



EFFECTS OF VILLAGE SAVINGS AND LOAN ASSOCIATIONS (VSLA) ON MICRO SMALL AND MEDIUM ENTERPRISE (MSME) GROWTH IN ZAMBIA: SURVEY OF CHIPATA DISTRICT

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Abstract

The purpose of this research was to establish the Effect of Village Savings and Loan Associations (VSLAs) on Micro, Small and Medium Enterprise (MSME) Growth in Chipata District of Zambia. A case study research design was adopted with embedded mixed method approach based on both quantitative and qualitative approach with a sample size of 88 MSMEs and 5 stakeholders selected purposively as part of the study. Data analysis was done using descriptive statistics in form of frequencies and percentages, and independent t-test. Results indicated positive and statistically significant effect of VLSA on the MSMEs growth parameters although there was no significant effect on the investment in other sectors of the economy and quality of goods/services provided at the confidence level of $p < 0.05$. The findings also revealed that MSMEs activities in Zambia were dominated by women who constituted 72% of total entrepreneurs. The study further established that access to credit had positive influence on the amount of goods/services provided, start-up capital, technological advancement, business investment, annual turnover, and sales and profit of the business. Lastly, the study also revealed that the loans obtained by MSMEs from VSLAs were sufficient.

Key words: Effect, VSLA, MSME, Growth