Case study

Credibility of Microfinance Institutions Loans to Financial Sustainability of Small and Medium Enterprises in Tanzania: A Case of Selected Enterprises in Arusha.

Abstract

In evolution of global business, entrepreneurs have faced a number of new dares as they get into rivalries in their respective industries. SMEs financing by MFIs has been one of the areas of interest to establish the credibility of loans provided by the said funding institutions. The purpose of this study was to determine MFIs loans credibility for the sustainability of SMEs in Tanzania. The specific objectives of the study were two, namely: to analyze the MFIs loans credibility on financial sustainability of the SMEs in Arusha City; and, to establish the effective supportive mechanisms for MFIs loans sustainability of SMEs in Arusha City. The study was a mixed quantitative and qualitative in approach, adopted a multiple case study design; involving few selected SMEs in Arusha – Tanzania. The study used qualitative and quantitative data gathered by the use of research schedules. The collected data were analyzed by the aid of SPSS v.16 software. Descriptive statistics such as: frequencies, percentages, and mean were tabulated for giving gist to data; and hence, drawing the conclusion. The results in this study meant to help the stakeholders to ascertain whether MFIs' loans provided by the said institutions are credible enough to ensure the sustainability of the funded SMEs or not. The study revealed that, the credibility of MFIs loans is impaired by; borrowers lack of collateral; lack of trainings; institutional corruptions; high interests attached to loans and inadequate grace periods provided to borrowers, among others. The study recommends the link between SMEs success and MFI's group landing model be an area for future studies; in assessing its effectiveness for the said parties' mutual growths.

KEY WORDS: MFIs, SMEs, SPSS, Tanzania

1.0: Background Information

Small and medium-sized enterprises (SMEs) are commonly thought of being the key drivers of economic growths in the nations of the world (García-Pérez, et al, 2018). Over 95% enterprises in the world, for example are SMEs, creating about 60%-70% of the total global jobs (Mori, 2012;_Fariza, 2012; Mzomwe & Pelagia, 2015). Because of their importance to economic growths, the crucial question dominating SMEs in the globe is on whether loans infused to them by Microfinance institutions (MFIs) are credible enough to sustainably accelerate their positive growths or not. SMEs are unduly handicapped by a lack of finance, besides their stronger boost in growth than large firms if financing is provided (Kar, 2017). In the developed world for example in USA, and Canada, SMEs are labelled to be the major economic igniter with greater degree of growth sustainability as opposed to most of the developing world as they are well supported (Nasrin, *et al,* 2017). Besides, employment creation as pointed out before, SMEs in developing countries also promote inordinate socio-economic benefits in terms of; family ties; food security; income generation and employment creation for both skilled and unskilled personnel (Fariza, 2012; Makuyana, 2016; & Matiku, 2019b).

According to World Bank, in low-income countries, about 43% of businesses with 20 to 99 employees faced difficulties in accessing finance for their daily operations; irrelative to 11% of businesses of the same size in the developed world (World Bank, 2018)). The total financing gap for formal SMEs in the developing world was estimated to be potentially as high as US$700-850 billion; almost twice as much as in large firms (Wijaya & Suasih, 2020). The survey undertaken by Microcredit Summit Campaign by the end of 2007 indicated that 154.8 million SMEs served worldwide by over 3,350 MFIs (Kubberod, *et al*, 2019), 106.6 million of them were formed by individuals who are bottom half of those living below the world bank poverty line ($1 per day); who highly need to be financed (World Bank, 2018 & Kubberod, *et al.*, 2019).

Considering their occupational distributions, most of SMEs are predominant in strategic business services subsector; most of which are computer related software and information processing services, marketing services, business organization and human resource development, as well as research and development consultancy services (Matiku, 2019b). And, about 30%-60% of SMEs in OECD area, for example, are considered to be innovative in varied industries (Makorere, 2014).

Despite their inapt competence in conducting research and development as compared to larger firms, SMEs profoundly innovate in a number of other ways, as they develop new products in meeting new market demands; create novelty firms' approaches and techniques for productivity boosting and sales expansion (Matiku, 2019a). In china for example, by 2012 year, 22% of operating firms were SMEs with varied capital investment; in which over 40% financial facilities came from the central government; while 27% coming from Micro-financial institutions (Kar, 2017). In USA, however, the central government financed SME by 25% as compared to over 47% of the same offered by micro-financial institutions in the same 2012 financial year (Kar, 2017).

Nevertheless, the situation is deferent in Africa. A number of people would wish to open-up small business or enlarge the existing ones, but financial resources are unavailable from banks and other traditional financing institutions due to lack of collaterals (Makorere, 2014 & Matiku, 2019a). And, some of those successfully managing to open businesses, their venture dies in less than five years of active operation! Despite their vital impacts in fostering innovation, macro-economic resilience, as well as GDP and GNP growths, Tanzania's SMEs face the same significant barricades to finance as other African countries leading to impaired operations due to: gaps in the financial system such as high administrative costs; high collateral requirements and lack of experience within financial mediators (Azim et al, 2017; Kar, 2017; Zulfiqar, 2017 & Nasrin *et al*,. 2017). The prominent impact resulting out of these hurdles can be viewed as being business failure in its magnificent facets to include; poor delivery of expected output, poor yield of positive cash flow, un-attained expected profits, un-attained customers' expectations as well as total extinct from operation (Fariza, 2012 & Kar, 2017), which are all indicators of the impaired sustainability of SMEs for economic growth.

There was a steady portfolio increase in Micro-financing services in between 1997 and 2007 averaging to about 30 percent of the world record per year, in which MFIs expected to continually diversifying to commercial banks (García-Pérez, et al, 2018). However, despite their long term identification as the prominent supporter of SMEs, MFIs in Tanzania has never been perceived to be the pro-poor financing institutions by the majority of borrowers; who are weak section in the society. Inability to reach the most vulnerable sections of the society, particularly the old, sick, and disabled; as well as their dynamic monetary policies emerge as some of MFIs challenges impairing the delivery of worthwhile services to SMEs (Fariza, 2012; Gbandi & Amissah, 2014).

A number of SMEs in Tanzania have been receiving the bulk of funds from MFIs and other funding institutions overnight; whilst others being denied from access to the same, due to multitude of factors including; lack of collateral; improper financial records; and inadequate for the needy SMEs by MFIs in the developing world. Some SMEs have striven to pull themselves out of the named dares, but they are still trapped and whirling around the vicious cycle of this biased funding model; while faced by fierce industrial rivalry (Olomi, 2009 & Matiku, 2019b). However, no specific study has ever clearly revealed the modeled facts on the credibility of MFIs loans to the sustainability of SMEs in Tanzania; the need for which this study is intended to address through assessing Ten (10) selected micro financing industrial players (SMEs and MFIs) in Arusha.

Being guided by classic microfinance theory of change as the base of its assessment, this study is therefore intended "to assess the MFIs loans credibility on sustainability of SMEs in Tanzania" with specific objectives of: analyzing MFIs loans credibility on financial sustainability of the SMEs in Arusha City; and, establishing the effective supportive mechanism of MFIs loans for sustainability of SMEs in Arusha City.

The classic microfinance theory of change provides that, a poor person goes to a microfinance provider and take a loan to start or expand a microenterprise yielding enough net revenue to repay the loan with major interest and still have sufficient profit to increase personal or household income enough to raise the person's standard of living (Matiku, 2019a; Mzomwe & Pelagia, 2015). The theory adheres to three main steps for its realization, which include**:** taking a loan from a microfinance institution; investing the money in a viable business, and; managing the business to yield major return on the investment (Matiku, 2019a). However, the major limitations on the theory include: inapt clarifications on a borrower who takes money from MFIs and invest in unproductive venture, or the taking it and invest in productive venture, but, by virtue of business dynamics, the venture yields unexpected outcomes. It is from these theoretical mismatches, when the study find it obliging to ascertain whether all loans accessed from MFIs are credible enough to improve the landers financial welfare in SMEs or not.

2.0. Methodology

The study was a mixed quantitative and qualitative in approach, adopted a multiple case study design; involving few selected SMEs in Arusha City. The said mixed research approach is opted as a response to the limitations of the sole use of quantitative or qualitative methods (Kothari, 2019). Arusha was chosen to be an area of study as it hosts a number of SMEs players with varying occupations, gender and culture, just only behind Dar es salaam and Mwanza (URT, 2018); thought of being true representatives of multitudes of players in unveiling the credibility of MFIs loans to SMEs in Tanzanians. Whilst considering the chosen SMEs apt for the study due to their long period stay in the sector, with good experience in MFIs industry; the case study design was opted for as the study sought to generate an in-depth and multi-faceted understanding of a complex issue related to the credibility of MFI's loans to financial sustainability of SME's in Tanzania with reference to the said selected SMEs in Arusha.

Stratified sampling in which the entire population is divided into different subgroups, then randomly selects the final subjects proportionally from the different strata was used as it captures key population characteristics in the sample (Sharon, 2021). And, by the aid of Krejcie & Morgan sampling model (Krejcie, 1970) a sample of 90 respondents from 120 SMEs partakers was obtained. Thirty (30) respondents were equally chosen from each SME category (Small, Medium and large) to make a total of 90 respondents.

The study used qualitative and qualitative data gathered by using research schedules (Sharon, 2021). The data collected were both primary and secondary ones; gathered from the field and published documents respectively (Saldaña, 2015). Whilst using interview technique to understand respondents' behavior and experience (Kothari, 2019) in SME industry; research schedules, as data collection tools were opted for as they offer steady assurance on what every respondent out to respond to (Saldaña, 2015). By the aid of SPSS software v.16; the gathered data were analysed and the results tabulated in percentages and frequencies before drawing the study conclusion.

With variables definitions: the dependent variable (SMEs financial sustainability) and independent variable (such as MFIs loans) were central for the study analysis with causal-effect relation. While MFIs loans referring to financial services for poor and low-income clients offered by different types of service providers (Matiku, 2019a); the Small and Medium-sized Enterprises (SMEs) were considered as being non-subsidiary, independent firm employing less than a given number of employees that varies across countries (Fariza, 2012). Moreover, the term sustainability meant, the use of resource today which does not impair the resource use of tomorrow (García-Pérez, et al, 2018). On the other hand, credibility would mean; the power of inspiring belief (Olomi, 2009). Variables in ordinal, interval and nominal scale were considered for use to suit the requirements of the study. While ordinal scale referring to measurement that reports the ranking and ordering of the data without actually establishing the degree of variation between them (Kothari, 2019); and, interval scale denoting the numerical scale where the order of the variables is known as well as the difference between these variables (Sharon, 2021); nominal scale meant the measurement used to assign events or objects into discrete categories (Kothari, 2019). Please see table 1 for measurement scale info.

Table 1: Operational Concepts, Variables, Indicators, Nature and Measurement scale

Concept	Variable	Indicator Variables	Nature of variable	Measurement Scale
Credibility of MFI's Loans	Loan credibility	Favorability of Interest rates	Independent	Ordinal
		grace period for loans repayment	Independent	Ordinal
		Timely provision of loans	Independent	Ordinal
		Easy accessibility to MFIs loans	Independent	Ordinal
		Loans adequacy borrowers	Independent	Ordinal
		Provided loans related trainings	Independent	Ordinal
		Perceived reliability MFIs loans	Independent	Ordinal
		Extent of MFIs loans credibility	Independent	Interval
SMEs Loan sustainability	Financial Sustainability	List of perceived financial sustainability parameter	Dependent	Nominal
Background variables	Age	Ranked number of years	Background	Interval
	Sex	Male or female	Background	Nominal
	Education	Classified years of study	Background	Ordinal
	Profession	Listed professions	Background	Nominal
	Experience	Ranked number of years in business	Background	Interval
	Business Motivation	Listed drivers for business entry	Background	Nominal
	Business size	Ranked investment scales	Background	Interval
	Funding source	Named sources of funds	Background	Nominal

3.0. Findings and Discussion

3.1: General industrial and respondents Information

The researcher collected data from different respondents with different backgrounds. The common characteristics of the said respondents included age, sex, educational levels, as well as respondents' professions. The entire population in the surveyed area of study constituted 72.2 percent males and 27.8 percent females; from which a total of 90 sample were extracted. The large proportion of interviewees lied between 28 to 57 years of age with the total of 83.4 percent; whereas only 5.6 percent and 11 percent were below 28 and above 57 years respectively. Respondents educations ranged from non-formal (11.1 percent); primary education (40 percent); secondary education (37.8); to post-secondary education (11.1 percent), having malt-profession teams of practitioners ranging from: accountants (05.6 percent), entrepreneurship (06.7 percent), economists (02.2 percent), marketers (5.6 percent), business managers (07.8 percent), to agronomists (16.7 percent); with large proportions of people having unspecified professions (50 percent). These characteristics are presented in table 2.

Table 2 : Demographic Characters of the population of study

Parameters	Frequency	Percent
Age group		
18-27	05	05.6
28-37	15	16.7
38-47	35	38.9
48-57	25	27.8
58 +	10	11.0
Total	**90**	**100.0**
Sex of identified respondents		
Male	65	72.2
Female	25	27.8
Total	**90**	**100.0**
Education level of respondents		
Non-formal education	10	11.1
Primary Education	36	40.0
Secondary Education	34	37.8
Post-secondary education	10	11.1
Total	**90**	**100.0**
Respondents profession		
Accountants	05	05.6
Entrepreneurs	06	06.7
Economists	02	02.2
Marketers	05	05.6
Business Management	07	07.8
Agronomists	15	16.7
Others	45	50.0
Total	**90**	**100.0**

Source: Survey data, 2021

The prevalence of 72.2 percent males and 27.8 percent females in SMEs partaking indicates the polarity of one sex category in economic generating activities; which in most cases perpetuate societal income gaps among two interdependent male and female gender; as it could be also supported by (Zulfiqar, 2017). And with the majority of individual aged from 28 to 57 years comprising a total of 83.4 percent partaking in SMEs, reflects how the large proportion of energetic population precluded from formal work has decided to reposition themselves into self-help ventures; for which is capital resource need to be infused for their sustained growths (Mzomwe, 2015). Again, the prevalence of large proportion (77.8 percent) of individuals with non-formal to form four levels of education in SMEs alerts that most of post-secondary school graduates who are about 11.1 percent of all SMEs players are yet to accept the rarity that, SMEs are equal absorbers of all categories of workforce; regardless of their educational merits. Had they been active SMEs players, they would have merged classical theories with real field practice to optimize the credibility of MFIs loans offered. Moreover, the presence of greater proportion of agronomist (15 percent), behind 50 percent of un-assorted fields calls for a review of agro-sector to avoid an economic dead weight loss that arises from inefficiency resources allocation (Mzomwe & Pelagia, 2015).

3.1.2: Understanding on business industry and entry reasons

Statistics in table 3, reveals that, the majority of the population (44.5 percent) was not familiar with both financial issues and their allied industries. The common business types seem to be; corporates (16.7 percent), partnerships (20. percent), Sole proprietorships (50. percent), and Cooperatives (13.3 percent). It was also found that, players' involvements in activities they do has been largely driven by; unemployment issues (44.4 percent); diversification livelihood sources (20.0 percent); endowed skills and talents (11.1 percent); while, inheritance from families, one's passion and other drivers bearing 24.5 percent in total.

Table 3: Understanding on financial issues, business industries and entry reasons

Parameters	Frequency	Percent
Familiarity with financial and Business Industry		
None (Not familiar)	40	44.5
(1-4) years	20	22.2
(5-9) years	12	13.3
(10-14) years	10	11.1
(15-20) years	06	6.7
(20 +) years	02	2.2
Total	**90**	**100.0**
Business type		
Corporate	15	16.7
Partnership	18	20.0
Sole proprietorship	45	50.0
Cooperatives	12	13.3
Others	00	00.0
Total	**90**	**100.0**
Reasons for entry to business		
Unemployment	40	44.4
Diversification of livelihood sources	18	20.0
Endowed skills and talents	10	11.1
Inherited from family	09	10.0
Drive of passion	08	08.9
Others	05	05.6
Total	**90**	**100.0**

Source: Survey data, 2021

The majority of SMEs players are not well equipped with financial understanding; an affair that make them realize less for more of their investment. As though commented by Matiku, GM, had SMEs had adequate financial management skills, they would have predictive efficiency to make the loaned money from MFIs be credible for greater outputs (Matiku, 2019b). Again, the majority of business types are of sole proprietorships in form. With their limited nature of borrowing, in most cases, sole proprietors go for group lending that earns them little cash; which cannot have adequate return on investment as opposed to partnerships and corporates that extend borrowing possibilities with greater credibility potentials for the loaned MFIs funds. This rarity is also supported by Gbandi and Amissah, as they say, group lending has drawn back some venturesome aptitude due to unreasonable cash infusion that do not yield enough of returns to break even in their venture operations (Gbandi & Amissah, 2014). Unfortunately, the gravest slipup faced by MFIs for loans credibility enhancement whilst funding SMEs, is inability to discriminate between fellows driven into business by unemployment dares (44.4 percent) against the passionate individuals (8.9 percent) confined their end life goals to entrepreneurial ventures.

3.1.3: Size of Business and Sources of Finance to SMEs

The majority of SMEs are those employing 1-4 employees followed by those hiring up to 49 workers. It is only about 11. percent of firms with ability to hire 50 and above workforces. In terms of capital investment, about 38.9 percent have up to 5 million as their capital investments; whereas, the majority of firms operate with capital ranging from 5 to 200 million Tanzania shillings. Of above 200 million, it is only 5.5 percent of firms counted in the category. However, when asked about sources of finance for SMEs, respondents identified the followings, with their percentage funding shares: MFIs (22.2 percent); retained earnings (25.6 percent); revolving funds (05.6 percent); personal funding (27.8 percent); with business angels, government funding and other source having 18.8 percent in total. Table 4 gives the summary.

Table 4: Size of Business and Sources of finance to SMEs

Parameters	Frequency	Percent
Size of business in terms of employees		
1-4	50	55.6
5-49	30	33.3
50-99	08	08.9
100+	02	02.2
Total	**90**	**100.0**
Size of business in terms of capital investment		
Up to 5 mil	35	38.9
Above 5 mil. To 200 mil.	50	55.6
Above 200mil.to 800 mil.	03	03.3
Above 800 mil.	02	02.2
Total	**90**	**100.0**
Common sources of finance to SMEs		
Micro Financing Institutions (depository & non-depository)	20	22.2
Retained Earnings	23	25.6
Revolving funds	05	05.6
Personal Funds	25	27.8
Business angels	03	02.2
Government funding	02	02.2
Other (specify)	13	14.4
Total	**90**	**100.0**

Source: Survey data, 2021

Besides the portrayal of less than 200 million capital investment as the size of business by the majority (94.5 percent) of SMEs, the study data too indicates that, most of business in operation are those employing less than 50 persons; with large proportion (55.5 percent) of them hiring less than 4 people. The situation makes the loaned MFIs funds less credible, since the spillover effect expected by majority through job creation could no longer be seen practical; as firms employing 100+ people are only 2.2 percent of the total SMEs segment in the area. Moreover, the rated 22.2 percent of MFIs share as the source of funding to SMEs indicates the relatively low perceived credibility of their loans to SMEs. The low rated loaning share is vowed by Matiku, GM as being caused by loans attached cost, biased loaning procedures and loan inadequacy (Matiku, 2019a).

3.2: The MFIs Loans Credibility to SMEs Financial Sustainability in Tanzania

The research data as summarized in table 5 reveals the following results: a total of 33.3 percent of respondents agreed that MFIs offers favorable interest to SMEs while a total of 61.1 percent disagreed; 28.9 percent agreed that the grace periods offered by MFIs to SMEs (borrowers) are quite reasonable while 63.3 percent disagreed; 31.1 percent agreed that MFIs offers loans to borrowers (SMEs) timely, but, 62.2 percent of the respondents disagreed on the remark; while 40 percent of respondents admitted (agreed) that MFIs offer loans to SMEs without discrimination, 56.6 percent of them disagreed with the remark; 27.8 percent agreed that MFIs offers loans to SMEs as requested while 70 percent of them disagreed; 28.9 percent agreed that MFIs offer loan related trainings to SMEs while 66.7 percent disagreed; lastly, 38.9 percent of respondents were of the opinion (agreed) that MFIs are perceived as being reliable source of fund to SMEs, while 55.6 percent disagreeing with the remark.

Table 5: MFIs Loans Credibility to SMEs Financial Sustainability in Tanzania

Parameters	**Percentage of Responses From Respondents**					**Total**
Observational Statements	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	Percent
MFIs offer favorable Interest rates to SMEs	08.9	24.4	05.6	47.8	13.3	100.0
The grace period for loans repayment offered by MFIs to SMEs is quite reasonable	05.6	23.3	07.8	48.9	14.4	100.0
MFIs offers Loans to borrowers (SMEs) timely	08.9	22.2	06.7	51.1	11.1	100.0
MFIs loans are accessible to all business practitioners without any discrimination	10.0	30.0	03.3	43.3	13.3	100.0
MFIs offers loans to borrowers (SMEs) as per their requested amounts	07.8	20.0	02.2	50.0	20.0	100.0
MFIs provides loans related trainings to their clients as they issue loans to them	08.9	20.0	04.4	50.0	16.7	100.0
MFIs are perceived as the reliable source of funds to SMEs	11.1	27.8	05.6	38.9	16.7	100.0
Total	**61.2**	**167.7**	**35.6**	**330**	**105.5**	**700.0**
Mean scores	**8.7**	**24**	**5.1**	**47.1**	**15.1**	**100.0**

Source: Survey data, 2021

In assessing the MFIs loans credibility to SMEs financial sustainability, the researcher opted to examine: the interest rates charged to money lenders; the grace periods offered to borrowers; time taken before borrowers' access the requested fund; level of discrimination of all kinds in funding institution; the institutional lending capacities; pre and after lending related trainings; as well as MFIs reliability as sources of finance.

On asking whether the assessed parameters are in their favor, 62.2 percent of respondents objected the variables of analsis against 32.7 percent, (as in table 5) to imply that MFIs intrest rates are too high to render businesses' margianal profits unimpired; the grace period offered to lenders are too small to allow investment paybacks; thare is no timely delivery of the requested fund which resulting to misplaced venture opportunities; and that, there are unexplainable discrimination burrying the dreams of determined entrepreds. These findings are synonymous to those of Matiku, GM's study (Matiku 2019a). The provission of lesser loans than that requested added to barricades. As it could be also asserted by García-Pérez *et al* in the related study, inadequte provision of loans as per request impairs the borrowers plans and hence, unexpeted failure (García-Pérez, *et al*, 2018). Moreover, lack of pre and post loan related training as also described by Nasrin et al, is also considered as the liability for growth and sustainability of SMEs (Nasrin *et al*, 2017). All of these make the perceived credibility of MFIs loans to be low rated by SMEs partakers for financial sustainability.

3.2.1: The Extent at Which MFIs Loans Are Credible for SMEs performance

In attempting to find out the responses of people on the extent to which MFIs loans are credible for SMEs performance, the large proportion (44.4 percent) rated it below 25 percent; followed by 38.9 percent ranking in between 25-49 percent; 11.1 in between 50-74 percent; and, 5.6 percent in between 75-100 percent. It was only 2.2 percent of respondents who was unsure. Table 6 summarize the results for the said ratings.

Table 6: The Extent at Which MFIs Loans Are Credible for SMEs performance

Parameters	Frequency	Percent
Very low (Less than 25%)	40	44.4
Low (About 25-49)%	35	38.9
Average (About 50-74)%	10	11.1
High (About 75-100)%	05	05.6
Total	**90**	**100.0**

Source: Survey data, 2021

When tried to find out the responses of people on the extent to which MFIs loans are credible enough to enhance SMEs apt performance, the large proportion of people (44.4 percent) rated the institutional credibility being less than 25 percent; with 83.3 percent of the total population rating it below the average (50 percent) perceived measure, against 16.7 percent of the population considering it credible. Studies reveals that, the credibility of MFIs loans to SMEs recital is chiefly diluted by its diversion from their original focus of being pro-poor to moneyed (Stanley, 2008; Fariza, 2012 & Kubberod, *et al*, 2019). However, from this study, the low rated credibility of MFIs loans to SMEs performance (as in table 6) may be attributed to a number of inefficiencies (portrayed in table 5), including: high loan interests; unreasonable grace period for loans repayments; delayed issuance of loans to borrowers; structural discrimination of borrowers; inadequate funding irrelative to borrowers' requests; lack of loans related trainings and overall reliability of MFIs as the trusted sources of fund to SMEs.

3.3: Determining MFIs Loans Supportive Mechanisms for SMEs Sustainability

In determining MFIs loan supportive mechanism for SMEs sustainability in Tanzania, the researcher wished to gather gens on what need be done by the major of co-actors in micro-financing industry as well as in small and medium enterprises. Many views were given. Hence, the following table 7; table 8; and table 9 summarizes the common measures suggested to be undertaken by the named trio actors.

3.3.1: The Roles of SMEs in Making MFIs Loans Credible for their Sustainability

In determining what should be done by SMEs to make MFIs loans credible, respondents identified the strategies in the order of their preferential use rated in percentages as follows: engaging entrepreneurs in trainings as they come due to improve SMEs performance (31.1 percent); making thorough feasibility study for start-up business before requesting for loans (27.8 percent); marketing firms' produce for increasing business performance (16.7 percent); making clear budgets in ventures for avoiding overdrawing (12.2 percent); and formalizing business projects for capital protection and ensured loan accessibility (12.2 percent). Please see table 7.

Table 7: Roles of SMEs in Making MFIs Loans Credible for their Sustainability

Parameters	Frequency	Percent
Making thorough Feasibility study for start-up business before requesting for loans	25	27.8
Engage in Entrepreneurial trainings as they come due to improve SMEs performance	28	31.1
Marketing Firms' produce for increasing business performance	15	16.7
Making clear budgets in ventures for avoiding overdrawing	11	12.2
Formalizing business projects for capital protection and ensured loan accessibility	11	12.2
Total	**90**	**100.0**

Source: Survey data, 2021

As provided in table 7, SMEs need to make thorough feasibility study before engaging into venture; provide entrepreneurial training; prepare the proper business budget; properly market their products; and formalize their ventures. As though commended by other scholars, doing feasibility study will help SMEs to have diversified means of achieving the same planned goals (Scott, 2017 & Kubberod, *et al*, 2019); providing entrepreneurial training to SMEs will optimally reduce unnecessary business failure (Cardoni, *et al*, 2018; Wijaya & Suasih, 2020); the proper budgets in SMEs are encouraged to avoid misplaced resource use (Scott, 2017); and, SMEs formalization will enhance firms' easy access to finance and capital protection (Gbandi & Amissah, 2014).

3.3.2: Roles of MFIs in Making Their Loans Credible to SMEs Sustainability

On the other hand, determining what should be done by MFIs to make their loans to SMEs credible, the respondents identified the following in the order of their preferential use rated in percentages: **r**educing interest rate attached to MFIs loans (28,9 percent); introducing borrowers training (27.8 percent); orienting the up-coming entrepreneurs to markets of their produces (22.2 percent); providing reasonable loans as per lonee request (13.3 percent); and, assisting loaned entrepreneurs in formalizing their business (07.8 percent). Please see table 8 which summarizes these results

Table 8: Roles of MFIs in Making Their Loans Credible to SMEs Sustainability

Parameters	Frequency	Percent
Introducing borrowers Training	25	27.8
Orienting the up-coming entrepreneurs to markets of their produces	20	22.2
Providing reasonable loans as per lonee request	12	13.3
Assisting Loaned entrepreneurs in formalizing their business	07	07.8
Total	**90**	**100.0**

Source: Survey data, 2021

On the other hand, MFIs are argued to reduce interest rates attached to their disbursed loans; introducing borrowers' trainings; orienting entrepreneurs to markets; providing loans as per lonee request; and; in assisting SMEs in their formalization process. As per views of other literatures, reducing interest rates to loans is considered to encourage more borrowings (Olomi, 2009 & Cardoni, 2018); introducing borrowers' trainings will enhance them adhere to financial disciplines, among others (Mori, 2012 & Makuyana, 2016); orienting entrepreneurs to markets of their product will promote firm's sales and increase firm's revenues (Mzomwe & Pelagia, 2015). It is also postulated that, providing loans as per lonee request helps the borrowers to meet the planned budgets (Gbandi & Amissah, 2014). Moreover, assisting SMEs in their formalization process eventually promotes financial security of firms (Morris, 2005 & Fariza, 2012).

3.3.3: Roles of Stakeholders for MFIs Loan Credibility to SMEs Sustainability

Similarly, in determining what should be done by allied stakeholders to make MFIs loans credible, the respondents identified the following in the order of their preferential uses, rated in percentages: initiated regular trainings by interest group to build the capacities of loaned entrepreneurs (28.9 percent); arguing the Government to reducing unnecessary tax to enhance borrowers' payments of loans (26.7 percent); setting high of the import tax by TRA to protect domestic SMEs (16.7 percent); calling for the general public to instigate the review of SMEs formalization policies (14.4 percent); and consumers' motivation to favor domestic products for SMEs growths (13.3 percent). Please see the summary in table 9.

Table 9 : Roles of Stakeholders in Making MFIs Loans Credible to SMEs Sustainability

Parameters	Frequency	Percent
Government: reducing unnecessary tax to enhance borrowers' payments of loans	24	26.7
Interest Group (i.e. Tanzania Investment Bank (TIB): have to initiate regular trainings in building the capacity of loaned entrepreneurs	26	28.9
Consumers: Should be motivated to favor Domestic products to promote the growth of the borrowing SMEs	12	13.3
General Public: Should call for the review of SMEs formalization policies	13	14.4
Revenue Regulatory Authority (i.e. TRA): Should set high Importation taxes to protect domestic SMEs	15	16.7
Total	**90**	**100.0**

Source: Survey data, 2021

As though presented in table 9, on regard to what should be done by allied stakeholders, the government is argued to; reduce unnecessary tax; interest groups are advised to hold on capacity building trainings to SMEs; consumers should favor the domestically made products; while the general public calling for public review of SMEs formalization. From the available literatures, it can be seen that; government reduction of unnecessary taxes will reduce the firms' ability generate sound revenues for reinvestments and loans repayments (Kubberod, *et al*, 2019); Such interest groups as TIB are advised to hold on capacity building trainings to SMEs as that will equip the partakers' ability to make business informed decisions (Mzomwe & Pelagia, 2015). However, it is believed that, consumers favor for domestically made products will promote domestic SMEs production (Mori, 2012); and ventures formalization will elevate both firms' and government revenues (Morris & Barnes 2005 & Fariza, 2012).

4.0. Conclusion

The presentations in section 3 as though also discussed in the same section in relation to MFIs loans credibility, the researcher is driven to generalize that: the credibility of MFIs loans to SMEs sustainability in Tanzania, is not only influenced by borrowers demographic characters, but also the chain of MFIs funding supportive mechanisms including: high interest rate attached to loans; too minimal grace periods for loan repayment; structural discrimination of lonee; delayed delivery of requested loans to lonee, inadequate loans provided centrally to requests; lack of pre and post loaning trainings; and, lack of trust between lonee and loaners. The low rated MFIs loans credibility for SMEs sustainability as portrayed in table 5 cannot be separated from the named barricades exposing lonee to inability to withstand business shocks; low financial productivity; inability to enhance SMEs partakers' saving and re-investments, among others. Taking MFIs and SMEs into symbiotic business relationships, various financing industrial players have their roles to play; as though presented in tables 7; table 8 and table 9 of this paper. However, a study on the link between SMEs success and MFIs' group landing model is certain; in gaging its value for the said parties' mutual growths.

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