

The Effect of Microfinance on Labor Productivity of SME - The Case of Iran

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Abstract : Since one of the major difficulties to develop small manufacturing enterpriser in developing countries is the limitations of financing activities, this paper want to answer the question: "what is the role and status of micro finance in improving the labor productivity of small industries in Iran?" The results of panel data estimation show that micro finance in Iran has not yet been able to work efficiently and provide the required credit and investment. Also, reducing economy's dependence on oil revenues reduced and increasing its reliance on domestic production and exports of industrial production can increase the productivity of workforce in Iranian small industries.

Keywords : microfinance, small manufacturing enterprises (SME), workforce productivity, Iran, panel data

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