

**THE IMPACT OF MICROFINANCE ON SOCIAL MOBILITY:
STUDY ON SMALL AND MEDIUM ENTERPRISES IN BRUNEI
DARUSSALAM**

DK SITI NUR'ATIQA H BINTI PG HAJI ABDUL RAHMAN

10B0803

An academic exercise submitted in partial fulfilment
of the requirements for the degree of
BACHELOR OF SCIENCE IN ISLAMIC FINANCE

**Faculty of Business and Management Sciences
Sultan Sharif Ali Islamic University
Brunei Darussalam**

Sya'ban 1435 / June 2014

SUPERVISION

THE IMPACT OF MICROFINANCE ON SOCIAL MOBILITY: STUDY ON SMALL AND MEDIUM ENTERPRISES IN BRUNEI DARUSSALAM

DK SITI NUR'ATIQA H BINTI PG HAJI ABDUL RAHMAN
10B0803

Supervisor: DR MUSLICHAH BINTI MOHAMMAD MACHALI

Signature: _____

Date: _____

26-6-2014

Faculty Dean: DR FADZLIWATI BINTI HAJI MOHIDDIN

Signature: _____

Date: _____

26-06-2014

DECLARATION

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

I hereby declare that the work in this academic exercise is my own except for quotations and summaries which have been duly acknowledged.

Signature : 

Name : Dk Siti Nur'Atiqah Binti Pg Haji Abdul Rahman

Registration Number : 10B0803

Date of submission : 30 Sya'ban 1435 / 28 June 2014

DECLARATION OF COPYRIGHT AND AFFIRMATION OF FAIR USE OF UNPUBLISHED RESEARCH


Copyright © 2014 by Dk Siti Nur'Atiqah Binti Pg Haji Abdul Rahman. All rights reserved.

THE IMPACT OF MICROFINANCE ON SOCIAL MOBILITY: STUDY ON SMALL AND MEDIUM ENTERPRISES IN BRUNEI DARUSSALAM

No part of this unpublished research may be reproduced, stored in a retrieval system or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without prior written permission of the copyright holder except as provided below:

1. Any material contained in or derived from this unpublished research may only be used by others in their writing with due acknowledgement.
2. UNISSA or its library will have the right to make and transmit copies (print and electronic) for institutional and academic purposes.
3. The UNISSA library will have the right to make, store in retrieval system and supply copies of this unpublished research if requested by other universities and research libraries.

Affirmed by Dk Siti Nur'Atiqah Binti Pg Haji Abdul Rahman.


.....
Signature:

30 Sya'ban 1435 / 28 June 2014

Date:

ACKNOWLEDGEMENT

All praises to Allah Subahanahu Wa Ta'ala The Most Gracious and Most Merciful for giving me the chances to write and finish this research study and for helping me to go through the obstacles during the accomplishments of this research.

I would like to express my sincere appreciation to my supervisor, Dr Muslichah Mohammad Machali for all of her endless support and guidance during the research study is conducted. Thank you for all the advice and for being patience in supervising me until the accomplishment of this research study.

Special thanks to UNISSA, especially to the Dean for the Faculty of Business and Management Science, Dr Fadziwati binti Haji Mohiddin, for giving me the opportunity to complete this research successfully and many thanks to all the lecturers that have been teaching me for all these years.

I would like to express my greatest appreciation to my parents Pg Haji Abdul Rahman Bin Haji Omar and Hajah Hamidah Binti Haji Saman, who have been always standing behind me and for all the continuous support, advice and the understanding throughout the research period.

Many thanks also to all my friends of class 2010/ 2011 for words of advice and support that we gave to each other to complete this journey. Thank you also to others who has involved directly or indirectly in the making of the research.

Last but not least, many thanks also go to the Micro Financial Institutions who are willing to help in doing my research and giving out the information needed to complete this study. This goes as well to all the small and medium enterprises that are willing to contribute in completing the information for the data needed.

ABSTRACT

THE IMPACT OF MICROFINANCE ON SOCIAL MOBILITY: STUDY ON SMALL AND MEDIUM ENTERPRISES IN BRUNEI DARUSSALAM

Microfinance has been defined as one of the tools for poverty reduction. In a broad definition, microfinance are a type of financing that are able to help people with lower income, unemployment and poor by providing them a special type of financing that are specific for them. The aim of this research is to analyze the impact of the microfinance on the social mobility of the small and medium enterprises in Brunei Darussalam. A quantitative approach will be used to obtain the findings of this study in which the findings will be gathered from the distribution of survey to the 29 respondents of Small and Medium Enterprises in Brunei Muara District who uses the microfinance facilities for their businesses. This study used the frequency tools to prove that there is a high level of social mobility of the respondents in Brunei. However, with the use of regression method, this study reveals that social mobility of the respondents has no relationship with microfinance. Thus, it is important for the MFIs in Brunei to see how the social mobility of their clients can improve through the facilities of microfinance.

Keywords: Microfinance, Social Mobility, SMEs

ABSTRAK

KESAN KEWANGAN MIKRO KEPADA MOBILITI SOSIAL: KAJIAN KEPADA PERUSAHAAN KECIL DAN SEDERHANA DI BRUNEI DARUSSALAM

Kewangan mikro telah didefinisikan sebagai salah satu alat untuk menyinkirkan kemiskinan. Dalam erti kata yang lebih luas, kewangan mikro adalah sejenis pembiayaan yang mampu membantu orang yang berpendapatan rendah, orang yang tidak mempunyai pekerjaan dan orang yang miskin dengan menyediakan pembiayaan yang khusus untuk mereka. Kajian ini dijalankan bertujuan untuk menganalisis kesan kewangan mikro pada mobiliti sosial perusahaan kecil dan sederhana yang terdapat di Brunei Darussalam. Pendekatan kuantitatif akan digunakan untuk mendapatkan hasil dari kajian ini, yang mana hasil dari kajian akan dikumpulkan melalui dari pengagihan kaji selidik kepada 29 orang responden dari perusahaan kecil dan sederhana di Daerah Brunei dan Muara yang menggunakan khidmat kewangan mikro untuk perniagaan mereka. Kajian ini akan menggunakan alat frekuensi untuk membuktikan bahawa kadar mobiliti sosial daripada responden di Brunei adalah tinggi. Walau bagaimanapun, dengan menggunakan kaedah regresi, kajian ini telah menunjukkan bahawa mobiliti sosial daripada responden tidak mempunyai hubungan dengan khidmat kewangan mikro. Oleh itu, ia adalah penting kepada Institusi Kewangan Mikro di Brunei Darussalam untuk melihat bagaimana mobiliti sosial pelanggan mereka boleh ditingkatkan melalui khidmat kewangan mikro.

Kata Kunci: Kewangan Micro, Mobiliti Sosial, SMEs

ملخص البحث

أثر التمويل الصغير على الحراك الاجتماعي:

دراسة عن المشروعات الصغيرة والمتوسطة في بروناي دار السلام

تم تعريف التمويل الصغير باعتبارها واحدة من أدوات التخلص من الفقر. وبمعنى أوسع، أن التمويل الصغير هو نوع من التمويل التي تكون قادرة على مساعدة الأشخاص الذين يعانون انخفاض الدخل المالي، والذين ليس لديهم وظائف والفقراء من خلال توفير التمويل الخاص لهم. وتهدف هذه الدراسة إلى تحليل أثر التمويل الصغير على الحراك الاجتماعي للمشروعات الصغيرة والمتوسطة في بروناي دار السلام. وتم استخدام المنهج الكمي للحصول على النتائج، بحيث توزيع المسحات على 29 مستطلعين من تلك المشروعات في منطقة بروناي - موارد الذين يستعملون خدمات التمويل الصغير لمشروعاتهم التجارية. واستخدمت هذه الدراسة الأدوات الترددية لإثبات أن هناك مستوى عال من الحراك الاجتماعي عند المستطلعين في بروناي. وأما باستخدام أسلوب الانحدار، اكتشفت هذه الدراسة أن الحراك الاجتماعي من المستطلعين ليس هناك علاقة مع التمويل الصغير. وبالتالي، فمن المهم لمؤسسات التمويل الصغير في بروناي دار السلام التعميق في كيفية تحسين الحراك الاجتماعي من خلال استعمال التمويل الأصغر.

الكلمات الرئيسية: التمويل الأصغر، والتجاريه الصغيرة والمتوسطة، والحراك الإجتماعي

TABLE OF CONTENTS

CONTENT	PAGE
Supervision	iii
Declaration	iv
Copyright	v
Acknowledgement	vi
Abstract	vii
Abstrak	viii
ملخص البحث	ix
Table of Contents	x
List of Tables	xiv
List of Appendices	xv
Abbreviations	xvi
CHAPTER I	
INTRODUCTION	
1.1. Background of the Study	1
1.2. Research Questions	3
1.3. Research Objectives	3
1.4. Problem Statement	3
1.5. Significant of the Study	4
1.6. Scope of the Study	5
1.7. Limitations	5

CHAPTER II

LITERATURE REVIEW

2.1. Microfinance	7
2.1.1. Definition	7
2.1.2. Microfinance and Microcredit	8
2.1.3. Role of Microfinance	8
2.1.4. Advantages of Microfinance	9
2.2. Social Mobility	
2.2.1. Definition	10
2.2.2. Types of Social Mobility	11
2.3. Small and Medium Enterprises	
2.3.1. Definition	12
2.3.2. Characteristic of SMEs	13
2.3.3. Development of SMEs	13
2.4. Hypothesis Development	
2.4.1. Level of Social Mobility of SMEs in Brunei	15
2.4.2. The Effect of Microfinance on Social Mobility	15
2.5. Previous Study	17

CHAPTER III

RESEARCH METHODOLOGY

3.1. Research Design	23
3.2. Sampling	24
3.3. Data Collection	24
3.3.1. Primary Data	25
3.3.2. Secondary Data	26
3.4. Data Analysis	27

CHAPTER IV

FINDINGS AND DISCUSSION

4.1. Presentation of Findings	
4.1.1. Demographic Information	28
4.1.2. Hypothesis Tests	
4.1.2.1. Hypothesis 1 (H1)	33
4.1.2.2. Hypothesis 2 (H2)	34
4.2. Discussion	
4.2.1. Hypothesis 1 (H1)	35
4.2.2. Hypothesis 2 (H2)	36

CHAPTER V

CONCLUSION AND RECOMMENDATIONS

5.1. Conclusion	38
5.2. Recommendation	

5.2.1. Micro Financial institutions (MFIs)	39
5.2.2. Small and Medium Enterprises (SMEs)	40
5.2.3. Government	40
5.2.4. Future Research	41
Bibliography	42

LIST OF TABLE

NUMBER	TITLE	PAGE
Table 1	Reliability Coefficients	26
Table 2	Frequency Distribution Age	28
Table 3	Frequency Distribution of Gender	29
Table 4	Frequency Distribution of Marital Status	29
Table 5	Frequency Distribution of Highest Level of Education	30
Table 6	Frequency Distribution of Main Business	30
Table 7	Frequency Distribution of Income Level	31
Table 8	Frequency Distribution of Duration in Business	32
Table 9	Percentage of Responses Related to Social Mobility	33
Table 10	Regression Results on the Relationship of Microfinance and Social Mobility	34

LIST OF APPENDICES

NUMBER	TITLE	PAGE
Appendix A	Survey Questions for SMEs	26
Appendix B	SPSS Results of Personal Information	32
Appendix C	SPSS Results for Hypothesis 1 (H1)	33
Appendix D	SPSS Results for Hypothesis 2 (H2)	34

ABBREVIATIONS

ASCI	<i>Amraha</i> Credit and Savings Institutions
BDICC	Brunei Darussalam International Chambers of Commerce
BEDB	Brunei Economic Development Board
<i>BIBD</i>	Islamic Bank Brunei Darussalam
ed.	Edition
Ed.	Editor
EFS	Enterprise Facilitation Scheme
EU	European Union
FMB	The First Micro Finance Bank
<i>JAPEM</i>	Department of Community Development
KBL	Khushhali Bank Limited
LGA	Local Government Area
MFIs	Micro Financial Institutions
MFS	Microcredit Facilitation Scheme
MIPR	Ministry of Industry and Primary Resources
n.a	No Author
n.pb	No Publisher
n.pl	No Place of Publication
No.	Number
OECD	Organisation for Economic Co-operation and Development
<i>Op. cit</i>	<i>Opere citato</i>
p	Page
PERSGA	Regional Organization for Conservation of Environment of the Red Sea and Gulf of Aden
pp	Pages
SMEs	Small and Medium Enterprises
SPSS	Statistical Product and Service Solutions
TMB	Tameer Micro Finance Bank
<i>UBD</i>	Brunei Darussalam University
<i>UNISSA</i>	Sultan Sharif Ali Islamic University
USAID	United States Agency for International Development
USBE	Umeå School of Business
Vol.	Volume
<i>YAYASAN</i>	Sultan Haji Hassanah Bolkuah Foundation

CHAPTER I

INTRODUCTION

This chapter will discuss briefly on the background of the study in the development of microfinance and social mobility that has today and it also includes discussion of microfinance on small and medium enterprises (SMEs) that Brunei has. Furthermore, this chapter will moreover discuss on the objectives and the research questions that this study wants to achieve, the importance of this study will as well be consider. This study also examines the problem that may arise for this study and at the end of this study, the scope and the limitations will be disclosed.

1.1. Background of the Study

Microfinance is not something extraordinary among the developing country. This product is intended to provide financial services such as loans, savings and insurance to people such as those who wanted to start a business (entrepreneurs), unemployed person, and those with low income level. This is because, traditional banks will usually feel hesitate to provide financials to these kind of people because due to their little income or they may have seen as a non potential customer due to their financial problems. In fact, a microfinance facility does not require any securities or collateral which clearly will be easy for these people to acquire financing from microfinance institutions (MFIs).

Aside for using microfinance as a tool for poverty reduction, microfinance services indirectly may as well used to increase the standard of living of a person and at the same time improved the economy of the country. According to Muhammad Arifujjaman Khan (2007) in his thesis on microfinance in Bangladesh, his data analysis shows that microfinance in Bangladesh provides a positive impact in the life of the people and their way of life¹. He also mentions that from these microfinance activities, the poverty in Bangladesh was able to come over the poverty line, and helped them to empower themselves.

The social mobility of these people thus can be seen as well through the usage of the micro financing. In the journal of *International Journal of Arts and Commerce*,

¹ Mohammad Arifujjaman Khan. (2007). *Impact of Microfinance on Living Standards, Empowerment and Poverty Alleviation of Poor People: A Case Study on Microfinance in the Chittagong District of Bangladesh*. Thesis submitted for Master Studies, Umeå School of Business (USB).

(2012), with the research topic of “microfinance and small enterprises development: client perspective study of Baluchistan, Pakistan”, it mention that the impact of microfinance projects was assessed by the changes in the income or well being of the clients². The improvements of microfinance thus can be seen through the increase in the income of the users.

Through this, we can see that, with this type of financing to these specific kinds of people, they slowly improving their life by building some businesses which maybe gradually become more widen in the future and as a result they would be able to survive without the help of these micro financing as they are now able to stand on their own feet. And with that, it may help to increase in the economy of the country in different sectors of businesses that they serve.

Brunei Darussalam has been implementing microfinance services since quite a long time ago. Numerous numbers of entrepreneurs were able to build their careers in small and medium enterprises by acquiring financial from the microfinance institution in Brunei. The data from Department of Economic Planning and Development has estimated that in 1994, the SMEs n Brunei has been amount to 98% of all business establishments with about 39% of the SMEs are in the manufacturing and construction business, 32% in the service sector including 23.5% in trading and wholesale activities³.

Among the institutions that provide micro financing services in Brunei are Bank Islam Brunei Darussalam (BIBD), Ministry of Industry and Primary Resources (MIPR) through two of their scheme Enterprise Facilitation Scheme (EFS) and Microcredit Facilitation Scheme (MFS), Brunei Economic Development Board (BEDB), Department of Community Development (JAPEM) and Sultan Haji Hassanal Bolkiah Foundation (YAYASAN).

From the previous study, they has been always mentioning on how microfinance can empower women in their life. This can be prove in the international journal of arts and commerce on the topic of microfinance and small enterprises

² Dr. Shadiullah Khan, Abdul Naeem, Saleh Muhammad Kasi. “Micro Finance and Small Enterprises Development: Client Perspective Study of Baluchistan, Pakistan”. *International Journal of Arts and Commerce*. Pakistan: n.pb. October 2012. Vol. 1 No. 5. p. 282

³ n.a. “Small and medium enterprises”. *BruneiDirect*.

http://www.bruneidirecthys.net/about_brunei/small_medium.html. Retrieved: November 28, 2013.

development: client perspective study of Baluchistan, Pakistan, it was found in that study, women has utilized the loan given to them more efficiently than men that lead to the increase in their income with the percentage of 37% and 28% respectively⁴.

Most of the previous study has investigated on the impact that microfinance has on social mobility but they do not focus on explaining the level of social mobility of the entrepreneur. Thus in this case, this study will try to take a step ahead on explaining the subject mention above to make this study different from the previous.

1.2. Research questions

In concerning to the above statement, the following are the questions that need to be determined:

- 1) What is the level of social mobility of the entrepreneurs in the small and medium enterprises in Brunei?
- 2) What is the relationship between microfinance and social mobility?

1.3. Research Objectives

This main objective of this study is to look at what has lead to the impact of the social mobility from the facility of microfinance.

- 1) To know the level on social mobility of the entrepreneurs of the small and medium enterprises in Brunei.
- 2) To examine the relationship between microfinance and social mobility.

1.4. Problem statement

Micro financing institution (MFIs) is established to have its own goals and objectives. Basically, Brunei's MFIs have the similar functions and purposes in social development in this country. Among its objectives is to improve the socio economy of the less fortunate people in order to make them to be able to be independent and thus able to escape the poverty. Most of these institutions focus on the development on the small and medium enterprises (SMEs) which eventually provide more opportunities for the communities in Brunei.

However, there is still an issue in Brunei regarding the SMEs who used the facilities of microfinance. The problems are mostly related to the behaviour of the

⁴ See: Shadiullah, Naeem and Saleh. "Micro Finance and Small Enterprises Development: Pakistan". *Op. cit.* Vol. 1 No. 5. p. 286.

SMEs who are claims to use the loans on other facilities that are not required in their business. It has been claims that the “free” business that is offered in Brunei has been taken for granted and has been misused⁵. This means that, the loans that were offered to the users for building up the business is used in other purposes instead of using for the development of their business.

This has issues in the social mobility as the social mobility of the entrepreneurs of SMEs does not actually come from the income they generated in their business.

This report is proposed to look on how microfinance would be able to transform these SMEs to be better and improve the standard of living of the entrepreneurs from their business itself, thus allowing them to be independent to handle their business on their own.

1.5. Significant of the studies

This study is important as it will give the audience to see the movements of the small and medium enterprises in developing their careers as well as their standards of living. Aside from that, audience may also see whether microfinance can becomes one of the important factors on social mobility in Brunei.

Furthermore, since majority of the related studies on microfinance and social mobility have been carried out in other countries, it is hoped that, this research will be able to help to add and improve the previous and currents studies of microfinance in Brunei.

This study is expected to bring more concern from the MFIs towards improving the social mobility on the microfinance recipients. From the data gathered in this study, it is hope that this study will be a reference to further improve the effort of the MFIs to see and increase the development of social mobility among the entrepreneurs of microfinance in the country.

It is also hope this study will be useful as well to the microfinance institutions in Brunei especially in being able to make the improvement in the development of the SMEs in Brunei by using this study as one of the tools for any decision making or to improve the current issues of the SMEs and etc.

⁵ J.W. November 25, 2009. “Starting microfinance in Brunei”. *The Brunei Times*. <http://www.bt.com.bn/opinion/2009/11/25/starting-microfinance-brunei>. Retrieved: April 10, 2014.

1.6. Scope of the study

The scope of this study covers in analysing the impact of the microfinance on social mobility in Brunei Darussalam, in which this study is focusing on finding the social mobility of the SMEs under the microfinance services specifically in the area of Brunei Muara district. Reason for the study is more concentrates in the area of Muara District because the majority of the SMEs are located in Muara District in which it can be seen from the address given by the MFIs which is mostly located to the Muara district address.

This data taken will be taken from the distribution of survey to the SMEs. The SMEs are chosen from different sector as the objective of this study does not focus on a specific sector. The survey will then be distributed to all the entrepreneurs from the SMEs selected.

This study is also focusing on finding the relationship of microfinance and social mobility. This is to see whether microfinance also can change the social mobility of the entrepreneurs in Brunei or not. These relation may be derives from survey questions that will be distributed.

1.7. Limitations

Since this study is to find out on the impact of microfinance on social mobility, this study will only focus on the recipients of the microfinance and thus will not be able to ensure on how the MFIs really works and how efforts will be worth with the financing given by them to the recipients.

During the research was carried out, there were some limitations faced by the student. Among the limitations were finding the books that is related to the study. There are books that talk about microfinance, but most of the books were only mentioning about the introduction on microfinance and how microfinance can reduce the poverty of a country and most of the books are mainly relates and focusing on the microfinance for women. Student also faces some difficulties in finding the previous studies that is related to the study example like findings the previous study on the social mobility to see for the comparison of this study and other previous research study.

The survey conducted will only be limited in the area of Bandar Seri Begawan in which the study will not be able to cover the development of the social mobility in other district area in Brunei Darussalam as there is limited time to conduct the survey to all other districts in Brunei. Therefore, since the survey is conducted in only one district area, this study will not able to see the differences of social mobility of the SMEs in each districts in Brunei Darussalam.

Other limitation faced is, in getting the address of the SMEs in Brunei. There is lack of cooperation given by the MFIs institutions in giving up the list of the SMEs to the researcher. Researcher is unable to receive the lists on time even when the officers in MFIs are promise to give it. When the researcher has been given the list name of the SMEs under one of the MFIs which is MIPR, the name lists given is unfortunately are not complete and as the survey distribution if conducted, it was found that the lists name given is not an updated version of the current SMEs that they are holding. Thus, this study as well may only cover on the recipients under the MIPR institution only as there are limited times in dealing with other institutions.

While distributing the survey questions, the researcher face difficulties in finding the exact places of the SMEs and thus it is time consuming. Researcher faced a time limit in waiting for several days for the survey to be returned back as most of the owners of the SMEs were not in their office or shop during the distribution of the survey questions, and there were also some of the SMEs that were not willing to give their cooperation in answering the survey and some of them do not want to answer the survey questions with the reason because they were no longer in the business and no longer interested in it anymore.

During the distributions, sometimes the researcher has to read and explains further on the question being asked in the questionnaire. This is because most of the respondents do not understand the financial terms used in the questionnaire where most of the respondents are someone that are old.

Random sampling would not be able to use in this research study as it will be difficult to reach the targeted number of respondents even if the distribution will only be focusing in Muara District. This is also because; the number of SMEs given for Muara District itself is quite limited.

CHAPTER II

LITERATURE REVIEW

This part of the chapter will discuss on the theoretical part that explain briefly on microfinance, social mobility and SMEs, followed by the hypothesis development to test whether the relationships that have been theorized is true or not and last part in this chapter will discuss on the previous studies that is related with this study.

2.1. Microfinance

In 1976, Muhammad Yunus first thought of the Grameen Bank in which it is the bank that is originally serves for the poor people. Muhammad Yunus disagree with the conventional banking systems in which they leave out the poor people to have the opportunity to take credit from them, as the conventional bank believe that those poor people will be unable to repay any loan that they will consume from them. Muhammad Yunus states that credit is the rights of the human being and by setting up the Grameen Bank, it encourage the poor to used up their skills by allowing these poor to gain access to small credit or loans which is free from collateral⁶.

Microfinance is seen as a method of financing the low income level people, unemployed person as well as women as to reduce the poverty in a country. In most of developing countries, these types of people are the most unfortunate as they are unable to get what they wanted as well as satisfying their needs. With this, MFIs was established to accomplish their needs in order to let these types of people improve their standards of living.

2.1.1. Definition

Heather Campbell (2012) describe microfinance as an act of providing microcredit and other financial services such as savings, insurance policies in a small amount to the people who are unable to obtained financial services at the traditional banks⁷. R Srinivasan and M.S Sriram (2003) states that Robinson has provide a better definition of microfinance in defining it as a “small scale financial services that are provided for

⁶ PERSGA. “Grameen Bank Microfinance System”. *Concept Paper on the Bank of the Poor*. n.pl: n.pb. p. 1.

⁷ Heather Campbell. “Gender Empowerment in Microfinance: How SHGs in India Exemplify the Institutional Potential”. *Policy Briefing*. n.pl: n.pb. 2012. Vol 3. No 1. p. 7.

both credits and deposits”⁸ in which it is provided for the farmers, for the people that own a small business and etc. Shahid Khandker (2003) define microfinance as a small transactions of amounts in savings and credit in which mostly entailed with the SMEs⁹.

Aside from providing financing to the poor people, microfinance were able to help in increasing the job opportunity for those people who start their business and thus at the same time it would be able to improve the financial stability of this people. This is because, as more people use microfinance to start up a business, more job opportunity will open up.

2.1.2. Microfinance and microcredit

The terms microfinance and microcredit are often referred to have the same meaning which in fact is carrying a different term. Joanna Ledgerwood and Alan Gibson (2013), said the term microcredit become microfinance due to the needs for the saving services¹⁰. Eoin Wrenn (2005), define microcredit as a small loans and it is considered as one of the main components in the microfinance facility¹¹.

Microfinance indeed not only cover in the area of giving financing for the poor people, but microfinance also provides savings, insurance, transfer services and any other financial services that are offered by the MFIs. This shows that microfinance has broad facilities than just providing loans to the ones who need it.

2.1.3. Role of microfinance

Microfinance has known to be a tool in helping the poor people to improve their standards of living and their social income. The poor will not be given any charges of interest from the facilities of microfinance as it will put the poor difficulties in paying the extra charges.

Aside from providing financing to the poor, microfinance also help the poor people who has skills to build up their businesses. With the help from the micro financing,

⁸ R Srinivasan and M.S Sriram. “Microfinance: An Introduction”. *IIMB Management Review*. n.pl: n.pb. June 2003. p. 52.

⁹ Shahid Khandker. “Does Micro-finance Really Benefit the Poor? Evidence from Bangladesh”. *Asia and Pacific Forum on Poverty*. n.pl: n.pb. February 2001. p. 1.

¹⁰ Joanna Ledgerwood and Alan Gibson. (2013). *The New Microfinance Handbook: A Financial Market System Perspective*. Joanna Ledgerwood. Washington: The World Bank. p. 16.

¹¹ Eion Wrenn. (2005). *Microfinance Literature Review*. n.pl: n.pb. p. 1.

the poor with skills were able to buy materials (example like machine) and thus they may improve their income from their business and able to pay back the loan. Hence, with the increase of their income, microfinance as well gives the opportunity in helping the poor to save their income.

This is supported by Joel Rubinstein (n.d) when he found that, one of the borrowers from Grameen Bank name Joygon Begum has shown a success in her business when she bought a second- hand sewing machine with the loans that she took. From the income, she was able to prevent her family from starving and afford to give her children education¹². This shows that, the role of microfinance in helping the poor is vital as it may assist the poor to change and improve their social mobility.

2.1.4. Advantages of microfinance

There are certainly advantages from the facilities of microfinance given to the users. One of the advantages is that, it may help the poor in terms of their financing and savings. Fazle Hasan Abed (n.d) states that the poor people need to have a “ladder” in order for them to go up and jump out from poverty. He states that, only through the utilization of microfinance facilities that this can work for the poor.¹³

Poor people who wish to open up a business but lack of capital can as well benefits from the microfinance facilities. Shahid (2003) states that the loan provided to them can in fact help the poor who are “unemployed to become self employed” in their own field of business. He also states that, running a business with the utilization of the microfinance facilities is a “self- help activity”¹⁴. Linda Mayoux (2001) also states that microfinance has so much potential where the credit or loan taken by them makes a significant contribution to increase incomes of the better- off poor¹⁵.

¹² Joel Rubinstein. April 1994. “Microcredit: A Poverty Eradication Strategy That Works”. *Ecology Center Terrain*. <http://www.resultssf.org/media/terrain199404microent.html>. Retrieved: March 30, 2014.

¹³ Fazle Hasan Abed. (n.d). *Microfinance Interventions to Enable the Poorest to improve Their Asset Base*. n.pl: n.pb.

¹⁴ Shahid (2003). *Does Micro-finance Really Benefit the Poor?. Op. cit.* p. 3.

¹⁵ Linda Mayoux. (2001). “Women’s empowerment or feminisation of debt?”. *Towards a New Agenda in Africa microfinance: Discussion paper for One World action Conference*. n.pl: n.pb. March 2002. p. 22.

2.2. Social mobility

2.2.1. Definition

Social mobility is recognized as the movement of an individual, families or movements in a group of a society¹⁶. It may also be define as shifting from one things to another as for example, a person who come from a low income family and has no other source of income for living, become someone who is important in the future and gain lots of income and building his own wealth.

Economists prefer to call the social mobility as the ‘intergenerational mobility’ in which it measures the social status of a people that changes between generations¹⁷. Intergenerational social mobility according to a journal of Organisation for Economic Co- operation and Development (OECD) is referring to the social economic of a parents and how the parents can change the social status of their children when they grow up being an adults¹⁸. As for an example, parents from a poor or low income family work hard to improve their living and provide a better education for their children, and thus a children will later become educated and hence improve on their social status than their parents.

On the other hand, Omar Alam (2011), agrees with the definition classify by Anthony Giddens (2009) in saying that “social mobility is the movement of individual and groups between socio- economic positions”¹⁹. Sebastian Galiani (2010) defines social mobility in his paper as “a situation in which the relative economic status of an agent is not dependent on starting conditions such as parental income or family background”²⁰. Yusuf Noah (2009) refers social mobility as “the amount of movement from one stratum to another”²¹.

¹⁶ Social mobility, Encyclopaedia Britannica, <http://www.britannica.com/EBchecked/topic/551322/social-mobility>. Retrieved: November 11, 2013.

¹⁷ n.a. “What is social mobility?”. *ukessays.com*. <http://www.ukessays.com/essays/social-policy/social-mobility.php>. Retrieved: November 11, 2013.

¹⁸ OECD. (2010). *A Family Affair: Intergenerational Social Mobility across OECD Countries*. n.pb. p. 184.

¹⁹ Omar Alam. (2011). “Social mobility today”. United Kingdom: University of Essex. 2011. Vol. 6. p. 3.

²⁰ Sebastian Galaini. (2007). *Social Mobility: What is it and why does it matter?*. Thesis submitted for Master Studies in Economic. Washington University: n.pb. p. 1.

²¹ Yusuf Noah. “Impact of Education on Social Mobility among Residents in Ilorin Metropolis”. *An International Multi- Disciplinary Journal*. Nigeria: n.pb. (2009). p. 3.

From the above definitions, social mobility can be define as how a person move from a low level to a level that may change the position of the persons in conditions that are more better. The changes in the movement can differ from generations to another generations and this can affect either among the individuals or among groups.

2.2.2. Types of social mobility

Social mobility can be categorized into two types. First it is classified as the horizontal mobility in which it is a social mobility that is involves changes in someone's position. Second, it is called a vertical mobility if it involves changes in social class²².

Omar Alam (2011) has his view regarding the types of social mobility. He states that the horizontal mobility refers to the movement of the people surrounded by the same status group and "often involves the physical movement of the individual from one area to another". On the other hand, he describes the vertical mobility as the movement of individuals. He extends the meaning by stating the vertical mobility to be categorized into two more types which are upward and downward. This is also known as social climbing and social sinking respectively. He defines social climbing or upward when an "individual has achieved a better position in the social pyramid" whereas he identify social sinking or downward when "an individual moves down the social ladder"²³.

Therefore from the above view, social mobility can be categorized into two types.

a) Horizontal mobility

This kind of mobility is referring to the movement or the changes of a person but does not force to the changes in their social class. As an example for this is, a manager who works in bank A moves to another bank called bank B. But his position in bank B does not vary with his position in bank A, therefore, the manager does not make any changes in his social class.

b) Vertical mobility

This mobility on the other hand does effect the social class of a person. A person will have a change in his social class if he makes changes in his life

²² Social mobility, Encyclopedia Britannica, <http://www.britannica.com/EBchecked/topic/551322/social-mobility>. Retrieved: November 28, 2013.

²³ Omar Alan. (2011). "Social mobility today". *Op. cit.* Vol. 6. p. 3

such as elevating his career from bottom to a top position that may increase his income and standards. On the contrary, a person may as well changes his social class from being wealthy to a position that put him in difficulties such as bankruptcy due to a certain reasons that can effect himself.

2.3. Small and Medium Enterprises

2.3.1. Definition

Many should know what a small and medium enterprise is, Pursuant to the 2nd OECD conference of Ministers responsible for SMEs, it defines SMEs as a “heterogeneous group” which means that SMEs can be found in broad selections of business activities from a business of selling agriculture product, a small cafe in town to a small sophisticated engineering firm etc. and the SMEs can be represented by the different levels of skills, its capital and growth orientation which they may be involved in the formal or informal economy. In the preceding, it also stress out those SMEs owners may or may not come from a poor level of people²⁴.

Francis Greene and Kevin Mole (2006) states that, there is no exact definition in defining a small enterprises. They mention that there are two attempts in defining the meaning of the small business in which the first definition is made by Bolton Report (1971) where he suggest two definition, qualitative or economic approach and the quantitative definition of a small enterprises. The second definition is adopted from the EU where it reflects the small enterprises in three types: micro, small and medium sized²⁵.

David J Storey and Francis J Greene (2010) had the same view on the definition of the small enterprises provided by Bolton on the qualitative and qualitative side of view. In addition, they equalize the definition given by Bolton to the US definition, “The Small Business Act (1953) defines a small business as one

²⁴ See: “Promoting Entrepreneurship and Innovative SMEs in a Global Economy: Towards a More Responsible and Inclusive Globalisation”. *2nd OECD Conference of Ministers Responsible for Small and Medium- Sized Enterprises (SMEs)*. France: n.pb. 2004. p. 10.

²⁵ Francis Greene and Kevin Mole. (2006). Sara Carter and Dylan Jones-Evans (Ed.). 2nd ed. England: Pearson Education Limited. pp. 8-9.

that independently owned and operated and which is not dominant in its field of operation”²⁶.

2.3.2. Characteristic of SMEs

In understanding the definition of the SMEs, few characteristic must be known. David *et al* state small business should have three characteristic.

- i) It must be owned and managed by the same person
- ii) The person must be independent
- iii) Have a small share in the marketplace

Francis *et al* (2006) held the same view with David *et al* (2010) in defining the characteristic of a small business. They mention that this characteristic shows the elements of a small enterprise. While as for Carlos W. Moore, J. William Petty, Leslie E. Palich and Justin G. Longenecker (2008), they state the characteristic of the enterprises as follows²⁷:

- i) The financing of the business must be by one individual or only a few individual.
- ii) The business must be managed in the local state.
- iii) It must be a small business.
- iv) The number of employees must not be more than 100

2.3.3. Development of SMEs

Aside for the improvements that SMEs can make in the employment sectors, SMEs as well get to contribute in the development of the economy sectors of a country. As SMEs has developed in their productions and growth, and developed into a high growth firms, it slowly or sometimes rapidly, put in the expansion in the economy of the country. However, not all SMEs that are built will end up with a success. Some may fail due to a strong competitive market that it faces; some may fail due to

²⁶ See: David J and Francis J Greene. (2010). *Small Business and Entrepreneurship*. England: Pearson Education Limited.

²⁷ See: Carlos W. Moore, J. William Petty, Leslie E. Palich and Justin G. Longenecker. (2008). *Managing small business: An Entrepreneurial Emphasis*. 14th ed. USA: South- Western Cengage Learning. p. 7.

financial problems and etc. The problem in a shortfall of collateral will makes the SMEs to deal with a high interest rates and problems in the credit rationing²⁸.

SMEs also become one of a main source of employment in many different sectors which different skills may be applied. In the enlarged European Union (EU) of 25 countries, some 23 million SMEs provide around 75 million jobs and represent 99% of all enterprises²⁹. According to the research that is done by Paul Vranhoof, Jan de Kok, Wim Verhoeven, Niek Timmermans, Ton Kwaak, Jacqueline Snijders and Florieke Westhof, EU's net employment has risen significantly during the year of 2002 to 2010 with the average of 1.1 million jobs or 0.9% each year³⁰. This means that employments through SMEs are much faster as it has showed the massive increases in the EU.

In the case of Brunei, according to Syed Aziz Anwar "small enterprises in Brunei Darussalam are the ones that employ 100 workers or less". According to him as well, the SMEs in Brunei faced the insufficient financial resources and some holds an outdated technology. They also encounter with a lack of professional training that can trained the workers in the SMEs, low productivity and as well as in their marketing strategy. However, he state Brunei has a far greater number of small enterprises and employment than the average of the OECD country has³¹. From this writing, it can be said the SMEs in Brunei still need more improvements in some elements for it to develop to be a sustainable enterprises.

2.4. Hypothesis development

Uma Sekaran (2003), states hypothesis can be define as a logically assumptions relationship between two or more variables which is expressed in the testable statement form³². Therefore, this study carried three hypothesis statements in order to

²⁸ OECD. (n.d). *Small Business, Job Creation and Growth: Facts, Obstacles and Best Practice*. n.pb: n.pl.

²⁹ See: *The New SME Definition User Guide and Model Declaration*. n.pl.: Enterprise And Industry Publications. p. 5.

³⁰ See: Jan de Kok, Paul Vroonhof Wim Verhoeven, Niek Timmermans, Ton Kwaaj, Jacqueline Snijders, Florieke Westhof. "Do SMEs create more and better jobs?". *EIM Business & Policy Research*. Zoetermeer, The Netherlands: n.pb. November 2011. p. 6.

³¹ See: Syed Aziz Anwar. (n.d). *Small Enterprises in Brunei Darussalam: Ethnocentric or Regiocentric?*. Brunei Darussalam: n.pb. pp. 96-97.

³² Uma Sekaran. (2003). *Research methods for Business: A Skill Building Approach*. Jeff Marshall (Ed.). 4th ed. United States of America: John Wiley & Sons, Inc. p. 103.

find out the results of the problems that may exist in this research. The hypothesis can be identified as follows:

2.4.1. Level of social mobility of the entrepreneurs in SMEs in Brunei

The social mobility can be driven by many factors. Most of the factors that state on the increase of social mobility can driven the social mobility is the education. From individual point of view, education has become an important instrument in determining the social mobility (Cristina *et al.* 2005). Aside from the education, there are many key drivers for the changes of the social mobility of the individual.

The individual may as well have the changes in their social mobility from their own hard work in operating their business where it increases their income. Income from their businesses may increase when the entrepreneurs are really committed in developing their works. In fact, when their businesses sustainable, entrepreneur may face an increase in their social status.

The help from the government may as well increase the social mobility of the entrepreneurs. Money lending, donations, and any other facilities that the government may put for their businesses may as well help in improving the social mobility of the entrepreneurs in SMEs.

Thus in determining whether there is a high level of social mobility of the respondents in Brunei, the hypothesis is carried out.

H1 – The level of social mobility of the entrepreneurs in Brunei is high.

2.4.2. The Effect of Microfinance on Social Mobility

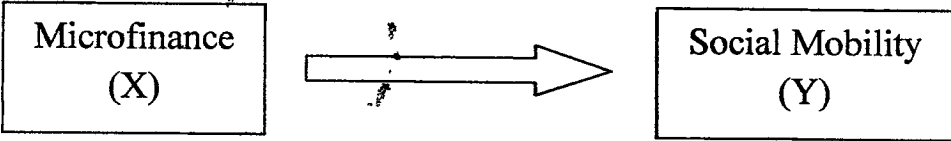
Microfinance and social mobility are somehow related if we see the how it works. Recipients will get their loans to set up their business or to improve their business products. After somehow, the recipient will go to a certain process to make sure that their business will develop and thus getting more income for their own business. These entrepreneurs or business person will then in some way improve on their life as well by spending some of their income for their own good and as a result these people who are of a poor people, will slowly become someone that is wealthy and by any chance, will no longer depends their selves from this micro financing.

Financing from microfinance may effect the social mobility of an entrepreneur when the loan is utilise in a good manner. Syed Muhammad Qasim Hamdani (2012) in his study found that there are positive impact between microfinance and social mobility in Pakistan where it shows the income level of the entrepreneurs increase after they has utilize the microfinance facilities. On the other hand, Graham A.N. Wright (1999) states that, well design microfinance with a right economic condition may just improve on standard of living of the poor.³³

Thus in analysing the relationship between microfinance and social mobility of the entrepreneurs in Brunei, the second hypothesis will be conducted.

H2 – There is a positive relationship between microfinance and social mobility.

A model that is proposed with reference to the arguments above on the above study is presented as follows:



³³ Graham A.N. Wright. "The Impact of Microfinance Services: Increasing Income or Reducing Poverty?". *Microsave – Market- led solutions for financial services*. Kenya: Shelter Afrique House. March 1999. p. 8.

2.5. Previous studies

This part will be a discussion on the other previous studies which has the same or related topic of study and thus it will conclude on how the other previous studies will vary from the study itself.

- 1) David Hulme. "Is micro debt good for poor people? A note on the dark side of microfinance". *What's wrong with microfinance?*.

Study done by David is focusing on the downside of the microfinance in which he claims that some of the microfinance's movement may harm the view or the vision of the poor people. He state that most of the MFIs is only focusing on distributing loans in which does not bring the real intention of helping the poor. Microfinance may seem to be a faster way for the purpose of reducing the poverty in a country. But David Hulme who studied the microfinance and the poverty reduction states in *this* study that many of the works written judge that microfinance is the answer to the poverty problem. He on the contrary claims that this statement is totally risky since there are many and lots of things need to be done in the different aspect^f to reduce the poverty using the facility of microfinance. On the other hand, he also states that microfinance is only a part to reduce the poverty but not as a whole way to diminish the poverty of a country. Other than that, he argue that MFIs never really work with the poor people such as people who are mentally and physically disable and street children and claims that MFIs clients are of non poor people.

- 2) Dr Shadiullah Khan, Abdul Naeem and Saleh Muhammad Kasi. (2012). "Micro Finance and Small Enterprises Development: Client Perspective Study of Baluchistan, Pakistan". *International Journal of Arts and Commerce*.

The objective of this study is to see the impact of microfinance on small enterprises development in Baluchistan, Pakistan. Other objective of the study is to examine if the usage of the micro credit has given enough impact on the development of small enterprises as well as to see the social impact to the small enterprises itself. The data collected for this study is done by doing some interview and observations to the respondents where it is believed to be an efficient way to collect the data needed. This research study also gathers the findings by distributing questionnaires to the respondent which later the findings will be based on the hypothesis. With the use of this method, it has proved that

microfinance services has helped in improving the income of the enterprises in Baluchistan where they can see the positive response in their business income from the entrepreneurs. Throughout the accomplishment of this study, it is found that most of the entrepreneurs were quite not satisfied with the loan that are given by the MFIs as some of the respondents mention that the reason for zero improvements in their business is due to the size of loan given in which this become the main issues for the non-growing businesses. While on the other hand, women have shown more positive impact in their findings in developing their enterprises rather than men.

This study has shown similarity with the current study. However the previous study does not measure the level of social mobility of men and women as what the current study is carrying out.

- 3) Muhammad Akram and Imtiaz Hussain. (2011). "The Role of Microfinance in uplifting Income Level: A study of District Okara – Pakistan". *Interdisciplinary Journal of Contemporary Research in Business*: n.pb. (Vol. 2, No. 11).

The study is aim to measure the contribution of microfinance in raising the living standards of the low income people of the District Okara, Pakistan. Data from this study is collected through questionnaires that were distributed to the selected respondents from three of the microfinance institutions in District Okara which are Khushhali Bank Limited (KBL), Tameer Micro Finance Bank (TMB) and The First Micro Finance Bank (FMB). In this study, the researcher is focusing on the increase in the income of each of the respondents from the respective institutions and to observe on what has lead to the increase of the income. As what can be observe from the study, researcher has found that the female respondents from TMB and KBL has shown more positive outcome by showing the increase in their income compare to the male respondents. On the other hand, male respondents from FMB have shown an increase in their income level in contrast with the female respondents. As a conclusion from the findings, researcher has conclude that the objective of the study has been able to achieved in which, microfinance services has efficiently serves the poor people of the District Okara, Pakistan, where microfinance has increase their income level and thus improving their standards of living.

- 4) Samuel Olumuyiwa and Oyebo Afees Oluwatosin. (2012). "Impact of Microfinance Bank on Standard of Living of Hairdresser in Oshidi- Isolo Local Government of Lagos State". *IOSR Journal of Humanities and Social Science*: n.pb. (Vol. 1, No. 4).

The research study is intended to look at the impact of the living standards of the hairdressers in Oshidi- Isolo local government area (LGA) of Lagos State by utilizing the facility of microfinance as a poverty eradication strategy among the society. Other objective of the study is to examine the impact of microfinance on the asset acquisition and savings of the hairdresser in that LGA. Methodology that is used in acquiring the objective of the study is based on the primary data by the distributions of questionnaires to the targeted 120 local hairdressers that have registered with Oshidi Isolo LGA. Researcher wanted to observe on how far was the level of the standards of living of the hairdressers has change since they utilised and joined the microfinance services. Study has come with the findings that match with the objectives. However, the findings are somehow needs a better clarification as the explanation is in some way is reverse from the actual data.

- 5) Mohammad Arifujjaman Khan Mohammed Anisur Rahaman. (2007). "Impact of Microfinance on Living Standards, Empowerment and Poverty Alleviation of Poor People: A Case Study on Microfinance in the Chittagong District of Bangladesh". *Thesis submitted for Master of Business Administration*. Umeå School of Business (USBE).

The aim and objective of this study is to show how microfinance in Chittagong District of Bangladesh is works by using the methodology for reducing poverty and how it affects the living standard of the poor people in Bangladesh. This study has mention that Bangladesh is the pioneer in the field of microfinance movement since its interpretation since 1980s. As what has been found in the other previous study, this study also has shown the same result regarding the gender contribution in the microfinance field in which, 83.5% of their respondents are women and the rest are men and this is based on random distribution of questionnaires. From their findings on gender, they do mentions that there are many good reasons to choose the women as the target by the MFIs which is due to because of the gender discriminations which cause the country to face the poverty, slow growth of economy and lower standards of living. It is also found in this research that Chittagong District people who use the service of

microfinance has made the MFIs in Bangladesh as the major sources of their initial capital in which help the poor people in their business. The researcher also found that there are relationship on the increase in income and increase in savings in which they mention that from the loan that they have from the MFIs, the respondents are able to increase their income and thus, they are able to increase their savings. From this study, it can be seen that the researcher has reached their objective of their studies.

- 6) Bamlaku Alamirew Alemu. (2004). "Microfinance and improvement in living standards: a Pathway out of poverty (the case of Enemay Woreda, Eastern Gojjam, Amraha Regional State)". *Thesis submitted for Master Studies*. Regional and Local Development Studies.

The objective of this study is to analyse the impact that *Amhara* Credit and Savings Institutions (ASCI) has on the reduction of poverty in Enemay Woreda of East Gojjam in which the data for the study is gathered both from the quantitative and qualitative method. The research structured of this study is in questionnaire form in which it contains both close and open ended questions that were developed by USAID's AIMS project (2000). The main target respondents of this study consists of the rural clients who were in the waiting lists or rural clients who are just have taken the loan and also the clients who are already utilising the loans, and the survey are conducted randomly. Cross tabulation and a test for statistical significance is the method that is used in analysing the data collected in examining the impact of ASCI's intervention towards improving the welfare of the clients. Throughout the investigation that has been carried out by Bamlaku (2004), it has been found that, the poor were able to acquire the loan or the credit through the group collateral. In the case of the microfinance loans that are consume for the non- productive assets, Bamlaku (2004) mention that the objective of the intended study would not be able to achieve if the mention matter is being practice. It is also discovered that with the producing of the good agricultural procedures and with the good market conditions, it has become the factor that leads to the increased in the income of the rural respondents. Yet, researcher has come into conclusion that, microfinance is intended only for the income smoothing and not as the poverty reduction tool.

- 7) Xitian Wang. (2013). "The impact of Microfinance on the Development of Small and Medium Enterprises: The Case of Taizhou, China". *Thesis submitted for Master studies*. The John Hopkins University, Baltimore, MD, USA.

This study is conducted with an aim to look on the impact on the development of the SMEs in Taizhou, China by considering the impact on the firm level in terms of their net profit and revenue growth. The study also trying to proves that firms that are usually seeking for the microfinance are SMEs that has a higher financial risk and lower level of productivity. To achieve the objective of this study, a survey was conducted and being distributed to the largest home SMEs in Taizhou, Zhejuang in China. Researcher of this study states that the SMEs in China has been facing the difficulties of obtaining loans from the traditional or conventional banks to established the small and medium enterprises because to the fact that those conventional banks needed collateral for the loans to be given for any business purposes. Thus, it is difficult for those SMEs to obtain the loans to build up the business. The study has found that, a firm that has a lower output was cause by the lower level of productivity which may causes the management, financial or labor problems. As a result, the researcher state that to increase a firm's level of productivity and output, the firm has to borrow more and use the capital to make investment. It is also found that, the number of employees as well as the level of productivity are the mainly the important characteristic that will determine the development of the SMEs in China. Another Important factor that determine the development of SMEs and the demand for micro financing are the personal funds and the retained earnings because SMEs that has lower retained earnings tend to face problems and has more willing to claim the micro financing.

From the previous studies mention above, it can be observed that most of the previous studies were more focusing in defining microfinance and most of it tries to see on how microfinance can get rid of the poverty in the country where the research study is conducted. Previous study above also tries to examine on how microfinance can effect in uplifting the income level and the living standards of the poor and how it can impact on the development of the country where the previous study is conducted.

Therefore, it can be concluded that the current study is different with the previous study mentioned earlier. While most of the previous study tries to figure out the impact it can do in income level and living standards of the poor, the current study will make the difference by analysing the level of social mobility of men and women entrepreneurs in Brunei. Current study will also attempt to analyse whether there are relationships between microfinance and social mobility in Brunei.

RESEARCH METHODOLOGY

This chapter will discuss on the nature of this study and explain why the research design that is selected is being applied in this study. The data that is used in carrying out this study will as well be discussed by the researcher which includes the primary and the secondary data. More explanation will be regarding on how the data is being acquired and how it helps in answering the objective of the study.

3.1. Research Design

A quantitative method will be used in obtaining an accurate result for this research study in which the findings will be based in numerical percentage that allows it to be shown in a summary results in numerical terms. Similarly, a comparison between two factors will be used in this study in which it requires answer where probabilities of an error may occur from this result. Therefore, it can be examine that the quantitative approach is more suitable to be used in this study.

The method of distributing surveys is also believed to be a suitable method in answering the “what” statement in the research questions. This method is also chosen because it is fit in gathering the descriptive data from all the respondents of SMEs in all sectors. Thus to obtain more accurate results and findings, researcher will conduct a survey which will be distributed to the selected entrepreneurs.

Stuart MacDonald and Nicola Headlam mentions that “survey are useful as a means of gathering data from business, community organisations and residents and survey research is one of the most important areas of measurement in applied social research”³⁴. Furthermore, it is hope that by using this method, researcher will be able to meet the main objectives of the studies.

³⁴ Stuart McDonald and Nicola Headlam (comp.). (n.d). *Research Methods Handbook: Introductory Guide to Research Methods for Social Research*. Manchester: Centre for Local Economic Strategies (CLES). p. 11.

3.2. Sampling

In this research study, the sample will be taken among the SMEs in Brunei which are using only the microfinance facilities in building and increasing their businesses. SMEs that has been chosen in this study is based on all sector as it is aim to see the impact of all the SMEs although it is in a different sectors.

The sample was selected from the participants from only MIPR institutions with the total of 160 lists of SMEs. Among the total lists given, only 62 of the SMEs was given with address provided by MIPR as a references to send the survey in which limits the size of the sampling. Out of the 62 SMEs with address, 6 SMEs is not from Brunei Muara district in which it is not taken in the sampling. Therefore, in getting this survey done, it is targeted that at least 25- 30 entrepreneurs from SMEs will be able to fill in the survey successfully.

However, out of 40 questionnaires that have been distributed, only 29 questionnaires were return to the researcher in which 4 of the respondents return the survey through the electronic mailing system (e-mail), therefore the response rate is 72.5%. The survey was distributed since March. Throughout the duration of distribution, researcher has give the owners some times to return the survey but however, it seems that the researcher has faced difficulties in getting back the survey as some of the owners were not able to be contacted or did not return any feedback to the researcher.

Some of the entrepreneurs in SMEs have closed down their business due to confidential reasons in which the distribution has been downsizes. Other several reasons faced during the distribution have been explained in the limitations section from the previous chapter. However, there might be a slightly bias on the sample of respondents taken as it does not represent the whole population of entrepreneurs of SMEs in Brunei.

3.3. Data collection

This data collection will be based on distributing a survey question prepared by the researcher and the respondents will be the SMEs in all different sectors which have been selected within the Brunei Muara District. The researcher will approached each

of the respondents to their office or shop and will probably giving the respondents around five minutes to complete the survey questions. Researcher will also make sure to check all the compulsory questions (if any) to be answer. The data collections is based on two sources, primary and secondary data.

3.3.1. Primary Data

This primary data is collected through the distribution of survey to the entrepreneurs of SMEs that are using the microfinance facilities under the MIPR institutions in which the list of the entrepreneurs of SMEs has been obtained from the MIPR itself and the list has been given to the researcher through the electronic mailing (e-mail) by one of the officers in MIPR.

Before the survey is carried out, the questionnaires have been structures and arrange carefully and have been approved to ensure that it is suitable to reach the aim of this study. The structure questions will enable the researcher to get accurate and best results in seeing the impact of the study. Questionnaire will be distributed to the selected entrepreneurs of SMEs specifically in Brunei Muara District and will be delivered straight away to their own offices or home. It is expected that the respondents will be able to answer the survey question in the time limit given.

The questionnaire are divided into three sections in which the first section is asking on the general information of the respondents, the second section is regarding the microfinance and third section is on the social mobility. The questionnaire will be based on closed ended questions. The first section of this questionnaire is where it asked on the general detailed of the respondents in which this section is important as it will help in analysing the level of the social mobility of the respondent.

The second section is asking on the facility and the operation of the microfinance. This section will ask on the view of the respondents on MFIs as users of the microfinance facility. The relevance of this section is to know on how the business generated by the SMEs is well developed and to know the satisfactions of the respondents on the service provided.

Third section comprises on the opinions of the respondents on the social mobility based on their businesses. This section is the most crucial part as it helps in

answering most of the research objectives that is trying to achieve. As one example, one of the statement ask on the opinion of respondents on whether the income that is generated from their business has increase their income level, the responds to this will help to answer and explain to one of the hypothesis arise. Other statements arise in this section as well will help to see the flow of the social mobility of the respondents from their business income.

Please refer to appendix A to see the complete survey questions.

Reliability test is used to indicate how stable and consistence the instruments taps the variables.³⁵ Hence, in testing the consistency on whether the measuring instrument have measure the construct accurately, a reliability test will be applied.

Table 1
Reliability Coefficients

Variables	No. of items	Cronbach's alpha
Microfinance	7	0.785
Social Mobility	9	0.850

Table 1 shows that the three scales have Cronbach's alpha value for all items which are more than 0.6. The higher the coefficients, the better the measuring instruments (Uma Sekaran, 2003).

3.3.2. Secondary Data

As for the secondary data, sources are gathered from the previous studies and published materials such as: books, journals, dissertations and articles.

Some of the sources and materials were also acquire from the internet, library, etc. Books for references are mostly borrowed from the UNISSA and UBD's library. Internet is used as one of the sources to get the materials like journals, articles, dissertations of other people from other countries that are related with this study. Sources from secondary data will as well be used to support the findings in the primary data.

³⁵ Uma Sekaran. (2003). *Research methods for Business. Op. cit.* p. 244.

3.4. Data analysis

Data in this research study will be analysed based on the data that is collected from the primary and secondary resources. The obtained data will be categorized based on the research questions which are to know the level of the social mobility of the SMEs and to find out the relationship of the microfinance and social mobility. Aside from that, the data acquired will also be used to prove the hypothesis statement to prove if microfinance has improved the income level of the SMEs, to prove whether there are really relationship between microfinance and social mobility and to conform on the differences of the social mobility of men and women.

The primary data will be analyzed through the application software call Statistical Product and Service Solutions or better known as SPSS statistic. Gathering the data using the SPSS statistic is vital as it will provide better and exact calculations on the results. The findings from the data through SPSS will be discussed on the next chapters and at the end of this study will be concluded with some recommendations for the future research.

In order to find the outcome, some tools from SPSS will be used in obtaining the results for the hypothesis test from the questionnaire. The results for the first hypothesis will be derive with using the frequencies output tools in which it will determine the level of social mobility of men and women. The result in finding out the level of social mobility will be explained in terms of numbering percentage.

Multiple regression analysis tools will be used in acquiring the results for the second hypothesis to find out the relationship between the microfinance and social mobility. The equation of the regression is shown as follows:

$$Y = \beta X + \varepsilon$$

Where Y = Social Mobility; X = Microfinance; ε = error

Therefore, to test the hypothesis, p value approach is used to compare the P- value with α (alpha). Hence,

If P is less than α ($P < \alpha$), then the hypothesis is accepted

If P is more than α ($P > \alpha$), then the hypothesis is rejected

CHAPTER IV

FINDINGS AND DISCUSSION

In this chapter, the researcher will discuss on the findings and results of the research. The discussion will focus on resolving the impact of the microfinance on social mobility in which it will be further explain by using the hypothesis at the end of this chapter.

4.1. Presentation of Findings

This part will illustrate all the findings that have been gathered from the survey distributions and will be shown using table and will be explain briefly for each table.

4.1.1. Demographic Information

Demographic information is the findings that are based on the first section of the questionnaire which is the personal information of the respondents.

Table 2
Frequency Distribution of Age

Categories	Frequency	Percent
Less than 20 years	0	0
20 – 29	2	6.9
30 – 39	10	34.5
Above 40 years	17	58.6
Total	29	100.0

Source: Researcher's analysis using SPSS

From the above table, it shows the age distribution of respondents that were participated in answering the survey. The data was distributed in four groups according to their age. About 2 participants were in the age group of between 20- 29 years old in which holds the lowest ratio by 6.9%. While group of 40 years old and above holds the largest ratio with 58.6%. Meanwhile, 10 participants from the group of 30-39 years old have the second largest ratio of 34.5%. Unfortunately, there were no respondents in the age of less than 20 years old.

Table 3

Frequency Distribution of Gender

Categories	Frequency	Percent
Male	5	17.2
Female	24	82.8
Total	29	100.0

Source: Researcher's analysis using SPSS

Table 3 shows the gender of the respondents. Based on the tables shown above, it shows that 5 out of 29 respondents are male with the ratio of 17.2%. While 24 respondents were consists of female respondents and thus put it at the higher ratio of 82.8%. This indicates that, there are more women than men in the SMEs field in Brunei.

Table 4

Frequency Distribution of Marital Status

Categories	Frequency	Percent
Single	2	6.9
Married	24	82.8
Divorce	3	10.3
Total	29	100.0

Source: Researcher's analysis using SPSS

Table above shows the marital status of the respondents. It can be seen that majority of the respondents are married which represents 24 out of 29 respondents with the ratio of 82.8%. Only 2 respondents were still single and 3 respondents were divorce.

Table 5

Frequency Distribution of Highest Level of Education

Categories	Frequency	Percent
GCE O Level or below	13	44.8
GCE A Level	7	24.1
Diploma	5	17.2
Bachelor of Degree	4	13.8
Master	0	0
Total	29	100.0

Source: Researcher's analysis using SPSS

Table 5 shows the distribution for the highest level of education among the participants. It shows that, the highest number and ratio of the respondents comes from the background of studies of GCE O Level or below with 13 respondents of 44.8%. The other, 7 respondents has GCE A Level, 5 respondents with diploma, 4 respondents with the Bachelor of Degree and none of them has the Master qualifications.

Table 6

Frequency Distribution of Main Business

Categories	Frequency	Percent
Agriculture	2	6.9
Manufacturing	1	3.4
Contract Tender	1	3.4
Food Processing	4	13.8
Restaurant	7	24.1
Boutiques and Tailoring	3	10.3
Bridal Boutique	2	6.9

Retail Stores	6	20.7
Others	3	10.3
Total	29	100.0

Source: Researcher's analysis using SPSS

The highest ratio from the table shown above was 24.1% in which it comes from 7 of the respondent who open up a business restaurant. Second of that were 6 respondents who open a retail store business with 20.7% ratio. The rest were 4 respondents with food processing business, 3 respondents open a boutique and tailoring shop, another 3 respondents with a bridal boutique, 1 from manufacturing business and 1 doing a contract tender business and 3 remaining respondents choose 'Others'.

Table 7
Frequency Distribution of Income Level

Categories	Frequency	Percent
Between \$500- \$1000	6	20.7
Between \$1001- \$2000	4	13.8
Between \$2001- \$3000	5	17.2
Between \$3001- \$4000	4	13.8
\$4001 above	10	34.5
Total	29	100.0

Source: Researcher's analysis using SPSS

The table shows that 4 of the respondents received their income between \$1001- \$2000 per month and at the same time, 4 respondents received between \$3001- \$4000 per month generated from their business. It has also shows that 6 respondents received income from their business between \$500- \$1000 per month, while 5 respondents received between \$2001- \$3000 per month from their business and 10 respondents received \$4001 and above in their income from their business. This indicate that, the highest number of respondents comes from the respondents that received their income of \$4001 and above with the ratio of 34.5%.

Table 8

Frequency Distribution of Duration in Business

Categories	Frequency	Percent
1- 5 years	6	20.7
6- 10 years	10	34.5
11- 15 years	7	24.1
16 years above	6	20.7
Total	29	100.0

Source: Researcher's analysis using SPSS

The table above shows that 10 of the respondents have set up their business for about 6- 10 years. The table also shows that 6 respondents have build up their business for 1- 5 years and also 6 more respondents have build up their business for more than 16 years already. It is also show that 7 respondents have built up the business for 11-15 years. Thus, it indicates that, respondents that build up their business for 6- 10 years have the highest ratio of 34.5% of all the other groups of respondents.

Please refer to the appendix B to see the results of the personal information of the respondents using the SPSS tools.

4.1.2. Hypothesis Tests

This section will be based on the findings from the second and last section of the questionnaires in which it will be used to provide the test for the hypothesis 1 (H1) and hypothesis 2 (H2).

4.1.2.1. Hypothesis 1 (H1)

Table 9

Percentage of Responses Related to Social Mobility

Total Score	Level of Social Mobility	Frequency	Percentage (%)
37 – 45	Very High	6	20.6
28 – 36	High	20	68.8
19 – 27	Moderate	3	10.2
10 – 18	Low	0	0
1 – 9	Very Low	0	100.0

Source: Researcher's analysis using SPSS

From table 9, it can be observed that the first hypothesis of this study has shown a high level of social mobility. The highest ratio of the first hypothesis can be observed in the table above with the results of 68.8% respondents has shown a high social mobility that is equivalent to the number of 20 respondents. In contrast, only 6 respondents have shown to have a very high level of social mobility with the ratio of 20.6%. Then again, only just about 10.2% of respondents have a moderate level of social mobility. No respondents in the level of low or very low social mobility. Thus it can be point out that the level of social mobility on the respondents are high in which it support the first hypothesis (H1).

Please refer to the appendix C to see the complete results of the first hypothesis.

4.1.2.2. Hypothesis 2 (H2)

Table 10

Regression Results on the relationship of Microfinance (X) on Social Mobility (Y)

Equation: $Y = b_1X + e$					
Variable	Value	SE	t-stat	Sig (p)	
X Microfinance	0.236	5.061	5.425	.265	
R = .214	R ² = .046	F = 1.295	α = 0.05		

Source: Researcher’s analysis using SPSS

The second hypothesis shown in table 10 is using the multiple regression analysis to find out the relationship of microfinance on social mobility in Brunei Darussalam. The hypothesis here is there is relationship between microfinance and social mobility. In order to discover the findings, the tools in SPSS software are used to obtain the exact answer. From the above table of the second hypothesis, it shows that the regression model for R is 0.214. As for the R square (R²) is 0.046. R² is commonly known as “the amount of variance explained in the dependent variable by the predictors”³⁶.

The F ratio in the regression model from the table is shown by 1.295. Arifujjaman (2007) states that, “the larger the F ratio, the more variance in the dependent variable is explained by the independent variable”.³⁷ The t- stat shows the result with 5.425 and significantly 0.265.

P here represents the correlation between microfinance and social mobility. Thus it has been proved from the table 4.9 above that the effect of the microfinance on social mobility is not significant as shown by (t = 5.425 p = .265 > 0.05). Therefore, hypothesis 2 is rejected and this shows a result that microfinance does not have relationship on social mobility of the respondent in Brunei.

Please refer to appendix D to see the complete regression analysis table for the second hypothesis.

³⁶ Uma Sekaran. (2003). *Research methods for Business. Op. cit.* p. 406.

³⁷ Arifujjaman Khan. (2007). “*Impact of Microfinance on Living Standards, Empowerment and Poverty Alleviation of Poor People*”. *Op. cit.* p. 67.

4.2. Discussion

This section will be on the discussion for the first and second hypothesis with referring to the above table.

4.2.1. Hypothesis 1 (H1)

The above finding for the first hypothesis has shown a positive outcome in which it proves that there is a high level of social mobility of the respondents. What drives the high level of the social mobility of respondents is yet to be discussed.

The duration of the business also has given the high level of the social mobility of the respondents. Nearly most of the respondents have run their business more than 5 years. Table 8 has showed that the business run for 6- 10 years has the highest ratio of all which is 34.5%. This long duration may be one of the factors that have provided the high level of social mobility of the respondents due to the reason that, when the respondents has build their business for quite sometimes, they would able to increase their living standard and as well as increasing their income.

Thus, it is also can be seen from the table 7 that, another factor that might lead to the high level of social mobility of respondents is from their level of income of their business. From the above findings, it has shown more than 50% of the respondents have receive their income from \$2001 and above from their business. Akram *et al.* (2011) has also found in his study in Nigeria that 85.40% of his respondents has increase in their income level after they get the facilities of microfinance and thus they can improve in their living standard³⁸. With this, it is supported that, the increase in income may as well put in the high level of social mobility.

The impact of high social mobility of respondents may also develop from the help that government has given to the respondents. Brunei government has given a lot of opportunities especially to the local in terms of financing and other facilities. Thus it can be said that, the respondents may have a high level of social mobility because of the facilities given and provided by the government itself.

³⁸ Muhammad Akram and Imtiaz Hussain. (2011). "The Role of Microfinance in uplifting Income Level: A study of District Okara – Pakistan". *Interdisciplinary Journal of Contemporary Research in Business*. n.pl: n.pb. Vol. 2, No. 1. p 90.

4.2.2. Hypothesis 2 (H2)

Result showed in the table 10 for the second hypothesis however proved that, microfinance in Brunei does not have effect on the social mobility of the respondents. Although there is a high level of social mobility of the respondents, the results however rejected the hypothesis that there is relationship of microfinance in social mobility in Brunei. Thus, the following will discuss on the reasons for the rejected results in the relationship.

First, the factor that may lead to the rejection of this hypothesis is on the size of the loan given to the respondents. One of the questions in the survey given is “Loan availability can be achieved easily from MFIs and they give a sufficient loan to the clients”. Most of the respondents quickly react to the size of the loan given to them was not sufficient. The reason for this is because some of the respondents said that the amount of loan given were not enough to cover the cost of asset as the loan was used to purchase the asset and inventory for their business.

According to the respondents, the size of loan given by MFIs is depending on what sector of business the respondents are into. Thus, some of the respondents were facing difficulties in maintaining and improving their business properties. Previous study from Dr. Shadiullah *et al.* (2012) state that, the loans provided for the respondents in Baluchistan, Pakistan is important for the development of the small enterprises. In his study, the respondents has the same view in stating that the loan size is not sufficient for their development in the SMEs businesses³⁹.

Second, it is also found that, some of the respondents were not agreed with the statement that “it is impossible to build a business with the microfinance facilities” stated in the survey questionnaire. This is because most of the respondents have already built their business before they seek the financing from the MFIs. Most of the respondents were consist of the people that are already pension, housewives and some of them are poor people that actually have started their small business by taking the informal financing⁴⁰.

³⁹ Shadiullah, Naeem and Salih. “Micro Finance and Small Enterprises Development: Pakistan”. *Op. cit.* Vol. 1 No. 5. p. 287.

⁴⁰ Informal financing is like seeking finance from relatives and friend, not from the MFIs.

Third, it was also found that, respondents that were in the agriculture business were facing some difficulties in terms of the income level and savings. The reason for this is their income is depending on the season came as for example, a respondent who sell the seasonal fruits must wait for the right season for the fruits to be produce. Thus only during the right season that they might get more income compare to normal days. With this, they were unable to do some saving as they claim that, some part of their income were used to buy the things needed to maintain their plantation, and etc.

Fourth, facilities given from the government may be one of the reasons for the rejected result in the relationship between microfinance and social mobility in Brunei. This is pointed out because, as the government has given so many facilities to the entrepreneur easily, they tend to have the lazy attitude in their selves. This can also be claim that most of the entrepreneurs, who were not active in their business, have a tendency to be inactive in their business that some may lead to the delay of repayment and some were shutting down the business due to the reason that they were not able to cover their capital.

Fifth, another reason that can be concluded in this discussion is on the matter of the utilization of the loan by the respondents. As what has been mentioned in the earlier discussion, the misused of the loans may possibly one of the reasons on the insignificant of the relationship of microfinance and social mobility. This is because, if the entrepreneurs used the loans for other purposes instead of using in to improve their business, there would be no income generated and it will make the situations of the entrepreneurs in the repayment difficult.

As a conclusion, if the microfinance is given to the poor as a help in financing, it is actually depends on the poor itself to utilize the micro financing given to them. This is agreed by most of the respondents that entrepreneurs must know how to manage the financing given in eradicating the poverty in Brunei. Therefore, it can be seen that, in uplifting the social mobility in Brunei, microfinance facilities is not enough to support this.

CHAPTER V

CONCLUSION AND RECOMMENDATIONS

This chapter will conclude on the findings and results that have been gathered for the research studies by pointing out some limitations throughout the accomplishment of this research. The researcher would end this chapter by provide some recommendations focusing particularly to the MFIs in Brunei, the SMEs and several recommendations for the future research. The recommendations would basically on how to improve the performance the social mobility of the SMEs through the utilization of the microfinance facilities.

5.1. Conclusion

Therefore it can be concluded that:

1. The microfinance facilities have been used widely by the SMEs in Brunei Darussalam and it has been offered by different MFIs in Brunei. Microfinance offered small loans in order to help these SMEs in developing their businesses. These SMEs comprises of the people that were unable to seek financing directly from the traditional or conventional banks. The microfinance facilities may benefits and make some changes to the SMEs in some way such as it may increase the income, savings and the standard of livings of the SMEs itself. These changes effecting the SMEs may as well be identified as the social mobility in which it is the movement of the individuals in their lives that drives from several factors that can change it.
2. This study is conducted in order to find the level of social mobility of SMEs in Brunei by choosing the selected SMEs. Nevertheless, from the research conducted, it has been found that the level of social mobility among the respondents is high which it has been cause from other factors such as the long duration of the business, the level of income generated from the business itself, the types of business may as well lead to the high level of social mobility among the respondents. Last but not least, the facilities provided from the government may as well help in contributing for the high level of social mobility.
3. On the other hand, in finding the effect of microfinance and social mobility, the results has shown an outcome that is not significant in which it shows the

possibility that microfinance facility does not actually related to the effect of the social mobility of the SMEs in Brunei. The reasons for this insignificant were because the most of the respondents claims that loan size given is not sufficient and state that size of loan will be given according to which sector the respondents are, it is also because most of the respondents used the facilities of microfinance as to support their business that has been build beforehand, furthermore the respondents who are from the agriculture were facing difficulties in in their income level as their income level are depending on the changes of the season and this insignificant may also incurred from the facilities provided by the government that will make the entrepreneur taking all the facilities for granted and not working hard to make it better.

5.2. Recommendations

5.2.1. Micro financial institutions

Despite with the development of the SMEs in Brunei, there are not many improvements we can see from the SMEs through the usage of microfinance. While the research is conducted, it has been found that some of the SMEs business under the microfinance scheme has facing a shutdown.

1. In suggestion, MFIs should at least do some monitoring to see if the SMEs are having problems with their business or not. MFIs should provide some counseling to the SMEs who are facing some problems with their business which maybe in terms of financing or a training regarding on how to manage their financial in the business. By monitoring the SMEs who is under their management, they would be able to avoid the possibilities that the SMEs running away from paying back the loan. With this, it will also able to increase the efficiency of the MFIs itself and thus gain more trust from the people who wanted to use the microfinance facilities.
2. Another recommendation for the MFIs would be regarding the size of the loan. It would be better if the MFIs do some investigation on how much the amount that is appropriate should be given to each of the respondents rather than setting up the amount of loan for each sector. This is because, even if the respondents came from the same sector, they might be needed different amount of loan depending on how progressive their businesses are.

5.2.2. Small and Medium Enterprises (SMEs)

1. As for the SMEs, it would be better if they can learn on how to manage their financial in order to be able to manage their financial better. It is also recommended to the SMEs who took the loans from the MFIs to use the loan in a better and appropriate way to avoid any downfall in their business. This is because, if the SMEs are doing better in their business, it can contribute to the economy of the country.
2. It would be better if the SMEs to not depend too much on the loan given as it will give no benefit if they rely too much on it. This is also because, the loan will not be given to the SMEs for the second time they seek for it, thus it will effect the entire performance of the business.
3. It is also hoped that the SMEs would be more cooperative in helping out for any future research conducted. This is because improvements would be able to make for the future references on the development of the SMEs. .

5.2.3. Government

1. To make an effective effect on the microfinance on the entrepreneurs of SMEs in Brunei, it is recommended if the government would be able to place a proper training and more strict supervision towards the entrepreneur in order to make better improvements for the entrepreneurs.
2. It is also recommended for the government to give chances to all or some of the potential entrepreneurs to have the opportunity to attend and sell their products and goods at any exhibition in other countries for the purpose of marketing the local products.

5.2.4. Future research

1. It is suggested for the future research to be able to conduct the research with sample size that is bigger than the current study. It would also be better if the future research to collect the data in other districts as well to gain more accurate findings. It is also recommended to the future research to be able to take sample size of respondents from at least more than one MFIs and thus can make a comparison to see which SMEs under the MFIs would make more development in their business and social mobility.
2. Other suggestion for future study is a qualitative study can also be conducted to held a depth interview to both of the officers in MFIs and as well as the entrepreneurs of SMEs in order to obtain a better improvements in the SMEs performance.
3. It is suggested in the future research to be able to extend this study by adding the variable of training in the current model of study as a moderating variable which can influence the relation between microfinance and social mobility in Brunei Darussalam.

APPENDIX A SURVEY QUESTIONS FOR SMEs



Dear Respondents,

I am a student in Faculty of Business and Management Science at Sultan Sharif Ali Islamic University, Brunei Darussalam. The purpose of this survey is to gather data for my academic exercise entitle “The Impact of Micro Finance in Social Mobility of the Small and Medium Enterprises in Brunei Darussalam”. Enclosed with this letter is a questionnaire that asks a variety of questions about micro finance and social mobility. It should take no longer than 5 minutes of your time. Your responses are voluntary and will be confidential. All response will be compiled together and analyzed as a group. Thank you for your cooperation and help.

Saya merupakan pelajar dari Fakulti Perniagaan dan Pengurusan Sains di Universiti Islam Sultan Sharif Ali, Brunei Darussalam. Kajian kaji selidik ini bertujuan untuk mengumpulkan data bagi latihan akademik saya yang bertajuk “Kesan Pembiayaan Kewangan Mikro dalam Mobiliti Sosial dikalangan pengusaha- pengusaha kecil dan sederhana yang terdapat di Brunei Darussalam”. Beserta dengan surat ini dilampirkan soalan kaji selidik dengan pelbagai soalan mengenai pembiayaan kewangan mikro dan mobility sosial. Soalan ini akan mengambil masa tidak lebih dari 5 minit. Jawapan anda adalah dengan sukarela dan ianya adalah sulit. Semua jawapan akan dikumpul bersama- sama dan dianalisis secara berkumpulan. Terima kasih atas kerjasama dan bantuan yang anda berikan.

Please return this to/ *Sila kembalikan kepada: Atiqah Rahman,* Contact no:
8660414

**This questionnaire is to be filled by the Entrepreneur.
(Jawapan akan dijawab oleh Usahawan)**

Data of respondent / Butiran peribadi:

Please pick the answer / *Sila tanda pada jawapan anda*

1. Age / Umur

- Less than 20 years old / *20 tahun ke bawah*
- Between 20 and 29 years old / *Antara 20 hingga 29 tahun*
- Between 30 and 39 years old / *Antara 30 hingga 39 tahun*
- More than 40 years old / *40 tahun ke atas*

2. Gender / *Jantina*
 - Male / *Lelaki*
 - Female / *Perempuan*
3. Status / *Status*
 - Single / *Bujang*
 - Married / *Berkahwin*
 - Divorce / *Berceraai*
4. Highest level of education / *Pendidikan peringkat tertinggi*
 - GCE O level or below / *GCE O- level atau dibawah GCE O- level*
 - GCE A level / *CGE A level*
 - Diploma
 - Bachelor of Degree / *Peringkat Sarjana Muda*
 - Master Degree / *Peringkat Sarjana*
 - Phd / *Kedoktoran*
5. Main Business
 - Agriculture / *Pertanian*
 - Fishery / *Perikanan*
 - Manufacturing / *Pembuatan*
 - Construction / *Pembinaan*
 - Tourism / *Pelancongan*
 - Contract Tender
 - Food processing / *Pemprosesan makanan*
 - Restaurant / *Kedai makan*
 - Boutiques & tailoring / *Butik & kedai jahit*
 - Bridal boutique / *Butik pengantin*
 - Beauty salons / *Salun kecantikan*
 - Education services / *Perkhidmatan pendidikan*
 - Retail stores / *Kedai runcit*
 - Others / *Lain- lain*
6. Income Level of the business per month/ *Tahap kewangan perniagaan setiap bulan*
 - Between \$500 - \$1000 / *Antara \$500 - \$1000*
 - Between \$1001 - \$ 2000 / *Antara \$1001 - \$ 2000*
 - Between \$2001 - \$3000 / *Antara \$2001 - \$3000*
 - Between \$3001 - \$4000 / *Antara \$3001 - \$4000*
 - \$4001 above / *\$4001 ke atas*
7. How many years have you involved in the business / *Berapa lama anda berkecimpung didalam perniagaan ini*
 - 1 – 5 years / *1- 5 tahun*
 - 6 – 10 years / *1 – 10 tahun*
 - 11 – 15 years / *11- 15 tahun*
 - 16 years above / *16 tahun ke atas*

MICRO FINANCE

Please tick the answer / Sila tanda pada jawapan anda

①	②	③	④	⑤
Strongly Disagree <i>(Sangat Tidak Setuju)</i>	Disagree <i>(Tidak Setuju)</i>	Neutral <i>(Sederhana)</i>	Agree <i>(Setuju)</i>	Strongly Agree <i>(Sangat Setuju)</i>

1. Operational assistance received from MFIs has helped to run the business smoothly / <i>Bantuan yang diterima dari MFIs telah membantu dalam menjalankan perniagaan dengan baik</i>	①	②	③	④	⑤
2. MFIs has provide a better processing loan / <i>MFIs telah memberikan proses pinjaman yang bagus</i>	①	②	③	④	⑤
3. MFIs offers low interest rate compare to other financial institutions / <i>MFIs menawarkan kadar kaedah yang rendah berbanding dengan institusi kewangan yang lain</i>	①	②	③	④	⑤
4. Loan availability can be achieve easily from the MFIs and they give a sufficient loan to the clients/ <i>Pinjaman yang ditawarkan oleh MFIs boleh didapati dengan mudah dan memberikan pinjaman yang secukupnya kepada pelanggan</i>	①	②	③	④	⑤
5. Business established without microfinance facility is not possible / <i>Membangunkan perniagaan tanpa menggunakan perkhidmatan kewangan mikro adalah mustahil</i>	①	②	③	④	⑤
6. MFIs manage the processing loan quickly and efficiently / <i>MFIs menguruskan proses pinjaman dengan cepat dan cekap</i>	①	②	③	④	⑤
7. MFIs react quickly whenever there are complaints from the clients regarding the repayment of loan, the increase of the rate, etc. / <i>MFIs bertindak dengan cepat dengan aduan dari pelanggan mengenai dengan pembayaran balik pinjaman, kenaikan kadar kaedah, dll.</i>	①	②	③	④	⑤

*MFIs – Micro Financial Institutions / *Institusi Kewangan Mikro*

APPENDIX B

SPSS RESULTS FOR PERSONAL INFORMATION

Frequencies

Notes

Output Created	15-APR-2014 20:01:19	
Comments		
Input	Data	H:\ATIQAHMICROFINANCE.sav
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	171
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data.
Syntax	<pre> FREQUENCIES VARIABLES=Age Gender Status Highesteducation Business Income Duration /ORDER= * ANALYSIS . </pre>	
Resources	Elapsed Time	0:00:00,02
	Total Values Allowed	224841

Statistics

		Age	Gender	Status	Highest Level of Education	Business	Income	Duration
N	Valid	29	29	29	29	29	29	29
	Missing	142	142	142	142	142	142	142

Frequency Table

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Between 20 and 29 years	2	1,2	6,9	6,9
	Between 30 and 39 years	10	5,8	34,5	41,4
	More than 40 years	17	9,9	58,6	100,0
	Total	29	17,0	100,0	
Missing	System	142	83,0		

Total	171	100,0	
-------	-----	-------	--

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	5	2,9	17,2	17,2
	Female	24	14,0	82,8	100,0
	Total	29	17,0	100,0	
Missing	System	142	83,0		
Total		171	100,0		

Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	1,2	6,9	6,9
	2	24	14,0	82,8	89,7
	3	3	1,8	10,3	100,0
	Total	29	17,0	100,0	
Missing	System	142	83,0		
Total		171	100,0		

Highest Level of Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	13	7,6	44,8	44,8
	2	7	4,1	24,1	69,0
	3	5	2,9	17,2	86,2
	4	4	2,3	13,8	100,0
	Total	29	17,0	100,0	
Missing	System	142	83,0		
Total		171	100,0		

Business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	2	1,2	6,9	6,9
	3,00	1	,6	3,4	10,3
	6,00	1	,6	3,4	13,8
	7,00	4	2,3	13,8	27,6
	8,00	7	4,1	24,1	51,7
	9,00	3	1,8	10,3	62,1
	10,00	2	1,2	6,9	69,0

	13,00	6	3,5	20,7	89,7
	14,00	3	1,8	10,3	100,0
	Total	29	17,0	100,0	
Missing	System	142	83,0		
Total		171	100,0		

Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	6	3,5	20,7	20,7
	2,00	4	2,3	13,8	34,5
	3,00	5	2,9	17,2	51,7
	4,00	4	2,3	13,8	65,5
	5,00	10	5,8	34,5	100,0
	Total	29	17,0	100,0	
Missing	System	142	83,0		
Total		171	100,0		

Duration

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	6	3,5	20,7	20,7
	2,00	10	5,8	34,5	55,2
	3,00	7	4,1	24,1	79,3
	4,00	6	3,5	20,7	100,0
	Total	29	17,0	100,0	
Missing	System	142	83,0		
Total		171	100,0		

APPENDIX C

SPSS Result for Hypothesis 1 (H1)

Frequencies

Notes

Output Created	15-APR-2014 20:46:17	
Comments		
Input	Data	H:\ATIQA\MICROFINANCE.sav
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	171
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data.
Syntax	FREQUENCIES VARIABLES=TOTMOB /ORDER= ANALYSIS .	
Resources	Elapsed Time	0:00:00,01
	Total Values Allowed	224841

Statistics

TOTMOB

N	Valid	29
	Missing	142

TOTMOB

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	23,00	1	,6	3,4	3,4
	26,00	1	,6	3,4	6,9
	27,00	1	,6	3,4	10,3
	29,00	1	,6	3,4	13,8
	30,00	3	1,8	10,3	24,1
	31,00	3	1,8	10,3	34,5
	32,00	4	2,3	13,8	48,3
	33,00	2	1,2	6,9	55,2
	34,00	2	1,2	6,9	62,1
	35,00	4	2,3	13,8	75,9
	36,00	1	,6	3,4	79,3
	37,00	2	1,2	6,9	86,2
	38,00	2	1,2	6,9	93,1

	41,00	1	,6	3,4	96,6
	44,00	1	,6	3,4	100,0
	Total	29	17,0	100,0	
Missing	System	142	83,0		
Total		171	100,0		

APPENDIX D

SPSS RESULTS FOR HYPOTHESIS 2 (H2)

Regression

Notes

<p>Output Created</p> <p>Comments</p> <p>Input</p> <p style="padding-left: 20px;">Data</p> <p style="padding-left: 20px;">Filter</p> <p style="padding-left: 20px;">Weight</p> <p style="padding-left: 20px;">Split File</p> <p style="padding-left: 20px;">N of Rows in Working Data File</p> <p>Missing Value Handling</p> <p style="padding-left: 20px;">Definition of Missing</p> <p style="padding-left: 20px;">Cases Used</p> <p>Syntax</p> <p>Resources</p> <p style="padding-left: 20px;">Elapsed Time</p> <p style="padding-left: 20px;">Memory Required</p> <p style="padding-left: 20px;">Additional Memory Required for Residual Plots</p>	<p style="text-align: right;">15-APR-2014 20:05:54</p> <p>H:\ATIQA\H\MICROFINANCE.sav</p> <p><none></p> <p><none></p> <p><none></p> <p style="text-align: right;">171</p> <p>User-defined missing values are treated as missing.</p> <p>Statistics are based on cases with no missing values for any variable used.</p> <p>REGRESSION /MISSING LISTWISE /STATISTICS COEFF OUTS R ANOVA /CRITERIA=PIN(.05) POUT(.10) /NOORIGIN /DEPENDENT TOTMOB /METHOD=ENTER TOTMF</p> <p style="text-align: right;">0:00:00,04</p> <p>1812 bytes</p> <p>0 bytes</p>
--	---

Variables Entered/Removed(b)

Model	Variables Entered	Variables Removed	Method
1	TOTMF(a)	.	Enter

a All requested variables entered.

b Dependent Variable: TOTMOB

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,214(a)	,046	,010	4,35825

a Predictors: (Constant), TOTMF

ANOVA(b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24,601	1	24,601	1,295	,265(a)
	Residual	512,847	27	18,994		
	Total	537,448	28			

a Predictors: (Constant), TOTMF

b Dependent Variable: TOTMOB

Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	27,453	5,061		5,425	,000
	TOTMF	,236	,207	,214	1,138	,265

a Dependent Variable: TOTMOB

BIBLIOGRAPHY

Books:

- F. G. (2006). *Enterprise and Small Business: Principles, Practice and Policy* (2nd ed.). (S. C. Evans, Ed.) England: Pearson Education Limited.
- Greene, D. J. (2010). *Small Business and Entrepreneurship*. England: Pearson Education Limited.
- U. S. (2003). *Research Methods for Business: A Skill Building Approach* (4th ed.). (J. Marshall, Ed.) United States of America: John Wiley & Sons, Inc.
- Headlam, S. M. (n.d). *Research Method Handbook: Introductory Guide to Research Methods for Social Research*. Manchester: Centre for Local Economic Strategies.
- Joanna Ledgerwood and Alan Gibson (2013). *The New Microfinance Handbook: A Financial Market System Perspective*. (J. Ledgerwood, Ed.) Washington: The World Bank.

Journals:

- Campbell, H. (2012). Gender Empowerment in Microfinancing: How SHGs in India Exemplify the Institutional Potential. *Policy Briefing*, Vol. 3, No. 1, pp. 6-17.
- Hamdani, S. M. (2012). The Impact of Microfinance on Social Mobility, An Empirical Evidence from Pakistan. *Interdisciplinary Journal of Contemporary Research in Business*, Vol. 3, No. 9, pp. 81- 89.
- Hussain, M. A. (2011). The Role of Microfinance in uplifting Income Level: A Study of District Okara- Pakistan. *Interdisciplinary Journal of Contemporary Research in Business*, Vol. 2, No. 2, pp. 83- 94.
- Mayoux, L. (2001). Women Empowerment of Ferminization of Debts? *Towards a New Agenda for African Microfinance: Discussion Paper on One Worlds Action Conference* (pp. 1- 52). London: n.pb.
- Noah Yusuf. (2009). Impact of Education on Social Mobility among Residents in Ilorin Metropolis. *An International Multi- Disciplinary Journal*. Nigeria: Department of Sociology. pp. 373- 387.
- OECD. (2010). A Family Affair: Intergenerational Social Mobility Across OECD Countries. *Economic Policy Reforms: Going For Growth*, Vol. 2, No. 5, pp. 183- 200.

OECD. (2004). Promoting Entrepreneurship and Innovative SMEs in Global Economy: Towards a More Responsible and Inclusive Globalisation. *2nd OECD Conference of Ministers Responsible for Small and Medium- Sized Enterprises (SMEs)* (pp. 1- 59). Turkey: OECD Publications.

OECD. (n.d). Small Business, Job Creation and Growth: Facts, Obstacles and Best Practices. (pp. 1- 53). n.pl: n.pb.

S. K. (2001). Does Micro- Finance Really Benefit the Poor? Evidence from Bangladesh. *Asia and Pacific Forum and Poverty* (pp. 1- 18). n.pl: n.pb.

Research Papers:

Abed, F. H. (n.d). *Microfinance Interventions to Enables the Poorest to Improve Their Asset Based*. n.pl: n.pb.

Abeyasekera, S. (n.d). *Quantitative Analysis Approaches to Quality Data: Why, When and How*. United Kingdom: University of Reading.

Alam, O. (2011). *Social Mobility Today*. n.pl: n.pb.

Alemu, B. A. (2004). *Microfinance and Improvement in Living Standards: A Pathway Out of Poverty (the Case of Enemay Wajjeda. Eastern Gojjam, Amhara Regional State)*. n.pl: n.pb.

Anwar, S. A. (n.d). *Small Enterprises in Brunei Darussalam: Entnocentric or Riogocentric?* Brunei Darussalam: n.pb.

C. J. (2005). *Does Education Promote Social Mobility?* n.pl: n.pb.

C. J. (2005). *Education and Social Mobility in Scotland*. n.pl: n.pb.

Dr. Shadiullah Khan, A. N. (2012). *Micro Finance and Small Enterprises Development: Client Perspective Study of Baluchistan, Pakistan*. Pakistan: n.pl.

Galaini, S. (2007). *Social Mobility: What Is It and Why Does It Matter?* n.pl: Washington University.

Hayes, M. (2007). *Design and Anylysis of the Student Strenghts Index (SSI) for Non-Traditional Gradute Students*. Lincoln: n.pb.

Hulme, D. (2007). *Is Microdebt goof for poor people? A note on the dark side of microfinance*. (T. D. Harper, Ed.) United Kingdom: Intermediate Technology Publications Ltd.

Hussain, M. A. (n.d.). *The Role of Microfinance in Uplifting Income Level: A Study of District Okara- Pakistan*.

Jan de Kok, P. V. (2011). *Do SMEs Create More and Better Jobs*. Zoetermeer, Netherlands: n.pb.

Khan, M. A. (2007). *Impact of Microfinance on Living Standards, Empowerment and Poverty Alleviation of Poor people: A Case study of Microfinance in the Chittagong District of Bangladesh*. n.pl: n.pb.

Kotahwala, V. (2012). *Microfinance in India and How it Empowers Women*. n.pl: n.pb.

Lutfiya Farhodova, E. K. (2008). *Community Driven Development and Microfinance*. n.pl: n.pb.

Milburn, A. (2012). *University Challenge: How Higher Education Can Advance Social Mobility*. London: n.pb.

Online References:

Morgan, H. (2010, 11 1). *Female Activism in Microfinance*. Retrieved 1 25, 2014, from Micro Dinero:
<http://www.microdinero.com/index.php/english/nota/2310/female-activism-in-microfinance-in-brunei>

n.a. (n.d.). *Brunei Direct*. Retrieved 1 25, 2014, from Small and Medium Enterprises:
http://www.bruneidirecthys.net/about_brunei/small_medium.html

n.a. (n.d.). *Encyclopaedia Britannica*. Retrieved 12 18, 2013, from Social Mobility:
<http://www.britannica.com/EBchecked/topic/551322/social-mobility>

n.a. (n.d.). *The New SME Definition User Guide and Model Declaration*. n.pl: Enterprise and Industry Publications.

n.a. (n.d.). *ukessays.com*. Retrieved 4 13, 2014, from What is Social Mobility?:
<http://www.ukessays.com/essays/social-policy/social-mobility.php>

Rubinstein, J. (n.d.). *Ecology Center Terrain*. Retrieved April 23, 2014, from Microcredit: A Poverty Eradication Strategy That Works:
<http://www.resultssf.org/media/terrain199404microent.html>

Wang, X. (2013). *The Impact of Microfinance on the Development of Small and Medium Enterprises: The Case of Taizhou, China*. United States of America: n.pb.

Wrenn, E. (2005). *Micro-Finance Literature Review*. n.pl: n.pb.

Wright, G. A. (1999). *The Impact of Microfinance Services: Increasing Income or Reducing Poverty*. Kenya: Shelter Afrique house.