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# ACCESS TO MICROFINANCE INSTITUTION LOANS AND INVESTMENT EXPANSION AMONG SMALL-SCALE AGRIBUSINESS ENTERPRISES IN MALAWI: EVIDENCE FROM LILONGWE CITY (AREA 25)

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## 1.0. ABSTRACT

Small-scale agribusiness enterprises play a significant role in promoting employment, food security, poverty reduction, and economic development in Malawi. Despite their contribution to national development, many of these enterprises continue to experience financial constraints that limit investment and business expansion. Microfinance institutions (MFIs) have emerged as important providers of financial services by extending credit to entrepreneurs who are often excluded from conventional banking systems. However, empirical evidence regarding the extent to which access to microfinance loans influences investment decisions among urban agribusiness enterprises remains limited.

This study examined the influence of access to microfinance institution loans on investment expansion among small-scale agribusiness enterprises operating in Area 25, Lilongwe City. A quantitative cross-sectional research design was employed, and primary data were collected from 40 respondents using structured questionnaires. Descriptive statistical techniques, including frequencies, percentages, means, and standard deviations, were used to analyse the data.

The findings indicate that access to microfinance loans positively influences investment in productive assets, working capital, inventory expansion, market development, and business diversification. Respondents strongly agreed that microfinance loans facilitate enterprise expansion, with an overall mean score of 4.16, suggesting that improved financial access contributes significantly to business growth. The study concludes that microfinance institutions remain an important source of investment capital for small-scale agribusiness enterprises and recommends that policymakers and microfinance providers strengthen financial inclusion strategies through affordable loan products, flexible repayment schedules, and complementary business development services.

**KEYWORDS:** Microfinance Institutions, Agribusiness Enterprises, Investment Expansion, Financial Inclusion, Small-Scale Enterprises, Malawi.

## 2.0. INTRODUCTION

Small-scale agribusiness enterprises have become indispensable contributors to economic development in many developing countries. Their contribution extends beyond agricultural production to employment creation, income generation, food security, and poverty alleviation. In Malawi, where agriculture remains the backbone of the national economy, small-scale agribusinesses provide livelihoods for a large proportion of the population and contribute substantially to national economic performance. Despite their importance, these enterprises continue to face numerous challenges that hinder sustainable growth, among which inadequate access to finance remains one of the most significant.

Access to financial resources determines the capacity of entrepreneurs to invest in productive assets, purchase improved agricultural inputs, expand production, adopt modern technologies, and access profitable markets. Unfortunately, conventional commercial banks often require collateral, lengthy documentation procedures, and stringent lending conditions that exclude many small-scale entrepreneurs from formal credit markets. Consequently, a considerable financing gap persists, limiting investment opportunities for many agribusiness enterprises.

Microfinance institutions have emerged as alternative financial service providers specifically designed to address this financing gap. Through the provision of microcredit, savings facilities, insurance products, and business advisory services, MFIs promote financial inclusion among low-income entrepreneurs who would otherwise remain financially excluded. In Malawi, these institutions have increasingly supported agribusiness development by enabling entrepreneurs to finance productive investments and improve business performance.

Although previous studies have reported positive contributions of microfinance institutions toward enterprise development, the extent to which access to microfinance loans translates into investment expansion among urban agribusiness enterprises remains insufficiently documented. Most existing studies have concentrated on rural agricultural production or general business performance without specifically examining investment expansion among urban small-scale agribusiness enterprises.

This study therefore investigates the influence of access to microfinance institution loans on investment expansion among small-scale agribusiness enterprises operating in Area 25, Lilongwe City. By focusing specifically on investment behaviour, the study provides empirical evidence that contributes to the understanding of how financial inclusion influences enterprise growth within Malawi's urban agribusiness sector.

## 3.0. Background of the Study

### 3.1. Historical Background

The concept of microfinance emerged as a response to the persistent exclusion of low-income individuals and small enterprises from conventional banking systems. During the 1970s and 1980s, microfinance programmes were introduced in many developing countries to provide affordable financial services to economically disadvantaged populations. Over time, these programmes evolved into regulated financial institutions capable of providing loans, savings products, insurance services, and financial advisory support to entrepreneurs operating in both rural and urban economies.

The global expansion of microfinance has demonstrated its potential to stimulate entrepreneurship, enhance household incomes, and promote poverty reduction. Many developing countries have adopted microfinance as an important strategy for improving financial inclusion and supporting the growth of micro, small, and medium enterprises.

### 3.2. Theoretical Background

This study is anchored primarily on the **Financial System Approach**, which argues that well-functioning financial institutions promote economic development by reducing financial constraints and increasing access to productive capital. The theory suggests that improved financial access enables entrepreneurs to invest in productive resources, modern technologies, and business expansion activities.

The study is further supported by the **Resource-Based View Theory**, which considers financial capital as a strategic resource that enables firms to acquire valuable productive assets capable of generating sustainable competitive advantage. In addition, the **Household Production Theory** explains how improved access to financial resources enhances productive capacity among agricultural households, thereby facilitating the transition from subsistence farming to commercially oriented agribusiness enterprises.

### 3.3. Conceptual Background

The study conceptualizes **access to microfinance institution loans** as the independent variable influencing **investment expansion** among small-scale agribusiness enterprises. Investment expansion is reflected through increased acquisition of productive equipment, improved agricultural inputs, expansion of inventory, enhancement of working capital, market development, and business diversification. Improved financial access is therefore expected to increase entrepreneurs' investment capacity, ultimately contributing to sustainable business growth.

### 3.4. Contextual Background

Agriculture remains Malawi's largest economic sector and provides employment and income for the majority of the population. Nevertheless, many agribusiness entrepreneurs continue to experience limited access to formal financial services due to high collateral requirements and restrictive lending conditions imposed by commercial banks. Microfinance institutions have attempted to address this challenge by providing accessible financial services tailored to small-scale entrepreneurs.

Area 25 in Lilongwe City represents one of the rapidly growing urban commercial centres where numerous agribusiness enterprises operate within agricultural value chains including production, processing, input supply, and marketing. Understanding how microfinance loans influence investment decisions within this context provides valuable evidence for strengthening financial inclusion policies and promoting agribusiness development in Malawi.

## 4.0. General Objective

The general objective of this study was to examine the influence of access to microfinance institution loans on investment expansion among small-scale agribusiness enterprises in Area 25, Lilongwe City.

### 4.1. Specific Objectives

i. To examine the influence of microfinance institution loans on investment in productive assets among small-scale agribusiness enterprises.

ii. To assess the contribution of microfinance loans toward improving working capital and inventory expansion.

iii. To determine the extent to which access to microfinance loans promotes business expansion and diversification among small-scale agribusiness enterprises.

## 5.0. Literature Review

### 5.1. Theoretical Review

This study is underpinned by three complementary theories that explain how access to financial resources influences investment decisions and enterprise growth among small-scale agribusiness enterprises.

## 6.0. Financial System Approach

The Financial System Approach provides the principal theoretical foundation for this study. The theory views financial institutions as essential mechanisms for improving access to capital among individuals and enterprises that are underserved by conventional banking systems. It argues that reducing information asymmetry, lowering transaction costs, and expanding financial services enable entrepreneurs to access affordable credit for productive investments.

Within the agribusiness sector, access to microfinance loans allows entrepreneurs to purchase agricultural inputs, acquire production equipment, improve working capital, and expand business operations. These investments contribute to increased productivity, improved competitiveness, and sustainable enterprise growth. The theory therefore suggests that strengthening financial inclusion through microfinance institutions promotes economic development by reducing financial barriers faced by small-scale enterprises. This theoretical perspective is particularly relevant to the present study because it explains how improved financial access influences investment expansion among agribusiness entrepreneurs in Lilongwe City.

### 6.1. Resource-Based View Theory

The Resource-Based View (RBV) Theory argues that organisational success depends largely on the availability and effective utilisation of valuable resources that are difficult for competitors to imitate. Financial capital is recognised as one of the most important strategic resources because it enables firms to acquire additional productive assets and improve operational capacity.

Within the context of small-scale agribusiness enterprises, access to microfinance loans provides entrepreneurs with the financial resources necessary to invest in machinery, irrigation equipment, transportation facilities, storage infrastructure, improved seed varieties, fertilisers, and other productive assets. However, the theory further suggests that financial resources alone are insufficient to guarantee enterprise success. Sustainable competitive advantage is achieved when entrepreneurs combine financial capital with managerial competence, entrepreneurial skills, innovation, and effective business planning. Consequently, microfinance institutions contribute to enterprise development by strengthening the financial resource base upon which long-term competitiveness is built.

### 6.2. Household Production Theory

Household Production Theory views households as productive economic units that combine land, labour, and capital to maximise production and household welfare. Within agricultural economies, financial capital represents an important input that enables households to improve production capacity and increase income-generating opportunities.

The theory explains that access to microfinance loans enables farming households to invest in improved agricultural technologies, quality farm inputs, irrigation systems, processing equipment, and market-oriented production. Such investments facilitate the transition from subsistence farming to commercially viable agribusiness enterprises. In the context of Malawi, where many agribusinesses operate at household level, this theory provides an important explanation of how improved access to financial resources contributes to agricultural commercialisation and enterprise expansion.

## 7.0. Empirical Review

Empirical literature generally indicates that access to microfinance services contributes positively to enterprise development by improving investment capacity, productivity, and business expansion. Nevertheless, the magnitude of these benefits depends on institutional characteristics, loan conditions, and the prevailing business environment.

A study by **Chetama et al. (2012)** found that access to microfinance significantly improved sales growth, profit generation, stock accumulation, and enterprise expansion among small-scale agribusiness enterprises in Lilongwe District. The study further identified limited access to financial services as one of the principal barriers to agribusiness development, concluding that microfinance institutions play a significant role in supporting enterprise performance through increased investment opportunities.

Similarly, **Chetama (2016)** examined the contribution of microfinance institutions to agribusiness development in Malawi. The findings indicated that although access to microfinance enhanced entrepreneurs' investment opportunities, institutional challenges such as relatively high borrowing costs, limited loan sizes, and strict repayment schedules constrained the long-term effectiveness of microfinance programmes. These findings suggest that improving the design of loan products could increase the developmental impact of microfinance institutions.

The work reviewed by **Dzanja** also demonstrated that improved access to microfinance services enhances entrepreneurs' ability to invest in productive activities and expand agribusiness enterprises. However, the study noted that implementation challenges within public microcredit programmes continue to affect the sustainability and effectiveness of financial support initiatives targeting small-scale enterprises in Malawi.

Collectively, these studies demonstrate that microfinance institutions contribute positively to enterprise development through increased investment, improved productivity, and business expansion. However, they also reveal that loan affordability, repayment flexibility, and institutional support remain important determinants of the effectiveness of microfinance interventions.

## 8.0. RESEARCH GAP

Although previous studies have demonstrated the importance of microfinance institutions in promoting enterprise development, several gaps remain within the existing body of knowledge. Most studies have concentrated on rural agricultural development, poverty reduction, or general business performance without specifically examining the influence of access to microfinance institution loans on investment expansion among urban small-scale agribusiness enterprises.

Furthermore, many existing studies have evaluated the overall contribution of microfinance services rather than isolating the effect of credit access on productive investment. Limited empirical evidence also exists regarding urban agribusiness enterprises operating in Lilongwe City, particularly within Area 25.

The present study addresses these gaps by focusing specifically on the influence of access to microfinance institution loans on investment expansion among small-scale agribusiness enterprises in Area 25, Lilongwe City. By concentrating on investment-related outcomes such as acquisition of productive assets, working capital improvement, inventory expansion, market development, and business diversification, the study provides empirical evidence that contributes to a better understanding of financial inclusion and agribusiness development in Malawi.

## 9.0. Research Methodology

### 9.1. Research Design

This study adopted a **quantitative cross-sectional research design** to examine the influence of access to microfinance institution (MFI) loans on investment expansion among small-scale agribusiness enterprises in Area 25, Lilongwe City. The quantitative approach was considered appropriate because it enabled the researcher to objectively measure respondents' perceptions regarding the contribution of microfinance loans to business investment using numerical data obtained through structured questionnaires.

The cross-sectional design facilitated the collection of data at a single point in time, thereby providing an efficient means of assessing the relationship between access to microfinance loans and investment expansion among agribusiness entrepreneurs. This design also enhanced the comparability of responses and allowed for the application of descriptive statistical techniques during data analysis.

### 9.2. Study Area

The study was conducted in **Area 25, Lilongwe City**, Malawi. Area 25 is one of the rapidly growing commercial and residential areas within the city and hosts a large number of small-scale agribusiness enterprises involved in agricultural production, agro-input supply, food processing, produce marketing, and related value-chain activities.

The area was selected because of its increasing concentration of agribusiness enterprises that actively utilize financial services offered by microfinance institutions. This setting provided an appropriate environment for assessing how access to microfinance loans influences investment decisions among urban agribusiness entrepreneurs.

### 9.3. Target Population

The target population comprised owners of small-scale agribusiness enterprises operating within Area 25, Lilongwe City. The study included entrepreneurs engaged in crop production, agricultural input distribution, produce marketing, food processing, and other agribusiness-related activities.

Both beneficiaries and non-beneficiaries of microfinance services were included to facilitate meaningful assessment of the relationship between access to microfinance loans and investment expansion.

### 9.4. Sample Size and Sampling Technique

A total of **40 respondents** participated in the study. The respondents were selected using a **stratified probability sampling technique**, which ensured adequate representation of different categories of agribusiness enterprises based on their access to microfinance services.

Stratified sampling was adopted because the study population consisted of entrepreneurs operating under varying financial conditions. The technique enhanced the representativeness of the sample by ensuring that relevant subgroups were included in the study. All administered questionnaires were successfully completed and returned, resulting in a **100%**

**response rate**, which was considered adequate for statistical analysis and interpretation of the findings.

### 9.5. Data Collection Instrument

Primary data were collected using a **structured questionnaire** specifically designed to obtain information relating to respondents' demographic characteristics, access to microfinance institution loans, investment activities, and business expansion.

The questionnaire consisted primarily of closed-ended questions measured on a **five-point Likert scale**, ranging from **Strongly Disagree (1)** to **Strongly Agree (5)**. This format enabled respondents to indicate the extent to which they agreed with statements describing the influence of microfinance loans on various dimensions of business investment.

The structured questionnaire was selected because it promotes consistency in data collection, improves reliability, minimizes interviewer bias, and facilitates quantitative analysis using statistical software.

### 9.6. Data Collection Procedure

Data collection involved the direct administration of questionnaires to selected agribusiness entrepreneurs operating within the study area. Before participating, respondents were informed of the purpose of the study and assured that participation was entirely voluntary.

Completed questionnaires were reviewed for completeness and consistency before coding and entry into the Statistical Package for the Social Sciences (SPSS). The researcher maintained uniform procedures during questionnaire administration to reduce response bias and improve the quality of the collected data.

## 10.0. Data Analysis

The collected data were coded and analysed using the **Statistical Package for the Social Sciences (SPSS)**. Descriptive statistical techniques, including frequencies, percentages, mean scores, and standard deviations, were used to summarise respondents' perceptions regarding the influence of access to microfinance institution loans on investment expansion.

Particular emphasis was placed on analysing respondents' perceptions regarding investment in productive assets, working capital improvement, inventory expansion, market development, and business diversification. Mean scores were computed for each statement, with higher mean values indicating stronger agreement that access to microfinance institution loans positively influences investment decisions among small-scale agribusiness enterprises.

## 11.0. Ethical Considerations

The study adhered to accepted ethical principles throughout the research process. Respondents participated voluntarily after receiving a clear explanation of the study's objectives and procedures. Informed consent was obtained prior to data collection, and respondents were assured that all information provided would be treated with strict confidentiality and used solely for academic purposes.

To protect participants' privacy, anonymity was maintained throughout the study, and no identifying personal information was disclosed during data analysis or reporting.

## 12.0. RESULTS AND DISCUSSION

### 12.1. Response Rate

A total of **40 structured questionnaires** were distributed to selected small-scale agribusiness entrepreneurs operating in Area 25, Lilongwe City. All questionnaires were successfully 1completed and returned, resulting in a **100% response rate**. This high response rate provided sufficient data for statistical analysis and increased the reliability of the study findings.

## 13.0. Demographic Characteristics of Respondents

### 13.1. Gender Distribution

The study established that **60% (24)** of the respondents were male, while **40% (16)** were female. Although male entrepreneurs constituted the majority of respondents, the relatively high participation of women demonstrates the growing involvement of female entrepreneurs within Malawi's agribusiness sector. The findings further suggest that microfinance services are accessible to both male and female entrepreneurs, thereby promoting inclusive participation in agribusiness development.

### 13.2. Age Distribution

The age profile revealed that **37.5%** of respondents were between **31 and 40 years**, followed by **30%** aged between **21 and 30 years**. Respondents aged **41–50 years** represented **17.5%**, while those below **20 years** and above **50 years** each accounted for **7.5%** of the sample.

These findings indicate that most agribusiness entrepreneurs fall within economically productive age groups that actively engage in investment decision-making and enterprise development. The predominance of relatively young and middle-aged entrepreneurs may also explain the growing demand for microfinance services to finance business expansion.

### 13.3. Educational Level

Regarding educational attainment, **45%** of respondents possessed the **Malawi School Certificate of Education (MSCE)**, **22.5%** held diploma qualifications, **20%** had completed the Junior Certificate of Education (JCE), **10%** possessed university degrees, while **2.5%** reported other qualifications.

The findings suggest that the majority of respondents possessed sufficient educational backgrounds to understand financial products, maintain business records, and make informed investment decisions. Educational attainment therefore enhances entrepreneurs' ability to utilize microfinance loans effectively for productive investment.

## 14.0. Influence of Microfinance Institution Loans on Investment Expansion

The principal objective of the study was to determine the extent to which access to microfinance institution loans influences investment expansion among small-scale agribusiness enterprises.

**Table 1: Influence of Microfinance Institution Loans on Investment Expansion.**

| **Statement** | **Mean Score** |
|---|---|
| Loans increase investment in equipment and agricultural inputs | **4.30** |
| Loans promote business expansion | **4.20** |
| Loans improve inventory and working capital | **4.10** |
| Loans increase sales volume and market reach | **4.20** |
| Loans support expansion into new product lines | **4.00** |
| **Overall Mean** | **4.16** |

Source: Field Data (2026).

The results demonstrate that respondents generally agreed that access to microfinance institution loans positively influences investment expansion among small-scale agribusiness enterprises. The **overall mean score of 4.16** indicates a high level of agreement that microfinance loans contribute significantly to enterprise development.

The highest-rated statement (**Mean = 4.30**) showed that entrepreneurs primarily utilize microfinance loans to acquire agricultural inputs and productive equipment. Investment in these assets improves production efficiency, enhances productivity, and strengthens business competitiveness.

Respondents also strongly agreed that microfinance loans facilitate **business expansion** (**Mean = 4.20**) by enabling enterprises to increase operational capacity and expand their commercial activities. Similarly, respondents indicated that loans contribute to improvements in **inventory management and working capital** (**Mean = 4.10**), allowing businesses to maintain adequate stock levels and improve their ability to respond to customer demand.

The findings further indicate that access to microfinance loans contributes to **higher sales volumes and wider market coverage** (**Mean = 4.20**). Improved financial access allows entrepreneurs to invest in production, transportation, and marketing activities that strengthen business performance. Although the mean score for **business diversification** (**Mean = 4.00**) was comparatively lower than other indicators, respondents nevertheless agreed that access to finance supports the introduction of new products and business opportunities.

Overall, the findings suggest that microfinance institutions play a significant role in improving investment capacity among small-scale agribusiness enterprises by reducing financial constraints that limit enterprise growth.

## 15.0. DISCUSSION OF FINDINGS

The findings demonstrate that access to microfinance institution loans significantly enhances investment expansion among small-scale agribusiness enterprises in Area 25, Lilongwe City. Entrepreneurs reported that access to credit enabled them to purchase agricultural inputs, acquire production equipment, improve working capital, expand inventories, and diversify business operations. These investments collectively strengthen enterprise productivity and improve long-term business performance.

The results support the **Financial System Approach**, which argues that financial institutions stimulate economic development by improving access to productive capital and reducing financial exclusion. The positive perceptions reported by respondents indicate that microfinance institutions reduce financing barriers that previously limited investment opportunities among agribusiness entrepreneurs. Consequently, improved financial inclusion promotes enterprise expansion and economic development.

The findings also reinforce the **Resource-Based View (RBV)**, which identifies financial capital as a strategic resource that enables firms to acquire complementary productive assets. The ability of respondents to invest in machinery, agricultural technologies, storage facilities, transportation equipment, and other productive resources demonstrates how access to financial capital strengthens competitive advantage and improves organisational performance.

Similarly, the study supports the **Household Production Theory**, which suggests that improved access to financial resources enables agricultural households to increase production capacity and transition toward commercially oriented farming. Respondents indicated that access to microfinance loans enabled them to invest in productive agricultural activities that generated higher incomes and improved enterprise sustainability.

The empirical findings are consistent with previous studies conducted in Malawi. **Chetama et al. (2012)** reported that access to microfinance services improved sales growth, profitability, stock accumulation, and business expansion among agribusiness enterprises. Likewise, **Chetama (2016)** found that microfinance institutions enhance investment opportunities, although the effectiveness of credit programmes may be reduced by high borrowing costs and restrictive repayment conditions. The present study extends these findings by demonstrating that investment in productive assets, inventory, working capital, and market expansion represents the primary mechanism through which microfinance institutions contribute to enterprise growth.

From a policy perspective, the findings suggest that strengthening financial inclusion policies has the potential to accelerate agribusiness development, increase employment opportunities, improve household incomes, and stimulate broader economic growth. The evidence therefore highlights the importance of designing microfinance products that are affordable, accessible, and responsive to the investment needs of small-scale agribusiness entrepreneurs.

## 16.0. Suggestions

The findings of this study demonstrate that access to microfinance institution loans significantly contributes to investment expansion among small-scale agribusiness enterprises in Area 25, Lilongwe City. Based on these findings, the following recommendations are proposed.

### 16.1. Recommendations for Microfinance Institutions

Microfinance institutions should continue developing loan products that are specifically tailored to the needs of small-scale agribusiness enterprises. Since agricultural production is seasonal, flexible repayment schedules aligned with agricultural production cycles would reduce repayment challenges and enable borrowers to invest more effectively in productive activities.

In addition, microfinance institutions should complement financial services with business development support, including financial literacy training, enterprise management, investment planning, record-keeping, and marketing skills. Such interventions would improve borrowers' ability to manage loan funds efficiently and maximize returns from productive investments.

### 16.2. Recommendations for Agribusiness Entrepreneurs

Owners of small-scale agribusiness enterprises should prioritize investing borrowed funds in productive assets that generate long-term business growth rather than using loans for non-productive consumption. Investments in improved agricultural inputs, machinery, irrigation equipment, storage facilities, and working capital are more likely to enhance productivity and profitability.

Entrepreneurs should also strengthen financial management practices by maintaining accurate business records, preparing business plans, monitoring cash flows, and evaluating investment performance. These practices will improve creditworthiness and increase the effective utilization of microfinance loans.

### 16.3. Policy Recommendations

The Government of Malawi, through relevant ministries and financial regulatory authorities, should strengthen policies that promote financial inclusion within the agricultural sector. Greater collaboration between government agencies, microfinance institutions, agricultural development programmes, and development partners would improve access to affordable credit for small-scale agribusiness enterprises.

Policymakers should also encourage the expansion of microfinance services into underserved communities while promoting innovative financial products that respond to the changing investment needs of agribusiness entrepreneurs. Strengthening such partnerships would support agricultural commercialization, improve productivity, generate employment opportunities, and contribute to national economic development.

## 17.0. CONCLUSION

This study examined the influence of access to microfinance institution loans on investment expansion among small-scale agribusiness enterprises operating in Area 25, Lilongwe City. The findings demonstrate that microfinance institutions play a significant role in improving entrepreneurs' investment capacity by providing access to financial resources that support the acquisition of productive assets, expansion of inventory, improvement of working capital, market development, and business diversification.

The overall mean score of **4.16** indicates that respondents strongly perceive microfinance loans as an important driver of investment expansion and enterprise growth. These findings provide empirical support for the Financial System Approach by demonstrating that improved access to financial services reduces financing constraints and promotes productive investment among small-scale enterprises.

The study also supports the Resource-Based View Theory by illustrating that financial capital constitutes a strategic resource through which entrepreneurs acquire productive assets that strengthen business competitiveness. Similarly, Household Production Theory is reinforced by the finding that improved financial access enables agricultural households to invest in commercial production and enhance enterprise sustainability.

Overall, the study concludes that microfinance institutions remain an important catalyst for agribusiness development in Malawi. Strengthening financial inclusion through accessible, affordable, and well-designed microfinance products has the potential to accelerate investment, improve enterprise performance, create employment opportunities, and contribute to sustainable national economic growth.

## 18.0. Limitations of the Study

Although the study generated useful insights into the contribution of microfinance institution loans to investment expansion among small-scale agribusiness enterprises, several limitations should be acknowledged.

First, the study was conducted among a relatively small sample of **40 respondents** operating within Area 25 of Lilongwe City. Consequently, the findings may not fully represent the experiences of agribusiness enterprises operating in other districts or regions of Malawi.

Second, the study relied primarily on respondents' perceptions collected through structured questionnaires and descriptive statistical analysis. It did not include longitudinal financial data that would permit assessment of the long-term impact of microfinance loans on enterprise performance.

These limitations should therefore be considered when interpreting and generalizing the findings of the study.

## 19.0. Recommendations for Future Research

Future studies should investigate the long-term influence of microfinance institution loans on agribusiness investment using larger and more geographically diverse samples across Malawi. Comparative studies between rural and urban agribusiness enterprises would also provide valuable insights into contextual differences affecting financial inclusion and enterprise development.

Further research should examine the contribution of digital financial services, mobile banking technologies, and financial technology (FinTech) innovations to investment expansion among small-scale agribusiness enterprises. Such studies would provide additional evidence for policymakers and financial institutions seeking to strengthen financial inclusion strategies within Malawi's agricultural sector.

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