African Scientific Journal
ISSN : 2658-9311
Vol : 03, Number 28 February 2025

Impact of Social and Microcredit Characteristics on Small Project Financing: A Case Study of Agricultural Entrepreneurial Firms in Sudan.

Author 1 : Adlah A. ALESSA.
Author 2 : Elmoez Abdulmajid ZAABI.
Author 3 : Amir Mohammed DIAB.

Adlah A. ALESSA
Associate Professor
Department of Business Management
Arab East College
Kingdom of Saudi Arabia, Riyadh
ID: 0000-0001-8426-3550

Elmoez Abdulmajid ZAABI
Assistant professor
Department of Business Administration
Arab East College, Kingdom of Saudi Arabia

Amir Mohammed DIAB
Full professor
Department of Business Administration
Arab East College, Kingdom of Saudi Arabia

Disclosure Statement: **The authors declare that they are not aware of any funding that could affect the objectivity of these studies.**

Conflict of Interest: **The authors declare that they have no conflicts of interest related to these studies.**

To cite these articles: ALESSA. A A , ZAABI. E A & DIAB. A M (2025). « Impact of Social and Microcredit Characteristics on Small Project Financing: A Case Study of Agricultural Entrepreneurial Firms in Sudan », African Scientific Journal « Volume 03, Num 28 » pp: 0677 – 0697.

Submission date: January 2025

Publication date: February 2025

DOI : 10.5281/zenodo.14929815

African Scientific Journal
ISSN : 2658-9311
Vol : 03, Number 28 February 2025

Abstract

Microfinance banks positively impact rural small business entrepreneurs. This study focused on microcredit's effect on agricultural projects in Dongola-Souda. A survey of 120 agriculture entrepreneurs was conducted to gather their opinions on accessing bank loans and assistance. Results showed a strong connection between small business activities, private entrepreneurship, and microfinance from banks. Microfinance significantly benefited rural entrepreneurs with limited resources, enabling business establishment and success. It alleviated financial and non-financial constraints, supporting project maintenance. The study highlighted challenges posed by strict regulations, hindering ease of doing business and starting new ventures. It emphasized the need to improve administrative procedures and social aspects of microfinance for easier finance access and poverty reduction. In summary, microfinance banks positively impact small business financing and project achievement in rural areas. Improving administrative procedures and social aspects of microfinance is crucial for easier financial access and poverty alleviation.

Key Word

Entrepreneurship – Microfinance - Small business – Microcredit – Economy

African Scientific Journal
ISSN : 2658-9311
Vol : 03, Number 28 February 2025

1. Introduction

This paper examines the perception of agricultural entrepreneurs toward getting loans or support from banks. Economic development and innovation are greatly driven by entrepreneurial activity (Zhang, Zhuge, and Freeman 2020). Within developing countries, small and medium enterprises are key business activities that sustain a functioning economy (Wei-Loon et al., 2014). Specifically, the establishment of a stable economy are significantly due to small entrepreneurial activities (Erkomaishvili, 2016).

Additionally, the activities of male and female entrepreneurs positively impact the economy and quality of life of individuals (Schumpeter, 1934; Weber, 1904; Adejumo, 2001; & Morris & Lewis, 1991). In studies that explore such positive relationships, factors such as stimulation of economic development, employment production, and overruling of the disadvantaged are all considered in the analysis (Mueller and Thomas, 2000; Reynolds, 1987; Shapero, 1981; Harper, 1991). Furthermore, Thomas and Mueller (1999) conducted a study revealing that increased entrepreneurial activity facilitates industry repositioning, creates grater employment opportunities, grows the economy and facilitates economic flexibility and resilience.

Two perspectives emerge when analyzing economic development. The supply-side which considers the entrepreneurial environment and the demand side perspective which considers the economic structure, and the opportunities present that an individual is likely to act based on such structures (Thornton, 1999). The ability and willingness of male and female individuals in becoming entrepreneurs are influenced by the available resources, and the economic, sociocultural and political environment (Gnyawali and Fogel, 1994, Romanelli, 1989). Importantly, banks play large role in the size per capita of income and the cyclical fluctuations (Bemanke and Gertler, 1990). Therefore, understanding legal and financial systems is necessary to understand economic development (North 1981; Engerman and Sokoloff 1996).

In this research, we present a comprehensive review of the relevant literature on entrepreneurship, microfinance, and the specific challenges faced by agricultural entrepreneurs in developing economies. Next, we detail the data and methodology employed in our study, including the development of the survey instrument and the selection of our sample. Following this, we analyze our results, emphasizing the relationship between social concordance, microfinance procedures, and access to microcredit loans. Finally, we discuss the implications of our findings for policymakers and practitioners aiming to promote agricultural entrepreneurship and alleviate poverty in rural areas.

African Scientific Journal
ISSN : 2658-9311
Vol : 03, Number 28 February 2025

2. Literature background

For decades, governments have placed increasing focus on the small business sector for economic development (Tyler, 2011). Economic development creates a demand for the financial system and services (Robinson, 1952). For instance, a report conducted by Komolafe (2008) in Nigeria found that micro finance banks spread across the country in 716 different locations. The variety and spread of locations create greater access to microfinancing to individuals who live in areas with low concentration of banks.

Microfinance institutions and the banking sectors play key roles in the disadvantaged market segments of developing countries (Cull, et al., 2015). The interactive relationship between the macro economy and microfinancing operations has been found to have a poverty reducing effect (Imai, Gaiha, et al., 2012).

Djankov, La Porta, et al., (2015) assert that more than half of economic output in developing countries is constituted to informal activities. In developing countries, inefficient markets, investment opportunities and financial intermediaries influence entrepreneurial activities (Bond, et al., 2015).

The nation's socioeconomic development is closely tied to increased entrepreneurial activities, which operate differently across various socioeconomic levels (Abimbola and Agboola, 2011). Thomas and Mueller (1999) suggest that heightened entrepreneurial activity boosts economic flexibility and growth, with entrepreneurship being crucial to self-renewing economies (Shapero, 1981). In less developed countries, entrepreneurship is vital for stimulating economic growth, providing employment, and uplifting disadvantaged population segments (Harper, 1991; Abimbola and Agboola, 2011). Therefore, entrepreneurship is influenced by environmental factors, both internal and external, that are largely beyond the entrepreneur's control. Individuals are more likely to take risks in a growing economy due to increases in current and expected income, which leads them to invest more capital in business ventures. Additionally, greater foreign investment, workforce participation, and production share result in loan growth, as a dynamic society creates more demand and opportunities for entrepreneurs (Ahlin, Lin, and Maio, 2011).

Furthermore, Autio and Fu (2015) contend that a nation's political and economic institutions significantly influence informal entrepreneurship, poverty, and inequality. In developing countries, informal entrepreneurship is considered vital for creating job opportunities and improving economic efficiency (ILO, 2011a). According to an ILO survey (2011b), about 40 percent of workers in non-agricultural informal sectors across 39 countries are from low and

African Scientific Journal
ISSN : 2658-9311
Vol : 03, Number 28 February 2025

middle-income groups. In Sub-Saharan Africa, 51 percent of the population depends on agriculture, which is the main source of employment, especially for the rapidly expanding youth labor force. Similarly, 58 percent of workers in the informal sectors are in Latin America and the Caribbean (Gollin, 2014; Jayne et al., 2014).

Agricultural activities, being inherently biological and reliant on land, significantly impact the environment more than other business sectors (Thornton, 1999). Nations prioritizing food security focus on enhancing agricultural productivity through advancements in technology, extension services, and input supply. Effective rural policies can alleviate poverty by not only concentrating on agriculture but also supporting non-farming sectors to generate income and employment (Mwabu and Thorbecke, 2004). Agriculture fosters entrepreneurial opportunities through innovation and the development of new business processes and products (EIP-AGRI, 2016; Vik and McElwee, 2011). Johnston and Blenkinstopp (2017) emphasize that civic entrepreneurship plays a crucial role in driving economic growth and creating opportunities within local communities. Entrepreneurs are essential in establishing and expanding new market segments (Mendoza and Thelen, 2008; UNDP, 2004), thereby contributing to the comprehensive economic growth and development of society.

In terms of the factors influencing entry into the agricultural business, the Common Agricultural Policy (CAP) provides support to help young farmers start their ventures (Sutherland and Zagata, 2015). Additionally, European policies promote the establishment of both agricultural and non-agricultural businesses (Fuller, 1990; Morgan et al., 2010). These policies, aimed at rural development, encourage young people in rural areas to become entrepreneurs (Marsden and Sonnino, 2008). Agricultural entrepreneurs often operate in rural-natural environments and face challenges such as securing capital, dealing with low population density, and overcoming weak communication infrastructure (Korsgaard et al., 2015).

However, the success of agricultural entrepreneurs does not significantly influence overall entrepreneurial behavior (Mwatsika, 2015). Creating opportunities for employees can boost rural incomes (Maertens and Swinnen, 2009). In rural areas, non-agricultural self-employment activities generate household income (Davis and Bezemer, 2004), although they may suffer from low quality production and perishability as the country develops (Nagler and Naude, 2014). In some developing countries, rural entrepreneurs are not highly recognized for their role in stimulating rural economies (Lanjouw and Lanjouw, 2001). Agricultural entrepreneurs contribute not only to food production but also to landscape shaping, biodiversity preservation, and the creation of cultural heritage over time (Daugstad et al., 2006). Alsos and Carter (2006)

African Scientific Journal
ISSN : 2658-9311
Vol : 03, Number 28 February 2025

note that starting a new agricultural venture is relatively easy due to the availability of physical assets, inventories, facilities, and land that can enhance profits. However, the lack of resources, entrepreneurs, and marketing and sales knowledge can hinder diversification success (McElwee, 2008).

Microfinance has emerged as a powerful tool for reducing poverty (Cobb et al., 2015). Small loans provided to the poor can alleviate financial constraints and aid in making expenditure decisions that increase future income (Yunus, 1999). To effectively combat poverty, microfinance must reach those in need of capital, making access to funding crucial for the industry's improvement (Cobb et al., 2015), ultimately leading to the revival of poor countries (Johnston et al., 2017). However, monitoring small loans generates high transaction costs for banks, resulting in the exclusion of the poor from formal financial systems and making it difficult for farmers to obtain loans to start their ventures (Ledgerwood, Earne, and Nelson, 2013). The poor rely on loans for long-term improvement and decision-making regarding consumption (Karlan and Zinman, 2010).

Vanroose and D'Espallier (2013) found that the macro environment is a crucial determinant of microfinance aid and performance in developing countries. Banks have become more interested in assisting microfinance clients, leading to competition between banks and microfinance institutions. They found that Microfinance Institutions (MFIs) thrive and face less competition in areas where the traditional finance sector is underdeveloped, allowing them to reach a broad segment of the population. In contrast, countries with more developed financial sectors increase competition between MFIs and local banks, focusing solely on aiding the poor and closing gaps created by banks. McIntosh and Wydick (2005) agree that commercial banks' high demand for serving microfinance clients increases competition between banks and MFIs (Assefa et al., 2013; Augsburg and Fouillet, 2010), while another study shows that MFIs charge higher interest rates than commercial banks (Fernando, 2006).

A 2011 study shows that over 200 million clients worldwide benefit from microfinance, with outstanding loans totaling over $73 billion (Agier and Szafarz, 2013). In well-functioning economic environments, government institutions implement lenient policies that reduce regulatory burdens and costs on new businesses, allowing them to establish at low costs and benefit from registering, creating trade relationships, and property deals while avoiding the risk of sanctions (de Soto, 2000). Conversely, in developing economic environments, regulations and policies impose significant burdens on establishing entrepreneurs. By remaining outside government registers, informal entrepreneurs can avoid such burdens (de Soto, 2002).

African Scientific Journal
ISSN : 2658-9311
Vol : 03, Number 28 February 2025

Research indicates that strict governing regulations hinder entrepreneurs' ability to start businesses due to the presence of informal economies and corruption (Djankov et al., 2015) and the lengthy process required to register new businesses (Ciccone and Papaioannou, 2007). Additionally, Imai et al. (2012) note that countries with substantial microfinance sectors tend to experience lower poverty levels, with entrepreneurs focusing on bank loans and venture capital (Bygrave, 2009). Furthermore, there is a significant correlation between the business environment and the microfinance industry (Ahlin, 2011). The ease of doing business is considered a reliable indicator of the business environment, encompassing regulations, laws, and business costs (DB, 2010). In many emerging countries, limited access to finance has made microfinance a critical source of capital for microenterprises (Dorado, 2001; Khavul, 2010). Moreover, microfinance has been shown to support venture growth and social improvement by generating economic and social value (Moss et al., 2015).

Research has shown that stringent governing regulations hinder entrepreneurs from starting businesses due to the prevalence of informal economies and corruption (Djankov et al., 2015) and the lengthy process involved in registering new businesses (Ciccone and Papaioannou, 2007). Additionally, Imai et al. (2012) highlight that countries with substantial microfinance sectors generally experience lower poverty levels, with financing for entrepreneurs often coming from bank loans and venture capital (Bygrave, 2009). Furthermore, microfinance has been recognized for promoting venture growth and social improvement by generating economic and social value (Moss et al., 2015).

2.1 Macroeconomic and Financial Developments

In 2021, the GDP experienced a recovery, increasing by approximately 0.5% after a significant decline of 3.6% in the previous year. This improvement was attributed to both supply-side activities, including agriculture and mining, and demand-side activities such as private consumption and investment. Prior to this rebound, the economy had faced multiple years of contraction, influenced by macroeconomic imbalances, political instability, structural deficiencies, and the COVID-19 pandemic. Consequently, in 2021, the central bank adopted an accommodative monetary policy to stimulate credit growth and economic activity.

During this period, inflation more than doubled, rising from 163.3% in 2020 to 358.9% in 2021. This surge was primarily due to currency depreciation and the elimination of fuel subsidies. Banks, which accounted for over 80% of total assets, remained dominant in the financial sector.

African Scientific Journal
ISSN : 2658-9311
Vol : 03, Number 28 February 2025

As COVID-19 restrictions were eased, public revenues improved, leading to a reduction in the fiscal deficit from 5.6% of GDP in 2020 to 4.5% in 2021. Under the Heavily Indebted Poor Countries (HIPC) initiative, Sudan reached a "decision point" in 2021, resulting in a 50% reduction of its $56 billion external debt.

The current account deficit increased to 10% of GDP in 2021, up from 8.3% in 2020, financed through portfolio investments and external borrowing. This increase was driven by higher imports following the lifting of COVID-19 restrictions, which counterbalanced the rise in exports due to improved external demand. The poverty rate slightly rose from 55.4% in 2020 to 55.9% in 2021, partly due to the continuing impact of COVID-19, while the unemployment rate remained high at 18% in 2020.

2.2 Outlook and risks

GDP growth in Sudan is projected at 2.5% for 2022 and 4.5% for 2023, driven by the robust sectors of agriculture, mining, private consumption, and investment. Despite this optimistic outlook, the country faces significant challenges, including political instability, the enduring impacts of COVID-19, and economic disruptions caused by the Russia-Ukraine conflict, notably increased food and oil prices. The anticipated establishment of a civilian government aims to restore political stability and expedite much-needed macroeconomic and structural reforms. Consequently, inflation is expected to drop significantly, from 246.4% in 2022 to 115.7% in 2023. The fiscal deficit, funded through domestic and external borrowing and Sudan’s Special Drawing Rights (SDR) allocation, is forecasted to decrease to 3% of GDP in 2022 and 3.2% in 2023, driven by strategic public spending adjustments.

Agriculture remains the cornerstone of Sudan's economy, similar to many developing nations. It contributes about one-third of the GDP, generates around 90% of non-oil export earnings, and provides employment for over 75% of the workforce. This sector is crucial for the livelihoods of more than two-thirds of the population and is a central focus in Sudan’s strategies for growth and poverty reduction (Osman, 2017). The agricultural sector faces numerous challenges, including the need to enhance productivity, increase investments in rural infrastructure like irrigation systems and agro-processing facilities, rehabilitate rangelands, and adapt to climate change. Efforts have been made to establish regulations to combat soil degradation and desertification, but these environmental issues remain significant threats

African Scientific Journal
ISSN : 2658-9311
Vol : 03, Number 28 February 2025

(Osman, 2021). In summary, while Sudan's economic outlook shows promise, particularly with projected GDP growth, the country must navigate a complex landscape of political, economic, and environmental challenges to achieve sustainable development.

3. Theoretical framework

Enhancing living standards and livelihoods in rural areas is heavily reliant on the success of agricultural entrepreneurship (Choudhury, 2022). Financial metrics, such as profits (e.g., return on assets and equity) and portfolio quality (e.g., repayment rates, portfolio at risk, loan loss ratio), underscore the efficiency of financial institutions. Additionally, production indicators like the number of active borrowers or savers per credit officer, portfolio size, and deposits demonstrate the competitiveness of microfinance institutions (MFIs). The capability of MFIs to cover costs with their revenue is vital for entrepreneurial success (Ledgerwood, 1999).

Tackling rural poverty in developing nations through social franchising involves extending microfinance loans to entrepreneurs, proving highly effective (Webb and Fairbourne, 2016). However, rural entrepreneurs often face challenges such as limited experience, market opportunities, education, and entrepreneurial skills, as highlighted by Camenzuli and McKague (2015). Therefore, financial support alone is not enough; these entrepreneurs also need mentorship and access to markets.

Studies indicate that microfinance is crucial for the creation and growth of small businesses, which in turn boosts household income (Banerjee, Duflo, Glennerster, and Kinnan, 2015). The impact of microfinance on poverty and income is closely linked to detailed data on entrepreneurs and households (Hulme & Mosley, 1996; Imai et al., 2010; Khandker, 2005; Mosley, 2001). A firm's financial performance, which indicates its ability to repay loans, is a critical factor (Fama & French, 2012). Scholars argue that firm performance is significantly influenced by organizational leaders who prefer to invest in ventures with strong, stable outcomes (Wry et al., 2014; Josefy et al., 2015). According to the Central Bank of Sudan (2022), microfinance is defined as providing funding, either individually or collectively, for projects or activities that exceed a specified funding ceiling.

Entrepreneurship is widely recognized as a cornerstone of national and regional economic performance, influencing productivity, employment, and socio-economic development (MacMillan, 2014; Dunphy, 1994). Social entrepreneurship, which focuses on enhancing social welfare rather than solely generating economic wealth, is crucial for a country’s socio-economic progress (Faruk et al., 2016). In underdeveloped rural areas, entrepreneurial activities

African Scientific Journal
ISSN : 2658-9311
Vol : 03, Number 28 February 2025

are often hampered by limited government support and widespread poverty (Khanna and Palepu, 2005). Furthermore, in the least developed countries, there exists an institutional void in rural entrepreneurship, characterized by insufficient institutional arrangements that prevent the impoverished from engaging in market activities (Mair and Marti, 2009).

Based on the aforementioned reasoning, the following hypothesis have been developed:

H1: Social concordance of bank procedures with entrepreneurs' characteristics positively influences the financing of small projects.

H2: Microfinance procedures positively influence the financing entrepreneurs of small projects.

H3: Microfinance transaction costs negatively influences the financing entrepreneurs 'of small projects.

3.1 Data and Instrument Development

In this study, we utilized both secondary and primary data. We focused on all agricultural entrepreneurs in Dongola who have obtained microcredit from banks. This research adopts a positivist epistemological stance, grounded in the belief that objective knowledge of social phenomena can be acquired through empirical observation and measurement. We employ multiple regression analysis to identify and quantify the relationships between independent variables—namely, social concordance of bank procedures, microfinance procedures, and microfinance transaction costs—and the dependent variable, which is microcredit loan access. This statistical approach enables us to test our hypotheses and draw meaningful conclusions about the impact of microfinance on financing small projects.

A survey was distributed to gather opinions from these entrepreneurs regarding their experiences and perceptions when seeking loans or assistance from banks for their micro businesses. Our sample was selected using a probabilistic method, targeting entrepreneurs in top management who are responsible for the decision-making process related to granting loans (Alessa et al., 2018). A total of 120 questionnaires were distributed, and we received 56 responses from agricultural entrepreneurs.

The primary instrument for data collection was a questionnaire developed by the researchers. To ensure clarity and comprehensibility, a pilot study was conducted with six respondents to refine the questionnaire. The main aim was to collect data to profile these businesses accurately. We also reviewed existing literature on entrepreneurship, particularly studies focusing on microfinance entrepreneurs. The questionnaire comprised three domains: the social concordance of bank procedures, microfinance procedures, and microfinance transaction costs.

African Scientific Journal
ISSN : 2658-9311
Vol : 03, Number 28 February 2025

Additionally, a 5-point Likert scale was used to measure all exogenous variables (Khan et al., 2022), allowing participants to respond to the questions face-to-face.

Furthermore, this paper aimed to examine the environment of agricultural entrepreneurs who have started their businesses and require various forms of support from banks. The study utilized both validity and reliability measures. The dependent variable was designed based on the content and structure of the questionnaire (Alessa, 2021). We used Cronbach's Alpha to measure the reliability of our variables, with α-values deemed acceptable at 0.9 (Alessa et al., 2018).

The questionnaire was structured around four main axes, focusing on three variable domains: the social concordance of bank procedures with entrepreneurs' characteristics (SOCPROC), microfinance transaction costs (LOANPROC), and procedures of microfinance (LOANCOND). The dependent variable (FUN) was designed to assess microcredit loan access, evaluating the ease of obtaining loans for financing small projects.

4.1 Descriptive Data Analysis

The Mean scores (M), Standard Deviation values (SD) of the variables are presented in Table 1. The results indicate that the mean score for social concordance of bank procedures with entrepreneurs' characteristics (SOCPROC) obtained the highest mean score (M=3.3804; SD=0.52273), is significantly larger than the mean of microfinance (LOANPROC) with M=3.3170 (SD=0.52763) while microfinance transaction cost (LOANCOND) scored the lowest mean value with M= 3.2946 (SD=0.65385).

Table 1: Descriptive Data

	M	SD	SOCPROC	LOANPROC	LOANCOND	FUN
SOCPROC	3.3804	.52273	1			
LOANPROC	3.3170	.52763	.297	1		
LOANCOND	3.2946	.65385	.515**	.433**	1	
FUN	3.679	1.2226	.266*	.090	.604**	1
*. Correlation is significant at the 0.05 level (2-tailed). **. Correlation is significant at the 0.01 level (2-tailed).						

Source: Authors

African Scientific Journal
ISSN : 2658-9311
Vol : 03, Number 28 February 2025

This paper aims to examine the degree of correlation between our variables; thus, as drawn from Table-1, shows significantly strong correlations were found at r=.604 (Between Microcredit Loan Access: FUN and LOANCOND), Moderately strong correlations were found at r=.515 (Between LOANCOND and SOCPROC), and r=.433 (Between LOANCOND and LOANPROC). Significant but weak correlation were between LOANPROC and SOCPROC (r=.297).

4.2 Multiple Linear Regression Analysis

When building a model from a set of data on four variables, regression analysis is the widely used statistical technique (Bazdaric et al., 2021). Our Regression analysis suggests substantial variation of agriculture entrepreneurs: Microcredit Loan Access, SOCPROC, LOANPROC, and LOANCOND for our measures. The results for this analysis are provided in Table 2. The three exogenous variables (SOCPROC, LOANPROC, and LOANCOND) explained the variances of dependent variable Microcredit Loan Access. Additionally, in determining the effect of SOCPROC, LOANPROC and LOANCOND on Microcredit Loan Access (*H1*, *H2* and *H3*), it showed that SOCPROC (β = -.040; p<0.750) was not significant which rejected the first hypothesis. Additionally, the effect of LOANCOND and LOANPROC on Microcredit Loan Access (β =.714; p<0.00; β = -.207; p<0.1) was *highly* significantly and supported our (H2 and *H3).*

Table 2: Multiple regressions analysis

Variables	Beta (β)	T	SIG	Tolerance	VIF
Constant		1.131	.263		
SOCPROC	-.040	-.321	.750	.798	1.253
LOANPROC	-.207	-1.729	.090	.803	1.245
LOANCOND	.714	5.364	.000	.796	1.256
R^2	.279				
F-statistics	5.186sig (0.01)				
Dependent variable	Microcredit Loan Access				

Source: Authors

African Scientific Journal
ISSN : 2658-9311
Vol : 03, Number 28 February 2025

5. Discussion

The major activities of small business and private entrepreneurship have been proven to be closely linked to banks (Hakimovna and Muhammedrisaevna, 2022) which demonstrates the validity of the third hypothesis. The microfinance procedures and council has been shown to positively affect Microcredit Loan Access, particularly within rural areas where resources are limited or restricted. The benefits of banks providing loans and other microfinancing support alleviate the financial and non-financial constraints that rural entrepreneurs face which not enables them to establish their business but also facilitate the maintenance and success of their projects for the long-term. This in turn, generates a positive return to the economy.

As aforementioned, the rise of Sudan's GDP, growth of small businesses and entrepreneur's agricultural activities in the country illustrates how the financial support and the entrepreneurial incentives laid out by the central bank, particularly with microfinancing projects, boosts the economy. It is evident then, that the contentious strengthening of the financing sector and the financial support for economic reforms creates a basis for comprehensive support of the real sector of the economy and sustainable economic growth (ibid).

The poverty rate in Sudan is estimated at 46% and is significantly greater in rural areas at 58% than in the urban areas at 26% (Osman and Ali, 2021). Therefore, bridging the large gap in poverty between urban and rural areas may stimulate an even greater accelerated improvement for economic development and growth since there is great untapped potential existent is rural entrepreneurial agricultural activity, in which agriculture is Sudan's predominant resource.

Based on the findings of Osman and Ali's (2021) working paper, the overall performance and recent interventions of the Sudanese government in stimulating economic growth suggests that agricultural-development programs necessitate more public and private partnerships that involve farmers and their organizations, financial institutions and research to achieve national goals. In addition, they found that one of the remaining obstacles to agricultural growth is the flow finance to the agriculture sector, thereby contending that the government should increase investment on agriculture, to allocate resources and create a conductive environment through incentives. Therefore, this further demonstrates how there is a strong positive relationship between microfinancing from banks and the establishment of small businesses since entrepreneurs cannot solely rely on the aid of the government and need the support from other sources.

Over the years, research has shown that SMEs are largely becoming accepted as valid mediums in job creation and livelihood improvement (Kanayo et al, 2013). In particular, empirical studies

African Scientific Journal
ISSN : 2658-9311
Vol : 03, Number 28 February 2025

have revealed that microfinance does improve the economic and social well-being of the poorest population by increasing income whilst reducing vulnerability (ibid). A study in Nigeria found that the productivity of farmers increased through microfinance and many of the obstacles that were faced by SMEs were caused by inefficient financial support infrastructures, unfavorable government policies and high interest rates (ibid). Having the necessary and sufficient mechanisms in place to support SMEs, while acknowledging time consuming, costly and complex, are contingent to the efficient process and establishment of such business. The long-term benefits that are reaped from investing in solutions and strategies to facilitate entrepreneurial activity outweigh the short-term costs of doing so.

While Sudan does indeed face many significant challenges such as climate change, political instability, desertification and poverty, there is opportunity for growth, particularly from the untapped potential of small business entrepreneurs which through numerous studies have shown, boosts the economy. The benefits gained from SMEs, entrepreneurs and closing the poverty gap in rural areas are important to the generation of positive economic growth and sustainability.

The result was similar for factors deals with administrative procedures costs related to microfinance procedures, it showed that LOANCON (β = - 0.209; $p<0.1$) negatively and significantly influenced Microcredit Loan Access FUN. The finding supported that the follow-up of the Bank for projects, the existence of insurance and payment method for the installments accepted by the bank discourage the financing of small projects. To a certain extent, the majority of respondents felt that microfinance Banks policies is a handicap to promote investment and combat poverty. The results contradict the finding of Yunus (1999), in fact monitoring small loans lead banks generate high transaction costs that results in formal financial systems which makes loans difficult for farmers to obtain credit as (Ledgerwood, et al, 2013). In developing economy, microfinance formal regulation and policies place great burdens on establishing entrepreneurs and by leaving governmental registers, informal entrepreneurs avoid such burdens (de Soto, 2002). We can conclude that hard governing regulations limit the ease of doing business and an entrepreneur's ability to start up a business.

African Scientific Journal
ISSN : 2658-9311
Vol : 03, Number 28 February 2025

6. Conclusion

Given these points, it is clear that social, administrative and financial aspects of microcredit play a crucial role in financing projects among the agriculture entrepreneurs. the regression model revealed that procedures and financial cost were significant. However, the social concordance factors were not influential. This study showed that the existence of procedures may generate rigidity which represent a major handicap for obtaining finance more than transaction costs which is not a discouragement. It is also important to integrate social dimension in microcredit banks as reported in the research of Adlah et al (2018), where in the same context, agriculture entrepreneurs in rural areas prefer to get the finance individually and execute projects collectively.

African Scientific Journal
ISSN : 2658-9311
Vol : 03, Number 28 February 2025

References

Abimbola, Oluremi Hezekiah, and Mayowa G. Agboola. "Environmental factors and entrepreneurship development in Nigeria." Journal of Sustainable Development in Africa 13.4 (2011): 166-176.

Adejumo, G. (2001). Indigenous entrepreneurship development in Nigeria: characteristics, problems and prospects. Advances in Management: Journal of Department of Business Administration, University of Ilorin, Ilorin Nigeria, 2(1): 112-122.

Alessa, A. A. (2021). Impact of Self-Efficacy, Motivation, and Opportunities, On Entrepreneurial Behaviour among Shop-On-Wheel Business. International Journal of Entrepreneurship, 25(1), 1-19.

Alessa, A. A., Zaabi, E. A., & Diab, A. M. (2018). Impact of environmental factors on financing agriculture entrepreneurs. International Journal of Entrepreneurship, 22(4), 1-13.

Agier, I., & Szafarz, A. (2013). Microfinance and gender: Is there a glass ceiling on loan size?. World Development, 42, 165-181.

Ahlin, C., Lin, J., & Maio, M. (2011). Where does microfinance flourish? Microfinance institution performance in macroeconomic context. Journal of Development Economics, 95(2), 105-120.

Alsos, G. A., & Carter, S. (2006). Multiple business ownership in the Norwegian farm sector: resource transfer and performance consequences. Journal of Rural Studies, 22(3), 313-322.

Assefa, E., Hermes, N., & Meesters, A. (2013). Competition and the performance of microfinance institutions. Applied Financial Economics, 23, 767–782.

Augsburg, B., & Fouillet, C. (2010). Profit empowerment: The microfinance institution's mission drift. Perspectives on Global Development and Technology, 9, 327–355.

Autio, Erkko, and Kun Fu. "Economic and political institutions and entry into formal and informal entrepreneurship." Asia Pacific Journal of Management 32.1 (2015): 67-94.

Banerjee, A., Duflo, E., Glennerster, R., & Kinnan, C. 2015. The miracle of microfinance?

Bazdaric, K., Sverko, D., Salaric, I., Martinovic, A., & Lucijanic, M. (2021). The ABC of linear regression analysis: What every author and editor should know. European Science Editing, 47, e63780.

Bemanke, Ben, and Mark Gertler. "Agency Costs, Net Worth, and Business Fluctuations." American Economic Review 19 QAaich 1989), 14-38.

Bond, E. W., Tybout, J. & Utar, H., 2015. Credit rationing, risk aversion,n and industrial evolution in developing countries. International Economic Review, 56(3), pp. 695-722.

African Scientific Journal
ISSN : 2658-9311
Vol : 03, Number 28 February 2025

Bygrave, W. (2009). The entrepreneurship paradigm revised: 20 years later. Babson College Entrepreneurship Research Conference. Doctoral Consortium. Babson College, June 3.

Camenzuli, A., & McKague, K. (2015). Team microfranchising as a response to the entrepreneurial capacity problem in low-income markets. Social Enterprise Journal, 11(1), 69-88.

Choudhury, K. Strategies of Agricultural Entrepreneurs in Lower Brahmaputra Valley, Assam.

Ciccone, A., and Papaioannou, E. (2007). Red tape and delayed entry. Journal of the European Economic Association, 5 (2-3), 444-458.

Cobb, J. Adam, Tyler Wry, and Eric Yanfei Zhao. "Funding financial inclusion: Institutional logics and the contextual contingency of funding for microfinance organizations." Academy of Management Journal 59.6 (2016): 2103-2131.

Cull, R., Navajas, S., Nishida, I., & Zeiler, R. (2015). A new index of the business environment for microfinance. World Development, 70, 357-388.

Daugstad, K., Rønningen, K., & Skar, B. (2006). Agriculture as an upholder of cultural heritage? Conceptualizations and value judgements—a Norwegian perspective in international context. Journal of Rural Studies, 22(1), 67–81.

Davis, J. and D. Bezemer (2004), 'The Development of the Rural Non-Farm Economy in Developing Countries and Transition Economies: Key Emerging and Conceptual Issues', World Development, Vol. 29, No. 3, pp. 481–96.

De Soto, H. 2000. The mystery of capital: Why capitalism triumphs in the west and fails everywhere else. London: Black Swan.

De Soto, H. 2002. The other path: The economic answer to terrorism. London: Harper and Row.

Doing Business, (2010). The Doing Business Report, Several Years. The World Bank, Washington, DC.

Dorado, S. (2001). Social entrepreneurship: The process of creation of microfinance organizations in Bolivia. PhD Thesis, McGill University, Montreal, Canada.

EIP-AGRI (2016). Focus group new entrants into farming final report. Resource document. European Commission. https://ec.europa.eu/eip/agriculture/sites/agri eip/files/eipagri_fg_new_entrants_final_report_2016_en.pdf. Accessed 18 January 2017.

Engerman, Stanley L., and Kenneth L. Sokoloff. "Factor Endowments, Institutions, and Differential Paths of Growth among New World Economies: A View from Economic Historians of the United States." In How Latin America Fell Behind, edited by Stephen Haber, pp. 260-304. Stanford, Calif.: Stanford University Press, 1996.

African Scientific Journal
ISSN : 2658-9311
Vol : 03, Number 28 February 2025

Erkomaishvili, G. (2016). Small Entrepreneurship Supporting Economic Policy in Georgia. Small, 1, 34811. Evidence from a randomized evaluation. American Economic Journal: Applied Economics, 7(1): 22-53.

Fama, E. F., & French, K. R. 2012. Size, value, and momentum in international stock returns. Journal of financial economics, 105(3): 457-472.

Faruk, M. O., Hassan, N., & Islam, N. (2016). Factors Influencing the Development of Social Entrepreneurship in Bangladesh.

Fernando, N. A. (2006). Understanding and dealing with high interest rates on microcredit. Asian Development Bank, 13, 90-106.

Fuller, A. M. (1990). From part-time farming to pluriactivity: a decade of change in rural Europe. Journal of Rural Studies, 6(4), 361–373.

Gnyawali, D. and Fogel, D. (1994). Environments for entrepreneurship development: key dimensions and research implications. Entrepreneurship, Theory and Practice, 18, 4: 43-62.

Gollin, D. (2014), 'Smallholder Agriculture in Africa: An Overview and Implications for Policy', IIED Working Paper, IIED, London, p. 24.

Harper, M. (1991). The role of enterprise in poor countries. Entrepreneurship, Theory and Practice, 15 (4): 7-11.

Hakimovna, U. and Muhammedrisaevna, T. (2022) The role of banking and accounting in the development of small business and entrepreneurship. International journal of social sciences and interdisciplinary research

Hulme, D., & Mosley, P. (1996). Finance against poverty (Vol. 1). London: Routledge.

ILO. 2011a. Employment in the informal economy, key indicators of the labour market (KILM), 7th ed. Geneva: ILO.

ILO. 2011b. Statistical updates on employment in the informal economy. Geneva: ILO.

Imai, K. S., Gaiha, R., Thapa, G., & Annim, S. K. (2012). Microfinance and poverty a macro perspective. World Development, 40(8), 1675-1689.

Imai, S. K., Gaiha, R., & Thapa, G. (2010b). Is the millennium development goal of poverty still achievable? Role of institutions, finance and openness. Oxford Development Studies, 38(3), 309–337.

Jayne, T. S., F. Meyer and L. N. Traub (2014), Africa's Evolving Food Systems: Drivers of Change and the Scope for Influencing Them', IIED Working Paper, IIED, London, p. 24.

African Scientific Journal
ISSN : 2658-9311
Vol : 03, Number 28 February 2025

Johnston, Lorraine, and John Blenkinsopp (2017) "Challenges for civil society involvement in civic entrepreneurship: a case study of local enterprise partnerships." Public Money & Management 37.2, 89-96.

Josefy, M., Kuban, S., Ireland, R., & Hitt, M. 2015. All Things Great and Small: Organizational Size, Boundaries of the Firm, and a Changing Environment. The Academy of Management Annals(forthcoming): 1-112.

Karlan, D., & Zinman, J. 2010. Expanding credit access: Using randomized supply decisions to estimate the impacts. Review of Financial Studies, 23(1): 433-464.

Kanayo, O., Jumare, F. and Nancy, S. (2013). Challenges of microfinance access in Nigeria: implications for entrepreneurship development. Mediterranean Journal of Social Sciences Vol. 4(06)

Khandker, S. R. (2005). Micro-finance and poverty: Evidence using panel data from Bangladesh. The World Bank Economic Review, 19(2), 263–286.

Khanna T and Palepu K (2005) Strategies that fit emerging markets. Harvard Business Review 83: 63–74, 76, 148.

Khavul, S. (2010). Microfinance: Creating opportunities for the poor? Academy of Management Perspectives, 24(3), 57–71.

Khan, S., Benhamed, A., Rashid, A., Rasheed, R. and Huma, Z. (2022), "Effect of leadership styles on employees' performance by considering psychological capital as mediator: evidence from airlines industry in emerging economy", World Journal of Entrepreneurship, Management and Sustainable Development, Vol. 18 No. 8.

Koe, Wei-Loon, Roaimah Omar, and Juan Rizal Sa'ari. "Factors Influencing Propensity to Sustainable Entrepreneurship of SMEs in Malaysia." *Procedia-Social and Behavioral Sciences* 172 (2015): 570-577.

Komolafe, B. (2008). Microfinance Banks are derailing from core functions. Vanguard, April 30, 2008. Retrieved from allafrica.com/stories/200804300174.html (June 26, 2008).

Korsgaard, S., Müller, S., & Tanvig, H. W. (2015). Rural entrepreneurship or entrepreneurship in the rural—between place and space. International Journal of Entrepreneurial Behavior & Research, 21(1), 5–26.

Lanjouw, J. O. and P. Lanjouw (2001), 'The Rural Non-Farm Sector: Issues and Evidence from Developing Countries', Agricultural Economics, Vol. 26, pp. 1–23.

Ledgerwood, J. (1999). Microfinance handbook. An institutional and financial perspective. Washington, DC: The World Bank.

African Scientific Journal
ISSN : 2658-9311
Vol : 03, Number 28 February 2025

Ledgerwood, J., Earne, J., & Nelson, C. (2013). The new microfinance handbook: A financial market system perspective: World Bank Publications.

Maertens, M. and J. F. M. Swinnen (2009), 'Trade, Standards and Poverty: Evidence from Senegal', World Development, Vol. 37, No. 1, pp. 161–78.

Mair J and Marti I (2009) Entrepreneurship in and around institutional voids: A case study from Bangladesh. Journal of Business Venturing 24: 419–435.

Mair, J., Marti, I., & Ventresca, M. J. (2012). Building inclusive markets in rural Bangladesh: How intermediaries work institutional voids. Academy of Management Journal, 55(4), 819–850.

Marsden, T., & Sonnino, R. (2008). Rural development and the regional state: denying multifunctional agriculture in the UK. Journal of Rural Studies, 24(4), 422–431.

McElwee, G. (2008). A taxonomy of entrepreneurial farmers. International Journal of Entrepreneurship and Small Business, 6(3), 465–478.

McIntosh, C. and Wydick, B. (2005) Competition and microfinance, Journal of Development Economics, 78, 271–98.

Mendoza, R. U., & Thelen, N. 2008. Innovations to make markets more inclusive for the poor. Development Policy Review, 26(4):427–458.

Morgan, S. L., Marsden, T., Miele, M., & Morley, A. (2010). Agricultural multifunctionality and farmers' entrepreneurial skills: a study of Tuscan and Welsh farmers. Journal of Rural Studies, 26(2), 116–129.

Morris, M. H. and Lewis, P. S. (1991). Entrepreneurship as a significant factor in social quality of life. Journal of Business Research, 23(1):21-36.

Mosley, P. (2001). Microfinance and poverty in Bolivia. Journal of Development Studies, 37(4), 101–132.

Moss, T. W., Neubaum, D. O., & Meyskens, M. (2015). The effect of virtuous and entrepreneurial orientations on microfinance lending and repayment: A signaling theory perspective. Entrepreneurship Theory and Practice, 39(1), 27-52.

Mueller, S. L. and Thomas, A. S. (2000). A case for comparative entrepreneurship: assessing the relevance of culture. Journal of International Business Studies. 31(2): 287.

Mwabu, G. and E. Thorbecke (2004), 'Rural Development, Growth and Poverty in Africa', Journal of African Economies, Vol. 13 (AERC Supplement 1), pp. i16–i65.

Mwatsika, C. (2015). Entrepreneurship development and entrepreneurial orientation in rural areas in Malawi. African Journal of Business Management, 9(9), 425.

African Scientific Journal
ISSN : 2658-9311
Vol : 03, Number 28 February 2025

Nagler, P. and W. Naude (2014), 'No-Farm Enterprises in Rural Africa: New Empirical Evidence', Policy Research Working Paper 7066, World Bank, Washington, DC.

North, Dougias C. Structure and Change in Economic History. New York: Norton, 1981.

Reynolds, P.D. (1987). New firm's societal contribution versus survival potential. Journal of Business Venturing 2: 231-246.

Robinson, Joan. "The Generalization of the General Theory." In The Rate of Interest and Other Essays. London: MacMillan, 1952.

Romanelli, E. (1989). Organization birth and population variety: a community perspective on origins. In Research in Organizational Behavior, (eds), L. L. Cummings and B. M. Staw, 11: 211-46.

Schumpeter, J. A. (1934). The Theory of Economic Development. Cambridge: Harvard University Press.

Shapero, A. C. (1981). Self-renewing economies. Economic Development Commentary, 5, 19-22.

Simeon Djankov, Rafael La Porta, Florencio Lopez-de-Silanes, Andrei Shleifer (2015). The Regulation of Entry, The Quarterly Journal of Economics, Volume 117, Issue 1, 1 37.

Sutherland, L. A., Zagata, L., & Wilson, G. A. (2015). Conclusions. In L. A. Sutherland, I. Darnhofer, L. Zagata, & G. A. Wilson (Eds.), Transition pathways towards sustainability in European agriculture: case studies from Europe (pp. 207–222). Wallingford: CABI.

Thornton, P. H. (1999). The sociology of entrepreneurship. Annual Review of Sociology, 25:19 46.Trnka, M., Olesen, J. E., Kersebaum, K. C., Skjelvåg, A. O.,

Osman, Abdelrahman Khidir; Mohamed, Adil (2021). Sudan – Land, climate, energy, agriculture and development: A study in the Sudano-Sahel Initiative for Regional Development, Jobs, and Food Security.

Tyler, R. (2011), "RBS admits failing small business relationships", Daily Telegraph, 31 May.

UNDP. 2004. Unleashing entrepreneurship: Making business work for the poor. New York: United Nations Development Programme.

Vanroose, A., & D'Espallier, B. (2013). Do microfinance institutions accomplish their mission? Evidence from the relationship between traditional financial sector development and microfinance institutions' outreach and performance. Applied Economics, 45(15), 1965-1982.

Vik, J., & McElwee, G. (2011). Diversification and the entrepreneurial motivations of farmers in Norway. Journal of Small Business Management, 49(3), 390–410.

Yunus, M. (1999). The grameen bank. Scientific American, 281(5), 114-119.

African Scientific Journal
ISSN : 2658-9311
Vol : 03, Number 28 February 2025

Webb P and Fairbourne J (2016) Microfranchising: A solution to necessity entrepreneurship. In: Brewer J and Gibson SW (eds.) Institutional Case Studies on Necessity Entrepreneurship. Northampton, MA: Edward Elgar, pp. 195–225.

Weber, M. (1904). The Protestant Ethic and the Spirit of Capitalism. New York: Routledge.

Wry, T., Lounsbury, M., & Jennings, P. D. 2014. Hybrid vigor: Securing venture capital by spanning categories in nanotechnology. Academy of Management Journal, 57(5): 1309-1333.

Zhang, D., L. Zhuge, and R. B. Freeman. 2020a. Firm dynamics of hi-tech start-ups: Does innovation matter? China Economic Review 59:2–17.