.

Savings: According to Keynesian economics, savings is what a person has left over when the cost of his or her consumer expenditure is subtracted

Deposits: This can be defined as a transaction involving a transfer of funds to another party for safekeeping. Or it can also term to be a sum of money that is given as part payment from a larger payment.

Outreaching: Is a process by which microfinance institutions made an effort to bring services or information to people/ customers to a place where they live or spend time.

2. Literature Review

2.1. Theoretical Review

2.1.1. Microfinance

The concept of Microfinance has a variety of definitions. Microfinance refers to the provision of deposits, loans facilities and other non-financial services to small businesses without tangible collateral but whose activities are linked to income generating ventures. Microfinance is a general term to describe financial services to low-income entities or to

those who do not have access to typical banking services. Credit unions and lending cooperatives have been in existence for over one hundred years.

However, Dr. Mohammad Yunus who is the pioneer of modern microfinance, began experimenting with lending to poor women in the village of Jobra, Bangladesh during his tenure as a professor of economics at Chittagong University in the 1970s. He won the Nobel Peace Prize in 2006 (<http://globalenvision.org>). Since then, innovation in microfinance has continued and providers of financial services to the poor continue to evolve. According to World Bank estimate, over 160 million people in developing countries are served by microfinance (<http://web.worldbank.org>).

"Historical context can help explain how specialized Microfinance institutions developed over the last few decades. Between the 1950s and 1970s, governments and donors focused on providing subsidized agricultural credit to small and marginal farmers, in hopes of raising productivity and incomes. During the 1980s, micro-enterprise credit concentrated on providing loans to the poor to invest in tiny businesses, enabling them to accumulate assets and raise household income and welfare. These experiments resulted in the emergence of nongovernmental organizations that provided financial services for the poor. In the 1990s, many of these institutions transformed themselves into formal financial institutions in order to access and on-lend client savings, thus enhancing their outreach." (<http://cgap.org>).

2.1.2 Business Growth Theory

Business growth refers to increase in the size of the business. In business research, a firm's growth has been conceptualized in many ways and different measures have been used to show the growth of firms. Other explanations have also been presented (Basu et al., 2004) ^[2]. Business grows from micro to small to medium and to large. Business growth patterns are related to the demographic characteristics of firms such as a firm's age (Basu et al., 2004) ^[2]. The most frequently used measure for growth has been change in the business's turnover (Weinzimmer, Nystrom, and Freeman, 1998) ^[17]. Another typical measure for growth has been change in the number of employees. The term "growth" implies an increase in the amount of output, export and sales. Secondly, it is a process of overall business development (Johnson, et al 2008).

Business growth is often closely associated with a firm's overall success, survival and migration (Johansson, 2009). Growth has been used as a simple measure of success in business (Storey, 2000). Also, as (Brush and Vanderwerf 1992) suggest, growth is the most appropriate indicator of the performance for surviving small firms.

2.2 Services Provided by Micro Finance Institutions

The following are some services provided by microfinance institutions;

2.2.1 Provision of Finance

The main reasons why the inventors of microfinance institutions started them was because they wanted to ensure the provide micro-credit loans to the poor people without security that they could avail to commercial banks to secure capital loans to start business. The provision of finance by the Microfinance institutions ensures a way through which small scale entrepreneurs access money and start businesses that

can eventually boost them out of poverty. Access to finance is vital in order to start or expand a business and economic scholars like Muhammad Yunus, Joseph Blatchford, and Friedrich Wilhelm Raiffeisen come up with the idea of village banks that offered the solution to provision of finance (Yunus, 2007) ^[16]. The idea of mobilizing savings and lending it in micro credit loans went well with aspiring small scale traders thus it helped spur on business growth thus making microfinance institutions future for increased investment in small scale businesses.

2.2.2 Training Programs

The outreach programs of microfinance banks in offering financial management training were another independent variable that had significant influence on the growth of small businesses in an area. On the objective influence of training programs provided by microfinance institutions, the training acts as the eye opener on the ways of small business proprietors who lack the basic financial management skills to go about daily business affairs and account for every cent gained and given out from the business. For small business growth which was a dependent variable, offering of training in financial management acted as the starting point to equip the potential business people with financial management

skills. It was doubtless that gaining financial management skills was beneficial to entrepreneurs and would lead to increased investment in business activities and the repayment of loans taken eventually.

2.2.3 Advisory Services

Maixe-Altes (2009) contends that microfinance institutions are obvious in their quest to spur on growth in business investment with initiation of advisory services for the entrepreneurs to continue seeking and wisely using their services. The reason in many Microfinance institutions offering financial training and advisory services to the people taking up their loans for entrepreneurial activities so that there is guaranteed the loans repayment via wise investment (KIT and IIRR, 2010).

2.2.4 Business Idea Generation

Meanwhile, starting in the 1970s, the Microfinance institutions experimental program in Bangladesh, Brazil, and a few other countries extended tiny loans to groups to invest in micro-businesses after assisting them with business idea generation. Microfinance banks right from inception endeavored ingenerating the viable business ideas for the willing small scale entrepreneurs.

2.8 Conceptual Framework

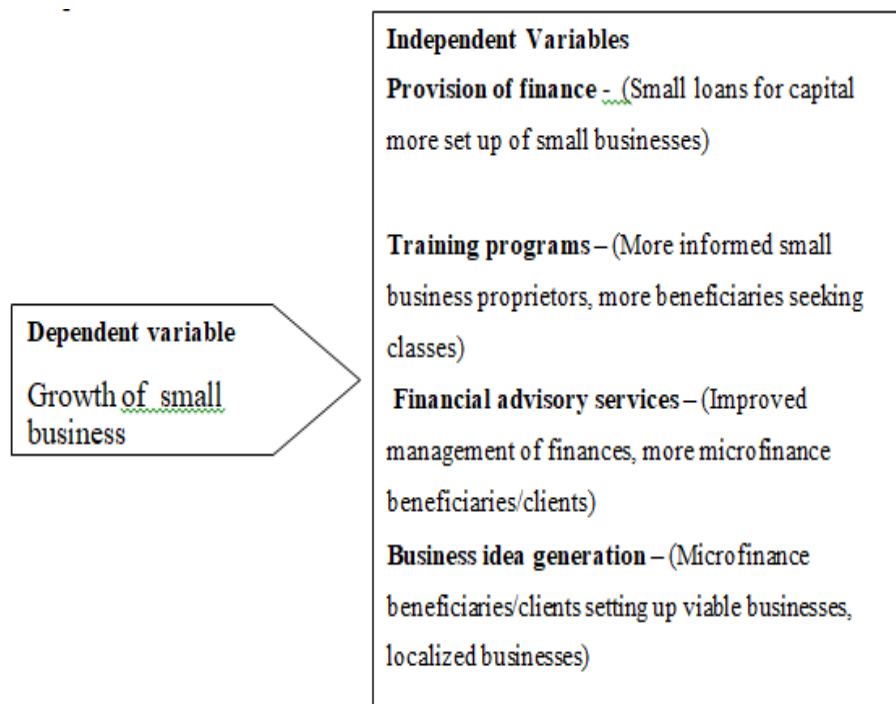


Fig 1: Conceptual Framework (Author's own construct 2019)

The conceptual framework in this research study highlights the model of how the existing relationship between dependent and independent variables of the problem that was under study. The dependent and independent variables in the study were explored in the conceptual framework above

3. Methodology

This describes the research design, population of study, data collection procedures and data analysis framework. This study was conducted through a descriptive survey design. A survey design is a present oriented methodology used to

investigate populations by selecting samples to analyze and discover occurrences (Oso and Onen 2008).

This study was carried out in Makeni city. 3,299 registered businesses in City Council (Makeni City Council Business Register, 2019). The sample size adopted for the study is in line with Fisher et al.(1983) since the population is less than 10,000 as shown below for the minimum sample size. The sample size of the study was 170 respondents that were randomly selected from a list of registered small businesses in the Municipality of Makeni city. Since the total population of registered business was less than 10, 000, Fisher et al.

(1983) recommends the following formula;

$$Ds = \frac{n}{1+n/N}$$

Where Ds= desired sample size (when population is less than 10,000)

n = sampled population at 5% significant level

N = estimate of the population size.

Suppose the study had a target population of 3299, therefore N =3,299, n = 170

$$Ds = \{170/(1+170/3299)\} = 170/1.0515 = 161.67 = 162$$

From the above calculations, it can be seen that out of the 170 desired population to be sampled, 1761.67 which is approximately 162 small scale business owners or representatives were liable to administered questionnaires to that formed the bases of the sample size for analysis.

The both secondary and primary data are used. Primary data was obtained through a semi structured questionnaires. The questionnaires were administered to the business owners or their representatives.

Both qualitative and quantitative methods are used in the analysis of data. Quantitative data was analyzed using a Statistical Package for Social Science and the data were present in table and charts. It involved use of percentages and frequencies.

4. Data Presentation, Interpretation and Analysis

4.1 Response Rate of Respondents

Out of 180 respondents, only 171 respondents are liable to take part in the survey. Out of the 171, 162 is the respondents used for analysis this put the respondent rate to 90%

4.2 Demographic Characteristics of Respondents

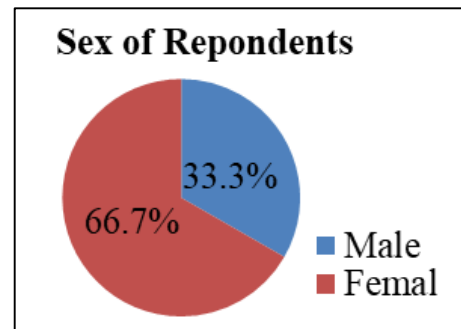
Gender of the Respondents

The table below shows that 66.7% holders of small scale business enterprise are run by women and 33.3% are male.

Table 1: Sex of Respondent

Sex	Frequency	Percentage
Male	54	33.3
Female	108	66.7
Total	162	100

Source: Field Data 2019 by the Researcher



Source: Field Data 2019 by the Researcher

Fig 2: Pie Chart Showing Sex of Respondent

Table 2: Age Range of Respondents

Age Range	Frequency	Percentage
18-25 years	26	16
26-30 years	34	21
31-35 years	40	24.7
36 above	62	38.3
Total	162	100

Source: Field Data 2019 by the Researcher

From the illustration above, it can be seen that a large portion of the respondents during the research where aged 36 years and above which form 38.3% of the total respondents followed by 24.7% those found within the age bracket 31-35 years, 21% of those aged 26-30 years and the least are those aged 18-25 years which represent 16% of the respondents. This is also illustrated in the chart below;

Table 3: Educational Level of Respondents

Educational Level	Frequency	Percentage
Primary	18	11.1
Secondary	20	12.3
Post-secondary (vocational)	32	19.8
A level	34	21
University	48	29.6
None	10	6.2
Total	162	100

Source: Field Data 2019 by the Researcher

The table 4.3 indicates that 29.6% of the respondents (f=48), which was the majority, had reached university level in their education. Twenty one percent, (f=34) had reached A level, 19.8% (f=32) had post-secondary or vocational education. 12.3% (f = 20) with secondary education. 11.1 (f=18) had primary education while 6.2% (f=10) had no formal education.

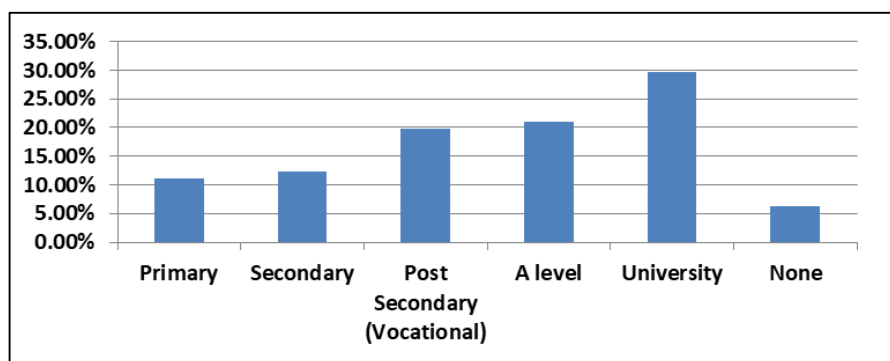


Fig 3: Bar Chart Showing Educational Level of Respondents

4.3 Respondents' Experience of Running Business

Table 4.4 below shows that most of the small scale entrepreneurs, 6.2% (f=10) had 1-5 years of experience in small scale businesses. 14.8% (f=24) had experience of 6-10 years, 17.3% (F=28) had experience of 11-15 years, 25.9% (f=42) and 35.8 (f=58) had experience of 16-20 years and 21 years and above respectively of running small scale enterprises.

Table 4: Respondents' experience in running small-scale business

Experience	Frequency	Percentage
1-5 years	10	6.2
6-10 years	24	14.8
11-15 years	28	17.3
16-20 years	42	25.9
21 years above	58	35.8
Total	162	100

Source: Field Data 2019 by the Researcher

This can also be depicted using the chart below

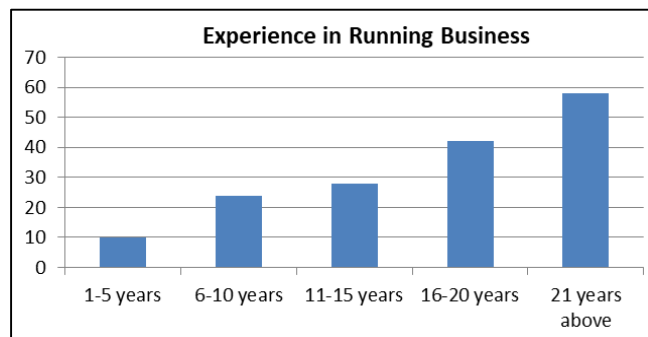


Fig 4: Bar Chart Showing Experience of Respondent in Running Business

4.4 Provision of Finance

As one of the major functions of microfinance institutions, the study sought to identify the sources of capital and impact of loans from microfinance institutions in the businesses.

4.4.1 Sources of Capital

Table 5: Respondents' Source of Capital

Experience	Frequency	Percentage
Personal savings	38	23.5
Relatives	10	6.2
Loan from Microfinance institutions	71	43.8
Loan from commercial banks	43	26.5
Total	162	100

Source: Field Data 2019 by the Researcher

43.8% of the respondents (f=71) sourced capital from microfinance institutions in form of loans while 26.5% (f=43) got capital from loans from commercial banks.

23.5% (f=38) and 6.2 (f=10) got capital from their personal savings and relatives respectively.

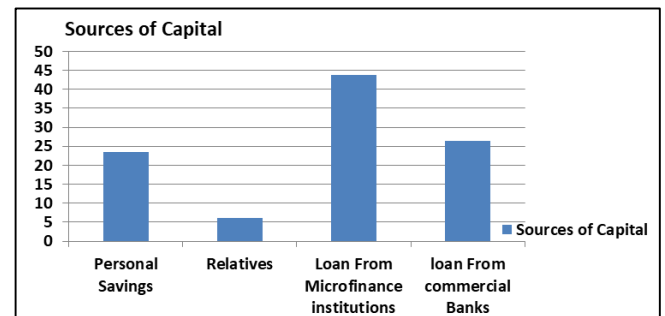
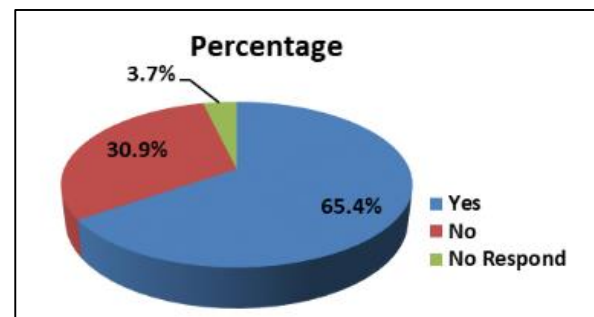


Fig 5: Bar Chart Showing Respondents Sources of Capital

4.4.2 Loans Borrowed from Microfinance Institutions

The respondents were asked whether they had previously taken loans from micro-finance institutions and results were as shown in figure 4.1 below.



Source: Field Data 2019 by the Researcher

Fig 6: Bar Chart Showing Loans Borrowed from Microfinance Institutions

From the above, it can be seen that 65.4% the respondents, (f=106) had previously taken loans from microfinance institutions while 30.9 %, (f=50) said that they had never taken loans from microfinance institutions. Six respondents representing 3.7% did not respond to this question.

4.5.1 Business Involvement before Obtaining Loans from Microfinance Institutions

71.7% (f=76) said that they had businesses of before securing their first loan while 28.3% (f=30) said that they were not involved in business before that as summarized in table 4.6 below.

Table 6: Small-scale Businesses Involvement before Obtaining Loans from Microfinance Institutions

Business involvement	Frequency	Percentage
Yes	76	71.7
No	30	28.3
Total	106	100

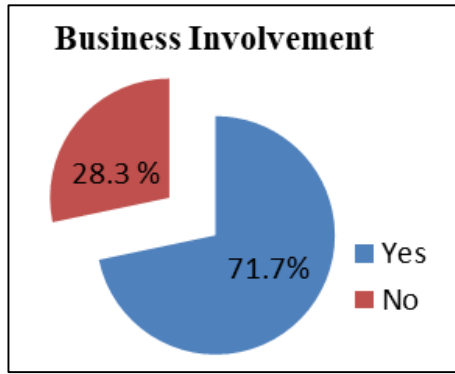


Fig 7: Pie Chart Showing Business Involvement before Obtaining Loans from Microfinance Institutions

4.5.2 Business Performance before taking Loans from Microfinance Institutions

Table 7: Business Performance before taking Loans from Microfinance Institutions

Business performance	Frequency	Percentage
Very very active	16	10
Very active	30	18.5
Active	38	23.4
Inactive	78	48.1
Total	162	100

Source: Field Data 2019 by the Researcher

Ten percent (f=16) of the respondent said their business were very very active while 18.5% (f=30) their businesses were very active. 23.4% (f=38) of them were active and 48.1%

(f=78) which was the majority, said that their businesses were inactive before benefiting from the loans.

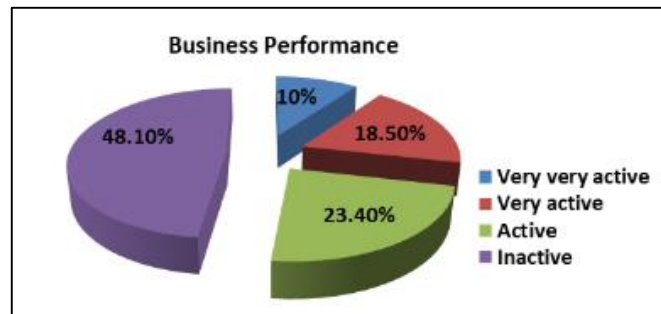


Fig 8: Bar chart showing the performance of business before taking loan from microfinance institutions

4.5.3 Presence of Change in Business after Benefiting from Microfinance Loans

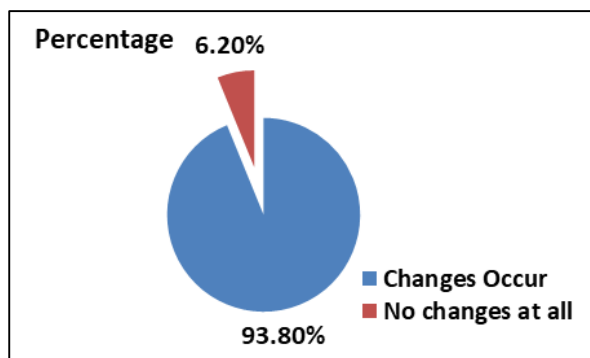


Fig 9: Pie chart showing the presence of change in business after benefiting from microfinance loans

Although 93.8% of the respondents (f=152) admitted to that they see changes in their businesses after benefiting from the loans, these changes are; increase the sales, enable to buy more stock and improve in the financial management skills. 6.2% (f=10) said that they had not experienced any change.

4.5.4 Services Provide by Microfinance Institutions to Small Scale Business Owners

Those who had benefited from microfinance institution were asked to mention the kind of services received from microfinance institution.

Table 8: Services provide by microfinance institutions to small scale business owners

Services	Frequency	Percentage
Training Programmes	66	41.4
Advisory Services	47	29.0
Business Idea Generation	48	29.6
Total	162	100

Source: Field Data 2019 by the Researcher

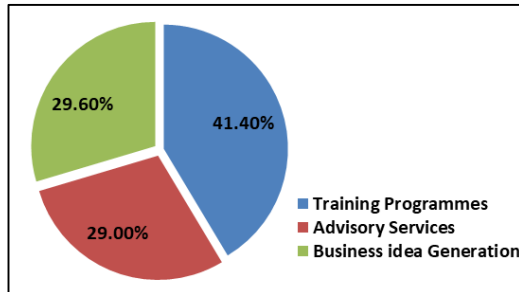


Fig 10: Pie chart showing services provide by microfinance institutions to small scale business owners

From the above illustration, it is clear that 41.4% (f=66) receive training services on financial management issues from microfinance institutions, 29.0% (f=47) receive advisory services while 29.6% (f=48) receive trainings on business idea generation.

The advisory services provided by microfinance institutions are Management of finances, establishing new business, increase savings pattern, requesting more loans and suiting over businesses.

The business ideas that are provided by the microfinance institution to owner of small scale businesses includes teaching on how to; setting up viable businesses, deal with clients/customers, to locate their businesses in a suitable area and to handle the affairs of their businesses.

4.6 Ratings on Loans

Opinions were seek from respondents to rating the banks services provided by microfinance institutions and they are summarized in table 4.9 below.

Table 9

Microfinance bank services	Very good	Good	Poor	Very poor	TOTAL
Interest on loan	0	30 (18.5%)	70 (43.2%)	62 (38.3%)	162 100%
Duration on the loan	15 (9.2%)	20 (12.4%)	70 (43.2%)	57 (35.2%)	162 100%
Charges on loan	20 (12.3%)	39 (24.1%)	40 (24.7%)	63 (38.9)	162 100%
Terms of payment	10 (6.2%)	15 (9.3)	73 (45.0%)	64 (39.5%)	162 100%
Penalties charged	0	0	70 (43.2%)	92 (56.8%)	162 100%

Source: Field Data 2019 by the Researcher

Cumulatively, 81.5% (f=132) of the respondents, opined that interest rates on loans poor and very poor while only 18.5% (f=30) said it is good. In addition, majority were equally of the opinion that consequences imposed were poor and very poor represented by 100 % (f=162) respectively. However, some of the respondents thought that duration on the loan were very good and good represent 21.6% and 78.4% of them said the duration on the loan is poor and very poor. 36.4% admitted that the charges on loan are very good and good and 63.6% said the charges on loan are very poor and poor respectively. 84.5% affirmed that the terms of payment is not in the own favor and 15.5% said the terms of payment is good and very good.

From the respondents’ ratings above, it is clear that microfinance institutions are playing a great role in offering financial services to small scale business owners in the Municipality, the business owners are facing a hurdle as a result of high interest rates, high loan charges and insurgent penalties charged.

5. Summary of Findings and Discussion

The purpose of this study was to ascertain the impact of microfinance institutions on the growth of small scale businesses in Municipality of Makeni. The objectives were; Assessing the involvement of small businesses before obtaining loans from microfinance institution, To look at the performance of small business before taking loans, Looking at the changes that occur in businesses after benefiting from microfinance institution, assessing the services provided by the microfinance institution. From the study findings, small scale entrepreneurs accessed services from microfinance in various forms. The findings indicated that the presence of microfinance institutions in the city of Makeni had played a

vital role in the lives of entrepreneurs especially in providing loans for them to start or expand their businesses which lead to the growth of small business owners in the city of Makeni. Among the respondents, (33.3 %) were male while (66.7%) were female business owners, majority (38.3%) of whom were aged between 36 years and above and 16% were aged 18-25 years. 29.6% of the respondents had attained university education and 6.2% of the respondent did not have any formal schooling. Majority, 35.8%, have embarked into business for over twenty-one years and therefore acquired wealth of experience and 6.2% had been running business for 1-5years gaining low experience in running business. The findings show that low turnout of men undertaking business ventures. Microfinance institutions should also provide more training programs that will help increase the level of educated small scale business owners. It is evidence that the contributions of the Microfinance institutions were importance which helped increased small scale businesses in the municipality. 43.8% of the respondents get there start-up capital through loans while 23.5% starts their business through their personal savings made. Majority of those who took loans from Microfinance institutions, had been running small businesses prior to the given out of loans. However, 48.1% business owners were inactive before accessing the loans. Majority realized changes in their businesses after accessing loans these changes ranges from increased sales, ability to buy more stock and improvement in financial management. 93.8% of the respondents who had taken loans admitted to witnessing growth in their businesses after receiving the loans. However, majority of them, 43.2%, 43.2%, 38.9%, 45% and 56.8% respectively, lamented that interest rates loan, duration on the loan charges on loan, terms of payment and the default charges were high. The loan processing time

is faster according to the respondents.

Despite loan facilities, 41.4% of the respondents had received training programmes from the microfinance institutions. 29.6% had received services based on business idea generation from their institutions.

Provision of finance to the small scale entrepreneurs is fundamental to the entrepreneurial growth in the municipality of Makeni. The study found out small-scale entrepreneurs become self-employed after accessing micro credit loans to microfinance institutions.

6. Conclusions

This study aimed at examining the growth of small scale businesses through the credit delivery of microfinance institutions in Makeni city. The awareness of the small scale entrepreneurs as far as the services of Microfinance institutions are concerned are quite high but getting the entrepreneurs to fully seek these services will call for awareness programs to be tailored so that the entrepreneurs can get to appreciate what Microfinance institutions have to offer them. The provision of finance was shown as the greatest benefit small scale business persons have had from microfinance institutions in the area. Many entrepreneurs in the municipality had benefited from the loans. Although small scale business persons thought that the microfinance institution loans were expensive as compared to commercial banks loans, most said that they were freed from clumsy charges on loan and got the loans at a faster time. Small scale businesses have been empowered through accessible loans provided by microfinance institutions to start or expand their businesses.

The study found out that training programs had impacted many entrepreneurs given these entrepreneurs are not business oriented. They got these training programs to manage their businesses profitably. The training programs equip entrepreneurs with business skills outside formal education given the programs they relevant to the area of the business and its setting. Although there are disorders in actualizing the educational programs as well as other services because of challenges like unawareness and fear of taking loans, most had conquered and benefited from the trainings. Training the small scale business persons was a means to increased entrepreneurship in the Municipality.

Advisory services offered by microfinance institutions had benefited the small businesses and improved their technical know-how in the management of finances in order to maximize profit. Business persons always focused on increasing their revenue through by expanding new business ventures and switching of businesses when there is need. Savings records also enabled them to access loan facilities for business expansion. Advisory on business idea generation also had ensured sustainability of businesses since the small scale business persons were in a position to not only judge well for viable businesses but also suitable locations and proper handling of client.

In conclusion, microfinance institutions have significantly impacted entrepreneurial growth of small scale businesses in the City of Makeni. This conclusion had been arrived through analysis of responses gathered from small scale entrepreneurs concerning services provided by the microfinance institutions all these has an integral part in the starting and sustaining entrepreneurial growth in Makeni.

7. Recommendations

Having identified the significant role microfinance institutions played in the entrepreneurial development for small scale business owners, the study recommends the following.

1. Entrepreneurs/ business owner's fall under the set of people who were trying to solve the unemployment problems and thus the sector should be given the support needed from the government and non-governmental organizations and other donors so that it can create employment and reduce the high unemployment rate purposely to alleviate the masses from extreme poverty.
2. Government should design and implement sound policies and a friendly business climate to boost entrepreneurship which's very crucial in the private sector of any economy.
3. The authorities and microfinance institutions in Makeni city should engage in partnership to enhance efficiency, effectiveness and sustainable entrepreneurship system and create awareness business owners own the services offered and how they can eventually succeed in running their business.
4. The findings of this study will serve as a proxy for business policy makers and regulators to adopt and design sound policies that will foster sustainable entrepreneurship in Makeni city in particular and Sierra Leone in general.

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