IMPACT OF ENVIRONMENTAL FACTORS ON FINANCING AGRICULTURE ENTREPRENEURS

Adlah A. Alessa, Arab East College
Elmoez Abdulmajid Zaabi, Arab East College
Amir Mohammed Diab, Arab East College

ABSTRACT

A common agricultural policy is important to help young farmers to start up their businesses. Such policies encourage entrepreneurs to establish agricultural ventures and non-agricultural businesses that lead to rural development and motivate young people in rural areas. The aim of this paper is to clarify the main environmental factors influencing the financing of small projects. It proposes to measure the extent to which the social, economic, legal and institutional environment can contribute to encouraging entrepreneurial projects, especially those in the agricultural field in Dongola-Soudan. The results reveal that the economic environment positively and significantly influences the financing of small projects. Conditions related to demand and product prices and the availability of inputs, as well as banks' strategies in promoting agricultural investment, are the major economic policies to promote agricultural entrepreneurship. Unfortunately, in fewer developing countries the institutional, legal and social environment, from the point of view of 56 surveyed bankers, is still immature, and no significant correlation emerges in the model. The paper outlines that less developed countries have to modernize institutions and business law.

Keywords: Agricultural Entrepreneurs, Micro-Finance, Commercial Banks, Small Businesses, Informal Entrepreneurship, Poverty, Quantitative-MFI.

INTRODUCTION

Small and medium enterprises in developing countries play important roles in the functioning of the economy due to their large participation in business activities (Koe et al., 2014). The activities of entrepreneurs have a positive impact on the economy and influence the lives of individuals and quality of life (Schumpeter, 1934; Weber, 1904; Adejumo, 2001; Morris & Lewis, 1991). Stimulation of economic development, employment production and overruling of the disadvantaged has been taken into account through studies of such positive relationships (Mueller & Thomas, 2000; Reynolds, 1987; Shapero, 1981; Harper, 1991). Indeed, Erkomaishvili (2016) notes that the development of small entrepreneurial activities lays the foundations for the development of a stable economy. Furthermore, Thomas and Mueller (1999) contend that more entrepreneurial activity helps reposition industries, allows for new employment and creates new jobs while increasing economic growth and enhance the flexibility of, and self-renewing, the economy.

INSTITUTIONAL, SOCIO-ECONOMIC AND LEGAL DIMENSIONS

Thornton (1999) indicates that there are two different perspectives: the supply side, which considers the entrepreneurial environment created by individuals related to economic development; and the demand side, the area of which the market creates an objective, opportunistic market where participants in the markets act upon capturing such opportunities. The entrepreneurial environment considers economic, sociocultural and political status to be key factors that influence the ability and willingness of males and females to conduct activities and the available resources that ultimately lead to them becoming entrepreneurs (Gnyawali & Fogel, 1994). According to Bemanke & Gertler (1990), the size of per capita income and cyclical fluctuations are influenced by banks and the stress of the economy; therefore, understanding legal and financial systems is necessary to understand economic development (North, 1981; Engerman & Sokoloff, 1996).

Bagehot et al. (1973) asserts that increasing the economy is possible where banks produce creditworthy firms, mobilize savings, compile risks and facilitate the transactions and growth of the economy. Robinson (1952) argues that the development of an economy creates a demand for financial systems and services. For instance, as reported by Komolafe (2008) in Nigeria, microfinance banks spread across the country in 716 different locations, of which 282 are in the South West, 169 in the South East, 106 in the South South, 78 in the North Central, 48 in the North West and 33 in the North East. These different locations and numbers of branches affect access to micro financing for inhabitants where there is a low concentration of banks.

Recently, efforts have been made to measure the status of the environment for businesses and investments to evaluate the implications of growth in the economy (Cull et al., 2015). Microfinance Institutions (MFIs) play key roles in the interplay between banking sectors and the business environment in disadvantaged market segments in developing countries (Cull et al., 2015). The interactive relationship between MFI operations and the macroeconomy has a poverty-reducing effect (Imai et al., 2012). Djankov et al. (2010) assert that more than half of economic output in developing countries is constituted by informal activities. In addition, scholars have found that there is a correlation between informal activity and poverty alleviation (Pimpa et al., 2012; Prahalad & Hart 2002) and market development (Mair et al., 2012). In developing countries, entrepreneurial activities are influenced by financial intermediation, inefficient markets and investment opportunities (Bond et al., 2015).

The development of a nation's socioeconomic condition has been linked to greater entrepreneurial activities, with such activities functioning differently in different socio-economic levels (Abimbola & Agboola, 2011). Thomas & Mueller (1999) convey that increased entrepreneurial activity enhances the flexibility and growth of the economy whereby entrepreneurship is focal to self-renewing economies (Shapero, 1981). Entrepreneurship essentially functions in less developed countries to stimulate economic growth (Harper, 1991), provide employment and emancipate the disadvantaged division of the population (Abimbola & Agboola, 2011). Thus, the role of entrepreneurship is affected by environmental factors, both internal and external, which the entrepreneur has little control over. An individual will take on more risk in a growing economy due to rises in current and expected income, ultimately leading them to invest more capital in a business venture (Ahlin et al., 2010). In addition; greater foreign investment, workforce participation and production share lead to a growth in loans since a dynamic society creates greater demand and opportunities for entrepreneurs (Ahlin et al., 2010). Rur (2015), states that access to informal sources impedes firms' investment and growth.

Moreover, Autio & Fu (2015) argue that a country's political and economic institutions condition informal entrepreneurship, poverty and inequality. In developing countries, informal entrepreneurship is considered to generate job opportunities and increase the economy's efficiency (ILO, 2011). One of the surveys by ILO (2011) found that approximately 40 percent of employees in informal sectors of non-agriculture across 39 countries are from low- and middle-class incomes, and in Sub-Saharan Africa, 51 percent depend on agriculture since it is considered the main source of employment for fast-growing youth labour, while the figure is 58 percent in Latin America and the Caribbean regions (Salami et al., 2010; Gollin, 2014; Jayne et al., 2014).

Agricultural activity is a biological process dependent on land for production, which ultimately impacts more on the environment than other sectors of business (Trnka et al., 2011). Increased agricultural production for food security is a priority for countries focusing on improving productivity through technology, extension services and supply of inputs. This is due to rural policies containing the potential to alleviate poverty, which should not merely focus on agriculture but also on non-farming segments to aid income and employment generation and reduce poverty (Mwabu & Thorbecke, 2004). Agricultural activity contributes to entrepreneurial opportunities for innovation and the development of business processes and products (EIP-AGRI 2016; Vik & McElwee 2011). Johnston & Blenkinstopp (2017) point out that civic entrepreneurship is of underlying importance to creating economic growth and opportunities for local communities. Entrepreneurs are thus key to the establishment and proliferation of new market segments (Mendoza & Thelen, 2008) that fill the gaps in economic growth and spread development to all parts of a society.

Regarding the characteristics of entering agricultural business, entrepreneurs are supported by a Common Agricultural Policy (CAP) to help young farmers start up their businesses (Sutherland et al., 2015). In addition, European policies encourage entrepreneurs to establish agricultural ventures and non-agricultural businesses (Fuller, 1990; Morgan et al., 2010) in which these policies are related to rural development and motivating young people in rural areas (Marsden & Sonnino, 2008). Likewise, agricultural entrepreneurs engage in rural-natural environments with some challenges such as capital finance, low level of people living in rural areas and weak communications (Korsgaard et al., 2015).

However, successful agricultural entrepreneurs do not influence the behavior of entrepreneurship as a whole (Mwatsika, 2015). Indeed, creating opportunities for employees will increase rural income (Maertens & Swinnen, 2009). In fact, in rural areas, non-agricultural activities through self-employment produce income for households in the area (Davis & Bezemer, 2004) yet are undermined by low production of quality, and are unsustainable and perishable once the country develops (Nagler & Naude, 2014). However, in some developing countries, rural entrepreneurs are not properly recognized as stimulating rural economies (Lanjouw & Lanjouw, 2001), yet agricultural entrepreneurs function not only in the production of food but also in shaping the landscape, preserving biodiversity and creating a cultural heritage over time (Daugstad et al., 2006). Alsos & Carter (2006) claim that it is easy to start up a new agricultural venture as a result of the physical assets, inventories, facilities and land available that can improve profit. However, the lack of resources, entrepreneurs and knowledge of marketing and sales reduce the success of diversity (McElwee, 2008).

Microfinance has been emerging as a tool to drastically reduce the rate of poverty (Cobb et al., 2015). Small loans provided to the poor help ease their financial constraints and aid in their expenditure decisions, ultimately increasing future income (Yunus, 1999). Thus, to efficiently

combat poverty, microfinance is reliant upon its ability to reach the market segments of those who need capital and in which access to funding is greatly important to improving the microfinance industry (Cobb et al., 2015), leading to an ultimate revival of a poor country (John et al., 2001). However, monitoring small loans leads banks to generate high transaction costs that result in formal financial systems excluding the poor and increasing exposure to financial uncertainty, consequently making it difficult for farmers to obtain loans to start their own ventures (Ledgerwood et al., 2013).

Vanroose and D'Espallier (2013) conducted a study that found that the macro environment as a whole is a crucial determinant for microfinance aid and performance in developing countries in need of loans. In addition, banks have become increasingly interested in assisting microfinance clients, ultimately leading to competition between banks and MFIs. They found that MFIs succeed and face less competition in areas in which the traditional finance sector is underdeveloped, thus allowing them to reach a wide segment of the population. On the other hand, countries with more developed financial sectors see increased competition between MFIs and local banks yet focus solely on aiding the poor, closing the gaps created by banks. McIntosh and Wydick (2005) agree that commercial banks have a high demand from microfinance clients, which increases the competition between banks and MFIs (Assefa et al., 2013; Augsburg & Fouillet, 2010) whereas another study has shown that MFIs charge higher interest rates than commercial banks (Fernando, 2006). However, Erkomaishvili (2016) notes that the development of small entrepreneurships lays the foundations for the development of a stable economy. A study conducted in 2011 shows that over 200 million clients worldwide benefit from the creation of microfinance and rated outstanding's of loans of over $73 billion (Agier & Szafarz, 2013). In highly functioning economic environments, governmental institutions designate lenient policies that diminish regulatory burdens and costs on new businesses. This kind of environment allows for businesses to be established at low cost and benefit from creating relationships of trade and propriety deals while avoiding the risk of sanctions (De Soto, 2000). In contrast, in developing economic environments, regulations and policies place great burdens on emerging entrepreneurs. However, by leaving governmental registers, informal entrepreneurs avoid such burdens (De Soto, 2002).

Studies conducted have shown that hard governing regulations limit entrepreneurs' ability to start up a business due to the unofficial economy and corruption (Djankov et al., 2002) and the long process it takes to register a new business (Ciccone & Papaioannou, 2007). In addition, Imai et al. (2012) mention that countries with large microfinance sectors tend to have less poverty, with financing entrepreneurs focusing on bank loans and venture capital (Bygrave, 2009). Hence, there is a correlation between the business environment and the microfinance industry (Ahlin, 2011) in which the ease of doing business is deemed a reliable source of information about the business environment such as the regulations of the country, laws and costs of the business (DB, 2010). However, some emerging countries have limited access to finance; thus, microfinance has become the focal source to supply the necessary capital to microenterprises (Dorado, 2001; Khavul, 2010). Moreover, microfinance has been known to aid in venture growth and social improvement through creating economic and social value (Moss et al., 2015).

Scholars have conceded that national and regional firms and national economic performances are reliant on entrepreneurship for productivity, employment and socio-economic development (MacMillan, 2014, Dunphy, 1994). Moreover, social entrepreneurship is a phenomenon of the socioeconomic development of a country in which solutions are created to

provide opportunities that improve social welfare rather than economic wealth (Faruk et al., 2016). In rural areas of underdeveloped countries, the elements and operation of entrepreneurial activity are restrained by restricted government provision of public goods, and poverty (Khanna & Palepu, 2005). In addition, in the least developed countries, the rural entrepreneurship institutional void hinders those in poverty from being included in market activities where weak institutions are present (Mair & Marti, 2009).

The performance of finance consists of profit (e.g., return to assets and equity) and portfolio quality (e.g., repayment rates, portfolio at risk, loan loss ratio), demonstrating that financial institutions are practicing good business. In addition, production (e.g., number of active borrowers or savers per credit, savings officer, portfolio, deposits and savings) refers to MFI competitiveness and the validity of finance (e.g., operation or financial self-sufficiency, subsidy dependence) in which the MFI's capability of utilizing revenue to cover costs is essential to the entrepreneur (Ledgerwood, 1999). In contrast, reducing the poverty rate in rural regions in developing countries through social franchising provides greater small microfinance loans to entrepreneurs (Webb & Fairbourne, 2016). Furthermore, Camenzuli and McKague (2015) point out that in rural regions, entrepreneurs are insufficiently experienced, and have limited market opportunities, education and entrepreneurial ability. However, entrepreneurs in rural areas need more than merely finance to succeed. Studies have shown that in the least developed countries, rural regions with a low income are essentially different from those of advanced countries (McKague et al., 2017).

In comparison, some studies have shown that the creation and growth of small businesses come from the support of microfinance as it has been demonstrated that such businesses are successful ventures in which there is a net effect of income to the household (Banerjee et al., 2015). The influence of microfinance on poverty or income depends on micro-level evidence entirely from entrepreneurial household data (Hulme & Mosley, 1996; Imai et al., 2010; Khandker, 2005; Mosley, 2001). In short, the firm's capability and ability to repay loans in the present and future is indicated by its financial performance (Fama & French, 2012). Scholars have suggested that the performance of the firm is linked to organizational decision makers whose interests are in partnership investments with strong and stable performance rather than weak performance (Wry et al., 2014, Josefy et al., 2015).

Electrification of the Al-Khawi area in Dongola locality-Republic of Sudan is a pharaonic project to provide electricity to all agricultural entrepreneurs rather than utilizing fuel. Electrification contributes to reduce more than half of operation costs of irrigation according to reports from the Ministry of Finance of the state. The experience was deemed successful and blatant in terms of finance, execution and payment. Loans attribute to every aspect of agricultural enterprise in order to modernize production while the payment had been a tremendous social effort. Bankers, government officers and entrepreneurs recognize many barriers and constraints yet were all satisfied by the crops produced. This experience is considered unique in Africa in terms of application and organization; in which for this reason, we ask about the environmental conditions that allowed the project to happen. This study reviled a causality relation between environmental dimensions and facilities to access funding from banks in this region, hence:

H1: An improvement in quality of the institutional environment in least developing countries positively influences financing small projects.

H2: An improvement in quality of legal environment in least developing countries positively influences financing small projects.

H3: An improvement in quality of economic environment in least developing countries positively influences financing small projects.

H4: An improvement in quality of social environment in least developing countries positively influences financing small projects.

METHODOLOGY

Population and Sample

The population of this study was made up of all employees of microcredit banks in Dongola. The sample was then selected using a probabilistic method. The selected employees are in the top management, and responsible for the decision-making process of granting loans to customers. A total of 120 questionnaires were distributed and 56 responses were successfully collected. Therefore, this paper obtained a response rate of 56.66% with usable responses.
Survey investigates the opinion of managers on four major dimension of business environment: items covered the below topics:

Economic

1. There are threats from imported similar agricultural products.
2. Banks provide large funds to finance small projects.
3. There is an ongoing demand for agricultural products.
4. There is a concern about the risks that small entrepreneurs can face.
5. Availability of inputs for agricultural production.

Institutional

1. There are incubators for small enterprises.
2. There is coordination between Banks and government offices in terms of microfinance.
3. There are institutions to secure financing small projects.

Legal

1. There are taxes to pay for agricultural products.
2. There are taxes on microfinance loans.
3. There is a price liberalization of agricultural products.
4. There are taxes to pay for cultivated land.

Social

1. There is a preference for entrepreneurship.
2. There are collective and participatory actions in the implementation of projects.
3. Banks prefers to deal with groups-guarantee.
4. There are committees to help the implementation of small projects

Research Instrument and Goodness of Measures

This study used a quantitative method: preliminary data were extracted from distributed questionnaires. The items in the questionnaire were adapted with modifications from various previous studies (Mohammed, 2010) so to ensure the content validity of scale, and then presented to many professors at the Arab East College. Secondary data were also used, collected from various references such as books, periodicals, research, scientific theses, seminars and workshops. All items used a 5-point Likert-type rating scale (1="*strongly disagree*" to

5="*strongly agree*"). This study used Cronbach's coefficient to test the reliability of variables. The α-values were considered as acceptable, in which institutional environment=0.74, legal environment=0.76, economic environment=0.75 and social environment=0.79. The questionnaire is composed of four axes representing the main environmental factors that influence microfinance activities. Each axe includes items reflecting fundamental environment variables in the context of developing countries. TINST, TLEG, TECO and TSOC will design the statistical mean of Institutional, Legal, Economic and Social environments, and FUN will design microfinancial loan access as a proxy to measure facilities of getting loans in order to finance small projects.

RESULTS

Descriptive Analysis

To achieve the objectives of the study, a number of appropriate statistical methods were used via Statistical Packages for Social Sciences (SPSS). Pearson correlation coefficient was used to calculate the correlation between each item and their means. Frequencies and percentages were used to express the relative frequency of survey responses. The mean and standard deviation measure the variability and refer to the extent to which these data points differ from each other, and to rank the items in terms of the degree of response according to the highest average to detect the most influencing term. Prior to the analysis processes, all data were carefully treated for missing values. In addition, skewness and kurtosis statistics showed that the data have achieved approximation to normality; consequently, we can thus apply multivariate analysis to this study.

Mean, Standard Deviation and Correlation Analysis

The Mean scores (M), Standard Deviation values (SD) and Pearson correlation coefficients (ρ) of the variables are presented in Table 1. It was found that social environment (TSOC) obtained the highest mean score (M=3.5833; SD=0.89047), followed by economic environment (TECO) with M=3.3512 (SD=0.62658) and institutional environment (TINST) with M=3.2857 (SD=0.70619), while legal environment (TLEG) scored the lowest mean value (M=2.9881; SD=0.72464). Meanwhile, the mean score of funding terms (FUN) of a small project was 3.6786 (SD=1.22262).

Table 1
MEANS, STANDARD DEVIATION AND CORRELATION

	M	SD	TINST	TLEG	TECO	TSOC	FUN
TINST	3.2857	.70619	1				
TLEG	2.9881	.72464	.171	1			
TECO	3.3512	.62658	.338*	.007	1		
TSOC	3.5833	.89047	.267*	.321*	.388**	1	
FUN	3.6786	1.22262	.372**	-.011	.470**	.331*	1
**Correlation is significant at the 0.01 level							
*Correlation is significant at the 0.05							

The first set of analyses conducted a Pearson correlation to determine the direction and strength of correlation between variables (Table 1). The coefficient values reveal that all couples of variables were positively and significantly correlated. Taken together, all exogenous variables

(TINST TECO, TLEG, TSOC and FUN) present a positive and significant correlation with the dependent variable (FUN). TECO and FUN recorded the highest (ρ) (0.47; p<0.01) while TINST and FUN were found to have the lowest (ρ) (0.39; p<0.01). The results demonstrate that the (ρ) of all pairs of independent variables were much lower than1; hence, the multicollinearity does not pose a problem due to the low correlations.

Mulitiple Linear Regresstion Analysis

Multiple linear regressions analysis was used (Table 2) to test the hypotheses. It is important to ensure that multicollinearity is not found in the model. Based on the values of correlation (ρ) in Table 1, this finding confirms that multicollinearity did not exist. Further analysis was conducted, and the non-collinearity is confirmed by the large tolerance values (>0.10) and small Variance Inflation Factor (VIF) values (<10) (Table 2). This validates the usefulness of multiple linear regressions analysis to test the hypotheses.

Table 2
Multiple Linear Regressions Analysis

Variables	Beta (β)	Std. Error	T	SIG p-value	Tolerance	VIF
Constant		1.128	-0.324	0.748		
TINST (Institutional environment)	0.212	0.228	1.612	0.113	0.807	1.239
TLEG (Legal environment)	-0.026	0.22	-0.198	0.844	0.823	1.216
TECO (Economic environment)	0.341	0.26	2.56	0.013	0.787	1.271
TSOC (Social environment)	0.151	0.193	1.071	0.289	0.705	1.418
R^2	2890					
F-statistics	5.186sig (0.01)					

Table 2 shows the F-statistic (5.186) revealed that the model was statistically significant at (0.00). The four exogenous variables (TINST, TECO, TLEG and TSOC) explained the variances of dependent variable (FUN) by as much as 28% (R^2=0.28) and other factors accounted for 72%. Additionally, in determining the influences of TINST TECO, TLEG and TSOC on FUN (*H1* to *H4*), it showed that TECO (β = 0.341; p<0.05) positively and significantly influenced FUN. Meanwhile, TINST (β=0.212), TLEG (β=-0.26) and TSOC (β=0.15) did not demonstrate a significant influence on FUN (p>0.05). In sum, *H3* was supported but *H1*, *H2* and *H4* were not supported (Table 2).

DISCUSSION

Vanroose & D'Espallier (2013) and Ahlin (2011) point out the positive correlation between environment as a whole and the development of microfinance. Their studies are partially supported. The statistical analyses found that the measure of environment, other than economic factors, does not ostensibly matter, however, the p-value for the coefficient on TINST is marginally insignificant (p-value=0.113) and likely a reflection of the small sample size. As expected, economic environment factors had the most important impact. The result was similar to Autio & Fu (2015) and De Soto (2000), as described: earlier microfinance success is significantly affected by the macroeconomic environment.

The results show that microfinancial loan access are stimulated by many economic factors: large demand for agricultural products, liberalization of agricultural product prices, availability of inputs and production factors such as engrails, seeds and technology. In fact, in fewer developing countries, increasing agricultural activities is a major choice to ensure efficiency and food security. This can lead those countries to promote agriculture entrepreneurship by improving productivity through technology, extension services and supplying inputs (Mwabu & Thorbecke, 2004). In addition, government intervention acts against threats coming from similar agricultural products which have been imported. Results stressed the proposition of Vik & McElwee (2011) that agricultural activity contributes to entrepreneurial opportunities of innovation and the development of business processes and products. Thus, microfinancial loan access is influenced by the dynamism of agricultural projects, created in turn by the dynamism of economic choices in developing countries. Moreover, government policy enhances banks' strategies in promoting agricultural investment by providing large funds to finance small projects and contributes to minimizing the risks that small enterprises can face. In addition, and Carter (2006) demonstrate the same conclusion and find that a new agricultural venture is a result of the physical assets, inventories, facilities and land availability that can improve profit are stimulated by many economic factors: large demand for agricultural products, liberalization of agricultural product prices, availability of inputs and production factors such as engrails, seeds and technology. In fact, in fewer developing countries, increasing agricultural activities is a major choice to ensure efficiency and food security. This can lead those countries to promote agriculture entrepreneurship by improving productivity through technology, extension services and supplying inputs (Mwabu & Thorbecke, 2004). In addition, government intervention acts against threats coming from similar agricultural products which have been imported. Results stressed the proposition of Vik & McElwee (2011) that agricultural activity contributes to entrepreneurial opportunities of innovation and the development of business processes and products. Thus micro financial loan access is influenced by the dynamism of agricultural projects, created in turn by the dynamism of economic choices in developing countries. Moreover, government policy enhances banks' strategies in promoting agricultural investment by providing large funds to finance small projects and contributes to minimizing the risks that small enterprises can face. Alsos & Carter (2006) demonstrate the same conclusion and find that a new agricultural venture is a result of the physical assets, inventories, facilities and land availability that can improve profit.

Thus, it was surprising to find that social environment does not significantly affect microfinancial loan access. There is a preference for entrepreneurship (agriculture) and collective and participatory work in the implementation of projects. The bank prefers to deal with the guarantee groups in granting microfinance. In Dongola, the loan is individual, and the execution of projects and payment is collective. However, the result in this paper supports McKague et al.

(2017), entrepreneurs in rural areas. Indeed, the least developed countries need more than merely finance to succeed. They lack knowledge and experience in doing business.

The result was similar for the other environmental factors, TLEG and TINST. The finding supported that taxes on cultivated land and agricultural production fees discourage the financing of small projects. To a certain extent, the majority of respondents felt that government policies cannot promote investment. The same results were found by Djankov et al. (2002). Hard governing regulations limit an entrepreneur's ability to start up a business due to the unofficial economy and corruption (Ciccone & Papaioannou, 2007). Moreover, there is a correlation between the business environment and the microfinance industry (Ahlin et al., 2011) in which the ease of doing business is deemed a reliable source of information about the business environment, such as the regulations of the country, laws, and costs of the business.

Governments in less developed countries have also frequently promoted the concepts of the institutionalization of the economy in line with institution theory. North (1990) stipulates that institutions can influence economic performance and can reduce both uncertainty and transaction costs during the processes of trade and production, in consequence stimulating economic performance. Thus, entrepreneurs may be discouraged from starting a business if they have to follow many rules and procedural requirements. To assess that, questions were formulated about, first, the existence of incubators and popular committees and their assistance in the implementation of small projects; the existence of coordination between microcredit banks and government offices in terms of microfinance; and, finally, the existence of insurance companies. It is fundamental to note that the existence and working of institutions is a major handicap for realizing growth in developing countries. The results mentioned earlier confirmed previous research: De Soto (2002) stipulated that in the environment of less developed countries, regulations and policies place great burdens on doing business and entrepreneurship. Moreover, Autio & Fu (2015) argue that a country's political and economic institutions condition informal entrepreneurship, poverty and inequality. In developing countries, entrepreneurship is considered as a major vector to generate job opportunities and increase the economy's efficiency. Ledgerwood et al. (2013) argue that monitoring small loans in formal financial systems leads banks to generate high transaction costs that result in excluding the poor and increasing exposure to financial uncertainty, consequently making it difficult for farmers to access loans to start their own ventures.

CONCLUSION

The main aim of this paper was to determine the influences of the economic, legal, social and institutional environment micro financial loan access in the context of microcredit banks in Dongola-Soudan. In determining the factors that influenced such terms, a regression model revealed that the economic factor was significant. However, the legal, institutional and social factors were not influential. This study showed that the existence of institutions and a mitigated tax system were important in influencing entrepreneurship. Thus, in order to develop an entrepreneurship culture in the country, education institutions and governmental incubator assistance agencies should exist, and provide more directives as to how to do business. It is also important to integrate microcredit banks in the social process. Finally, this paper pointed out several environment factors but not all; a new integrative model could be used in studying the financing of small projects. Further studies are needed to expand the research framework by integrating national culture as the ultimate determinant of the success or failure of projects.

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