Megha Nadesh Mbo

Business Forecasting on the Performance of Micro Finance

Case study- Azire Cooperative Credit Union Limited (AziCCUL)
ABSTRACT

The reason for writing this thesis is due to the problem the researcher noticed during internship in the case company. This motivated the researcher to see how they can increase their accuracy through forecasting. As of this case the researcher will forecast on the importance of forecasting on performance.

The study looks at the correlation between business forecasting and organizational performance. It also recognises the importance of business forecasting. The performance of the business is positively affected by business forecasting. The best performance can be achieved by following the right principles. This is being increase by a good business forecast. Furthermore, it brings out the various approach of business forecasting, and looks more on what brings out the best in a forecasting in business, this brings out the various forecasting theories. On the later part of the thesis, will bring more information on the organization, the system of business forecasting, and the organisational set up.

The aim of the thesis will be to evaluate the importance of business on the performance of micro finance, to look at some forecasting techniques that will help to improve on the business performance.

The research came out with a framework and went ahead to compare this material with that of the case company. The researcher got the material from internal and external sources, and through academic study. The case company in question carry out its forecasting base on past experience.

For an organisation to successful, needs to set its rules, policies and its organisational structure in a way that best meets the right forecast for a better performance. This will help to improve about the case company for a better performance.

Key words
AziCCUL, Forecasting, MFE, Micro finance, Organisational Performance
ABSTRACT

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APPENDIX
1 INTRODUCTION

This study evaluates the importance of business forecasting on the performance of micro finance institutions. It was carried out at the Credit Union Head office Bamenda Cameroon. The preliminary part will try to examine the objectives of the study and a general background of business forecasting. What motivated the researcher to write on this topic were due to the observation that so many businesses in general and micro finance put little attention on forecasting. This lead to wastage of valuable resources, time and in some cases, the organisations end up going out of business due to consistent losses. This motivated the researcher to look more on what the concepts of business forecasting is all about, and how it helps a business to improve its performance. The outcome of the research will have some findings which might help this case company to improve on its forecasting techniques and might also help other companies as well.

The case company in this study will be Azire Cooperative Credit Union Limited (AZICCUL). It was founded in 1967 by M.N Mossy. More will be said concerning the case company later. It will focus more on forecasting, and how it helps to improve the performance in a business. For better understanding, two approaches to forecasting will be used. This will include the top down approach and the bottom up approach. The methods will be presented in the following chapter.

Giving the fact that forecasting is very important in every business, it makes this topic professional and interesting. Forecasting here does not only make a business to think of where there will be tomorrow, but it helps a business to make better decisions, available opportunities and appropriate measures accordingly. Since forecasting can be used in unlimited ways, it gives most companies a whole lot of advantages.

People make decisions daily, which have either a positive or a negative impact on their future. In the business world, business owners make decisions that may have positive or negative impact on the business. Thus, we can define forecasting as a tool that helps management in its attempt to cope with the uncertainty of the future relying on data of the past and present and analysis of trends. Also, forecasting be, predicting the future by making good and reliable decisions about the future. Forecasting is generally the backbone of the whole budgeting system. Since management must be able to know the level of its product in the market and hence project it sales, to be certain on the quantity to be produce. Thus, forecasting is a very vital concept in the life of an organization. Some ideas of the
future are necessary to ease planning for the management. Performance measures help the government decision makers about whether they are achieving their policy goals.

Looking at the background of the study on performance, it does not tell us what policy should be used. Performance measures tell us whether we are achieving the policy outcome we set out to achieve. The term business unlike trading or commerce whose lifespan terminate immediately the transaction ends, is the buying and selling of goods to provide utility to customers with the aim of making profit. The concept of business is all about continuity and for anybody to succeed in the future, he or she must be able to forecast, that is to predict the future. Never the less for a business to operate continuously and survive successfully, it depends on the ability of the management to forecast the future by avoiding risk. (Hartog et al., 2004). To succeed in business and to ensure performance for the future business owners must be able to answer some question about the future such as:

- How much profit will the business earn?
- How much demand will their product and services attract?
- What will be the cost of producing the goods or services?
- What amount of money is needed for production?

In view of the above points, it is seen that business owners must always estimate the future. Business forecasting is a quantitative plan of action aimed toward predicting the future business development by making possible judgment about some future events. Therefore, predicting the future must be done accurately giving all available information including historical data, and knowledge of any future event that may impact the forecast. Forecasting be a planning tool that will help management to cope with the uncertainty of the future, by relaying mainly on data from the past and present analysis of trends. As mentioned before, business forecasting is a quantitative plan of action for management aim at predicting the future. This implies that, management must be sure on the amount of sales to market (sales budget) before knowing the quantity to produce, that is the production budget. This will then enable the business to know how cash has been made within the period and understand how much profit will be available. And thus, through forecasting, the future performance is known, and continuity is guarantee for the business.

Since the future is generally known to be unpredictable, that is one cannot determine what the future holds. This then gave the researcher the interest to embark on a research work on business forecasting and how it affects the performance of a business. The objectives of this piece of writing will be to look for better ways of forecasting that can better the performance of a business. This will enable the
researcher to look for different forecasting techniques and the problem involved with such techniques, with the advantages involved and how it can help the case company. It will also look at the system of forecasting being practice by the case company, the problem involved with such a system and the drawback with the forecasting approach.

Another objective will be to know more on the forecasting methods, and the easiest ways of applying this method. Furthermore, the researcher will look for a forecasting system that the case company could implement to have a better performance.

Generally, business forecasting in simple terms means predicting the future. It is therefore of great importance to know what the future holds. The research program has helped the researcher to master so well the concept of forecasting. This will help her greatly in her way of life on day to day bases. It has also helped her to contribute in one way or the other in the performance of any organization that she finds herself as she goes in to the job market. This study is also very important to everybody. Forecasting is known to be practice by every individual in their day to day activities. This is because no matter what you do, you most forecast. However, it is of special importance to the management of the business. Forecasting helps the management in decision making hence increasing future performance and providing a means to foresee future difficulties and hence manage risk adequately. This research work was carried out at Azire Cooperative Credit Union Limited, head office in Bamenda. This credit union carries out a forecast before drawing up their functional budget for the accounting period. This enables them to foresee the future performance of the credit before the end of the period. Thus, the research work “The impact of business forecasting on the performance of the micro finance institution” is limited only to the management of AZICCUL.
2 THEORY OF FORECASTING

Shuttleworth (2009) defined literature review as a critical and in-depth evaluation of previous research. It is a summary and synopsis of an area of research, allowing anybody reading the paper to establish why you are pursuing this research program. A good literature review expands upon the reason behind selecting a research question. It is not a chronological catalogue of the entire source, but an evaluation, integrating the previous research together. The different views put forth by some early forecasters and an understanding of the whole.

According to Dianne (1994), business forecasting is a planning tool that helps management in its attempt to cope with the uncertainty in the future. Management carrying out this plan or method depends on many factors that is the context of the forecast, the relevance and availability of historical data, the degree of accuracies desirable, the time to be forecast, the cost /benefit of the forecast to the company and the time available for making the analysis. The purpose of forecasting is usually to provide an aid to decision making and in planning the future. It will be like we are modifying our business now to be in a better position, than we otherwise would have been when the future arrives. In business, forecasting can be applied in the following domains.

- Inventory control / production planning.
- Inventory policy.
- Economic policy.

2.1 Principle of Forecasting

Forecasting is the process of predicting or estimating the future based on past and present data. It provides information about the potential future events and the consequences it has on the organisation. It may not reduce the complications or the uncertainties of the future but however, it increases the confidence of the management to make important decisions (Akrani, 2011). The guiding principle under forecasting that helps managers in taking decisions about the future.

Chambers (1975), he said every decision making today, must consider forecast. Sound prediction of demand and trend are no longer luxury items, but a necessity. If management are to cope with seasonality, sudden change in demand level, price cutting, sticks and large swings of the economy, business
forecasting has help them deal with their troubles. According to Nahmias (2013) business forecasting methods try to identify the underlining factors that might influence the variables that have been forecast. For example, including information about climate pattern might improve the ability of the mode to predict umbrella sales. Forecasting models often take account of regular seasonal variations. In addition to climate, such variables can also be due to holidays and customs. For example, one might predict that sales of college football will be higher during the football season than during the off season.

According to Armstrong (1995), quantitative forecasting models are often judged against each other by comparing they are in sample or out of sample mean square error. Some researchers have advised against this. The disciplines of demand planning also sometimes referred to as supply chain forecasting embrace both statistical forecasting and a consensus process. If the relationship is hold with planning forecasting, it can be described as predicting what the future should look like. The sale budget is prepared from the sales forecast. The sales forecast is broader than the sale budget generally in compassing potential sales for the entire industry as well as potential sales for the firm preparing the forecast.

Factors considered in making sales business forecast include: Past sales, Market research studies, General economic conditions

Advertising and production promotion. Previous sales volumes are usually starting points in preparing sales forecasts including pricing competitive conditions, availability of suppliers’ general economic conditions. Projections are then made into the future based on these factors which the forecasters fell will be significant over the budget period.

According to Wood & Sangster (2008), the different budget systems that are practiced include:

Rolling budget: This is a budget which requires continuous update by adding a further accounting period (months) when the earliest accounting period has elapsed. This is important in that, it minimizes management time.

Incremental budget: This is a system of budget where each period is based on the budget and actual results for previous periods. This system is unlikely because, it turns to inefficiency and unnecessary practices.
Zero based budget: This is a method of budgeting that requires all costs to be specifically justified by the benefits expected. However, the main weakness of this system is that, it is time consuming because, instead of simply using last year budget or result as a base, everything starts from zero.

Participation budget: This is a system where all holders participate in setting their own budgets.

The master budget: This is a budget whereby; all the various budgets must be linked together to draw up the master budget which is really a budgeted set of financial statements. It takes into consideration the sales, production and cash budgets.

2.2 Organizational performance

An organization is a group of people, who come together with their different ideas. They are out to have a great output, following their resources available, which is seen as efficiency. An organization is efficient, when they can achieve their desired output within a shorter time. Jalal (2016), given the fact that, all organization is out to achieve their satisfactory result; there is a need for them to forecast. Forecasting is becoming a very vital for every company. Given the fact that, a business must get an advantage in the market, companies must start to improve on their performance. One of the ways through which the performance of their business can be improve upon, is through forecasting. A forecasting system has help firms to effectively use their own resources. It has also given them a new software packages with different service. This calls on many companies to forecast in other to get the best performance.

2.3 Benefits of business forecasting

To address the problems of individuals and organisational perceptions, scenarios need to be applied (Global Business Network 2008). It shows some examples of benefits of forecasting.

Future orientation: It informs management about the future, it helps to improve the quality of planning, with is done to meet with the uncertainty of the future. Forecasting therefore helps management to know this condition. It helps to provide management with the knowledge to evaluate their strength and their weaknesses and take positive actions to meet the requirement of the future.
Identification of critical areas: it helps to identify areas that need great management attention. This helps to save the company from losses due to bad planning, or wrong definitions of objectives. The different areas been identified, helps management to better forecast the requirement of the different resources, like money, men, and material. This helps management to formulate better objectives and policies for the organization.

Reduces risk: though risk cannot completely be eliminated through forecasting, it helps to reduce it. This is done by estimating the directions in which the environmental factors are going. This helps management from uncertainty by providing ideas about the future. If management could know far before time the changes in consumers’ preference, they will better modify their products and designs to meet such changes. Forecasting therefore does not stop future changes, but prepares the organizations to deal with such changes.

Coordination: to carry out forecasting, participation is needed by all the organizational members of all the department at all levels. It helps in coordinating departmental plans of the organization at all levels. It calls for active involvement by all members in the forecasting process. Therefore, forecasting helps planning to move together.

Effective management: identifying critical areas of functions helps management to formulate sound objectives and policies for their organization. This helps to increase efficiency in the organization. It also increases effectiveness in achieving plans, better management and achievement of goal. It keeps managers active and alert to face the challenges of future events and to the changes in the environment.

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In this area, the researcher will discuss the ideas of three main forecasters. That is Armstrong and Thomas (1995), Futrell (2010) and Chamber et al., (1975).

According to Armstrong and Thomas (1995) Forecasting is the process of making predictions of the future based on past and present data and analysis of trend. A common place for example might be estimation of some variables of interest at some specific future date. Risks and uncertainty are central to business forecasting and predictions. It is generally considered good practice to indicate the degree of uncertainty attaching to forecast. In every case, the data must be up to date for the forecast to be as accurate as possible. Categories of business forecasting methods qualitative vs. quantitative methods qualitative forecasting techniques are subjective based on the opinion of judgment of consumers and experts. They are appropriate when past data are not available. They are usually applied to intermediate or long-range decisions while quantitative forecasting techniques are used to forecast future data as a function of past data.

They are appropriate to use when past numerical data are available and when it is reasonable to assume that some of the patterns in the data are expected to continue. Armstrong and Thomas (1995) says when managers receive forecast, they often cannot judge their quality. Instead of focusing in this forecast however, they can decide whether the forecasting principles were responsible for the situation. Thus, by examining forecasting processes and improving them, managers may increase accurately and reduce cost which intends increase performance. Business forecasting is based on four main characteristic or principles that if well understood, will help us to make more effective use of forecast. They include:

Business forecasting is usually wrong: Forecast attempts to investigate the unknown future. It can only be by lack of achievement, as it will be wrong to some degree. Managers must understand that errors are unavoidable and therefore must be expected every forecast should include an estimate of error. Business forecasting should include an estimate of error, which could be by what amount or can be expressed as a percentage of the forecast. This implies that, this estimate can be done statistically.

Business forecasting is more accurate for a group: This is because; the value of an individual item can easily be identified.

Business Forecasting are more accurate nearer time periods: Normally, the nearer the future is, the less uncertainty it gives than when the future is far. Therefore, it is important for the management to forecast in a short time rather than in the long run period. However, for a forecast to be more effective, the steps
involved in carrying out the forecasting must be followed. According to Futrell (2010) the forecasting process comprises of procedure which must be followed. If the steps are not followed, forecasting cannot record a better result. The steps are:

- Determine the use or the objectives of the forecast
- Determine the time horizon of the forecast, whether it is in the short run, and medium or in the long run period
- Gather the data needed to make the forecast
- Forecast
- Select the items to be forecasted
- Select the forecasting model(s)
- Validate and implement the results. Therefore, forecasting is seen as the basis for budgeting

Also, according to Chamber et al., (1975), he said every decision made today, must consider a kind of forecast. Sound prediction of demand and trends is no longer luxury items, but a necessity. If management are to cope with seasonality, sudden change in demand level, price cutting, sticks and large swings of the economy, business forecasting has help them deal with their troubles. Chamber et al., (1975), thought of ways through which, companies can easily choose the best forecasting methods. In his attempt he came up with the following crucial point and which help as a guide for companies to succeed in their forecasting process. Companies should choose a forecasting method that makes the best use of the data and material that are available. This will help to minimize cost. Companies should make use of the forecasting method best known to them and less costly. Where to describe the various methods that can best minimize cost, time and resources. Forecasting needs to be done in collaboration between the management and the forecasters which will require them to answer the following question.

What is the purpose of the forecasts? How is it to be used? This is done to determine the accuracy and the power required for the forecast. The size of the market can be estimated, and the budgeting purpose should be accurate. What are the dynamics and components of the system for which the forecast will be made? Management and forecasters should have a flow chart that shows the position of the different elements of the distributing system like sales system, product system. How important is the past in estimating the future? Looking at changes like new products, new competitive strategies, changes are more unlikely to occur in the short run, but most likely in the long run. The effects are more likely to increase. When management can put all things in place, it will be easier for them to choose their right forecasting method.
These findings and views of Chambers et al., (1975) will be of immense importance to the case company. This will help them in choosing the right forecasting methods, and not only relaying on past data. It will also help them to know why forecasting really must be carried out. This is because forecasting in the case company was carried as a routine, not because, there was a need for forecast.

There are two approaches to business forecasting by Dany & Mollies (1992) There are the top-down approach and the bottom-down approach. The top-down approach: Forecasting is done at a strategic level, which takes into consideration the general economic conditions. This includes the gross national product, consumer and whole sales price index, unemployment level, interest rate and the government expenditure. There is also the market potential of the entire industries for the product. This helps to determine the market share and forecasting success of the product. Therefore, forecasting helps in operational planning and budgeting the future progress.

Bottom up approach: This shows the sales forecasts. It is being drawn up by different employees, the carried-out customer survey to know their want. The different forecasts are joined together to make the sales forecast. The sales forecast can be done by telephones and questionnaires.

3 PRESENTATIONS OF AZIRE COOPERATIVE CREDIT UNION LIMITED

This research work titled “Business Forecasting on the performance of micro finance institution” was carried out at AZICCUL for a period of two months. It was carried out at the main branch of the Azire Cooperative credit union limited Bamenda branch which has branches in three other regions.

The main mission of this credit union is to act as a safe microfinance establishment and provide a broad range of products and services in a sustainable and profitable manner. This is done to encourage regular
savings and wise borrowing amongst members. This will enable the credit union to compete favorably with other financial institutions and thus, operate with the slogan save regularly, borrow wisely and Pay promptly.

The idea about the formation of this credit union was brought about by M. N. Mossi in 1967. He invited other members to share the idea with. The registration fee was agreed upon to be 500 FRS. It first went operational in the house of S. Y.

Tendo in 1976. Mr. N. T. Bansake was the first league manager. In 1968, the group was transferred to the house of Mr. S. A. Abarin in Aziri. The union later transferred to the Presbyterian school of Azire in November 1971 due to the increase of its membership to 168 and finally to the permanent building below the congress hall.

In 1949, it acquired a membership of 84% and a share saving of 2109013122 FRS. The union operated a branch office in Douala in March 2010, and in January 2001, a permanent and magnificent office was constructed to host the branch office and the rest of the apartment was given out for rent.

In November 2001, the union was registered under the Ministry of economy and finance and COBAC in accordance with the new microfinance law in Cameroon and the CEMAC zone. (Annual report, 2017).

Azire cooperative credit union offers different products and services to its members.

Share account: This is an account that each member of the union maintains in order to gain and access the right and obligation of membership as outlined in the bye laws of the union. It enables a member to be considered as an owner of the union. A share is 5000 FRS. Interest earned on shares are combined with that of the saving account.

Saving account: This is an account were a member is required to save from time to time. The minimum amount of saving is 100 FRS CFA per instance. To be considered as being a regular saver, a member is required to save at least 12 times within the four quarter of the year. The saving balance is the first security when members apply for a loan. The union pays monthly insurance premium to cover the saving of each member of to the maximum of 1000, 000 FRS at dead. Withdrawal from saving requires a notice of one month or a 2% charge in case of instance withdrawal. The saving account earns interest which is credited at the end of the year.

Deposit account: The account facilitates the members as money put in this account can be withdrawn at any time without charge or notice. However, a token is charge depending on the amount of money kept in the account.
Loan account: This is an account to which the credit facility of a member is recorded. There are various credit facilities namely:

- Loan and medium-term loan: there are loans for various purposes, and their repayment duration ranges up to sixty months.
- Short term loans: These are loans to augment short fall and working capital and other needs. The repayment duration ranges up to six months.
- Syndicate loans: These are loans granted to salary owners who are paid through credit union. The repayment ranges up to 24 months.
- Express credit: this is a facility to a member who already has a loan and the repayment duration is two months.
- Rural development fund loan [RDF]: This loan to farming groups and the repayment is based on the cycle of the activities.
- Children account: This is an account opened by a member for his or her child to save for an eventuality during the period of child hood. The account earns interest which is credited at the end of the period. (AZZICUL Annual report 2017)

Group account: This is an account opened by a group, association, institutions, for it financial transaction. Withdrawal from this account is without notification. This account equally earns interest.

Christmas/anniversary account: These are sub account open by members for anniversaries. Withdrawal is made whenever it time for the accession this account equally earn interest.

School fee account: This is a sub account open by a member to save regularly toward the school period for the need of his or her children. Withdrawal from this account is during the start of the school year. The account equally earn interest

Money transfer: To avoid the risk done by members when travelling with huge sum of money, the money transfer service has been designed to assist members. You can also send and receive money nationwide through AZICCCUL.

Payment of salaries to civil servants: This account has been designed to assist members who are salary earners. Members can now channel their salaries to the union to gain from the various loan facilities and good services that are offered.

Authorization to pay [special withdrawal slip]: Through this service a member can authorized somebody that he/she trust to withdraw money from his /her account. This service is also highly used by group,
associations and institutions as it enables withdraw to be made from the account without inconveniency. That is, it requires signature to report at the credit union office.

3.1 Data Collection

The data for this thesis was collected from two main sources, that is the primary and the secondary source of data. The primary source of data and information for the research work was received from primary sources such as: Observation: Through this method the researcher made use of her ability to see. Looking at what was going on in the enterprise was a useful source since the researcher could explain what she saw happening. Interview: The researcher interviewed the manager and other staffs for clarifications of doubts in some areas and hence gathering more information for the study. Questionnaire: Here the researcher prepared a list of questionnaires aiming at discovering information from individual persons on how the concept of forecasting is being looked upon within the credit union.

On the other hand, the secondary data for the study was from textbook, the internet, footnote, and other document such as magazines and even class room lectures. Nevertheless, in respect of the data collection methods, questionnaire administration is the most reliable and most efficient instrument for the gathering data since the idea of different persons being sampled. It is that part of the population which is of interest for study. This study was carried out at AZICUL. Here the researcher had a sample size of 40 members and 20 workers/staffs given a temporal sample size of 60 persons to which questionnaires were administered to. However, the researcher receives 16 responds from the members and 10 responds from the staffs or the workers. This gave the researcher a total number of 26 respondents who saves as a total sample size for the study. The sample size above comprises of members and staffs were drawn using the simple random sampling method.

A well structure questionnaire was designed and administered to the various respondents that are the staffs and some members of the credit union. These questionnaires were designed in such a way that the question had an open and a closed ended format where precise and accurate responds were given by respondents. Also, the concept of business forecasting seems difficult to some respondents, especially the members and even some staffs. They complain, they do not know how it is been carried out since it is always being done by a group of persons. This made it difficult for the researcher to gather enough information needed for the research.
The source of data used for the thesis was of primary source. This is because it provides convenient and fast information. Also, it was relatively cheap and large amount of information could be received at a very low cost. To add, they were easily understood by the respondents as they contain mostly the YES and NO type question. They are the easiest methods of gathering information and data from questionnaires are easy to analyze.

### 3.2 Limitations and difficulties encountered

Limited time: Due to the nature of the school program, characterized by so many activities including studies, limited time was scheduled to carry out the research. This gave the researcher a limit to gather enough information needed for the study. Sample size: The sample size available for questionnaires administration was small. These few answers provide information needed by the researcher. Also, there was a lot of follow up done on the respondent s to provide answers to the questions. For example, the staffs always complained that, they have other things to do, and some even forgot about the questionnaires administered to them. Access to some information such as delinquency rate and their daily record was not allowed. Inadequate fund to carry out research and to design more questionnaires was a problem to the researcher.

The data in this research work was analyzed using simple tables and was tested using the simple random probability method.

### 4 PRESENTATION AND ANALYSIS OF DATA

The study aimed at examining the impact of forecasting on organizational performance and it had as case company, Azire Cooperative Credit Union Limited. Data was collected by the use of questionnaires administered to 26 workers of the institution. The data was analyzed descriptively using tables and the results were presented on tables.
4.1 Identification of respondents

The population of the research, the entire group of people that, the researcher wished to investigate (Sekaran 2003) it comprised a cross section of the staff of Azire Cooperative Credit Union Limited. It was limited to the head office which is based in Bamenda, North West Region of Cameroon, that is a total of 26 workers/members of the institution out of a total 60. The researcher chose this organization because it is one of the oldest micro finance institutes in Cameroon and based in the researcher’s home town. This research could not be extended to the other branches in the country since the researcher had to minimize cost and save time and resources.

<table>
<thead>
<tr>
<th>TABLE 1. Gender of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sex</strong></td>
</tr>
<tr>
<td>--------</td>
</tr>
<tr>
<td>male</td>
</tr>
<tr>
<td>female</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: Field Survey 2017

TABLE 1 show the gender of respondents and the table reveal that 14 out of the 21 workers /members sampled were males while 12 of them were females. This gap is due to the fact that majority of the workers/ members of the institution are males.

| TABLE 2. Age of respondents |
## Respondents Frequency Percent Valid Percent

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid 18-28years</td>
<td>5</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>29-38years</td>
<td>13</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>39-48years</td>
<td>6</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>49years and above</td>
<td>2</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>26</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Source:** Field survey (2017)

TABLE 2 showing the age distribution of respondents reveal that 5 of the 26 respondents were of ages between 18 to 28 years while 13 of the were of ages between 29 to 38 years, 6 of them were aged between 39 to 48 years and 2 of them were 49 years of ages and above. It is clearly seen that most of the workers are youths and the number reduce as we move down the lane of ages.

### TABLE 3. Educational level of respondents

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>post graduate</td>
<td>16</td>
<td>61.6</td>
<td>61.6</td>
</tr>
<tr>
<td>undergraduate</td>
<td>4</td>
<td>15.3</td>
<td>15.3</td>
</tr>
<tr>
<td>A-level</td>
<td>2</td>
<td>7.7</td>
<td>7.7</td>
</tr>
<tr>
<td>O-level</td>
<td>2</td>
<td>7.7</td>
<td>7.7</td>
</tr>
<tr>
<td>FSLC</td>
<td>2</td>
<td>7.7</td>
<td>7.7</td>
</tr>
<tr>
<td>Total</td>
<td>26</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Source:** Field survey (2017)

Going by educational levels, it was realised that a relative majority of the respondents were postgraduates followed by advanced level holder, then undergraduates and ordinary level holders as well as first
school leaving certificate holders. This means that majority of the respondents have gone through higher education studies which enhances their skills to work in their various capacities.

**TABLE 4. Longevity**

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5years</td>
<td>10</td>
<td>38.4</td>
<td>38.4</td>
</tr>
<tr>
<td>5-10years</td>
<td>8</td>
<td>30.8</td>
<td>30.8</td>
</tr>
<tr>
<td>10years and above</td>
<td>8</td>
<td>30.8</td>
<td>30.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Field survey (2017)

As per the number of years in service, TABLE 4 above reveals that 10 of the respondents have been working with the institution for 0 to 5 years, 8 of them have been working for 5 to 10 years and 8 of them have been working for 10 years and above

**4.2 Administration of data collection**

Data is collected through the administration of questionnaires to respondents. It is analysed and tabulated for orderly presentation and interpretation. Data is analysed using percentages with the formula:

**TABLE 5. Business forecasting is necessary**
The question in relation to business forecasting shows that 9 out of the 26 respondents strongly agreed and 7 also agreed to the fact that business forecasting is necessary for them to perform effectively and efficiently towards achieving the goals of the institution. More than 75% of the respondents were for while only less than 24% were either undecided or were not for the fact that business forecasting is necessary to perform effectively and efficiently towards achieving the goals of the institution.

The question is in relation to the impact of business forecasting on performance. Over 75% of the respondents strongly agreed that business forecasting has impact on performance while less than 7% of the respondents disagree.
The responses to the question to know whether lack of forecasting leads to poor performance reveals that 10 people strongly agreed while 11 people agreed to the fact that lack of forecasting leads to poor performance giving a cumulative percentage of acceptance of 76.2 while only less than 24% either are undecided or disagreed to that fact.

The responses to the question reveal that 20 people strongly agreed while 6 people disagreed to the fact that a budget is drawn before forecasting is done.
TABLE 9 above, shows that 46% of the total sample size said forecasting is carried out using the historical method that is past experience, 31% said it is based on correlation that is based on the relation between one variable, and 23% said it is based on certainty that is probability.

TABLE 10. What is the system of budgeting used by the management?

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rolling budget</td>
<td>4</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Incremental budget</td>
<td>4</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Zero budget</td>
<td>11</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td>Master budget</td>
<td>7</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source; Field survey (2017)

Most of the respondents are of the opinion that, AZICCCUL practice the zero-base budget given 43%. Some said the master budget the master budgeting system 27% and others said incremental budget given 15% while others said rolling budget given 15% respectively.

TABLE 11. Are you satisfied with the forecast?
TABLE 11 shows that most of the members/staffs are satisfied with the forecast given 69%. While only a small percent of 31% were not satisfied.

TABLE 12. Has business forecasting helped to boost performance of your business?

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>16</td>
<td>62</td>
<td>62</td>
</tr>
<tr>
<td>NO</td>
<td>10</td>
<td>38</td>
<td>38</td>
</tr>
<tr>
<td>Total</td>
<td>26</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>


TABLE 12 above, it is being seen that 62% of the population said forecasting has boost the performance of their business and 38% said it has not.

TABLE 13. Has there been any failure in your business as a result of business forecasting?

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>8</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>NO</td>
<td>18</td>
<td>69</td>
<td>69</td>
</tr>
<tr>
<td>Total</td>
<td>26</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: field survey (2017)
TABLE 13 above, shows that 31% of the respondents said there has been a failure in their business because of forecasting, and 69% of the respondents said NO.

4.3 Analysis of Data Collected

TABLE 1 show the gender of respondents and the table reveal that 14 out of the 21 workers sampled were males while 12 of them were females. This gap is since majority of the workers of the institution are males.

TABLE 2 shows the age distribution of respondents reveal that 5 of the 26 respondents were of ages between 18 to 28 years while 13 of the were of ages between 29 to 38 years, 6 of them were aged between 39 to 48 years and 2 of them were 49 years of ages and above. It is clearly seen that majority of the workers are youths and the number reduce as we move down the lane of ages.

Going by educational levels, it was realised TABLE 3 that a relative majority of the respondents were postgraduates followed by advanced level holder, then undergraduates and ordinary level holders as well as first school leaving certificate holders. This means that majority of the respondents have gone through higher education studies which enhances their skills to work in their various capacities.

As per the number of years in service, TABLE 4 reveals that 10 of the respondents have been working with the institution for 0 to 5 years, 8 of them have been working for 5 to 10 years and 8 of them have been working for 10 years and above.

TABLE 5 shows that 9 out of the 26 respondents strongly agreed and 7 also agreed to the fact that business forecasting is necessary for them to perform effectively and efficiently towards achieving the goals of the institution. More than 75% of the respondents were for while only less than 24% were either undecided or were not for the fact that business forecasting is necessary to perform effectively and efficiently towards achieving the goals of the institution.

In TABLE 6, the question is in relation to the impact of business forecasting on performance. Over 75% of the respondents strongly agreed that business forecasting has impact on performance while less than 7% of the respondents disagree.
In TABLE 7, The responses to the question to know whether or not lack of forecasting leads to poor performance reveals that 10 people strongly agreed while 11 people agreed to the fact that lack of forecasting leads to poor performance giving a cumulative percentage of acceptance of 76.2 % while only less than 24 % either are undecided or disagreed to that fact.

In TABLE 8, the responses to the question reveals that 20 people strongly agreed while 6 people disagreed to the fact that a budget is drawn before forecasting is done.

From TABLE 9, 46 % of the total sample size said forecasting is carried out using the historical method that is past experience, 31 % said it is based on correlation that is based on the relation between one variable. And 23 % said it is based on certainty that is probability.

From TABLE 10, most of the respondents believe, AZICCUUL practice the zero-base budget given 43 %. Some said the master budget the master budgeting system 27 % and others said incremental budget given 15 % while others said rolling budget given 15 % respectively.

TABLE 11 shows that most of the members /staffs are satisfied with the forecast given 69 %. While only a small percent of 31 % were not satisfied.

From table 12, it is being seen that 62 % of the population said forecasting has boost the performance of their business and 38 % said it has not.

From table 13, 31 % of the respondent said there has been a failure in their business as a result of forecasting, and 69 % of the respondents said no.
5 CONCLUSION AND RECOMMENDATIONS

This chapter gives a summary of all what have been reviewed or discussed in the previous chapter. It also makes some recommendations for the findings and suggestion for further studies. The research carried out was under the topic, “Business forecasting on the performance of micro finance institutions”. Based on the findings, it was discovered that, most of the workers/staffs did not master the concept of business forecasting as well as was usually done by the top management. So, they gave their responds as they could better understand. It was also noticed by the researcher that; much time was spent to carry out the forecast for that year so that the budget could be drawn. Yet it was noticed by the researcher that, no proper forecasting was done. This helps to reduce the performance of the business at the end of the period. The researcher also noticed that forecasting was being done base on the zero-based system. Although, the system is good, but it is also time consuming, which will intend reduced the time available for management to perform other tasks. This therefore reduces the performance of the business. Finally, the researcher also noticed that, the method of business forecasting used by the organization was the historical method. That is, forecasting is done based on past events records. That was not right as there was no certainty that the same circumstance that occurred previously, will likely occurred in recent years. This make the researcher to even doubt the performance of the business.

Business forecasting refers to predicting the future by making good and reliable decisions about the future. During the study, the researcher gathered information using questionnaires, as it main tool from various respondents. From the questionnaire, most of the view of the respondents was for the fact that, business forecasting plays a very important role on the performance of their micro finance institutions. Trying to look at the method of forecasting being used, it was also noticed that AZICCUL, carry out is forecast based on past experience or statistics. Thus, it can be concluded that, business forecasting is of great importance to determine the performance of micro finance institutions. This therefore, should be practiced by the organization.

Business forecasting is not a perfect concept; therefore, it is no guarantee that if business forecasting is done, things are going to happen as predicted. It can therefore be seen that forecasting did not provide the best performance as predicted by AZICCUL. The researcher therefore recommended that, correlation analysis should be used since it is clear and shows the relationship between two variables. This implies if sales are known, production can be done conveniently, Also, the setbacks in performance can be due to the method of business forecasting been practice. And the system of business forecasting used to carry out the forecast. The researcher therefore recommended that the management should be flexible to adapt
other methods of business forecasting. For example, using the exponential smoothly regression method analysis method without any waste of time and resources. This will help to attract a better performance for the organization. It has also been recommended by the researcher that, management should adopt other systems of business forecasting. It was preferable that management adopt the rolling budget system since it continually looks into the future. Also, rolling budgets are updated monthly. This type of planning eliminates the need to follow the historical annual budgeting process, because the company has always a current budget at its disposal. Also, the researcher also recommended that business forecasting should be done in participation that as a team, that is making up of departments concern within the organization. This will be good as the different views from the different persons within the department will be considered and put in to practice. Considering all the above recommendations put in place by the researcher, there will be the recording of a better performance in the coming years.

The researcher will recommend others to research on some areas as follows; whether, business forecasting has an impact on the analysis of financial statement. To find out if business forecasting has an impact on employers’ performance. To find out if human resource forecasting is of great importance to an organization, on how error cause by business forecasting can be corrected and if business forecasting can be used to determine the loan policy.

REFERENCES


Forecasting; The key to Managerial Decision Making, MCB UP Ltd, Australia


Jalal H. (2016), Examining the Effects of Employee Empowerment, Teamwork, and Employee Training on Organizational Commitment.


QUESTIONNAIRE

Dear respondents I am MEGHA NADESH MBO a student in Centria University of applied sciences. I am carrying out a research on the topic “BUSINESS FORECASTING ON THE PERFORMANCE OF MICRO FINANCE”. This data will be used exclusively for educational purposes. Please used a tick (✓), or you can express yourself were necessary

1. Gender, 
   [ ] male  [ ] Female

2. Age range 
   20-30 [ ]  31-40 [ ]  41-50 [ ]  60+ [ ]

3. Educational level; 
   primary school level [ ] secondary school level [ ] University level [ ]

4. Who are those who carry out the forecast in the organization? 
   Staffs/workers [ ] members [ ]

5. Is business forecasting necessary? 
   Yes [ ] No [ ]

6. Does business forecasting have an impact on the performance of the business? 
   Yes [ ] No [ ]

7. How does business forecasting affect the performance of a business? 
   Positively [ ] negatively [ ]

8. Is forecasting carry out before any forecast is drawn? 
   Yes [ ] No [ ]

9. Which method is used in business forecasting? 
   Historical [ ] Correlation [ ] probability [ ]
10 What system of forecasting is used after budget?

Rolling Budget ☐ Incremental ☐ Zero base budget ☐ Master budget ☐

11 Are you always satisfied with the business forecast?

Yes ☐ No ☐

12 Has business forecasting help to boost the performance of your business?

Yes ☐ No ☐

13 Has there been any failure in your business because of forecasting?

Yes ☐ No ☐