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Research Article

An Assessment of the Microfinance Product Mix in Support of Small-Scale Businesses: A Case of Choma District, Zambia

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ABSTRACT

This research study investigated how effectively the mix of microfinance products supports small-scale businesses in Choma District, Zambia, with a focus on their impact on profitability, their role in the growth of the business, and the challenges owners face in accessing and using these services. With the use of descriptive cross-sectional design, data was collected from 40 respondents using a simple random Sampling technique through structured questionnaires, which were distributed to 40 small-scale business owners within Choma District. The collected data were analyzed using descriptive statistics and hypothesis testing. Savings emerged as the product most frequently related to profitability (35% of respondents), whereas the combination of savings and training was the most commonly reported mix supporting business activities. Still, none of the three areas produced statistically significant results at the 5% level ($p = 0.6730$ for profitability, $p = 0.4379$ for growth, and $p = 0.6730$ for challenges), so the null hypotheses were not rejected. Despite microfinance products offering practical help to some businesses, the contribution to profitability and growth is not statistically significant and depends on factors such as financial literacy, business management skills, product suitability, market conditions, and lending terms. The study therefore recommends that microfinance institutions should strengthen financial literacy programs for small-scale business owners and design products that are in line with what business owners actually need and the operating realities of small-scale businesses in the district.

Keywords: *Financial Literacy, Microfinance, Microfinance Product Mix, Microfinance Products, Small Scale Enterprise (SME)*

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1. INTRODUCTION

This section introduces the study by outlining its background, the problem it addresses, the research objectives, and the overall purpose of the investigation.

1.1. Background of the Study

Financial inclusion is supported by Microfinance through the provision of loans, insurance, savings, and other services to small businesses with no or limited access to commercial banks (Armendáriz & Morduch, 2010). Entrepreneurs are helped to meet financial needs, improve operations, and manage risks in their businesses (Ledgerwood, 2013). Employment and poverty reduction are notable channels through which SMEs contribute to the sustainable growth of many economies (Cull *et al.*, 2023). Notably, difficulties in accessing suitable and affordable financial products are a rampant and most difficult challenge faced by small-scale businesses (Kasani & Silwimba, 2025; Abor *et al., 2022*). Business profitability, productivity, and growth are vulnerable victims of poor microfinance product mix management (Donbesuur *et al.*, 2023). Most SMEs operating in Choma districts are funded by microfinance institutions that provide them with various financial products such as loans, especially those operating in agriculture, transport, and services (Kasani & Silwimba, 2025). Despite this support, some businesses continue to experience challenges in accessing appropriate products, creating a need to assess the effectiveness of the microfinance product mix in Choma District.

1.2. Statement of the Problem

Despite studies examining the importance of microfinance to small business development, many have focused on how accessible credits are than the effectiveness of microfinance product mix at large (Paliyani & Silwimba, 2025). Existing findings are not consistent; other studies have reported positive outcomes while others report limited effects on business performance. In addition, there is limited empirical evidence on how the combined use of credit, savings, micro-insurance, and financial literacy services influences small-scale businesses at the district level. Little is known about the effectiveness of the microfinance product mix in supporting small-scale businesses in Choma District, Zambia, creating the need for this Research study on the assessment of the Microfinance Product Mix in Support of Small-Scale Businesses using profitability, business growth, and challenges as the key indicators.

1.3. Research Objectives

- To assess the role of the microfinance product mix in supporting small-scale businesses in Choma District.

1.3.1. Specific Objectives

- To assess the effects of the microfinance products available on the profitability of small-scale businesses in Choma District.
- To examine the effectiveness of the microfinance product mix in supporting business growth in Choma District.
- To analyze the challenges faced by small-scale business owners in accessing and utilizing microfinance services.

1.4. Research Questions

- What are the effects of the available microfinance products on the profitability of small-scale businesses in Choma District?
- How effective is the microfinance product mix in supporting business growth in Choma District?
- What challenges do small-scale business owners face in accessing and utilizing microfinance services in Choma District?

1.5. Theoretical/Conceptual Framework

Financial Intermediation Theory guided the study. The theory strived to explain the existence of the relation between borrowers and savers that enables financial services to small-scale businesses. Its focus was on how credit and savings helped business stability and growth, keeping in mind that high costs and unsuitable repayment terms can reduce their benefits. The theory helped greatly in assessing whether the microfinance product mix effectively supported the growth of small-scale businesses.

1.6. Conceptual Framework

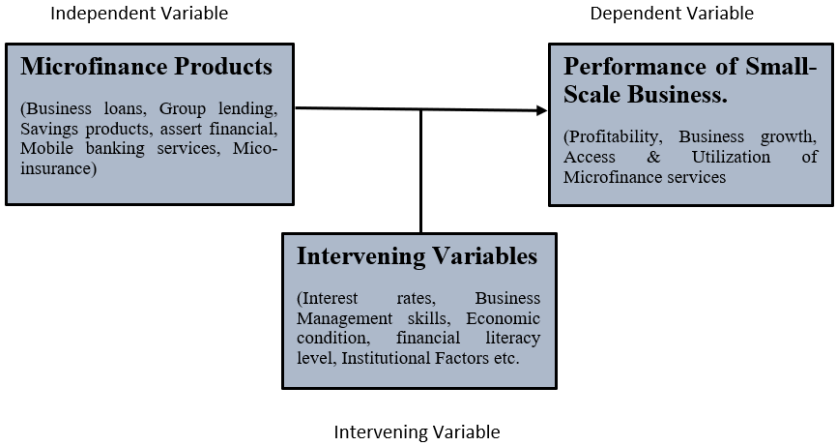


Figure 1. Conceptual Framework.

1.7. Significance of the Study

This study is important to so many people out there. In theory and in practice too. For policymakers like the Bank of Zambia and the Ministry of Small Business Development, it provides real evidence from Choma District on how microfinance products support small businesses. These results can help shape better policies in financial institutions and improve how MFIs are regulated and develop interventions that really look at the challenges entrepreneurs face in rural and peri-urban areas.

It's actually direct information from the ground for microfinance institutions; it shows how business owners see, access, and use their products and which ones actually help with profits and growth. MFIs can make practical changes like reducing interest rates, making their repayment methods flexible, and adding financial literacy support for business owners. According to this research, the study shows the struggles faced and how the smart use of microfinance can greatly lead to good decisions, stronger growth, and a better way to ask for the best products.

2. LITERATURE REVIEW

2.1. Effects of the Available Microfinance Products on the Profitability of Small-Scale Businesses

Microfinance tools like small loans and savings accounts give small businesses a quick boost in liquidity and inventory. However, turning a higher sales volume into an actual net profit is rarely straightforward. In reality, high interest rates and unyielding repayment schedules often eat up a massive chunk of that extra income (Rahman *et al.*, 2021; Adams & Banerjee, 2022). On the other hand, structured savings options foster better financial habits, helping owners build a safety net for slow periods (Mwangi & Otieno, 2022; Kumar & Singh *et al.*, 2022). When loans come with basic financial training, entrepreneurs tend to make smarter investment choices and are less likely to misplace funds (Lee & Huang, 2021; Robinson & Zhao, 2022). Digital lending platforms have made access far easier, but they can also push less financially literate clients into debt traps

Looking at the African context, the picture is just as nuanced. Micro-loans frequently keep businesses afloat and cover day-to-day operating costs, yet steep borrowing fees and unpredictable cash flows make long-term profit gains tough to achieve. Encouraging formal savings helps steady a business's cash flow and steers owners away from predatory informal lenders (Njoroge & Wambui, 2022; Agyapong & Afi, 2021). Still, using business loans to pay for household expenses often undermines profit potential—unless strict financial discipline is in place (Ojo & Adebayo, 2022; Adeyemi & Okafor, 2022). Time and again, high interest rates chip away at net profits even when top-line revenue goes up (Okoye, 2021; Mensah & Boateng, 2022). Mobile money platforms have successfully bridged geographic gaps, but they also put tighter repayment pressure on clients who lack formal management experience.

In Zambia—and Choma District in particular—microfinance products help entrepreneurs turn over stock faster and boost short-term earnings. Yet, steep interest rates, tight repayment windows, and low financial literacy continue to cap sustained growth. Businesses that balance modest borrowing with regular savings usually weather economic swings much better (Banda, 2022; Zulu & Banda, 2022). A common challenge is that many owners juggle both formal microfinance loans and informal credit, leading to stacked debts that siphon off capital needed for reinvestment (Mwale & Phiri, 2022; Tembo, 2021). Poor record-keeping also prevents many from putting their capital to work effectively (Chilufya, 2021; Chirwa, 2021). Furthermore, flexible, longer-term financial products remain hard to find, despite the

seasonal realities of rural business. This leaves a distinct gap in the literature regarding how the full mix of microfinance tools operates under specific, district-level economic conditions (Zulu & Banda, 2022).

2.2. Effectiveness of the Microfinance Product Mix in Supporting Business Growth

A well-rounded microfinance product mix drives small business growth, particularly when credit, savings, and technical support are strategically integrated (Beck & Demirgüç-Kunt, 2022). Comprehensive financial packages significantly enhance operational liquidity and capital investment (Kumar & Singh, 2022), while pairing core credit offerings with business training boosts overall productivity (Zhang & Liu, 2021). However, high interest rates and rigid repayment schedules often impose severe financial pressure on borrowers (Lee & Huang, 2021). Moreover, when products are poorly aligned with business needs, the intended developmental benefits are frequently undermined (Carter & Shaw, 2022; Adams & Banerjee, 2022).

Across Sub-Saharan Africa, microfinance mechanisms help small-scale entrepreneurs build working capital and gain access to formal financial systems (Mensah & Boateng, 2022). Yet, a heavy reliance on debt rather than savings-based models often hinders long-term asset accumulation (Ojo & Adebayo, 2022), while cash-flow volatility reduces financial stability within informal markets (Njoroge & Wambui, 2022). Digital financial channels have expanded convenience for rural enterprises (Dube & Moyo, 2022), but increasing access without improving financial literacy risks fueling over-indebtedness (Okoye, 2021). This underscores the need for integrated educational initiatives to help business owners deploy capital effectively (Adeyemi & Okafor, 2022).

In Zambia, microfinance product mixes help small businesses strengthen cash-flow management and steadily accumulate capital to support growth (Phiri & Zulu, 2022; Banda, 2022). Nevertheless, persistent challenges such as high borrowing costs continue to impede enterprise scaling (Tembo, 2021), while limited access to financial training hinders efficient resource allocation (Chilufya, 2021). Furthermore, in districts such as Choma, rigid formal terms lead entrepreneurs to rely on informal lenders, creating overlapping debt obligations (Mwale & Phiri, 2022). Short-term loan designs simply fail to accommodate the seasonal revenue fluctuations typical of local businesses (Chanda & Kaunda, 2023).

2.3. Challenges Faced by Small-Scale Business Owners in Accessing and Using Microfinance Services

Small-scale business owners around the world continuously encounter institutional barriers that restrict both their access to and productive use of microfinance services. Many informal entrepreneurs remain excluded from formal financial systems due to high interest rates, strict repayment terms, and steep collateral requirements (Robinson & Zhao, 2022; Carter & Shaw, 2022). This issue is compounded by financial literacy gaps; entrepreneurs who lack foundational skills in budgeting and planning often struggle to manage their capital effectively, sometimes diverting funds or making poor investment choices (Smith & Brown, 2021; Lee & Huang, 2022). Furthermore, the rise of digital platforms has made multiple borrowing easier, leading to over-indebtedness, heavy repayment pressure, and a heightened risk of default (Adams & Banerjee, 2022; Kumar *et al.*, 2022). Cumbersome administrative procedures and lengthy application processes also discourage many informal business owners from applying in the first place, leaving them dependent on informal credit sources.

Across Africa, steep borrowing costs remain a primary obstacle. High interest rates and hidden fees often consume a substantial portion of the extra income generated through micro-loans (Adeyemi & Okafor, 2022; Ojo & Adebayo, 2022). Additionally, limited financial knowledge leads many clients to spend business loans on everyday household expenses rather than income-generating activities (Mensah & Boateng, 2022; Njoroge & Wambui, 2022). Rigid eligibility criteria and strict collateral requirements continue to shut out informal entrepreneurs who lack formal documentation (Okafor, 2021; Agyapong & Afi, 2021). On top of this, short repayment schedules rarely align with the irregular cash-flow patterns typical of small businesses, creating severe financial pressure and raising default rates across the continent.

In Zambia, particularly in districts like Choma, high interest rates and rigid repayment terms severely constrain both borrowing capacity and business growth (Chilufya, 2021; Tembo, 2021). Limited financial literacy means many local business owners struggle with basic record-keeping and cash-flow management (Banda, 2022; Zulu & Banda, 2022). While strict formal requirements push entrepreneurs toward informal lenders despite higher costs, low awareness of savings and auxiliary products prevents them from taking full advantage of the microfinance spectrum (Mwale & Phiri, 2022; Chirwa, 2021). Ultimately, seasonal income volatility makes it exceptionally difficult for small business owners to meet rigid repayment deadlines, driving up local default risks

3. METHODOLOGY

This chapter presents the methodology that was used in conducting the study on the effects of the microfinance product mix on the profitability of small-scale businesses in Choma District, Zambia.

3.1. Research Design

This study adopted a descriptive cross-sectional research design.

3.2. Target Population

The target population was small-scale business owners in Choma District.

3.3. Sampling Design

The study used Simple random sampling to select small-scale business owners. A list of registered small-scale businesses was obtained from the local council and used as the sampling frame. The businesses on the list were assigned numbers, and the required 40 businesses were randomly selected from the sampling frame. This approach gave eligible businesses an equal opportunity of being selected for participation in the study. The selected business owners were then approached and invited to participate in the study, and questionnaires were administered to those who agreed to participate.

3.4. Sample Size Determination

The study used a sample size of 40 respondents. These included small-scale business owners. The sample was selected to provide responses from different types of small-scale businesses in Choma District. The 40 respondents were randomly selected from the local council Sampling frame.

3.5. Data Collection Methods

Data were collected using a structured questionnaire.

3.6. Data Analysis

Data were analyzed using both descriptive statistics and inferential statistics. This included percentages, frequencies, tables, and hypothesis testing. Results were presented using charts and graphs. Frequencies, percentages, and means were used to summarize the responses, while tables, charts, and graphs were used to present the findings. Inferential tests were conducted to examine the three objectives by comparing the sample means with the hypothesized mean at the 5% level of significance. A p-value below 0.05 was considered statistically significant, while a p-value above 0.05 indicated insufficient evidence to reject the null hypothesis. Before the tests were conducted, the data were checked for the relevant assumptions and suitability for the selected analysis. The analysis was used to determine whether the observed differences were statistically significant or could have occurred by chance.

4. RESULTS AND DISCUSSION

4.1. Background Information

4.1.1. Types of Business

The findings in Figure 2 show the distribution of types of business among the respondents. Selling fresh produce was the most common type of business at 28 percent, followed by food vending at 22 percent. Grocery or kiosk operations were at 12 percent, whereas agricultural production and second-hand clothes and shoes represented 12 percent each. The remaining 11 percent was for those who engaged in other types of businesses. The results show that the businesses included in the study varied and the most common activities were trading in fresh produce and food vending. The diversity in business types provided varied perspectives on how microfinance products support small-scale businesses.

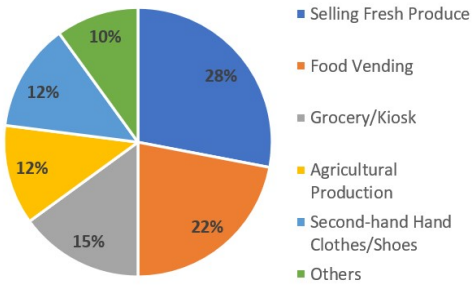


Figure 2. Types of Business.

Most of the small-scale businesses involved in the study were engaged in trading and activities that provide goods and services locally, as shown above. This matches the background of the research study; it indicates that small-scale businesses in Choma operate in areas such as trading, agriculture, transport, and services. Cull *et al.* (2023) state that economic growth, employment, and income generation are also a result of small-scale businesses. Therefore, the types of businesses that are in the study indicate the significance of small-scale businesses in supporting economic activities in Choma District.

4.1.2. Microfinance Product(s) Used

The findings in Figure 3 below show that 22 percent indicated others as the most used microfinance product, followed by 20 percent who selected business loans and savings products. Financial literacy and group lending each accounted for 15 percent, while 8 percent cited microfinance. The findings suggest that respondents used a range of microfinance products, with other products, business loans, and savings being more commonly reported. This indicates that small-scale business owners accessed different forms of financial support depending on their business needs and circumstances.

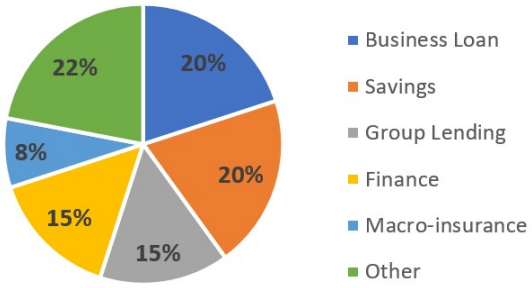


Figure 3. Microfinance Product(s) Used.

These results imply that savings are really important in terms of supporting small-scale businesses. The findings are consistent with Mwangi and Otieno (2022) and Kumar and Singh (2022), who observed that business owners are helped by savings products to create financial buffers and develop financial discipline during periods of changing income. Banda (2022) and Zulu and Banda (2022) also found that businesses which combine borrowing with regular savings are better managed. This shows why savings were the most popular product used in terms of supporting businesses in the study.

4.2. Effects of the Available Microfinance Products on the Profitability of Small-Scale Businesses

4.2.1. Business Percentage Profit Increase

The study showed that the biggest number of respondents reported an above 50% increase in profit at 28%, followed by 10–25% at 22%. No increase was reported by 20%, less than 10% by 18%, and 26–50% by 12%. The findings clearly indicate that a substantial profit growth was significantly experienced by a number of businesses, but a notable share also saw little or no change.

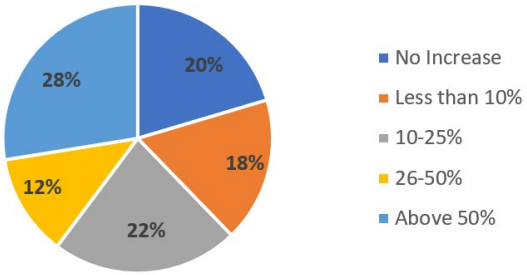


Figure 4. Business Percentage Profit Increase.

The liquidity and business operations can be directly improved by microfinance products, provided the interest rate and repayment conditions do not negatively affect the gains (Rahman *et al.*, 2021; Adams & Barnerjee, 2022). The aforementioned literature review completely agrees with the finding of the study that microfinance products improve business profits increases but its effects vary from business to business. (Banda, 2022; Zulu & Banda, 2022). Maintains that sustained business profitability and increased short-term income are possible with microfinance products given a favorable business environment such as low borrowing costs and improved financial literacy. This explains why some businesses experienced high profit increases while others experienced little or no improvement.

4.2.2. Microfinance Products Business Profitability Effects

The study shows that the effects of microfinance products on business profitability were largely rated as low at 27% and very low at 25%. Very high effects were reported by 23%, moderate by 15%, and high by 10. These findings suggest that

although some businesses experienced strong benefits from microfinance products, a larger proportion of respondents felt that the products had limited effects on their profitability. About 52% of the respondents reported a very low or low effect of microfinance products on business profitability.

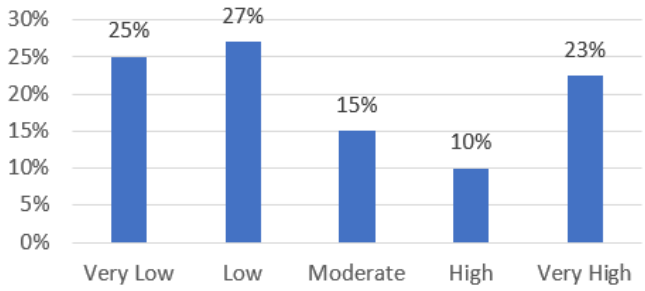


Figure 5. Microfinance Products Business Profitability Effect.

These findings show that despite other small-scale businesses benefiting greatly from microfinance products, a bigger number felt that the products had low or very low effects on their profitability. The findings are supported by Rahman *et al.* (2021) and Adams and Banerjee (2022), who argued that accessing microfinance does not always result in higher profits because interest charges and repayment methods also reduce the benefits of increased business income. Similarly, Okoye (2021) and Mensah and Boateng (2022) found that high borrowing costs also reduce the actual gains made by these small businesses. Because of that, the low profitability effect reported by a lot of respondents may be linked to the costs and conditions that come with microfinance products.

4.2.3. Means Value vs Hypothesized

Objective one sought to assess whether the available microfinance products had a significant effect on the profitability of small-scale businesses in Choma District. The hypothesis test showed that the sample mean for business profit increase was 3.100, which was slightly higher than the hypothesized mean of 3.000. The calculated z-value was 0.42, with a p-value of 0.6730. Since the p-value is greater than the 0.05 level of significance, the difference between the sample means and the hypothesized value is not statistically significant.

Table 1. Mean vs Hypothesized Value.

3.000	hypothesized value
3.100	Mean Business Percentage Profit Increase
1.499	std. dev.
0.237	std. error
40	n
0.42	z
.6730	p-value (two-tailed)

It was observed that the sample mean for business profit increase was 3.100 compared with the hypothesized mean of 3.000. The p-value exceeded the 0.05 threshold, indicating that there was no statistical evidence that the microfinance products available had a significant effect on the profitability of the engaged small-scale business. Consistent with these findings was the literature review conducted by the study, which showed that the effects of microfinance products do not happen in isolation but depend on many other factors such as interest rates, repayment conditions, financial literacy, and how the products are effectively made use of. Interestingly, Rahman *et al.* (2021) also observed that a surge in business activities alone is not a guarantee or an indicator that the returns on investment will be high, as higher interest rates reduce the business returns on capital. The finding therefore supports the view that access to microfinance alone may not be enough to produce significant improvements in profitability.

4.3. Effectiveness of the Microfinance Product Mix in Supporting Business Growth

As shown in Figure 6 below, perceptions of effectiveness were mixed. Very effective was the highest at 27%, followed by very ineffective at 25%. Ineffective and effective were each 18%, while moderately effective was 12%. The results indicate a split opinion: while more than a quarter of respondents saw a strong positive impact from combined products, a similar proportion saw little to no benefit.

4.3.1. Microfinance Products Combination Effectiveness

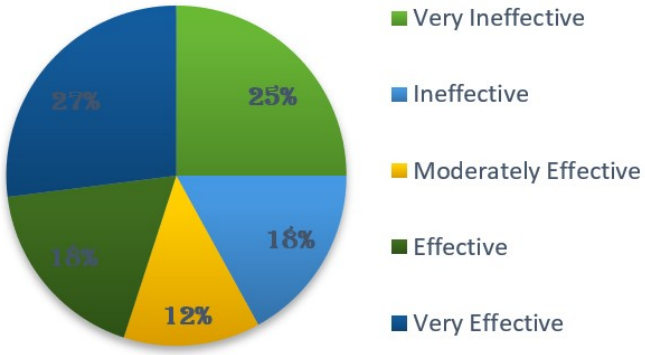


Figure 6. Microfinance Products Combination Effectiveness.

The findings are consistent with Beck and Demirgüç-Kunt (2022), who observed that combining credit, savings, and technical support can improve business operations and growth. Zhang and Liu (2021) also found that combining financial services with business training can improve productivity. However, the large proportion that considered the combination ineffective may be explained by the challenges associated with high interest rates, rigid repayment conditions, and poor product alignment identified by Lee and Huang (2021), Carter and Shaw (2022), and Adams and Banerjee (2022). Therefore, the effectiveness of the product mix appears to depend on whether the products actually match the needs of the businesses.

4.3.2. Percentage of Business Growth

Figure 7 below shows that 45% of respondents reported business growth above 60%. Growth of 20–40% was reported by 21%, while less than 20% and 41–60% were each reported by 17%. These findings clearly indicate that the microfinance product highly contributes to improved business growth with almost half of the respondents experiencing business growth of above 60%. Nevertheless, it was also observed that over a third of the respondents experienced business growth of below 40%, indicating that business outcomes differ from business to business.

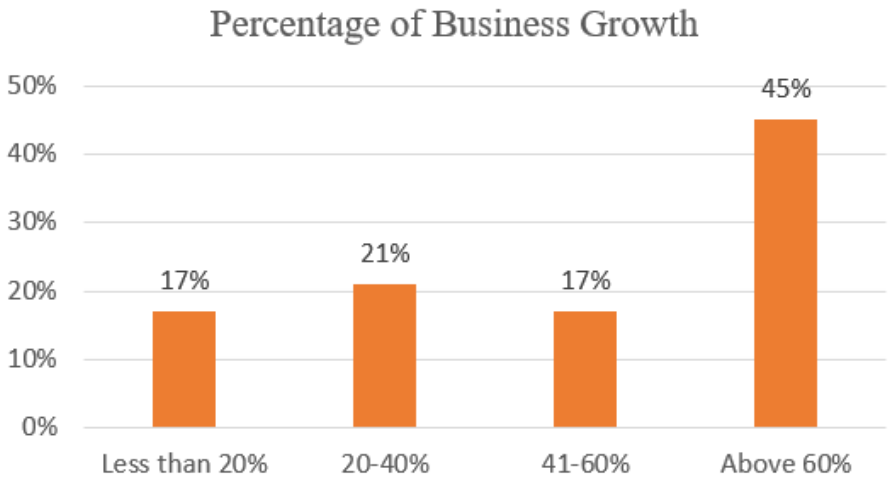


Figure 7. Percentage of Business Growth.

The study established that microfinance products contributed to business growth; the business growth level differed from one respondent to another. These findings did not greatly differ from the most reviewed literature, such as Phiri and Zulu (2022), who argued that microfinance products play a very important role in promoting gradual business growth and improved cash-flow management. Banda (2022) contends that the contribution of microfinance products to most businesses' capital growth in Zambia is enormous. The fact that a few businesses reported having experienced less than 40% business growth was a clear indication that microfinance alone does not produce the same results for every business. Factors such as high borrowing costs, higher levels of financial illiteracy, and limited financial training hinder the potential of many small-scale businesses to grow exponentially (Tembo & Chilufya, 2021)

4.3.3. Means vs Hypothesized Value

Table 2 below indicates that the sample mean of the study was 3.175, slightly higher than the hypothesized mean of 3.000. Other values such as the t-value and p-value were estimated to be 0.78 and 0.4379, respectively.

Table 2. Means vs Hypothesized Value.

3.000	hypothesized value
3.175	Mean Business Aspect Grown
1.412	std. dev.
0.223	std. error
40	n
39	df
0.78	t
.4379	p-value (two-tailed)

It was observed that the sample mean for business growth was 3.175, compared with the hypothesized mean of 3.000. The observed mean was slightly higher than the hypothesized value, whereas the t-value and the p-value were found to be 0.78 and 0.4379, respectively. Having a p-value greater than 0.05 meant that there was no statistical evidence to show that the microfinance products mix had a significant effect on business growth of the engaged respondents. These findings were consistently supported by much of the reviewed literature, such as Mensah and Boateng (2022), who observed that microfinance products facilitate business capital expansion; however, their influence depends on many factors such as their design and usage efficiency. It was also true that factors such as high interest, financial literacy gaps and limited financial training may pose as a great threat to how businesses fully benefit the importance of microfinance to their businesses Rahman *et al.* (2021).

4.4. Challenges Faced by Small-Scale Business Owners in Accessing and Using Microfinance Services.

4.4.1. Business Challenge Effect Frequency

Figure 8 below shows that 30% of the respondents were of the view that business challenges rarely affected them. 25% believed that challenges always affected them and the other 20% of the engaged small-scale business owners indicated to never had any challenges. Sometimes and often scored 15% and 10%, respectively. These findings indicate that the level to which business challenges affected the respondents differed considerably, with some businesses experiencing challenges often while others experienced them less frequently or not at all. In conclusion, the results showed that business challenges were present among some small-scale businesses, although their frequency varied from one business to another.

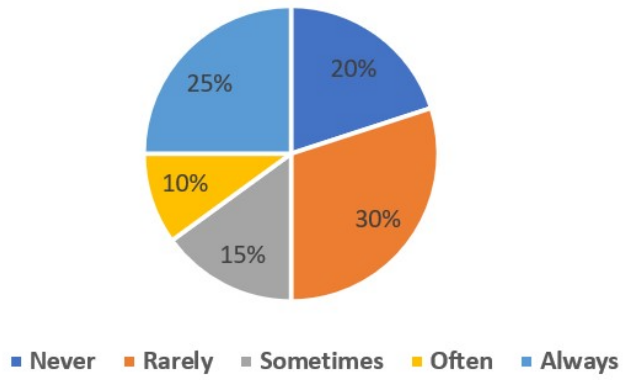


Figure 8. Business Challenge Effect Frequency.

Common among the findings were the different levels at which respondents experienced the challenges. A good percentage of business owners reported having experienced constant challenges, whereas others rarely experienced any difficulties. Similar to these findings were some of the literature reviewed, such as Robinson & Zhao, 2022), who indicated that high interest rates, financial literacy gaps, and many other challenges profoundly affected business

owners. Therefore, the differences in responses may reflect the fact that business owners do not experience these challenges in the same way.

4.4.2. Extent of Business Challenge

Figure 9 below shows that 28% of respondents felt challenges affected their business greatly, while 25% said not at all. Moderately was 17%, and both slightly and very greatly were 15% each. The findings indicate a mixed view among respondents on the extent of business challenges. This reflects that the severity of business challenges differs widely among respondents.

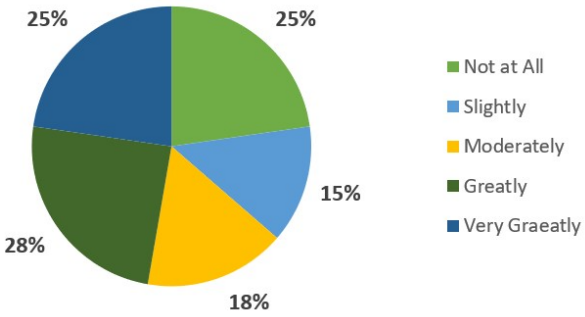


Figure 9. Extent of Business Challenges.

This finding is consistent with Adeyemi and Okafor (2022) and Ojo and Adebayo (2022), who found that high borrowing costs and other charges can take away a large part of the income made by microfinance. Banda (2022) and Zulu and Banda (2022) also highlighted financial literacy, record-keeping and cash-flow management as factors that can affect how businesses use microfinance. The fact that some respondents reported little or no effect may indicate that some businesses were better able to manage these challenges than others.

4.4.3. Means vs Hypothesized Value

The third objective sought to establish if the challenges faced by small-scale business owners in accessing and using microfinance services were statistically significant. The hypothesis test indicated that the sample mean was 2.900, which was lower than the hypothesized mean of 3.000. The calculated z-value was -0.42, while the p-value was 0.6730. Since the p-value was greater than the 0.05 level of significance, there was no statistically significant difference between the observed mean and the hypothesized value.

Table 3. Means vs Hypothesized Value.

3.000	hypothesized value
2.900	mean Business Challenges Effect Frequency
1.499	std. dev.
0.237	std. error
40	N
-0.42	Z
.6730	p-value (two-tailed)

The study indicates that the sample mean for the effect of business challenges was 2.900, which was a bit lower than the hypothesized mean of 3.000. The calculated z-value was -0.42, and the p-value was 0.6730. The p-value was greater than the 0.05 level of significance; therefore, the difference was not statistically significant. This means that the challenges faced by small-scale business owners in accessing and using microfinance services were not statistically significant according to the hypothesis test. However, the descriptive results still showed that some respondents experienced big challenges. This is consistent with the literature, which identified high interest rates, strict repayment schedules, limited financial literacy, and formal requirements as challenges affecting small businesses. Chilufya (2021), Tembo (2021), Banda (2022), and Zulu and Banda (2022) all listed different barriers that can affect the use of microfinance services in Zambia. Therefore, although the overall statistical test was not significant, the descriptive findings still show that challenges remain a big issue for some businesses.

5. CONCLUSION

The study assessed the role of the microfinance product mix in supporting small-scale businesses in Choma District, Zambia. Microfinance products provided practical help to some businesses, especially in improving profitability and supporting business activities; these were the findings. However, the hypothesis tests for the study did not establish statistically significant results at the 0.05 level of significance.

The findings indicated that microfinance products did not have a profound statistically significant effect on the profitability of small-scale business, having a p-value of 0.6730. Nevertheless, it was also observed that other respondents had increased profitability, whereas some reported a zero or no change effect. Similarly, it was also true that the microfinance products mix did not have any statistically significant effect on business growth, with a p-value of 0.4379. However, few of the respondents engaged reported to have an increase in business growth in relation to stock levels. Generally, the study established that the contribution of microfinance products to profitability and business growth differs and may also depend on how the products are accessed and utilized; most importantly, they also provide technical support to many businesses.

The p-value of 0.6730 showed that there was no statistically significant effect on the challenges small-scale business owners faced in accessing and utilizing microfinance services. Nevertheless, it was also true that limited loan amounts, inadequate financial knowledge, and borrowing conditions emerged as some of the difficulties faced by some businesses, as shown by the study's descriptive findings. Therefore, it is sufficient to say that even though there was no statistical evidence that the challenges faced by small-scale businesses in accessing and utilizing microfinance services were significant, these challenges affect how businesses may use the available funds.

Overall, this research study concludes that the available microfinance product mix and identified challenges did not produce statistically significant results at the 5% level. Nevertheless, the results indicate that microfinance remains in practical use for some small-scale businesses in Choma District. Its benefits seem to depend on the suitability of the products, how they are used, and the way business owners are able to manage the financial resources available to them.

RECOMMENDATIONS

- Based on the findings and conclusions of this study regarding the microfinance product mix in Choma District, the following practical recommendations are proposed:
- Microfinance institutions (MFIs) should elevate financial education from an optional extra to a core component of their offering. Entrepreneurs need ongoing, practical guidance in essential areas like budgeting, cash flow tracking, record-keeping, and debt management both before and after receiving funds.
- Loan application procedures should be simplified by microfinance institutions so as to avoid unnecessary friction and delays. Simplifying the procedures while ensuring that robust credit assessment is maintained will ensure that microfinance products reach the users at an appropriate time in readiness for use.
- Interest rates should be affordable enough in order to promote investments and sustainable business growth. Lower interest rates support local economic development as they increase both businesses' borrowing and repayment abilities. The reasonableness of borrowing costs stimulates economic growth and encourages potential borrowers to access microfinance products at the most affordable rates and consequently empowers small-scale businesses to improve their businesses
- The study also recommends that future academic researchers should delve deeper into examining the long-term effects of various microfinance products on business durability and growth. Deeper insight into how certain businesses perform after being given microfinance services and why certain businesses fail while others succeed also needs future consideration and serious examination, as they have a way of shaping the effectiveness of financial products.

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