

Role of Micro Finance Institutions in Skill Development of Microentrepreneurs in UAE: An Exploratory Study

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IJASR 2022

VOLUME 5

ISSUE 1 JANUARY – FEBRUARY

ISSN: 2581-7876

**Abstract:** This study aims to investigate the skills that are important for entrepreneurs in UAE. MFI institutions in UAE enables entrepreneurs in development of entrepreneurial skills in which further help in their development and growth of businesses. The study stated that skills like accounting skills like maintenance of accounting books of business, development in technical skills, specialized management, business development and technology skills were developed by MFI and played important character in strengthening the overall role of MFI. Business planning and management skills improve among the entrepreneurs, they develop a better understanding to use the available capital and profits to further invest and use in their businesses and moving towards further development. Some of the findings of research reflect that MFIs did not help in development of entrepreneurial skill and faced major challenge in analysing the status of the market that is the current market scenario, the situations like when to invest and when to withdraw, where to invest, quantity of invest and many such understanding of the market thus making it difficult for them to move ahead with their business plan or the existing business. Such entrepreneurs can fail even after being financed by MFI since they lack the skill of utilization of the capital. MFIs provide assistance in development of certain skills that assist the beneficiaries in growth and development of their business. Micro finance institutions play a vital role by empowering individuals with credit facilities to start their business and imparting skills to carry business in a proper way. The role of micro finance institutions is all pervasive and helps the businesses to work on sustainable basis. In this research it was found that entrepreneurs get the finance from MFIs, they invest them in technical and technological aspects of their businesses due to which these aspects of the business improve leading to development of the business and thereby of the SMEs in UAE.

**Keywords:** Entrepreneur, Microfinance, Microfinance institutions, Small businesses, United Arab Emirates

**Introduction**

**1.1. Microfinance:** refers to loans, saving, insurance, microcredit loans, transfer services and other financial services targeted at low income clients (**United Nation 2005**). **Menon, (2005)** explains microfinance is the extension of small loans to individuals who are too poor to qualify for formal banking loans, as they don't have any asset to offer as guarantee.

“Microfinance is a relatively new term coming to the prominence in the 1970s, **Robinson (2001)** and **Oterro (1999)** states that prior to that these facilities were provided through different development programs by the governments.

**1.2. Microfinance institutions:** Microfinance institutions also known as MFIs, refers to the institutions providing micro-financing services to the underserved, poor households and micro entrepreneurs. These services include micro credits, small loans, saving schemes, Insurance, health care and personal development etc. **Littlefield and Rosenberg (2004)**

**1.3. The Goal and Objective of Microfinance institutions:**

- To improve the quality and standard of life of the poor by providing access to the financial and social services.
- Target the poorest of the poor, prioritizing women and charge less interest rate.
- To create self-employment opportunity for the underprivileged.
- To support microenterprises and help them with proper training and marketing.

- To train poor, rural and underprivileged people with simple skills and enable them to utilize the resources and help themselves come out of unemployment.
- Support to create a stable and sustainable community. (Ledgerwood, 1999) (Noor Al Jallaf 2013)

**1.4. The purpose behind micro finance in United Arab Emirates:** Emirates is to support small and medium enterprises (SMEs) and potential micro entrepreneurs. It is a provision support and finance lower income group and poor. According to Khalifa Fund estimates there are 19,000 potential micro entrepreneurs in United Arab Emirates. Emiratis family earning less than 10,000 AED can be considered as lower income group according to local economic standard.

Micro finance institutions are the institutions providing small finance to the small and medium enterprises and micro-entrepreneurs. Micro finance institutions in United Arab Emirates include; Non-Government Organizations (NGOs), Commercial banks. (Khalifa Fund for Enterprise Development, 2013) (Dubai Statistics 2016). (Noor Al Jallaf 2013)

#### 1.5. Following are some of the major Micro finance Institutions in United Arab Emirates:

**Khalifa Fund:** Fund was launched in 2007 with a capital of AED 2 billion. The prime objective of this fund was to develop new age entrepreneur and to develop local businesses in Abu Dhabi. The fund was launched to support entrepreneurship culture, groom innovative business ideas. This fund also supports cultural artisan, inmates, and people with special needs.

**Dubai SME:** This is an integrated division of Department of Economic: Government of Dubai. Established in 2002 to support and nurture small and medium enterprises in Dubai.

The main responsibility of Dubai SME is to provide support in everything from planning the finances, simplifying official procedure and helping in start-ups. Dubai SME acts as a business development partner for the new enterprises and upcoming entrepreneurs.

**Fujairah Welfare Association:** Fujairah Welfare Association is welfare-based association in UAE. Fujairah welfare Association assists and supports widows and poor family to start small businesses.

**Businesswomen Council (Abu Dhabi, Dubai, Sharjah, Ajman):** Businesswomen Councils are non-profit organization with strong backing from Chamber of Commerce and Industry and other Government organization. Main Objective: Building awareness, promoting opportunities and educating women professional and entrepreneurs in emirate of Dubai. Councils Provide distinguished services to women entrepreneurs to contribute to the UAE economy and promote the emirates of UAE as a global hub of economy and finance.

**Mubadala:** Mubadala means Exchange in Arabic Language, established by government of Abu Dhabi. Investments are designed to generate sustainable growth and profit in the emirates of Abu Dhabi. Mubadala was established as a principle agent in the diversification of Abu Dhabi's economy.

**Ruwad Establishment:** Parent Organization: Sharjah Chamber of Commerce and Industry. Ruwad establishment is a division of Sharjah chamber of commerce and industry supports small and medium enterprises in the region. (Haan Christiaan Haan, 2004) (Noor Al Jallaf 2013)

**1.6. SMEs in UAE Context:** According to Khalifa Fund for Enterprises development, SMEs represents 94% of companies and 90% of workforce in UAE. Estimates suggest that there are 300,000 small and medium enterprises in UAE and according to the Ministry of Economic Small and medium enterprises contribute 60% of the country's Gross domestic Product (Dubai statistics, 2016). According to Ministry of Economy and Ministry of Foreign Trade, The GDP of Small and Medium Enterprises doubled between 2010 (30%) to 2011 (60%). In UAE competitiveness and Innovation is highly encouraged amongst SMEs.

## 2. Literature review

**2.1. Microfinance:** The earliest definition of Microfinance has been given by Christen as “the means of providing a variety of financial services to poor based on market-driven and commercial approach” (**Christen, 1997**). Further, a formal definition of microfinance has been given as “Microfinance refer to small scale financial services primarily credit and saving-provided to people who or fish or herd; who operate small enterprises or small business enterprises where good are produced, recycled, repaired or sold; who provide services; who work for wages and commission; who gain income from renting out small amount of land, vehicle, draft animals, or machineries and tool; and to other individuals and groups at the local level of developing countries, both rural and urban” (**Robinson, 2001**). However, according to Montgomery and Weiss, “Microfinance is the provision of small-scale loans and other financial solutions to low income households is often seen as key recent innovation in terms of means of outreach to the poor and vulnerable.” (**Montgomery and Weiss, 2006**). Aryeetey and Pokuaa Fenny, further, advocate that “microfinance is an effort to counter the effects of credit market failure that effectively exclude many potential borrowers from the market” (**Aryeetey and Pokuaa Fenny, 2006**).

**2.2. Microfinance institutions: Littlefield and Rosenberg (2004)** state that “the poor are generally excluded from the financial services sector of the economy, so MFIs have emerged to address this market failure”. Poverty is the main cause of concern in today’s world. MFIs provide financial solutions to these poor and low-income groups to help them to come out of poverty as they don’t have any access to formal banking. The MFIs are continuously working on understanding the needs of the poor especially the women of these families and innovating some new ideas to cater their financial needs. According to **Ledgerwood (1999)**, microfinance institutions can offer their clients variety of product and services. The most prominent of their services is financial services that they provide to the poor client without tangible asset and mostly live in rural areas, majority of them are illiterate.

**2.3. Microfinance: UAE Perspective:** The purpose of Microfinance in United Arab Emirate is to support small and medium enterprises in UAE (**Khalifa Fund for enterprises development and Dubai SME**).

Out of total population of UAE 9, 50,000, the potential market of Microfinance is 19,000 (2% of total population of UAE). This is based on the assumption that people living on less than AED 10,000 per month can be considered as low income as per the local economic standards. The 20% of UAE Nationals are living under the income of 10, 986 AED per month (National Bureau of Statistics, 20017-18). Target existing home-based businesses and start owned by Emiratis with average monthly household income of less than AED 10, 000.

Objective of Microfinance in UAE according to **Khalifa fund**:

- To help lower income group earning less than 10,000 incomes per month, to meet their basic needs and protect against financial risks, to promote an entrepreneur culture in UAE, drive innovation and sustainable growth of Emirati small and medium enterprises.
- Women Empowerment: to make them financially stable and let them to participate in economic development.
- To increase the participation of the Emirati youth in the economic development of the nation.
- To create a SME friendly economic environment, promote and support existing home-based businesses and start-ups owned by UAE Nationals.
- To help the Inmates and people recovering from drug addiction to enter in the business sector, so that they can support their financial needs and protect against financial risks.
- Preserving heritage by supporting Artisans and to develop the rural areas of UAE (**Noor Al Jallaf, Khalifa Fund for enterprises development, October 2013 and Dubai SME, 2014**).

**2.4. Micro entrepreneurship:** Bhattacharya, Shantanu Londhe, B R(2014) studied that micro businesses are vehicles for entrepreneurship and contribute to economic development of the country. Microfinance enable poor household to engage in entrepreneurial activities, income generating activities, facility consumption and risk management. Microfinance clients works in an informal economy, lacks proper documentation and collaterals for loans and financial services (**Fitch, 2008**). Microfinance is an economic development approach that involves providing financial services, through institutions, to low income client, where the market fails to provide appropriate services. Commentators such as **Hashemi, Murdugh and Littlefield (2003)**, **Brody and Simanowitz (2004)** and the International Monetary Fund (2005) have commented on the critical role of microfinance in achieving MDG (Millennium Development Goals). Low income countries need micro-finance to achieve

Millennium Development Goals (MDGs), microfinance plays a key role in many Millennium Development Goals strategies (UN, 2005). Badugu, Devaraj & Tripathi, Vivek. (2016) have studied D. Microfinance has an impact on poverty eradication and supports potential growth in economy. Microfinance enables people to create solutions and find sustainable sources of income.

### 3. Research Design

**3.1. Research Design:** The study has been conducted using primary and secondary data. Primary data is comprised of questionnaires and personal interviews for the beneficiaries of MFIs. Secondary data was sourced by reviewing literature, monitoring industry sources and annual reports of MFIs. The questionnaire was finalized after pilot testing.

### 3.2. Objectives of the study

1. To study the role and importance of MFIs in entrepreneurial growth.
2. To identify the skill developed by micro finance institutions among entrepreneurs in SMEs in United Arab Emirates.
3. To understand the skills required by the entrepreneurs in UAE.

### 3.3. Hypothesis

$H_0$ = There is no significant role of MFI in development of entrepreneurial skills among the small business entrepreneurs in UAE.

$H_1$ = There is a significant role of MFI in development of entrepreneurial skills among the small business entrepreneurs in UAE.

### 3.4. Data overview and Reliability Test

Reliability test was done to check the stability and consistency of the data collected through questionnaire. It was undertaken to determine the consistency of the data collected during the survey. The Cronbach's alpha coefficients (Table 1.1) for the entrepreneurial skills developed by MFI in small business entrepreneurs was found to be above 0.6 (.876), thus, showing high consistency.

**Table I: The Cronbach's alpha coefficients**

Factor	Cronbach's Alpha	N of Items
Entrepreneurial skills developed by MFI in small business entrepreneurs	.876	11

### 4.1. Data Analysis and interpretation

**Table II: Demographic profile of respondents**

	Categories	Frequency	Percent
Gender	Male	52	52.0
	Female	48	48.0
Age	21-30 Years	32	32.0
	31-45 Years	49	49.0
	46-50 Years	19	19.0
Location	Abu Dhabi	30	30.0
	Dubai	43	43.0
	Other Emirates	27	27.0
Marital status	Married	69	69.0
	Unmarried	17	17.0
	Widow/Widower	2	2.0

	Divorced /Separated	12	12.0
Educational Qualification	Primary School	22	22.0
	Secondary School	44	44.0
	Diploma Holder	12	12.0
	Bachelor's Degree	16	16.0
	Master's degree /PHD	6	6.0

Figure 1.1: Business of Respondents

It shows that the maximum respondents who participated in the study are involved in micro enterprises, 65% of the respondents, followed by SMEs in which 22% of the respondents are involved.

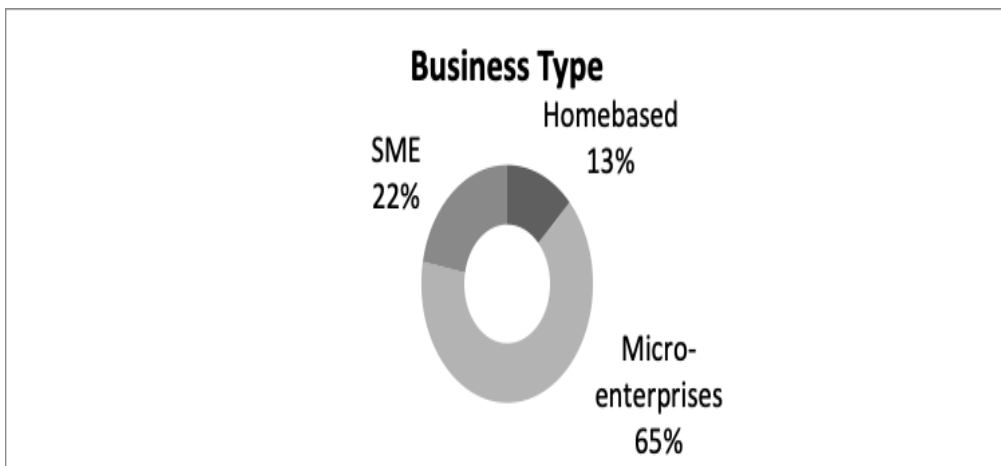


Figure 1.2: Nature and Scope of Business of Respondents

It can be inferred from Figure that 66% of respondents are involved in service industry while 22% in manufacturing.

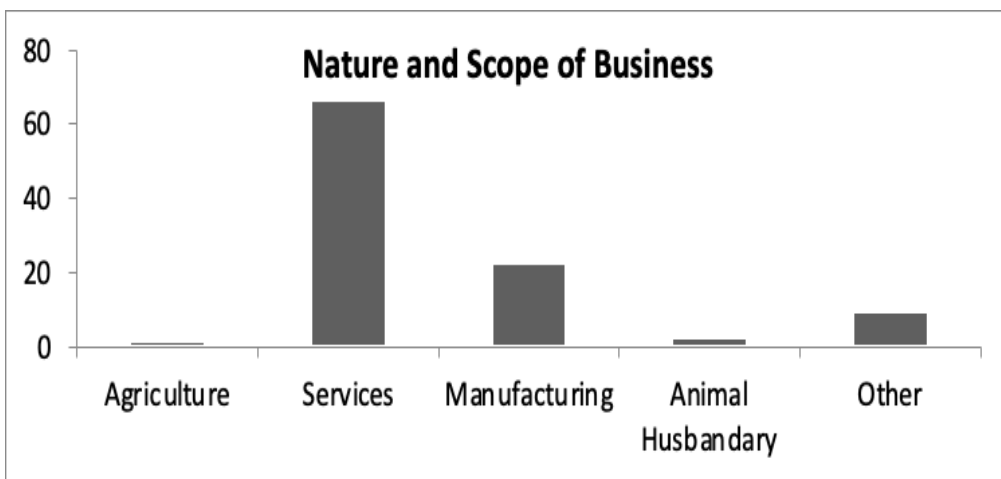


Figure 1.3: Time Spent by Respondent in Current Business

It can be inferred from Figure 1.3 that almost half of the respondents (49%) have spent last 5-10 years, while 32% have spent 3-5 years, in their present business. Thus, it can be stated that more than half of the respondents hold a good amount of experience in the business they are related to at present that has been financed by MFI.

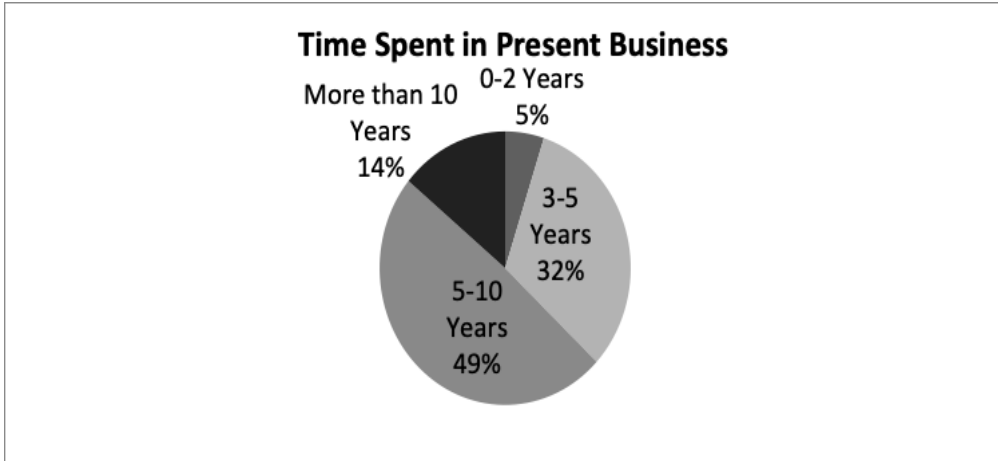


Figure 1.4: Distribution of Start-up capital used for business by respondents

With respect to start-up capital (Figure 1.4), it was found that respondents have collected the startup capital via savings and borrowing, 72% of the respondents collected the startup capital money by 50% from savings and 50% of the money through borrowing. Thus, it can be stated that almost all the respondents had to borrow a major part of the start-up capital from some external sources.

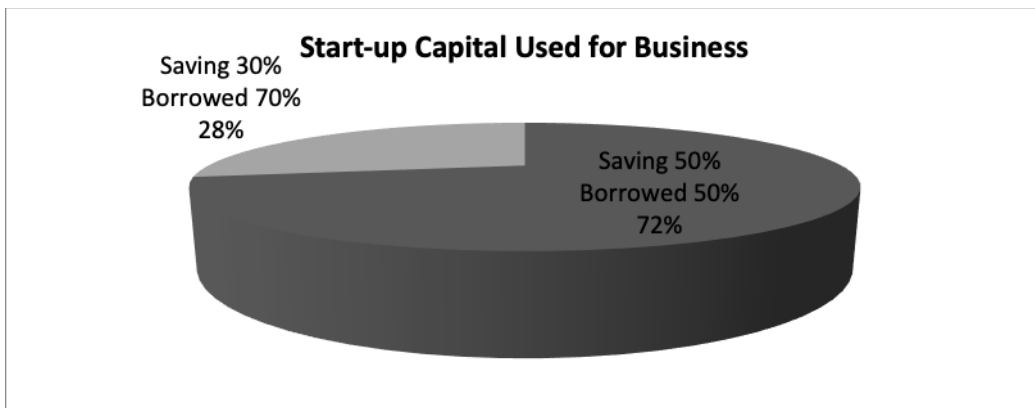
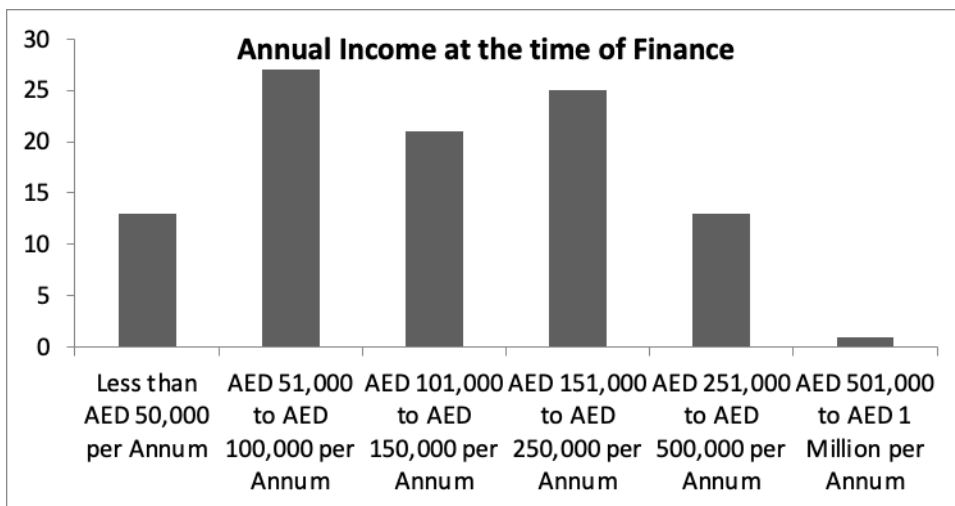


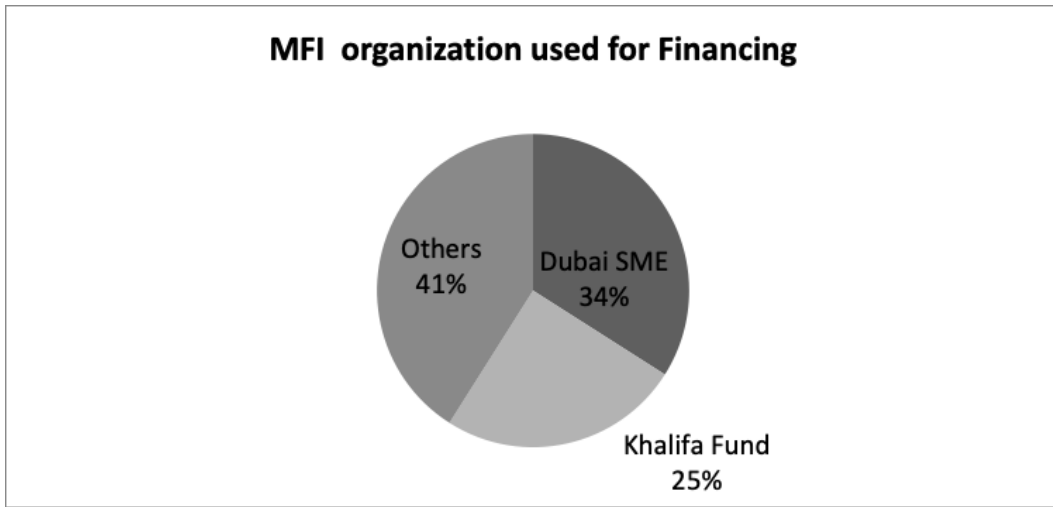
Figure 1.5: Annual Income of Respondent at the time of finance



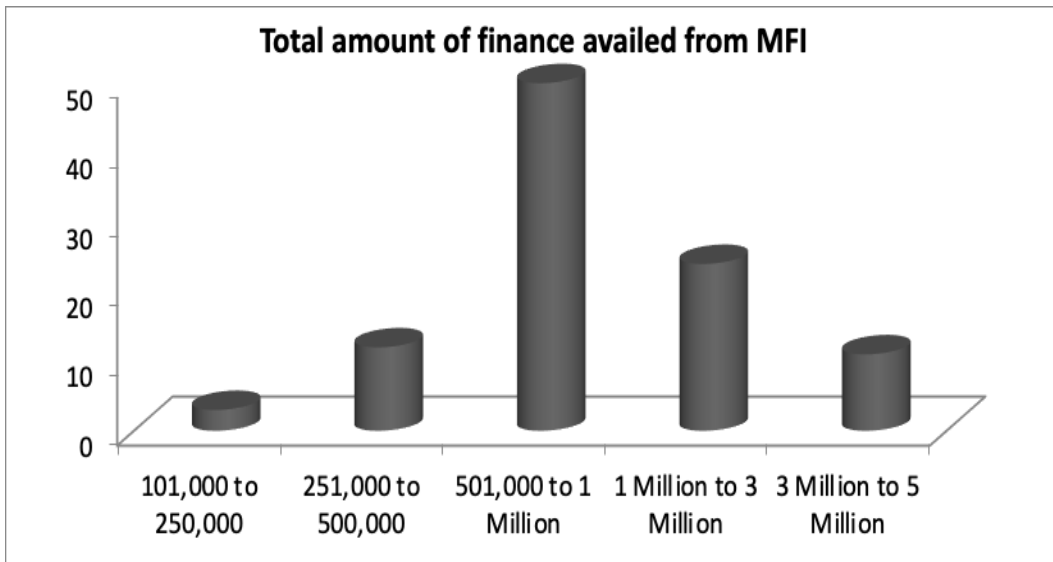
It can be inferred from the study (Figure 1.5), that annual income of 27% the respondents at the time of financing was between AED 51,000 to AED 100,000 per Annum and 25% earned AED 151,000 to AED 250,000 per Annum. This suggests that the average per day earning of these entrepreneurs at the time of financing was around 77 US dollars per day which is relatively a low amount, if one wants to do business. Further, it was found that 32% of the Dubai based respondents and 30% of respondents from other Emirates have spent AED 151,000 to AED 250,000.

**Figure 1.6: MFI Used for Financing by Respondent**

With respect to the organization approached by the respondents for MFI services (Figure 1.6), the study found that 41% of the respondents used some other companies for micro financing other than Dubai SME and Khalifa Fund, while 34% of the respondents used Dubai SMA and 25% of them went for Khalifa Fund.



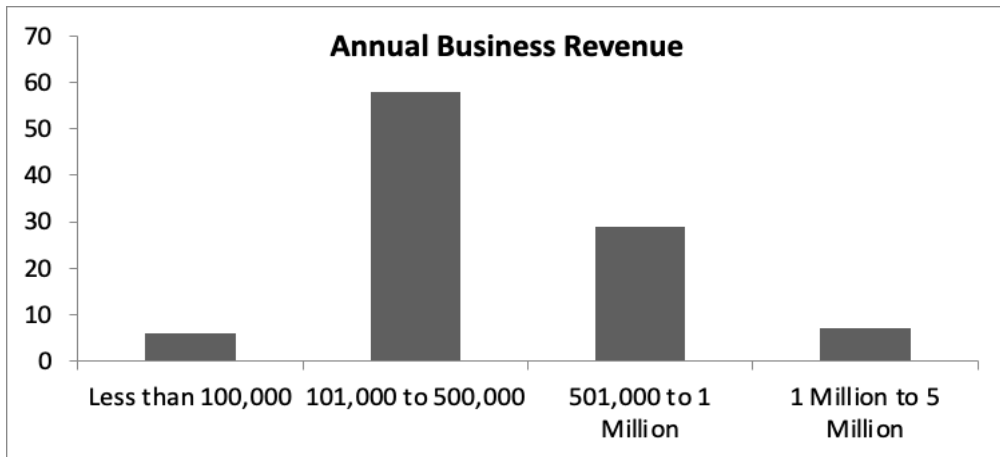
**Figure 1.7: Total amount of Finance Availed from the MFI by Respondent**



It can be inferred from the Figure 1.7 that 50% of the respondents who participated in the study availed 501,000 to 1 Million from MFI while only 3% of the respondents availed 101,000 to 250,000. Thus it can be stated that a good amount of financing was done by MFI to the beneficiaries as on an average 204328.885 US dollars were given to 50% of the respondents who participated in this study.

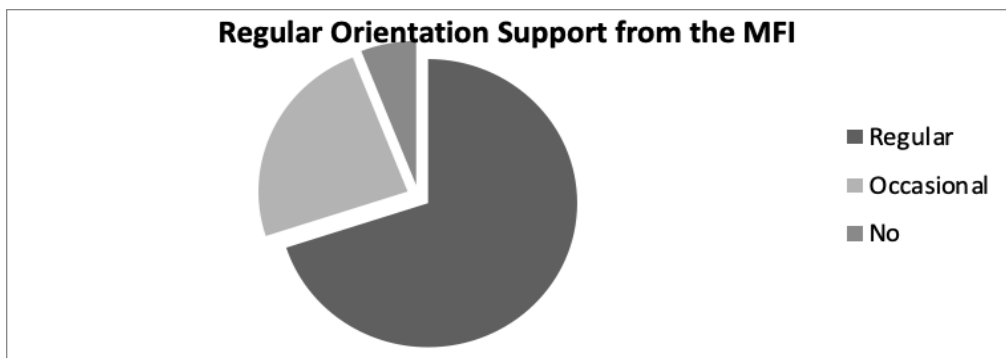


Figure 1.8: Annual Business Revenue Earned by Respondents Post Financing



On being asked about annual revenue earned post financing (Figure 1.8), 58% of the respondents stated that they earned a revenue of 101,000 to 500,000, 29% of them stated that they earned 501,000 to 1 Million AED revenue. However, only a small section earned beyond 1 million, suggesting that on an average, the business revenue for the MFI beneficiaries was in the range of 100,000 to 1 Million AED.

Figure 1.9: Regular Orientation Support from the MFI Post Financing



70% of the respondents stated that MFI provided regular orientation support to them post financing (Figure 1.9). Thus, it can be stated that MFI looks after the borrowers even after financing and help them in their businesses even after financing. Further 80% of the males stated that they get regular orientation support from MFI while only 58% of the females agreed to it, which reflects on the gender disparities between the organizations.

Figure 1.10: Frequency of monitoring and follow-up by the MFI Post Financing

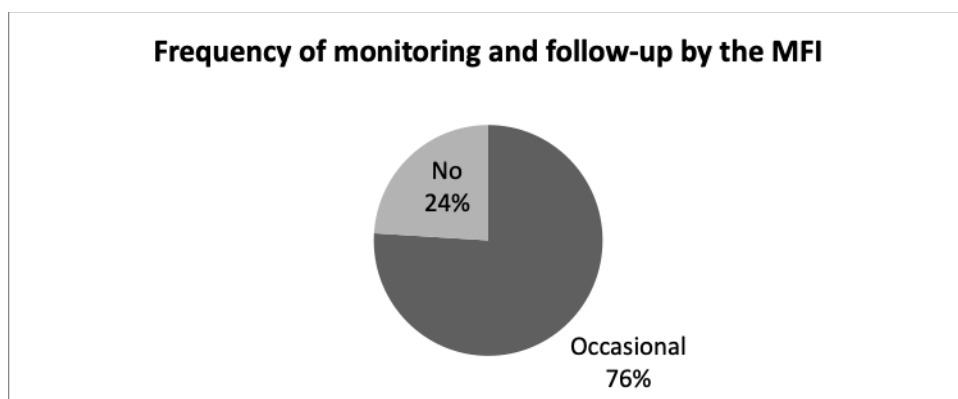




Figure 1.10 states that 76% of the respondents found MFI conducting follow ups occasionally. Also, none of the respondents stated that MFI conducting follow ups on regular basis post financing. Thus, it can be inferred that MFI in Arab region are not that active when it comes to monitoring and follow ups post financing. Hence it is suggested to conduct follow ups on regular basis in order to ensure 100% post loan utilisation.

**Figure 1.11: Respondents opinion on MFI helping them in developing their business.**

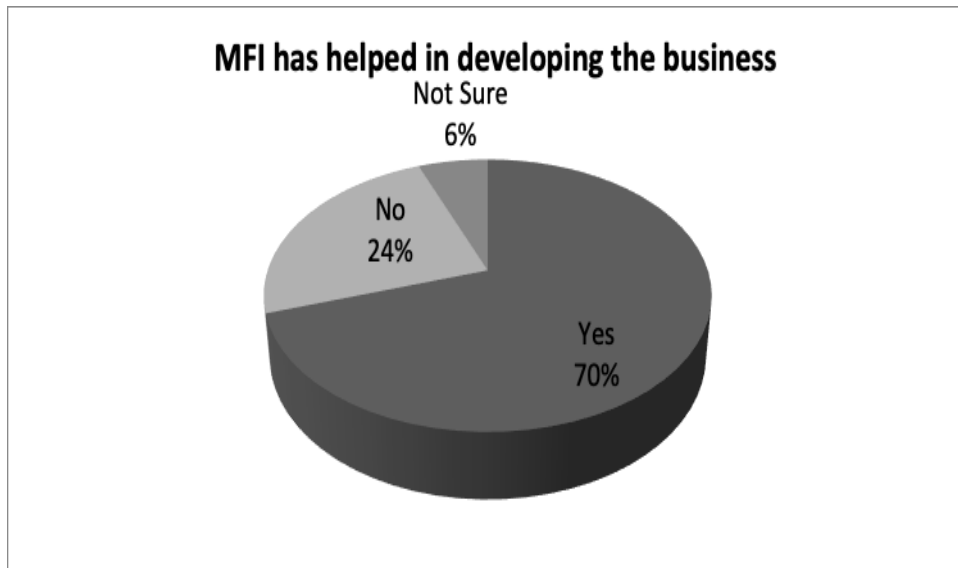
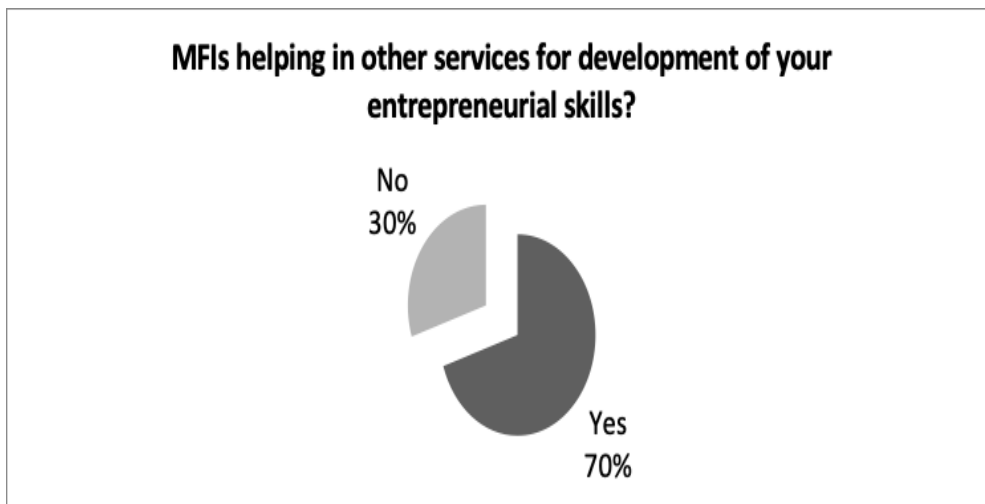


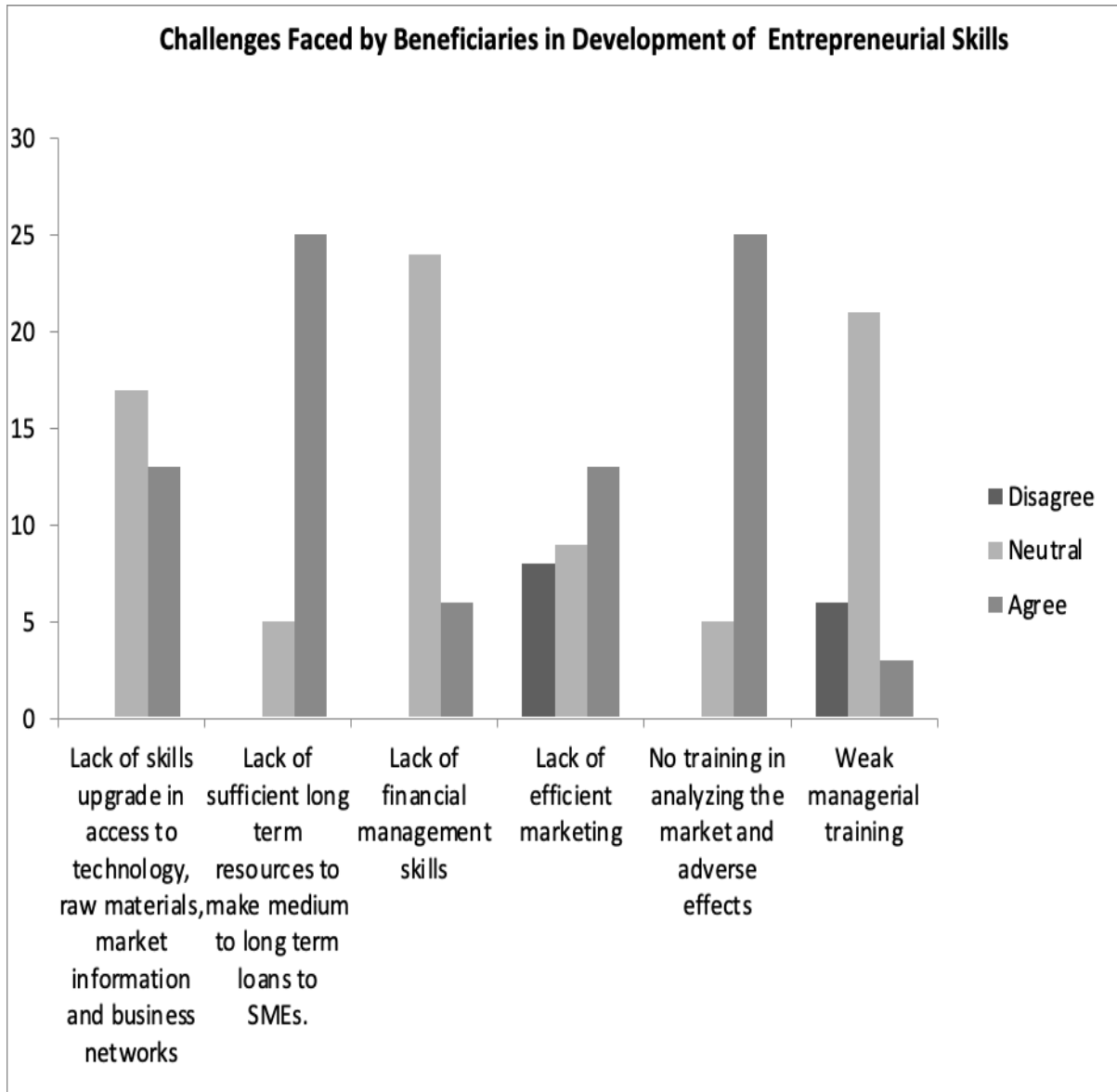
Figure 1.11 shows that 70% of the respondents stated that MFI has helped them in developing their business while 24% voted against this and 6% were not sure. Thus it can be inferred that on an average, MFI has helped the entrepreneurs in developing their business in UAE.

**Figure 1.12: Response of Respondents on Development of Entrepreneurial Skills**



From Figure 1.12, it can be seen that 70% of the respondents stated that MFI has helped entrepreneurs in developing the entrepreneurial skills in them while 30% of the respondents disagreed with the same. Thus it can be stated that apart from financing the small businesses, MFIs in UAE are also involved in development of entrepreneurial skills in entrepreneurs for their overall development and upliftment. 72% of the Dubai based respondents, 80% of the Abu Dhabi based respondents and 55% of the other emirates stated MFI have been helpful in development of their entrepreneurial skills.

Figure 1.13: Challenges Faced by Beneficiaries in Development of Entrepreneurial Skills without MFI

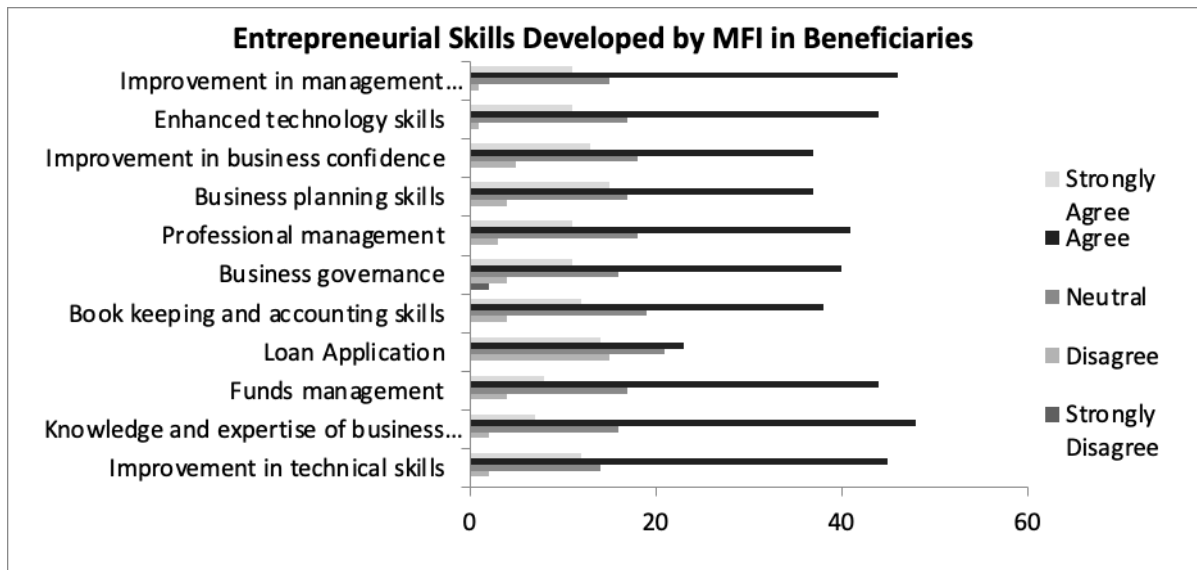


It can be inferred from Figure 1.13, that 83.3% of the respondents who faced challenges in development of entrepreneurial skills found “Lack of sufficient long term resources to make medium to long term loans to SMEs” and “No training in analyzing the market and adverse effects” to be the major challenges. Thus it can be stated that the respondents who felt that MFI did not help in development of entrepreneurial skill, faced major challenge in analyzing the status of the market that is the current market scenario, the situations like when to invest and when to withdraw, where to invest, quantity of invest and many such understanding of the market thus making it difficult for them to move ahead with their business plan or the existing business. Such entrepreneurs can fail even after being financed by MFI since they lack the skill of utilization of the capital.

#### 4.2. Entrepreneurial Skills Developed by MFI in Beneficiaries

Apart from the financial assistance, MFI provides assistance in development of certain skills that assist the beneficiaries in growth and development of their business. Thus, it is important to know about such skills so that they can be developed further to speed up the process of growth and development of SMEs in UAE and thus helping the related entrepreneurs.

Figure 1.14: Entrepreneurial Skills Developed by MFI in Beneficiaries



It can be inferred from Figure 1.14, that 65.8% of the respondents stated that MFI helped in improving the knowledge and expertise of business. This finding is supported by the work of Melorose, Perroy, & Careas, (2016) who stated that MFIs facilitate a business in creating a base for the development of a business thereby improving and enhancing the knowledge base and expertise as an entrepreneur.

### 4.3. Inferential Analysis and Hypotheses Testing

Development of Entrepreneurial skills by MFI institutions

In order to check the effect of MFI on development of entrepreneurial skills among the small business entrepreneurs, following hypothesis was developed.

$H_0 =$  There is no significant role of MFI in development of entrepreneurial skills among the small business entrepreneurs in UAE.

### 4.4. Correlation Analysis

Correlation analysis was conducted to study the relation between the entrepreneurial skills and the effect of MFI (Table 3.1)

Table III: Correlation Analysis entrepreneurial skills developed by MFI

Variables	Pearson Correlation	Sig. (2- tailed)
MFI (Dependent)	1	
Improvement in technical skills	.698**	.000
Knowledge and expertise of business improved	.292*	.012
Funds management	.304**	.009
Loan Application	.107	.365
Bookkeeping and accounting skills	.803**	.000
Business governance	.493**	.000
Professional management	.654**	.000
Business planning skills	.678**	.000
Improvement in business confidence	.172	.145
Enhanced technology skills	.632**	.000
Improvement in management capabilities	.582**	.000

\*\* Correlation is significant at the 0.01 level (2-tailed).

Table 3.1 shows the correlation analysis of all the entrepreneurial skills with the role of MFI in developing them. The higher the value of Pearson correlation, the stronger is the relation wherein the highest possible value of correlation coefficient is 1 that is +1 stating strongest positive or direct relation while -1 stating strongest negative or inverse relation. Also, the more the value is close to 0, the weaker is the association. It can be inferred from the table that highest correlation was found with “Bookkeeping and accounting skills” (p=.000) with Pearson Correlation value of .803 followed by “improvement in technical skills” (p=.000) with Pearson Correlation value of .698. Other statistically significant and correlated skills are “Professional management”, “Business planning skills” and “technology skills”. Entrepreneurial skills like “Knowledge and expertise of business” and “Funds management”, “Business governance” are statistically significant but possess a low correlation while “Loan Application” and “Improvement in business confidence” are statistically insignificant. This could be because of the reason that improvement in business confidence and loan application are not really skills that can be improved. Loan application is dependent on the applicant and developing confidence is a phenomenon that is dependent on many aspects.

#### 4.5. Regression Analysis

Regression analysis has been conducted in the present study to find the relation between the dependent variable that MFI and the independent variables that are the entrepreneurial skills. ANOVA has been used in the regression analysis because it helps in presenting the variability in the regression model using adjusted R- square and gives the level of significance for the whole model.

**Table IV: Model Summary and ANOVA test result of Effect of MFI in Developing Entrepreneurial Skills**

Model Summary And ANOVA Results							
Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	F	Sig.
1	.947 <sup>a</sup>	.896	.881		.276	60.323	.000 <sup>b</sup>

In Table 3.2, the regression analysis conducted showed R Square value to be .896, suggesting that 89.6% variation within the dependent variable can be attributed to be caused by the independent variables. Moreover, considering the high F-value (60.323) and high significance (.000) of the model, the null hypothesis is rejected. Thus, it can be suggested that there is significant role of MFI in development of entrepreneurial skills.

**Table V: Coefficient of regression analysis**

Model	Standardized Coefficients	t	Sig.
(Constant)		.533	.596
Improvement in technical skills	<b>.707</b>	11.316	<b>.000</b>
Knowledge and expertise of business improved	-.063	-1.132	.262
Funds management	.086	1.504	.138
Bookkeeping and accounting skills	<b>1.168</b>	9.876	<b>.000</b>
Business governance	.014	.256	.799
Professional management	-.034	-.339	.736
Business planning skills	<b>-.419</b>	-4.155	<b>.000</b>
Enhanced technology skills	<b>.849</b>	4.578	<b>.000</b>
Improvement in management capabilities	<b>-1.341</b>	-7.293	<b>.000</b>

Regression coefficient analysis (Table 3.3) was done to check the significance of the predicted variable MFI against the entrepreneurial skills and how the predicted variable is influenced by the known variables that are the role of MFI (apart from micro financing) in development of these skills among the small business entrepreneurs in UAE.

From Table 3.3, it can be inferred that not all the skills were developed by MFI but on evaluating the standard coefficients it was found that; “Book keeping and accounting skills” (1.168), “Enhanced technology skills” (.849) and “Improvement in technical skills” (.707) represented the highest standardised coefficient values. The values of the standard coefficient represent the extent of influence independent variables have on the dependent variables. Thus, it can be inferred that as the technical and technological skills improve, the role of MFI in growth and development of SMEs in UAE increase. This could be because of this reason as the entrepreneurs get the finance from MFIs, they invest them in technical and technological aspects of their businesses due to which these aspects of the business improve leading to development of the business and thereby of the SMEs in UAE. It was found by (European Microfinance Network, 2012) that as the technology improves in a business, it improves the status and role of MFI because improved and enhanced technology not only improves the state and productivity of a business, it also calls for bigger investments. Arab Gulf Program for Development, (2016) also found that capital raised through MFIs can be utilized to improve technology and technical skills, due to which businesses can function and are promoted in a better way

Further it was found that “Business planning skills” (-.419) and “Improvement in management capabilities” (-1.341) showed negative co-efficient values, pointing towards an inverse relationship with the dependent variable. This means that as the business planning and management skills improve among the entrepreneurs, they develop a better understanding to use the available capital and profits to further invest and use in their businesses thereby helping themselves own their own without any external help of MFI thereby reducing the role of MFI in developing the SMEs in UAE.

Subsequently, the null hypothesis was rejected, and its alternate hypothesis was accepted, which implies that there is significant role of MFI in development of entrepreneurial skills among the small business entrepreneurs in UAE. The hypothesis tested were rejected and the alternate hypothesis were accepted. Thus, it was found there is significant role of MFI in development of entrepreneurial skills among the small business entrepreneurs in UAE.

### 5. Practical Implications:

It was found, from the primary analysis, that along with providing the funds and financial assistance to beneficiaries, MFI institutions in UAE can also help in development of entrepreneurial skills in entrepreneurs which will further help in their development and growth. The study stated that skills like accounting skills like maintenance of accounting books of business, development in technical skills, specialized management, business development and technology skills were developed by MFI and played important character in strengthening the overall role of MFI. The technical and technological skills among beneficiaries improve because as the entrepreneurs get the finance from MFIs, they invest them in technical and technological aspects of their businesses due to which these aspects of the business improve leading to development of the business. As business planning and management skills improve among the entrepreneurs, they develop a better understanding to use the available capital and profits to further invest and use in their businesses and moving towards further development. Finally, the main objective of MFI is to build the necessary skills and knowledge about how to start, run and grow the businesses (Khalifa Fund for Enterprise Development, 2013) which is being fulfilled as can be concluded from above discussion. Further MFI has helped in developing local private sectors and invest in Innovation (UNCDF 2005) leading to an overall development of the economy.

**Implication for Asian business context:** Since Small and medium enterprises are strongly encouraged by UAE federal government. SMEs play a vital role in economic development of UAE. In this scenario millennials have embraced the sustainable ways of medium and small business. But at some critical junctures new and budding entrepreneurs of SMEs lack some vital skills necessary to run business. The research has identified all these skills that are important to be nurtured with time. This research enables SMEs to gain an understanding of importance of MFIs because MFIs not only ensure the finance but also guide towards the operational efficiency. MFIs make sure that they are available to small and medium enterprise owners to hone their skills, guide them and even provide trainings through webinars, seminars, conferences, one-to-one interaction and events. In addition to this Government of UAE provides best access to software solutions and banking solutions to the budding entrepreneurs encouraging them to conduct their businesses.

Furthermore as the technology improves in a business, it improves the status and role of MFI because improved and enhanced technology not only improves the state and productivity of a business, it also calls for bigger

investments. Arab Gulf Program for Development, (2016) also found that capital raised through MFIs can be utilized to improve technology and technical skills, due to which businesses can function and are promoted in a better way. MFIs pave a path to entrepreneurs to sharpen and nurture skills which enables entrepreneurs to keep a pace with changing business scenarios.

## 6. Scope of future research:

In future the study is aimed to study the effectiveness of the skills that have been studied in this research where face to face interviews of the beneficiaries will be conducted to evaluate the overall benefits from these skills developed. More groundwork will be done in second phase of research in terms of more skills required by entrepreneurs. Another aspect I want to research is the understanding and implementation of marketing strategies by SMEs.

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