

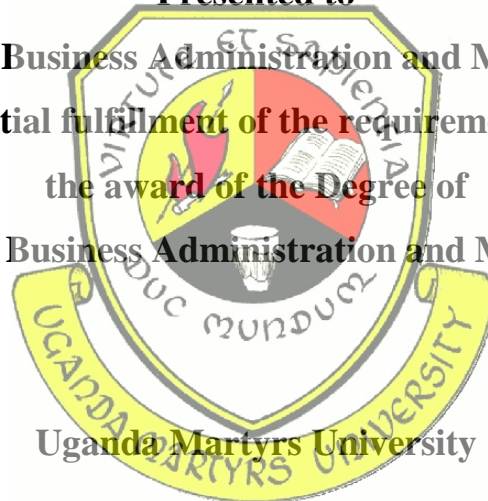
**Effect of Microfinance Services on Women Economic Empowerment in  
Rwanda**

**Case Study: Vision Fund Rwanda in Kabuga Zone**

**A postgraduate dissertation**

**Presented to**

**Faculty of Business Administration and Management  
in partial fulfillment of the requirements for  
the award of the Degree of  
Masters of Business Administration and Management**



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## **DEDICATION**

I dedicate this research report to my beloved husband Mr. MUHAWENIMANA Abed Cherif,  
My daughters Ineza Mubererugo Juru and Mugeni Mukamisha Juru.

I dedicate this research to Vision Fund Rwanda, GAKWANDI John and FARG.

May the almighty God bless you!

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## ABBREVIATIONS

AMIR	Association of Microfinance Institution of Rwanda
BNR	National Bank of Rwanda
CNLG	National Commission for the Fight against Genocide
CVI	Validity Index
ILO	International Labor Organization
MBA	Masters of Business Administration and Management
MFI	Microfinance Institutions
MINICOM	Ministry of Trade and industry
NGOs	Non Governmental Organizations
RDB	Rwanda Development
RWF	Rwandan Franc
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for Social Scientists
UMU	Uganda Martyrs University
UNEP	United Nations Environment program
VFR	Vision Fund Rwanda
WWE	Women Economic Empowerment
WWF	World Wide Fund

## ABSTRACT

The main objective of the microfinance programme is to provide opportunity for the poor to access financial services in order to engage in income generating activities. This as it were, would lead to economic empowerment of the poor women who are deprived of the paid jobs. However, there has been a debate in recent times on whether these MFIs really provide the opportunity for women who forms majority of the poor all over the world to access financial services thereby improving their welfare.

This study set out to assess the effect of MFIs on Women Economic Empowerment in Kabuga zone, Gasabo District of Rwanda. The objectives of the study were to examine the effect of loans provided by Vision Fund Rwanda on Women Economic Empowerment, to examine the effect of savings with Vision Fund Rwanda on Women Economic Empowerment and to examine the effect of financial trainings provided by Vision Fund Rwanda on Women Economic Empowerment in Kabuga Zone.

A structured questionnaire was designed on a five –point likert scale and distributed to 85 respondents that were selected from a target population of 85 respondents by using census sampling technique, key informant interviews was also conducted by collecting qualitative data of the study. Collected data was processed using statistical package for social scientists (SPSS version 16). The study findings were analyzed and presented in tables using frequencies, percentages, mean and standard deviations. Pearson’s correlation analysis was carried out to determine the relationship and level of significance between variables whereas multiple regression analysis model was used to measure the extent to which independent variable predicted variance into the dependent variable.

Findings from the study indicated that there is a moderate positive relationship between Loans provided by VFR and Women Economic Empowerment with ( $r = 0.685$ ,  $p = 0.000$ ) at a significance level of 0.01, there is also a strong positive relationship between savings with Vision Fund Rwanda and Women Economic Empowerment  $r$  of 0.806,  $p$ - value of 0.000, and study showed that there is a high strong positive relationship between Trainings offered by VFR and Women Economic Empowerment with ( $r = 0.948$ ,  $p = 0.000$ ). It was also the most predictor of empowerment ( $\beta = 0.909$ ).

Consequently, it is concluded that Microfinance institutions have a positive economic effect on selected Women in Rwanda.

# CHAPTER ONE

## GENERAL INTRODUCTION

### 1.0 Introduction

Microfinance as a branch of economic development for those who lack access to resources has garnered considerable recognition over the last several years, much of it due to the 2006 awarding of the Nobel Peace Prize to Dr. Mohammed Yunus, a US-trained, Bangladesh economist who serves as the global figurehead for the microfinance movement (Robinson, 2001).

Microfinance is commonly understood to refer to the provision of credit services to those who do not have capacity to join with normal banks due to the lack of required collaterals for loans. When the first microfinance models were being developed in the 1970s and 1980s, the term “microcredit” was used interchangeably with “microfinance”. Today, however, microfinance can refer to the provision of numerous types of financial services, the majority of which are made on what those living in the developed world would consider to be an extremely small scale. These can include loans, savings accounts, insurance and pension products (Prabhat Srivastava, 2014).

In the past three decades the African Development Community was interested in the issue of poverty eradication and in looking for the solutions which led to poverty eradication on the continent through provision of micro credit to poor communities especially women and foster income generating projects which will in the end lead to financial growth in the community (Jaya Shukla, et al., 2016). South Africa's experience after lapse of time as the country was experiencing an escape from the appalling legacy of apartheid a priority was made to ensure that micro credit to be extended to the poor so as to be liberated from poverty, exclusion, and deprivation. Microfinance in East Africa with particular focus on schemes for women engaged in

the production and processing of agribusiness such as coffee in Rwanda, Uganda and Kenya explains the role and importance of microfinance for financial growth of women in SMEs businesses. Emphasis and reviews in the current trends explains reasons for the limited coverage by micro credit of women hence suggestions were made by policy makers to increase accessibility to micro credit so as to foster, financial growth of women in SMEs businesses (Preeti Sharma, 2014).

### **1.1 Background to the study**

Globally microcredit and microfinance are relatively new terms in the field of development, first coming to prominence in the 1970s, Prior to then, from the 1950s through to the 1970s, the provision of financial services by donors or governments was mainly in the form of subsidized rural credit programs. These often resulted in high loan defaults, high loss and an inability to reach poor rural households (Robinson, 2001).

Microfinance encompasses the provision of financial services and the management of small amounts of money through a range of products and a system of intermediary functions that are targeted at low income clients especially women (Nii Obli, 2011). It is also the provision of financial services to low-income clients, including consumers and the self- employed, who traditionally lack access to banking and related services. Microcredit, or microfinance, is banking the un-bankable, bringing credit, savings and other essential financial services within the reach of millions of people who are too poor to be served by regular banks, in most cases because they are unable to offer sufficient collateral. In general, banks are for people with money, not for people without.” (Gert van Maanen, Microcredit: Sound Business or Development Instrument, Oikocredit, 2004) is based on the premise that the poor have skills which remain unutilized or underutilized. Microcredit fits best to those with entrepreneurial capability and possibility.

Ultimately, the goal of microfinance is to give low income people an opportunity to become self-sufficient by providing a means of saving money, borrowing money and insurance.

According to Manjula et al., (2016), the main aim of microfinance is to empower women. Women make up a large proportion of microfinance beneficiaries. Traditionally, women (especially those in underdeveloped countries) have been unable to readily participate in economic activity. Microfinance provides women with the financial backing they need to start business ventures and actively participate in the economy. It gives them confidence, improves their status and makes them more active in decision-making, thus encouraging gender equality. According to CGAP, long-standing MFIs even report a decline in violence towards women since the inception of microfinance.

Most of the microcredit institutions and agencies all over the world focus on women in developing countries. Observations and experience shows that women are a small credit risk, repaying their loans and tend more often to benefit the whole family. In another aspect it is also viewed as a method giving the women more status in a socioeconomic way and changing the current conservative relationship between gender and class when women are able to provide income to the household. Microfinance is a type of banking service which provides access to financial and non-financial services to low income or unemployed people. Microfinance is a powerful tool to self-empower the poor people especially women globally and particularly in developing countries. From early 1970's, women movements in a number of countries are increasingly observed to alleviate poverty through microfinance programs. The problem of women' less access to credit was given a particular concentration at First International Women Conference in Mexico in 1975.

Microfinance services lead to women empowerment by influencing their decision making power at household level and their overall socioeconomic status (Rehman and Khan, 2007). Microfinance has positive effect on empowerment even enhancing women's independent contributions to household income (Pitt et al., 2003).

Microfinance has existed for a century and even longer in the world, mostly in Asia, as reflected in modern history, where formal lending and borrowing stretches for several thousand years for example the Microfinance practices in the 18th and 19th centuries through the Irish Funds in Ireland (Mushumbusi P. et al., 2013). According to Idowu (2010) inadequate financing is the major constraint to rapid development of small and micro enterprises sector especially those owned by women. Accessing finance has been a potential key for women's SMEs to fight against poverty and build productive capacity, to create job opportunity and to alleviate poverty among poor women. Without financing, women's SMEs cannot compete favorable and alleviate poverty.

A recent World Bank report confirms that societies that discriminate on the basis of gender pay the cost of greater poverty, slower economic growth, weaker governance, and a lower living standard for all people. It is estimated that 70 percent of the world's poorest people are women due discrimination where women don't access equal opportunities like property ownership. Women have a higher unemployment rate than men in virtually every country and make up the majority of the informal sector of most economies (Sarumathi S. et al., 2011).

They constitute the bulk of those who need microfinance services. Giving women access to microcredit loans therefore generates a multiplier effect that increases the impact of a microfinance institution's activities, benefiting multiple generations.



It is argued that MFIs are financially sustainable with high outreach hence improving a greater livelihood and also have a positive impact on women empowerment because they guarantee sustainable access to credit by the SMEs owners (Ngugi et al., 2014).

Musomandera et al., (2015), in the past three decades African development community was in excitement of breakthrough of poverty climate as the solution to poverty eradication in the continent through provision of tinny micro credit to poor communities especially women to foster income generating projects which will in the end lead to financial growth in the community. South Africa's experience after lapse of time as the country was experiencing an escape from the appalling legacy of apartheid a priority was made to ensure that micro credit to be extended to the poor so as to be liberated from poverty, exclusion, and deprivation.

According to Kantengwa (2009), similar to the many other African countries, Rwanda has a long history of local informal savings cooperatives, called tontines (ibimina), which offer credit to businesses and individuals. These cooperatives were historically used to support small-scale agriculture and cattle businesses over the past twenty years; the Rwandan microfinance market has experienced a large influx of international donor funds, as well as local government funds to support growth of the country's microfinance sector. Initial sector development was characterized as disorganized with a weak culture of loan repayment among borrowers. By 2005, mismanagement of funds and poor practices among microfinance practitioners tested the sector's stability, resulting in the closing of nine of the country's 230 MFIs in June 2006. Several more closures over the next couple of years left only 125 MFIs in operation by 2008. Since 2006, improvements in governmental policy and regulation increased the stability of the microfinance sector and positioned the industry for significant and stable future growth. By 2016, Rwanda has

470 MFIs and the government continues to play an active role in ensuring the strength of the microfinance industry through progressive regulation (Rwanda National Bank report, 2016).

Recent poverty eradication program in Rwanda focused on sustainable development through small business development, as the Government of Rwanda focus on much interest placed on the development of the private sector, being the pillar of poverty eradication at all levels in the society (RDB report, 2014). The Rwandan economy is based on the largely rain fed agricultural production of small, semi subsistence and increasingly fragmented farms with large involvement of women, the micro-credit projects spearheaded by the Rwandan government is focusing on the improvement of communities' livelihood. This is to be achieved by contributing to effective poverty reduction and complimentary economic development activities for sustainable financial empowerment especially through small and medium businesses.

Therefore, the overall objective of microfinance is to provide a venue for income-generating activities to small and Medium businesses through a rotating microfinance scheme which is aimed at creating and engaging women in income generating activities to foster their financial stability (MINICOM report, 2015).

## **Background to case study**

Vision Fund Rwanda (VFR) was founded by World Vision International's program in Rwanda. World Vision is a Christian humanitarian organization dedicated to working with children and poor women, families and their communities worldwide to reach their full potential by tackling the causes of poverty and injustice. VFR issued its first loans in 1997 and was the first international microfinance institution in Rwanda to rollout a voluntary savings program, institute individual loans, agricultural loans, and was among a consortium to introduce a Grameen Foundation Village Phone product. Vision Fund Rwanda has been an integral part of Rwanda's recovery process following the devastating 1994 genocide (Vision Fund Rwanda Operation manual, 2001).

VFR developed into a separate program of World Vision Rwanda in 1999 called Amizero Microfinance. By 2004, VFR became a separate legal entity regulated by the Central Bank of Rwanda (BNR) called Vision Finance Company and wholly owned by World Vision Rwanda. Vision Finance Company doubled in the eighteen months between third quarter 2004 and first quarter 2006 and maintains solid homegrown policy manuals and World Vision-conscious senior managers (Vision Fund Rwanda report, 2010). Since 2016 Vision Finance Company changed the name to "***Vision Fund Rwanda***" to harmonize names of the IMFs under the control of Vision Fund Internal.

Vision Fund became the economic recovery arm of World Vision Rwanda following World Vision's successful post-genocide relief efforts where most of the families were headed by women and children due to the fact that during genocide men were targeted and killed. Men

equally became victims of wars as a result some men fled from Rwanda to other countries such as Democratic Republic of Congo (DRC).

VFR initially provided loans through the group-methodology and community banking model mostly focusing on women, farmers' associations and child headed households who are qualified for the loans after getting initial trainings on loans management, solidarity and social guarantee.

## **1.2 Statement of the Problem**

After the genocide of 1994 of Hutu against Tutsi, women in Rwanda took enormous responsibilities that made it difficult for women to be able to support themselves in absence of their spouses. This explain how women are vulnerable to poverty especially those heading the family (CNLG report, 2013/2014).

In general, Rwandan women make up the majority of the low income earners, unorganized informal sector of the economy and bigger numbers of them are widows left behind by the 1994 genocide tragedy, others are illiterate and have been marginalized by poverty. Accessing loan is the major constraint on women's ability to earn income since most formal financial systems require physical collateral worth more than the amount of loan requested. The poor women find it difficult to generate significant income from such loans because interest rates are high and in addition, Women do not often claim their ownership rights due to traditional mindset linked with ownership, management of productive resources and equal rights in ownership and management of family property (Gender Monitoring Office annual report, 2012/2013).

Due to a high rate of illiteracy, gender inequality among staff in the areas of recruitment, promotion, and training and study opportunities is still a challenge to women development. As indicated by GMO Report, 2013.

Due to the above challenges in the country, the Government supported the establishment of the Association of Microfinance Institutions of Rwanda (AMIR) with the mission of offering diversified services to micro finance institutions that enable them to work professionally and contribute efficiently to poverty reduction in a sustainable manner, where women are mostly regarded. Despite all these interventions, there is still evidence of poverty, illiteracy and unemployment among women in Rwanda.

Therefore it is against this background that the researcher carried out a study in order to analyze the outreach and the effect of microfinance on the women economic empowerment in Kabuga Zone /Rwanda.

### **1.3 Objectives of the Study**

The study seeks to find out how Micro financial Services Provided by Vision Fund Rwanda have contributed on Women Economic Empowerment in Kabuga Zone.

#### **Specific Objectives**

1. To examine the effect of loans provided by Microfinance on Women Economic Empowerment in Kabuga Zone.
2. To examine the effect of savings with Microfinance on Women Economic Empowerment in Kabuga Zone.

3. To examine the effect of financial trainings provided by Microfinance on Women Economic Empowerment in Kabuga Zone.

#### **1.4 Research Questions**

1. What is the effect of loans provided by Microfinance on Women Economic Empowerment in Kabuga Zone?
2. What is the effect of savings with Microfinance on Women Economic Empowerment in Kabuga Zone?
3. What is the effect of financial trainings provided by Microfinance on Women Economic Empowerment in Kabuga Zone?

#### **1.5 Scope of the study**

##### **1.5.1 Content Scope**

This research was guided by two variables such as independent variables and dependent variables, where by the independent variable presented microfinance services including: loans, savings and financial trainings while dependent variable presented indicators of women economic empowerment including income level, job creation and financial decisions.

##### **1.5.2 Geographical scope**

Geographically, the study was limited to Vision Fund Rwanda in general and more specifically in Kabuga Zone. Kabuga Zone is located within Gasabo and Kicukiro districts of Kigali City specifically in Rusororo and Masaka Sectors part of Eastern zone of Kigali City. Kabuga Zone

has an elevation of 1,450 meters, 8 kilometers of scale and it has population of 34,190. From Kigali city to Kabuga are 23.4 kilometers (Gasabo District Report 2016).

The choice of the location was due to the fact that Vision Fund Rwanda was among the best performing micro finances in Rwanda from 2012-2016 (Association of Microfinance Institution in Rwanda report 2016). In addition to the above, Kabuga Zone is one of the operational areas of Vision Fund Rwanda which increased women's access to services offered by vision fund Rwanda from 60% to 70% compared to the previous years, (Vision Fund Rwanda report 2016).

### **1.5.3 Time scope**

The researcher considered a time period between 2013 and 2016 because Vision Fund Rwanda increased its loan portfolios from 64.9% to 85% (Vision Fund Rwanda report, 2016). And women continued to have easy access to microfinance services. The researcher was positive that three years are enough to evaluate the effect of Microfinance institution on Economic Empowerment of the Women

## **1.6 Justification of the study**

Kabuga Zone is located in rural area of Gasabo and Kicukiro Districts and has various partners in development in different aspects it works with; to support women owned businesses/initiatives, resolving gender based issues and so forth. One of those partners is Vision Fund Rwanda which is a Microfinance institution owned by World Vision International Rwanda and mentored by Vision Fund International. Its main mission is to deliver financial and non financial services to the productive Rwandese especially poor and women through development of sustainable micro and small scale enterprises.

The year 2005, observed worldwide as the international year of micro-credit, highlighted the contribution of micro-credit to the millennium development goals increased public awareness and understanding of microfinance, promoted inclusive financial services and promoted strategic partnerships to build and expand outreach and success of micro-credit (United Nations 2005). This study intended to shed light on the relationship between microfinance services and the empowerment of less privileged people owning small and medium enterprise or endowed with entrepreneurial spirit despite their limited capacity to start their own ventures.

It highlighted possible alternative policy interventions which would help to address problems and challenges which women face. This study offered empirical evidence on the effect of microfinance services on women economic empowerment through provision of short and medium term loans which lead to poverty reduction through job creation and income growth.

### **1.7 Significance of the study**

The study was about the effect of microfinance on women economic empowerment, case study of Vision Fund Rwanda in Kabuga Zone, it was important to the fact that findings of this study offered information in regard to Microfinance as a type of banking service which provides access to financial and non financial services to low income or unemployed people. Microfinance is a powerful tool to empower less privileged people especially women and therefore give them a means to climb out of poverty.

The results of this study created an understanding of how microfinance has the potential to make a significant contribution to women economic development, gender equality and promote sustainable livelihood and better working condition for women who are usually deprived in poverty reduction strategies, and that is where microfinance comes in.



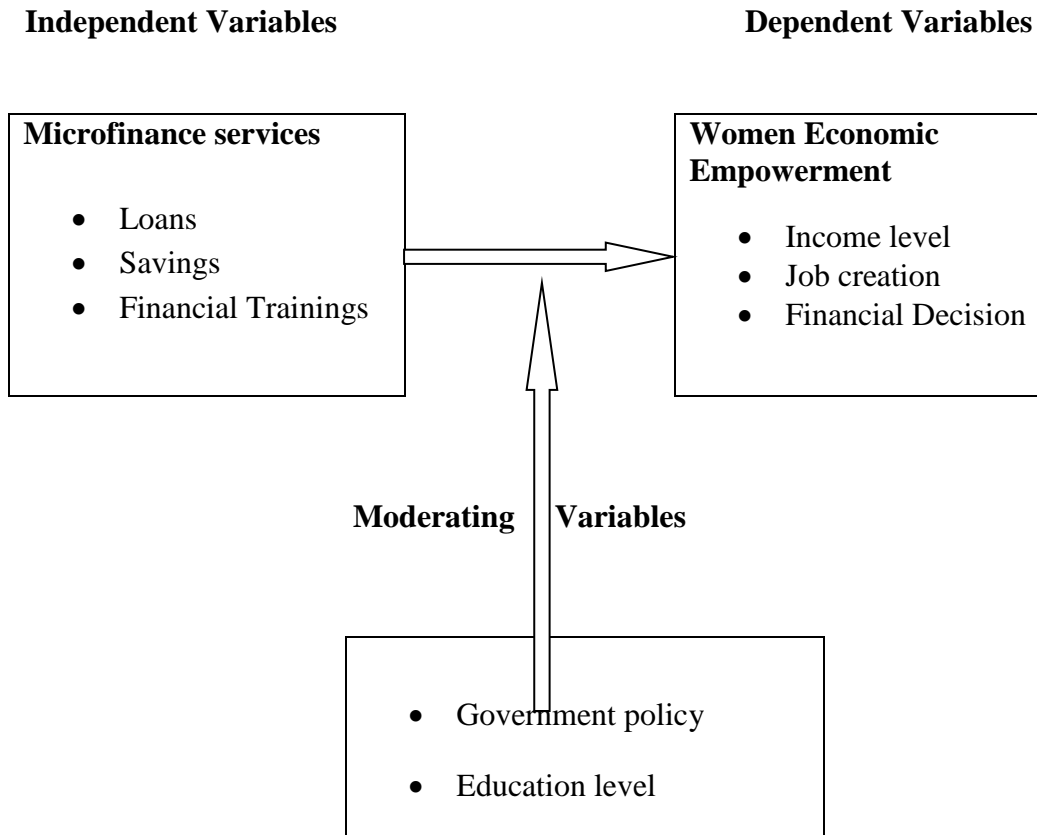
The results of this study were crucial in showing how Microfinance plays a great role in the lives of millions of poor people particularly women as it acts as a poverty reduction strategy.

The result of this study yielded information that created an understanding on the challenges faced by women in accessing Vision Fund Rwanda services and showed key constraints and strategic measures.

The research yielded information that acted as literature review for the future academicians who may write further research papers on related topics and also the partners in development will use this information in designing a policy framework to enhance the development of the Women empowerment sector. It would also enlighten the public on the role MFIs play on the Women empowerment sector.

**Figure 1: The Conceptual Framework**

**1.8 Conceptual framework**



Source; Adopted and modified from literature (KIMANJARA, 2013, Malhotra, 2002)

**Conceptual framework**

The existing of microfinance services promotes the sustainability of women economic empowerment this is through extending its services like loans, savings and trainings to low income earners, So that, they acquire innovative and management skills to create more job opportunities to the society where they live.

The accessibility of loan by Women entrepreneurs is usually considered as an important factor in the empowering of them. Loan helps women to improve their income levels, alleviate poverty and create job opportunities (Muthengi, 2012).

Loans or credit in Microfinance is the process of providing financial facilities to small and scale entrepreneurs and start-up businesses at the grassroots level as means of working capital or equipments that would be paid back in short and medium term. This kind of loans/credits does not require much processes and securities as it is done in the classical banks. Women, as ones of lower income earners or less privileged to mortgages ownership in developing countries; are the most beneficiaries of micro-credits provided by MFIs (Khan and Noreen, 2011).

Different Savings schemes facilitate low income earners to choose among them according to their appropriate ways and means better framework to accumulate capital for future development or investments. Savings help also women investors to secure their loan applications in lack of collaterals and lead to their socio-economic empowerment (Gray et al., (2012).

As part of financial services provided by MFIs, Financial trainings help women in capacity building on SMEs development and business management; entrepreneurship and cash management; this is a crucial part in women economic empowerment (Kessy and Temu 2010).

Government initiative to promote women and putting in place Policies and frameworks that encourage less privileged people to start their own businesses is engine forces not only to beneficiaries of Microfinance institutions , but also to the partners in development (RDB Report 2010).

The Government policy is a key intervenient variable, for micro finance institution to benefit SMEs of women. If the policy is favorable like giving tax exemptions on beginning micro-finance institutions or relatively low tax rates on these financial institutions, then they will charge better interest but if taxes charged by government are unfavorable they will also not be favorable to their clients. The role of government is to create a social, economic and political secure environment for business to thrive and also very essential in developing small and medium enterprises that will continually be supported by micro finance institutions.

Education level of women entrepreneurs in SMEs contribute greatly to its success and down fall. Education exposes women entrepreneurs to better skills of loan utilization, financial literacy like saving, marketing, customer care importance, keeping proper books of accounts and business management in general. However if they have low education levels, their skills in business management and financial literacy is limited thus affecting their level of access and utilization of microfinance services as it would be.

## **1.9 Definition of key terms**

### **Microfinance Institutions (MFIs)**

According to Alemayehu (2010), microfinance is defined as a provision of financial services to low income clients or solidarity lending groups including consumers and the self-employed, who traditionally lack access to banking and related services.

Wrenn, E. (2007), define microfinance as the attempt to improve access to small deposits and small loans for poor households especially women neglected by banks. Therefore, microfinance involves the provision of financial and non financial services such as savings, loans, Money

transfer, insurance and trainings to poor women living in both urban and rural settings who are unable to obtain such services from the formal financial sectors.

### **Loan**

A loan is a sum of money borrowed from the bank to assist for certain planned or unplanned events. The borrower is required to pay back the loan, including the interest charged over a stipulated period. There are several types of loans for various financial requirements. A bank can grant a loan in the form of a secured or unsecured loan. A secure loan is usually a large sum of money that is needed to purchase a house or car and is the ideal choice for a home loan or car loan. An unsecured loan is preferential for student loans, or personal loans which usually consist of smaller amounts of money (The Banking Association of South Africa 2017).

### **Saving**

Saving is the action of putting aside a part of current income, in order to consume or invest it later on. The money saved can be kept at home, deposited in a savings account or invested in different types of capital. Savings is a critical service for entrepreneurs who want secure and convenient deposit services that allow for small transactions and offer easy access to their funds (Gardiol, 2004).

### **Financial Trainings**

Financial training can be translated as financial literacy which is the education and understanding of various financial areas. This topic focuses on the ability to manage personal finance matters in an efficient manner, and it includes the knowledge of making appropriate decisions about personal finance such as investing, insurance, real estate, paying for college, budgeting, retirement and tax planning.

Financial literacy also involves the proficiency of financial principles and concepts such as financial planning, managing debt, profitable savings techniques and the time value of money. The lack of financial literacy or financial illiteracy may lead to making poor financial choices that can have negative consequences on the financial well-being of an individual. Consequently, the federal government created the Financial Literacy and Education Commission, which provides resources for people who want to learn more about financial literacy.

(FinancialLiteracy<http://www.investopedia.com>, accessed 27<sup>th</sup> July 2017).

### **Empowerment**

Ali Saleh A (2015), empowerment is refers to when individuals and organized groups are able to imagine their world differently and to realize that vision by changing the relations and structures of power that have been keeping them in poverty. It involves the empowered individual developing confidence in their own capacity and having control over the decisions and issues that affect their life.

### **Women Empowerment**

Women Empowerment is defined as the processes by which women take control and ownership of their lives through expansion of their choices. It often involves in developing confidence of the individual in her own capacities. It indicates the expression of self-strength, control, self-power, self-reliance, freedom of choice and life of dignity, in accordance with one's values, capable of fighting for one's rights, independence, own decision making, being free, awakening, and capability (Amankwaa S, 2012).

## **Women Economic Empowerment**

According to OECD (2012), the economic empowerment of women is a prerequisite for sustainable development, pro-poor growth and the achievement of all the Millennium Development Goals (MDGs). Gender equality and empowered women are catalysts for multiplying development efforts. Investments in gender equality yield the highest returns of all development investments.

### **1.10 Conclusion**

This chapter introduced the study beginning with an introduction, followed by the background to the study, background of the case study, statement of the problem, general objective of the study, specific objectives of the study, research questions, scope of the study, justification, significance of the study, conceptual frame work and definition of key terms . The next chapter presents literature both theoretical and empirical in relation to the study.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter reviews the literature from previous studies and the works of other scholars. It is arranged according to the study objectives and variables, to establish whether MFIs services have an impact on Women Empowerment, establish the relationship between Microfinance and Empowerment of Women, to establish the products and services of microfinance, establish actual review by objectives, this will used to compare with the findings of this study and establish the variations and/or similarities between this study findings and what literature says.

#### **2.1 Theoretical framework**

##### **2.1.1 Identity Empowerment Theory**

Under this theory, women who are empowered can be able to commitments with a meaningful nature. In addition, they can undertake activities that are both effective and goal-oriented. At the same time, the identity empowerment theory assumes that an empowered woman is able to comprehend strengths and weaknesses associated with her past and present life while coping with relationship conflicts (Boraian, 2008). He argued that this theory delineates different levels through which women must participate before getting empowered. At therapeutic or „manipulators“ level, a lot of importance is placed on mass campaigns such as those targeted at improving women literacy levels. The second level is where participation takes a token form. At this level women are introduced into income generating program. Here, there is a lot of information exchange, collaboration and consultations.



### **2.1.2 The Harvard Framework**

This theory recognizes five gender equality levels. These are: access, welfare, participation and control. Under welfare, the theory states that women are not only supposed to receive material benefits but also take part in development efforts. In the access level, women need to access credit, land, wage employment and educational opportunities. Participation requires women to take part and include men in the making of decisions both at the family and public level. Control level is the ultimate where women who are empowered can take an active role in all developmental affairs (Boraian, 2008).

### **2.1.3 Women empowerment Theory**

Cheston and Kuhn (2002), talk about the theory of empowerment. The theory indicates that women account for nearly 74% of the 19.3 million of the world's poorest people now being served by microfinance institutions. Most of these women have access to credit to invest in businesses that they own and operate themselves. The vast majority of them have excellent payment records in spite of the daily hardships they face. Contrary to conventional wisdom, they have shown that it is a very good idea to lend to the poor and women.

Financial self sustainability paradigm: The main consideration in program design is provision of financially self sustainable microfinance services to large numbers of people particularly micro and small entrepreneurs. The focus is on setting of interest rates right to cover costs, to separate microfinance from other interventions, to enhance separate accounting, to expand programmes so as to capture economies of scale to use group to decrease cost of delivery. Gender lobbies argue that targeting women on grounds of high repayment rate, it is assumed that increasing

women access to microfinance services will in itself lead to individual economic empowerment, well being and social and political empowerment.

Researcher found mixed evidence connecting to improved empowerment. In looking at the theoretical perspectives she found that, women empowerment theory, identity empowerment theory and Harvard frame work theory all offer valid argument as to empowerment of women.

In this study the researcher mainly considered using the women empowerment theory because it illustrates that those women who are empowered can be able to have commitments with a meaningful nature. In addition, they can undertake activities that are both effective and goal-oriented and argues that the access to credit investments have helped many women to own, operate business and have excellent payment records in spite of the daily hardships they face, and Contrary to the conventional wisdom they have proved that Financial self sustainability paradigm of micro finance services to large numbers of people particularly micro and small entrepreneurs. The focus is on setting of interest rates right to cover costs, to separate microfinance from other interventions, to enhance separate accounting, to expand programmes so as to capture economies of scale to use group to decrease cost of delivery. it is assumed that increasing women access to microfinance services will in itself lead to individual economic empowerment, well being and social and political empowerment.

At the same time, researcher also used the identity empowerment theory which assumes that an empowered woman is able to comprehend strengths and weaknesses associated with her past and present life.

Furthermore, this theory delineates different levels through which women must participate before getting empowered and they must be introduced into income generating program especially in information exchange, collaboration and consultations.

The Harvard framework theory can be strengthened by recognizing five gender equality levels of accessing welfare participation and control. The theory emphasized that women should not only receive material benefits but also part in economic development, opportunities to access credit, land, and wage-employment and education must empowered through offering them financial help, free girl education services and adult literacy to the women so as to realize women empowerment fully. Therefore taking part in decision making in both at the family and public level is paramount for developmental affairs.

## **2.2 Conceptual review**

### **2.2.1 Effect of Loans Provided by MFIs to Women Economic Empowerment**

Microfinance is a powerful tool to self-empower the poor people especially women globally and particularly in developing countries. From early 1970's, women movements in a number of countries are increasing to alleviate poverty through microfinance programs. The problem of women' less access to credit has been given a particular concentration at First International Women Conference in Mexico in 1975. Microfinance services lead to women empowerment by influencing their decision making power at household level and their overall socioeconomic status (Rehman and Khan, 2007). Nghiem et al., (2017), narrated that microfinance has positive effect on empowerment even controlling for women's independent contributions to household income.

According to the World Bank's gender statistics database (2001), indicated that women have a higher unemployment rate than men virtually in every country. In general, women also make up the majority of the lower paid, unorganized informal sector of most economies. These statistics are used to justify giving priority and increasing women's access to financial services on the grounds that women are relatively more disadvantaged than men.

It is important to understand patriarchy in order to understand present day relations between women and men. Eshetu (2000), defines patriarchy as father rule, male domination on women's productive labor power, property and other economic resources. Empowerment of women and gender equality are prerequisite for achieving political, social, economic, cultural and environmental security among people. Access to credit is an important mechanism for reducing Women's poverty and to empower them, women's equal access to financial resources is also a human rights issue ( Fletschner and Kenney 2011).

Credit provided to women improves measures of health and nutrition of both boys and girls, while credit provided to men has no significant effect (Pitt et al., 2003). The microfinance has the potential to make a significant contribution to gender equality and promote sustainable livelihood and better working condition for women (ILO, 2007). It has been well documented that an increase in women resources or better approach for credit facilities results in increased well-being of the families especially children.

Microfinance institutions should be seen as contributing to women's knowledge and self confidence. They also give women the tools and skills they need to participate more effectively and successfully in and to informally influence decisions and policies that affect their lives and also microfinance play a role in creating employment through providing micro credits, income

opportunities to women and subsequently in empowering them to play an active role in the economic, political and socio-cultural sphere in the society.

As stated by Narayan (2002), in most poor countries, men's domination of women is strongest within the household. Access to credit and participation in income-generating activities is assumed to strengthen women's bargaining position within the household thereby allowing them to influence a greater number of strategic decisions. In order for women to play meaningful role in economic development, they must be empowered by making credit easily accessible to finance their small and micro enterprises.

According to Ondoro and Omena (2012), the micro-financing revolution effectively demonstrates that when poor households have access to financial services, not only do they save, but, they also have high repayment rates when they borrow. They noted that microfinance institutions have made financial services available to millions of poor households worldwide but this still represents a tiny fraction of the population in developing countries where the majority lack access to formal financial services. The assumption that credit facilities for women from microfinance institutions lead to women economic empowerment has been a controversial issue. However, empirical evidence from Awojobi (2014), subscribed to the affirmative of microfinance impacting women economic empowerment positively.

The provision of loans to women by micro-finance institutions enable them to grow with their business in entrepreneur activities by promoting awareness and raising women self esteem which consequently increases their motivation in utilizing various opportunities which are present in the society. Furthermore the MFI's also promotes the loan accessibility among women as the requirements and conditions to obtain loan are less stringent in comparison to loans given by the

banks especially on the issues regarding collateral and interests rates. With this women have opportunity to rise in business earn income and hence grow as businesswoman improving their life and their families (Simba Alfred, 2013).

Some scholars such as Mayoux (2001), investigated the impact of women's participation in microfinance programs while others have attempted to explain the reason why women are leaving microfinance programs. This may have been as a result of the profit motives and exploitation of women by some of the microfinance institutions. Nonetheless, studies across the continents indicate a positive correlation between access to credit and economic empowerment of women. The scenario is that when women started saving in microfinance institutions, they access to loans which they use the loans to support their business which increases their profits. However, not all who use their loans for their business can make profits. The savings and profits from their business act as income to the women which empowered them economically. In some cases, they use the profit and savings to expand their business.

Access to microfinance has the potential to assist the poor in earning income from microenterprises, smooth their income and consumption and help households diversify their income sources (Anand et al., 2005). According to Mayoux (2005), microfinance makes a considerable contribution to the reduction of poverty. It helps increase income earning and asset building opportunities which make households less dependents on a single asset type and consequently deal with disasters. Furthermore, a study on the effect of microfinance on women economic empowerment revealed that 60% and 50% of the recipients had their sales and incomes increase respectively one year after receipt of credit for working capital (Hassan, 2002). A similar study in India reported an increase in income from 76% of activities. There is therefore reason to believe that access to credit arising from microfinance services in its entirety should

report effect on savings, income and investments alongside non financial effect such as change of women skills through financial trainings (Wanjiku E. et al., 2016).

The accessibility of credit by Women entrepreneurs is usually considered as an important factor in the empowering of them. Credit helps women to improve their income levels, alleviate poverty and create job opportunities (Muthengi, 2012).

According to Rael Nasimiyu Waliaula, (2012), credit increases income for households and as income of SMEs increases more resources are available for expenditure, savings and investment in assets. Hoque (2008), found out that micro -credit improves capacity to manage economic challenges as there is positive influence of microcredit on the well being of borrowers.

Microcredit emphasizes the provision of credit services to low income clients, usually in the form of small loans for micro enterprise and income generating activities.

Microloans are provided for productive purposes. Productive purposes means, money given to clients as loan for investment in income generation activities such as businesses, livestock or any other activity, which has the potential to yield income for the client ( Preeti Sharma, 2014).

The increasing role of women in the world's economy in the developing countries is undisputed. A World Bank (2001) observed that women already contributed to the economy and to the family than is generally reflected in official labor statistics. Sweetman (2002), states that, women around the world were for a long time seen as housewives with one thing in common, performing activities that had a link to the home and its occupants. However, in reality, the pattern of stay-at-home-wife and male breadwinner is inconceivable for the majority of women especially in Africa because their men are either too poor or have left the household. As

countries get poorer, the pressure on women to earn intensifies. However most women cannot obtain work in the formal sector, women therefore tend to take up any kind of work in the informal sector majorly in micro-enterprises or petty trade (IFAD, 2009).

Although women's contribution is substantial, their productivity is low due to constraints of culture and tradition (Ndeti, 2005). Most women do not possess any assets and cannot normally offer the necessary securities against loans .In addition, offering tangible security (usually land) implies involving male partners in the transaction, thereby, reducing the women's control over means of production and critical decision making.

Robinson (2001) estimates that about 90 per cent of the people in developing countries lack access to financial services from formal banking institutions. Inadequate service is prompted by the perception that the low incomes are high risk borrowers and expensive to reach. The United Nations'' acknowledged microfinance as a key instrument to achieving the Millennium Development Goals (MDGs) which is a set of concrete; time bound quantitative targets for action to be achieved in 2015. Notable are Goals one and three on the eradication of extreme poverty and hunger and the promotion of gender quality and empowerment of women respectively.

In Rwanda credit recipients were found to have made more improvements to their homes than non-credit clients (Van Rooyen et al., 2012). The high quality study by Barnes, Gaile, et al., (2001), also found a greater proportion of client households, compared to non-client households, became owners of the place in which they resided, and that client households were more likely to have increased the number of rental units owned than non-client households.



## **2.2.2 Effect of Savings with MFIs on Women Economic Empowerment**

According to Onyango (2011), Savings is defined as the action of putting aside a part of current income in order to consume or invest it later on. The money saved can be kept at home, deposited in a savings account or invested in different types of capital. Savings is a critical service for entrepreneurs who want secure and convenient deposit services that allow for small transactions and offer easy access to their funds.

Women's access to savings gives them a greater economic role in decision making through their decision about savings. When women control decisions regarding savings, they will optimize their own and the household's welfare. The investment in women's economic activities will improve employment opportunities for women. This economic contribution may increase their role in economic decision making in the household, leading to greater wellbeing for women and children as well as men. Their increased economic role may lead to change in gender roles and increased status within households and communities (Badu, 2012).

Maru, and Chemjor, 2013, stated the ability and opportunities to save also serve as protection against illness and occasional unemployment. Haripriya, V.R. et al., (2016), Women venturing into business face two major setbacks, lack of funds and inability to access credit. In addition, rural women lack saving management skills even though naturally women are good at running small businesses. The only constraint to their progress is in their inability to judge how profitable these ventures can be

A study by Karanja, (2012), of the Kenya Women Finance Trust shows that clients preferred credit and savings services in the Microfinance Institution with their reason for saving being to expand their business (62%), education for their children (40%) and for emergencies (26%)

additionally 71% of the clients viewed compulsory savings as an opportunity to save. In this study it is concluded that savings is important for the improvement of business sustainability through financial performance and outreach especially in the rural areas where access to financial services is challenging.

However, it can be argued that savings mobilization is costly and risky relative to other sources of financing and also that it would be better if entrepreneurs were helped to build assets through saving rather than to take on debt. A study by Bateman and Chang critically examined evidence on saving with microfinance institutions in Croatia and found that savings were only useful in maximization of profits and capital working for Women entrepreneurs.

Akasamire (2010), wrote that firm growth opportunities has a correlation with liquidity levels, enterprises with more investment opportunities keep higher liquidity levels in order not to limit or cancel their profitable investment projects. It can be argued that these kind of firms would require a reliable savings institution to enable them maximize on their growth opportunities, MFIs should establish effective savings programs by transforming their capabilities to support Women saving services. However it should also be noted according to Gray et al., (2012), that too much liquidity is harmful as Women might not spend it wisely effective training on cash flow management is also important.

Microfinance services help the women business to diversify their income sources, building up physical, human and social assets, and focus on good financial management, rebuild the household's base of income and assets after economic shocks have occurred and to smooth consumption.

Gathogo (2014), argues that the personal savings are the most convenient source of financing to quite a number of people, therefore savings can be easily shifted between the household and enterprise. In many instances, savings from the business are transformed into household assets. These same assets may be transformed later to invest in the business. Alternatively, savings may be deposited into the business and withdrawn as needed by the household, investment in the business usually reflects savings accumulation.

Low-income entrepreneurs save, but lack adequate liquid savings options. In this case, Microfinance institutions are uniquely positioned to target this market. Few microfinance institutions have developed a mechanism to collect voluntary savings. Many, however, require members to deposit into a mandatory savings account. This provides a source of security in case of loan default. Some institutions allow clients to deposit excess savings into their mandatory savings account. The willingness of clients to deposit mandatory and voluntary savings reflects their ability and willingness to save with microfinance institutions. The experience of MFI and its mandatory savings mechanism provides insight into the potential role of microfinance institutions to collect savings. Offering saving services would provide motivation for clients to retain membership. Entrepreneurs must always engage in some form of short-term or long-term savings (Banerjee et al., 2007). Therefore the Saving service of microfinance which takes two forms; mandatory and voluntary savings, whereby the mandatory saving is referred to the value of savings that the clients of microfinance are required to save as a condition of obtaining future loan; while the voluntary savings is referred to the amount of savings kept by MFI clients which is not required as a condition of an existing to loan. Both of mandatory and voluntary savings are important for enhancing the capability of poor to cope with the uncertainty shocks and reduce the financial cost of lending and secure a sustainable fund sources (Al-Shami et al., 2014).

The interest rate on the deposited savings of the clients has the power to help poor in accessing to large size of loans and consolidate their financial position. In addition, the availability of accessing saving accounts helps poor women to cope with uncertain shocks.

Savings schemes facilitate low income earners to choose among them according to their appropriate ways and means better framework to accumulate capital for future development or investments. Savings help also women investors to secure their loan applications in lack of collaterals and lead to their socio-economic empowerment (Gray et al., 2012).

Alfred Simba (2013), who asserts that savings is critical factors that contributes to women economic empowerment to enhance they business activities so that they can increase their current capital by expanding their business or establish a new ones.

### **2.2.3 Effect of Financial Trainings provided by MFIs to Women Economic Empowerment**

Financial literacy provides material capital to a business person empowering the person to participate in the economy and society. Microfinance Institutions train entrepreneurs on financial management, business planning & projection and welfare of the population.

However Wright (2000), is not enthusiastic about the role of microfinance institution training to Women entrepreneur and thinks that these funds should be diverted to other projects desperately needed such as health of the people in an organization and there is inadequate learning from the training programs offered by Microfinance Institutions funds could be used in other projects that might help the women more. It could also be noted that money given to the women without proper management could result in spending on social activities such as alcohol, gambling and wedding party and so on.

Similarly another study by King , McGrath (2002), concludes that education is one of the factors that impact positively on sustainability of entrepreneurs with large stocks of capital that includes education and or vocational training are better placed to adapt the constantly changing business environment.

Gathogo (2014), found that microfinance clients subjected to the training programmes are more likely to maintain a clean repayment record compared to untrained clients. They argue that this results from the improved business outcome, which on average is 16 percent higher for trained clients in terms of sales. The results are however not similar to other business outcomes such as profit margins and change in the number of employees. Nor are there significant changes in loan size and cumulative savings due to training. In a different study carried out by Henriken and Svoldal (2010), on the impact of providing business training to microfinance clients in Tanzania, the study uncovered that training was not reflected on the entrepreneur's profits. The general judgment was that business training leads to shifts towards business structures that are associated with higher profitability. This is because women entrepreneurs with business training have more often become multiple-business owners (Karlan and Valdivia, 2006).

Second, the women entrepreneurs offered business training have increased their engagement in commerce at the expense of engagement in manufacturing. Parallel to this, the bulk of indicators rank commerce as the most profitable sector and manufacturing as the least profitable sector, especially in terms of profit per working hour (Bennett, 2007).

Legerwood (2009), confirms that business training enhances movements away from the least profitable sectors and towards the sectors associated with higher profits. Any better predictors of the future business environment are however difficult to find, and the micro entrepreneurs are

also restricted to the available market information when they evaluate the profitability of different business practices. In view of this, the Women entrepreneurs with business training have more often exploited the profit opportunity of operating successful businesses compared to the least profitable ones (Henriken and Svoldal, 2010).

Most Women entrepreneurs are illiterate thus lack the knowledge and skills in certain acts of business such as record keeping; an act Ormin (2008), has noted as an imperative for business success. This scenario is both a limitation to access to bank finance and reliable source for business decisions. The absence of record keeping couple with poor managerial skills results to poor decision making which impacts on the performance and growth of the Women enterprises. It could be in realization of this that Matu and Kimani (2010), advocated MFIs greater commitment to the provision of non-financial services especially basic entrepreneurial training.

Kessy and Temu (2010), confirm the importance of this service. Further, studies found that firms that are recipient of business training record higher levels of performance than enterprises without this training. By providing these non-financial services to women, therefore, the performance of their business is bound to improve.

Financial Training is a very important micro-finance factor for women entrepreneurs as it would provide the skills and experience needed for business (Akanji, 2006). Women who manage to start business have been cited as having problems at the growth stages such as inadequate working capital, poor technical and managerial skills and lack of marketing techniques, lack of work sites and security and basic infrastructure, hostile business environments, poor project and planning skills and lack of information on the available assistance programmes (Mucheke, F.N. 2015). Some studies confirm that skill training and tertiary education have positive effect on enterprise performance (Akanji, 2006).

Women operating where large proportions of the population live in absolute poverty, face several major constraints. These include their inability to judge the profitability of their operations due to a lack of basic accounting skills, insufficient technical and business management skills as well as socio-cultural constraints (Karimi, S. et al.,2010 ).

Financial training is, therefore critical as it is a tool through which rural women entrepreneurs learn useful skills. Through microfinance, women entrepreneurs get a chance to earn their own income independent from that of their husbands. This makes them partners towards contributing to the wellbeing of their families and the communities they live in. By getting access to loans, women can expand their businesses and use the profits generated to service these loans. Eventually, this cycle helps women grow and increase their earning power. Past studies indicate that through microfinance, participating women increase their income. This is attributed to access to microcredit which also comes with training on how to manage small loans into the business and to pay them back on time.

Duca & Kumar (2014), argued that financial illiteracy is an important contributory cause of low savings levels and poor financial management. Financially illiterate households tend not to plan for future or unexpected events, borrow at high interest rates, acquire few assets and conduct non-optimal mortgage equity withdrawals. Several recent papers have evaluated the effect of financial literacy training on individual outcomes such as savings, remittances, entrepreneurial activities and asset accumulation (Cole & Shastry, 2009). The focus on low-income households and women who may benefit the most is, however, limited (Collins, 2013).

Agarwal et al., (2010), also showed that participants in a voluntary financial education program are less likely to fall behind on their mortgage payments indicating that increased financial

literacy leads to lower delinquency rates. In Burkina Faso, microfinance groups that received loan literacy training had higher repayment performance, confirming the positive effect of financial literacy (Paxton et al., 2006). It would thus be important to interrogate the influence of financial literacy on economic empowerment of women from a Kenyan perspective.

The moderating variables were the other factor that affecting the microfinance institutions and Women Economic Empowerment. This study focused on Government policy and Education level.

Government initiative to promote women and putting in place Policies and frameworks that encourage less privileged people to start their own businesses is engine forces not only to beneficiaries, but also to the partners in development. To help less privileged and poor people having access to finance, the government of Rwanda initiated Umurenge SACCOs; these are Savings and Credits Cooperatives in every administrative Sector (Umurenge in local language) or Sub-County. According to BNR report on microfinance institutions in Rwanda, there were 416 Umurenge SACCOs, 36 Non-Umurenge SACCOs, 18 MFIs limited companies (BNR report on microfinance institutions June 30, 2017). All those MFIs are supported by the law *n° 40/2008 of 26/08/2008 establishing the organization of micro finance activities and regulation n° 02/2009 on the organization of microfinance activity.*

There are also other established movements or blocs for the favor of women entrepreneurs like: “She trades”, Gender Monitoring Office (GMO), education for all program encouraging young women to afford high education, science, technology and vocational education (GMO report 2013).



### **2.3. Summary of literature review**

Microfinance services lead to women empowerment by influencing their decision making power at household level and their overall socio-economic status (Rehman and Khan, 2007). Microfinance has positive effect on empowerment even controlling for women's independent contributions to household income (Pitt et al., 2003).

The provision of loans to women by micro-finance institutions enable them to grow with their business in entrepreneur activities by promoting awareness and raising women self esteem which consequently increases their motivation in utilizing various opportunities which are present in the society. Furthermore the MFI's also promotes the loan accessibility among women as the requirements and conditions to obtain loan are less stringent in comparison to loans given by the banks especially on the issues regarding collateral and interests rates. With this women have opportunity to rise in business earn income and hence grow as businesswoman improving their life and their families (Alfred Simba, 2013).

Badu (2012), women's access to savings gives them a greater economic role in decision making through their decision about savings. When women control decisions regarding savings, they will optimize their own and the household's welfare. The investment in women's economic activities will improve employment opportunities for women. This economic contribution may increase their role in economic decision making in the household, leading to greater wellbeing for women and children as well as men. Their increased economic role may lead to change in gender roles and increased status within households and communities.

The provision of loans from MFI's is also associated with the Financial training and seminars which is given to borrowers which aims to reduces loan default chances among them by guiding

proper way to maintain cash flow after receiving the loan. With this achieved also the women as the borrowers from this MFI's are benefited by learning proper ways of maintaining cash flow which is essential in business as well as in life in general (Akanji, 2006).

Despite all these microfinance services mentioned above, women are still not empowered in developing countries including Rwanda and Because of the extensive use of micro- finance; there is a great need for further study of how micro-finance programs have contributed to women's empowerment generally.

#### **2.4 Gap in Literature Reviewed**

In the above literature review, authors wrote and examined the women participatory techniques in microfinance programs, saving ideas, loan acquisition programs, but they did not elaborate in-depth information or widely describe the effect of microfinance institutions on women's economic empowerment. However in this study, the researcher elaborated more on the effect of microfinance institution (VFR) on women economic empowerment in terms of income generation, job creation and financial literacy in-depth.

#### **2.5 Conclusion**

In this chapter, the researcher highlighted the views and observations from previous studies and the works of other scholars with the Effect of Microfinance on Women Economic empowerment. The major purpose of chapter was to provide theoretical guidance to the study and to identify research gaps, "Women are still not empowered despite the microfinance services". In the next chapter, the researcher presents the methodology that was applied during the study.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter presents the methodology that was used to carry out the study; it explains the research design, the population of the study, Area of the study, sample size and selection, sampling techniques, data collection methods, sources of data, data management and analysis, reliability and validity and Ethical consideration.

#### **3.1 Research Design**

The purpose of the research was to understand the effect of microfinance institutions on women economic empowerment. A research design is an overall plan for obtaining answers to questions being studied and for handling difficulties encountered during the research process (Polit & Beck, 2010). According to Sekeran (2003), a good research design clearly defines the purpose and consistency between the research questions and the proposed research method. It specifically guides the way in which data is collected and analyzed (Bryman and Bell, 2008). Given the research questions at hand, there was a need to investigate whether there is a relationship between the main variables that is to say microfinance institution and women economic empowerment.

According to Kisilu Kombo et al., (2006), Case Study Design is a case study seeks to describe a unit in detail, in context and holistically. It is a way of organizing educational data and looking at the object to be studied as a whole. In a case study, a great deal can be learned from a few examples of the phenomena under study and it will bring about deeper in-sights and better understanding of the problem faced by respondent.

The researcher used case study research design the aimed at establishing in detail the relationship between MFIs services (Loan, Saving, Training) and Women Economic Empowerment in terms of income generation, job creation and Financial decision. This design helped a researcher to examine the relationship between variables in-depth information as used to Kabuga zone as case study.

The study employed both quantitative and qualitative research techniques. Quantitative research technique is a formalized and structured method. It generalizes and studies the research problem in a broader perspective. The sample was considerably large also with fewer variables that were examined statistically. Basically quantitative technique is derived from a positivist study of knowledge which holds that there is an objective reality which can be expressed numerically (Glatthorn & Joyner, 2005; Saunders et al., 2007). In this study, quantitative data collection technique was applied so as to gather information by the use of questionnaire (Mugenda, 2003). Quantitative technique was useful in measuring variables and expressing their effects and relationships using correlations, frequencies, means and standard deviations. Qualitative technique on the other hand, is derived from the phenomenological approach, a perception which looks at subjective qualities and phenomena. The qualitative perspective emphasizes a phenomenological view in which reality is inbuilt in the perception of individuals just as Saunders et al., (2007) explained it. In this study, qualitative data was necessary so as to obtain unquantifiable data to enhance interpretations of results. This was due to the fact that qualitative technique goes beyond the statistical results usually reported by quantitative technique as Mugenda, (2003) testifies. Qualitative data was presented using narratives and discussions of the existing literature relating to statistical findings and the study problem.

### **3.2 Area of the study**

The spread of Microfinance institutions are throughout the country, but due to limitation in time and financial resources, the study was mainly carried out in the services of Vision Fund Rwanda provided in Kabuga Zone at Gasabo District. The region was selected because it had a big trading center, large number of Women with access to the Microfinance services and dealing with small and medium enterprises (SMEs).

### **3.3 Study Population**

In research study, the population is mainly the source of information. This population provides primary data (Ngechu, 2004). Population generally refers to the total number of items or elements that are considered in a research study. Mugenda (2003), explain that the study population should have some observable characteristics, from which the researcher intends to generalize findings of the study. The populations of interest consisted of all women who were members of Vision Fund Rwanda within Kabuga zone. The women considered were those owned business and also had a physical presence in their business and some Staffs working in VFR Kabuga Branch. The women were to have contact details that enabled the researcher to trace them and collect the questionnaires. This study had a total population of 85 people (Refers to the Table below).

### 3.4 Sampling procedures

#### 3.4.1 Sample size

**Table 1: The total population of the sample size in kabuga zone.**

Structure of the population	Population	Sample Size	Technique
Top manager	1	1	Census
Marketing manager	1	1	Census
Loans officers	3	3	Census
Women entrepreneur	80	80	Census
<b>Total</b>	<b>85</b>	<b>85</b>	

**Source: Primary data**

#### 3.4.2 Sampling Techniques

According to Umar F (2013), a census attempts to gather information about every individual in population. The study adopted only a census sampling technique both women beneficiaries and workers of Vision Fund Rwanda within Kabuga zone. This study had a total population of 85 people, 80 Women Entrepreneurs, 3 loans officers, 1 Top Manager and 1 Marketing Manager, The researcher considered the Women entrepreneurs and VFR staff as the total sample population(85) due to their small number in Kabuga zone as in the table below;

**Table 2: Sampling frame**

Structure of the population	Population	Simple Size	Technique
Top manager	1	1	Census
Marketing manager	1	1	Census
Loans officers	3	3	Census
Women entrepreneur	80	80	Census
<b>Total</b>	<b>85</b>	<b>85</b>	

**Source: Primary data**

### **3.6. Source of data**

A source of data according to Paige Wilson (1989), is one of the materials the researchers use for collecting information during the investigation. For the purpose of this study, both primary and secondary data were considered in this work.

#### **3.6.1 Primary data**

According to Churchill (1992:182), primary data is the information collected specifically for the purpose of the investigation at hand. He further argues that primary data is such a kind of data collected to fit precise purposes of the current research problem. To evaluate the overall value of primary data, the research must consider precision correctness of the reliability against high cost time pressure and limited access to materials. This data was obtained from selected respondents of VFR's female clients and staff through the use of questionnaires and interviews.

### **3.6.2 Secondary data**

Secondary data on the other hand, is the information not gathered for the immediate study at hand, but for some other purposes and this has been pointed out by Churchill (1992).

Richard Grinnell and Margaret W. (1999), pin pointed that secondary is data gathering method that makes use of pre-existing data. This technique is important because it reviews the literature and tries to canvas both global and national perspectives so that the researcher could have a comparative from work for analysis evaluation.

The source of data of a secondary nature was obtained from various existing documents to include: library textbooks, articles, journals, published annual reports, magazines, gazettes and internet search among other relevant literature; all these documents were reviewed in a bid to collect the secondary relevant data as per the study.

## **3.7 Methods of Data collection and Instruments**

### **3.7.1 Questionnaire method**

The study employed questionnaire methods to collect data from the respondents. The questionnaire was self-administered and structured based on a five-point Likert scale as follows; (5= Strongly Agree, 4=Agree 3= Uncertain, 2= Disagree and 1= Strongly Disagree). The structure of the questionnaire was as follows; Section A dealt with demographic information about respondents' age, educational level, marital status, length of time spent in the business and types of business activities, Section B focused on loans provided by microfinance and women economic empowerment of Kabuga zone, whereas Section C examined savings with microfinance and women economic empowerment, section D examined financial trainings



offered by microfinance and women economic empowerment. From section B to section D, there were some structured, open-ended questions that the researcher used to collect qualitative and quantitative data from respondents. The questionnaire was chosen because it was convenient to the respondents as it would be filled at the respondent's convenience and was appropriate for large samples. According to Amin (2005), questionnaires are popular because information can be obtained fairly easily and the responses are easily coded.

The questionnaire was also given to all women SMEs entrepreneurs and staff from Vision Fund Rwanda Kabuga zone. This method helped the researcher to find out the effect of Vision Fund Rwanda services on women economic empowerment in detailed information because the questionnaires were filled by beneficiaries and servants. Details of the questionnaire are shown in appendix I.

### **3.7.2 Interview guide**

According to Kenneth D. Bailey (1978), an interview schedule is a special social interaction between two or more persons and is a subject to some of the rules and restrictions as other instances of social interactions.

The researcher prepared an interview guide which she used to interview key informants to obtain qualitative data, which was difficult to obtain using the questionnaire. This targeted six (6) Key informants including: three (3) staff from Vision Fund Rwanda (1 Top manager, 1 marketing manager and 1 loan officer) and three (3) presidents of women's groups (1 from Kabuga trading centre group, 1 Rugende group, 1 Masaka group). The researcher believed that these people could provide rich information in regard to the study. Interviews were used, since they were appropriate in providing in-depth data, data required to meet specific objectives, it also allowed

clarity in response easily compared to questionnaires. This method helped researcher to find out and understand how VFR as microfinance institution influenced in Economic Empowerment of Women in Kabuga zone. Details of interview questions are shown in appendix II.

### **3.8 Quality Control**

The data collection instrument was pre-tested for both validity and reliability.

#### ***3.8.1. Validity***

The study employed standardized questionnaires whose validity was scrutinized and necessary modifications made accordingly. In order to ensure high validity of the questionnaire, the researcher's supervisors looked and examined the content and format of the questionnaire and therefore provided an intelligent judgment about the adequacy of the instrument (Fraenkel & Wallen, 2006). Only those items that adequately represented the total domain of content covered by the variables were considered and approved after a thorough checking by the supervisor. The researcher reworked on the questionnaire till it was proved to have attained the required standard. Those items adhered to Fowler's (1984) practical standards that all survey questions should meet. Such standards include whether or not a question can be asked exactly the way it is written, whether the question will mean the same thing to everyone, whether it is a question that people can answer, and whether it is a question that respondents were willing to answer.

The validity of the questions were tested using the content validity index (CVI) to measure the extent to which the items in the instrument were relevant in measuring what they were supposed to measure based on expert supervisor's judgments.

The CVI was established using the following formula;

$$\text{CVI} = \frac{\text{Number of items declared valid}}{\text{Total number of items}}$$

Number of items declared valid = 34 items

Total number of items = 41

$$\text{CVI} = 34 \div 41 = 0.82$$

The CVI was 0.8 shows that the obtained value for the data collection instruments was above 0.7, which meant that the data collection instruction were valid for data collection and would give valid information about the effect of microfinance services on women economic empowerment.

### **3.8.2. Reliability**

Reliably measures or indicates the extent to which it is without bias and therefore ensures consistent measurement across time and across the various items in the statement suggesting that the findings would be consistently the same if the study was done over again (Mugenda 1999).

Cronbach's alpha coefficient obtained from Statistical Package for Social Scientists (SPSS version 16). SPSS version 16 was used to test for internal consistency of research variables to test for reliability of the questionnaire considering only variables scoring a coefficient from 0.70 and above will as acceptable for social research (Cronbach, 1970). The reliability results shown in the table 3.1 below;

**Table 3.1: Showing reliability results**

<b>Variables</b>	<b>Number of items</b>	<b>Alpha value</b>
Loans	07	0.803
Savings	07	0.939
Financial Trainings	07	0.969
Women Economic Empowerment	06	0.927

**Source: SPSS Software**

The table 3.1 above shows that Loans yielded Cronbach's alpha value of 0.80 while Savings yielded Cronbach's alpha value of 0.93, Financial Trainings yielded Cronbach's alpha value of 0.96 yet Women Economic Empowerment yielded value of 0.92. It is observed that all the variables of the study yielded an alpha value above 0.70 and so the questionnaire was considered reliable, thus it consistently measured the effect of Microfinance services on Women Economic Empowerment.

### **3.9 Measurement of Data**

The researcher designed the instruments based on the prevailing literature review and other works done by other scholars. These questionnaire addressed the issues used in measuring the effect of Microfinance services on women economic empowerment, the effect of loans provided by microfinance was measured using 7 items, the effect of savings with microfinance was measured using 7 items and effect of training offered by microfinance were also measured using 7 items and Women economic empowerment was measured using an instrument containing 6 items. For all measures, participants were asked to respond to a five –point Likert-type scale ranging from 5-Strongly agree, 4-Agree, 3-uncertain, 2-Disagree and 1-Strongly disagree.

### **3.10 Data management and processing**

The quantitative data that was gathered from the self-administered structured questionnaires were thoroughly checked, edited and coded. The coded data was analyzed using the Statistical Package for Social Scientists (SPSS) computer software program. Qualitative data from open-ended questions were analyzed and categorized basing on patterns, repetitions and commonalities into themes based on study variables. The collected data was analyzed using both quantitative and qualitative data analysis methods. The quantitative method involved descriptive statistics analysis which allows the researcher to draw conclusion about the unknown parameter of population based on statistics which describes from a target population. The qualitative data analysis contends itself with bringing order, structure and meaning to the multitude of narrative and descriptive information collected.

### **3.11 Data Analysis and presentation**

Data was collected by the questionnaires and analyzed, summarized and interpreted accordingly with the aid of descriptive statistical techniques such as total score and simple percentage. Qualitative as well as quantitative methods were used in the analysis of the collected primary data by using Statistical Package for Social Scientists (SPSS, version 16.) and Microsoft Excel.

Descriptive analysis such as frequencies and percentages, means and standard deviations were used to present quantitative data in the form of tables. Pearson correlation coefficient analysis was used to test the relationship between variables while multiple regression analysis models were used to determine the extent to which the independent variables predict variance on to the dependent variables and ANOVA was used for the analysis of the variance to test differences in mean (for groups or variables) for statistical significance. Qualitative data from open-ended

questions were analyzed and categorized basing on patterns, repetitions and commonalities into themes based on study variables as Cole, (1988) recommends. This data was closely examined and compared for similarities and differences in order to realize conclusions and recommendations.

Therefore, analysis and presentation of the data was based on the responses and opinions of respondents which were used to make conclusions relevant to the subject of the study and the findings were presented in the form of tables and figures.

### **3.12 Ethical considerations**

Researcher needed an introductory letter from the Faculty of Business Administration and Management of Uganda Martyrs University which was presented to the areas of the study

In addition to the Introductory letter the researcher introduced herself to the branch Manager, staff members and clients of Vision Fund Rwanda, Kabuga branch in a respectful manner, so that the researcher could be received warmly and collaborate reasonably in all interviews.

The researcher issued questionnaires having detailed information enabling her to capture all the relevant information in regard to the research.

The researcher assured the respondents and company that the information required was for academic purposes and was to be held confidential thus she requested them to feel free and be specific and honest when responding to the questionnaires and interviews.

The researcher also assured the respondents of confidentiality of the information given and protection from any possible harm that could arise from the study since the findings would be used for academic purposes only.

### **3.13 Limitation of the study**

The study confined within areas of Kabuga zone. Hence the results were not applicable to all Microfinance institutions of Rwanda.

The study limited by language barrier as in Kabuga zone they were more conversant with French and Kinyarwanda and my research was done in English, this limited easy and quick questionnaire response and interviews.

The low education and illiteracy level limited the researcher to get more information as expected and required to always interpret and explain the questions in the questionnaires this consumed a lot of time in the research process of data collection.

### **3.14. Conclusion**

In this chapter, the researcher has discussed the research design, area of study, study population, sample size, sampling techniques, data collection instruments, validity, reliability, data measurement, data management, data analysis and presentation, ethical considerations. The researcher followed all principles of research to minimize errors and bias due to ensure that the study is scientific and objective.

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND DISCUSSION**

#### **4.0 Introduction**

This chapter presents the collected data from respondents, data analysis and interpretation plus discussions on the findings. The chapter is organized under sub-sections beginning with descriptive findings followed by inferential findings. Under descriptive analysis, findings on respondents' demographic information are presented using frequencies and percentages by use of tables. The inferential section presents study findings by use of mean, standard deviations, correlations and regression. The study was guided by the three specific research objectives namely:

1. To examine the effect of loans provided by Microfinance on Women Economic Empowerment in Kabuga Zone.
2. To examine the effect of savings with Microfinance on Women Economic Empowerment in Kabuga Zone.
3. To examine the effect of financial trainings provided by Microfinance on Women Economic Empowerment in Kabuga Zone.

#### **4.1 Response Rate**

The study was composed of 85 respondents from Vision Fund Rwanda staff and clients who were expected to participate in this study and a total of 85 questionnaires were distributed to respondents which were all returned giving a response rate of 100%, which means that the whole sample was represented.



## 4.2 Demographic Information

This section presents the demographic information of the respondents used in study in relation to age group, marital status; education level, duration of the respondents spent in business and types of the business operated by different respondents.

### 4.2.1 Age of respondents

**Table 4.1: Showing the age group of respondents**

Age group (Years)	Frequency	Percent
Below 25	7	8.2
25-30	17	20.0
31-35	27	31.8
36 and above	34	40.0
Total	85	100.0

*Source: Field Data (2017)*

In table 4.1 above results indicated that most 34(40%) respondents were of 36 years and above, followed by 27(31.8%) respondents in the age group of 31-35years then 17(20%), 25-30years and the last 7(8.2%) were below 25years of age.

This implies that Women involved in SMEs entrepreneurs are old enough; in Age and mature in responsibility to run different business that help them to improve on their standard of living. At this stage women are no longer in schools, they are either married or settled in life and can be identified with particular community with permanent address. They are more focused in

economic development, know how to utilize business opportunity and can be trusted by Vision Fund Rwanda to repay the loans in given period of time.

#### 4.2.2 Marital status of respondents

**Table 4.2: Showing the marital status of respondents**

<b>Marital Status</b>	<b>Frequency</b>	<b>Percent</b>
Single	14	16.5
Married	41	48.2
Divorced	8	9.4
Widowed	22	25.9
Total	85	100.0

*Source: Field Data (2017)*

From table 4.2 above majority of the respondents were married 41(48.2%), widowed were 22(25.9%), followed by 14(16.5% who were single, while 8(9.4%) had divorced.

Results indicated that the most of women who dealt with microfinance services were married. Meaning that women with family obligations (Food, school fees, medical insurance and others primary needs) needed more money to fulfill their roles which they are adhered to on daily basis as they engage with their daily entrepreneur activities.

#### 4.2.3 Education level of respondents

The findings from table 4.3 below showed that majority 31 (36.5%) respondents had attained only primary school, followed by 20 (23.5%) respondents who had attained senior high school,

Then 12 (14.1%) respondents went through junior high school, while 12 (14.1%) respondents had no formal education and 10 (11.8%) respondents with degrees.

**Table 4.3: Showing the education level of respondents**

<b>Education level</b>	<b>Frequency</b>	<b>Percent</b>
No formal education	12	14.1
Primary	31	36.5
Junior school	12	14.1
Senior high/Vocational/Technical school	20	23.5
Degree	10	11.8
Total	85	100.0

*Source: Field Data (2017)*

This indicates Women SMEs do not require complicated statistics and women of minimum and intermediate education find it easy to manage them. It is also in line with Alugalla (1995), argument who wrote that since many of African women have a primary school level of education, they tend to be engaged in the activities which need minimal skills and less supervision. The microfinance targeted to low class of population who can't even have a capacity to join with normal banks due to low level of education and the lack of required collaterals for loans.

#### 4.2.4 Duration of the respondents in business

From table 4.4 below, shows that majority of women interviewed 33(38.8%) have been in business for 6years and above, 25 (29.4%) were in business for 2-3years, 19(22.4%) spent 1-3years in business and 8(9.4%) respondents had spent less than one year in business. This high percentage of women in business is attributed to different of registered achievement in women's' income generative projects that fosters Economic growth. As many starts with low saving to deal in few agricultural products among others, working in groups strengthen their solidarity in lobbying and advocacy they are later upgraded to community banking for easy and soft credit service so as to get more money. The more time women spend in the business the more expert they become especially in dealing with business that generate more profits. These income generative businesses increase their saving and they are able to utilise more loan from Vision fund Rwanda. The revolving funds creates continuity widens income base and encourages new entrants to learn from their fellow women who are already successful in business there by increasing the number of vision clients.

**Table 4.4: Showing Duration of the respondents in business**

<b>Years of the business</b>	<b>Frequency</b>	<b>Percent</b>
less than 1	8	9.4
1-3	19	22.4
3-5	25	29.4
6 and above	33	38.8
Total	85	100.0

*Source: Field Data (2017)*

#### 4.2.5 Respondents of different business types in Small Medium Enterprises

Table 4.5 above from illustrations above most of respondents were into trading type of business 41(48.2%), followed by service provision with 17(20%), while 15(17.6%) were into manufacturing and the least 12(14.1%) were into farming. From the findings women found it easy to deal with in business where income can be generated on daily basis like selling merchandise, hiring of seats and wedding tents, outside catering, hand craft to mention but a few because microloans received were short term serviced and their payments were scheduled weekly, two weeks time and monthly depending on loan products.

**Table 4.5: Showing the Respondents and business types of SMEs**

<b>Types</b>	<b>Frequency</b>	<b>Percent</b>
Trading	41	48.2
Manufacturing	15	17.6
Service Provision	17	20.0
Farming	12	14.1
Total	85	100.0

*Source: Field Data (2017)*

### 4.3 Descriptive statistics

#### 4.3.1 Effect of loans provided by Vision Fund Rwanda on Women Economic Empowerment

The first objective of the study was to examine the effect of loans provided by Vision Fund Rwanda on Women Economic Empowerment. As indicated in the methodology (chapter 3),

the questionnaire of data collection was designed on a five –point Linkert scale with different level of agreement for each item namely; level 5 for Strongly Agree (SA), 4 Agree (A),

3 uncertain (U), 2 Disagree (D) and 1 Strongly Disagree (SD).

Reference to the meaningfulness of mean, all responses above 3 represented “Agree” while responses equal to 3 represented uncertain and responses less than 3 accounted for “Disagree”.

The findings on loans provided by Vision Fund Rwanda are presented in table 4.6 below showing response in form of mean and standard deviation.

**Table 4.6: Showing Loan provided by Microfinance on women economic empowerment**

<b>Statements</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
I can easily access a loan from VFR	85	4.2920	1.1430
VFR helped me to manage my business and deal with financial challenges through loans	85	4.0588	.93035
the repayment period given for the loan is favorable	85	1.5765	1.18900
Because of loan from VFR my household economic aspect improved	85	4.5882	.84929
Interest rate charged on loan is affordable	85	1.8000	1.36974
the loan amounts extended by VFR is adequate for investment	85	2.6824	1.59024
Because of loans from VFR my life standard has improved	85	4.0588	1.30341

*Source: Field Data (2017)*

#### **4.3.1.1.1 Easily access a loan from Vision Fund Rwanda (VFR)**

As shown in table 4.6 above, research findings indicated that majority of the respondents agreed that VFR provided loans in simple process with the (mean= 4.29) and (SD= 1.14). This shows a variation in the responses of the respondents.

This was confirmed in narrative report in the interviews with key informants. When one was asked the process of joining and accessing the loan, she responded that;

*“.... At the end of the training, the qualified clients are asked to form a homogeneous group based on the qualification predetermined by the MFI, soon later group members nominate the group leaders and get facilitated to enact group by laws. From that point we are given loan application forms to fulfill and attach individual identification and photo then signs the peer guarantee. After that, group leader are asked to open a bank account on behalf of the group where the disbursement will pass through by the bank, and clients will make payment installment later. They give out loans without any other collateral”. (Interviews with key informants in Kabuga zone, Rwanda on 5<sup>th</sup> Sep, 2017).*

#### **4.3.1.1.2 Management of the business and dealing with financial challenges**

Table 4.6 above shows that the respondents agreed that loans from Vision Fund Rwanda helped them to manage business and to deal with financial challenges with the (mean = 4.05) and (Standard deviation= 0.93), Showing a variation in the response from the respondents.

Results indicated that the loans received enabled them to stay in business while responding to other social responsibilities and challenges such as paying children’s school fees, medical insurance, and other family problems. The respondents stressed that their business could have collapsed but the loans received from the Vision Fund Rwanda kept their in businesses

flourishing. Therefore acquisitions of loans led to expansion of business enterprises and made many women to grow more in entrepreneur skills. However some women have not expanded but remained operating in business while meeting their family economic needs and facing social challenges without making losses or closing the business.

These findings are in agreement with (Joshi, 2004), who confirmed that microloan is a critical tool to empower women belonging to poor households. Improving the women empowerment improves the infant and child survival, increases child schooling and results in increased expenditure on child education and health (Joshi, 2004).

Hunt and Kasy Nathan (2002), described that microfinance loans for women have positive impact on economic growth by improving women income generating activities.

#### **4.3.1.1.3 Repayment period for the loan**

Table 4.6 above shows that the respondents disagreed that the repayment period given for the loan is favorable with the (mean=1.57) and (standard deviation =1.18). Shows that the respondents were not satisfied with the loan repayment period because it was not favorable, as one woman lamented.

*“...I used the loan from Vision Fund Rwanda in agricultural, but the payment period always reached before I harvested my crops, so what would I do? This forced me to borrow from my friends, so as to pay the VFR and met deadline. The loan period given to agri-loans is too short otherwise we are really unconvinced when it comes to paying back.....” (Interview with woman from Rugende cell in Kabuga zone on 5<sup>th</sup> Sep, 2017).*



#### **4.3.1.2 Economic Status of Households**

From table 4.6 above findings indicated that the respondents agreed that their households economic aspect improved through loans from Vision Fund Rwanda with the (mean =4.58) and (Standard deviation = 0.84).As they acquired more loans basing on their economic status and capacity of paying it, they participated informal business sector like catering services, hand craft, bee/Haney manufacturing, they were able to realize profits in the short term period and able to get money to buy household essential needs and continued to invest in project that increased household income.

It is also in line with (Rehman and Khan, 2007), who wrote that the microloans lead to women empowerment by influencing their decision making power at household level and their overall socioeconomic status, Narrated that microfinance has positive effect on empowerment even controlling for women's independent contributions to household income (Pitt et al., 2003).

#### **4.3.1.3 Interest rate charged on loan**

Table 4.6 above indicated that the respondents disagreed that the interest rate charged on loan from VFR is favorable with the (mean= 1.80) and (standard deviation =1.36) indicating a variation in the response.

Results showed that the higher interest rates charged on loans could have had negative economic effects such as increase in the cost of borrowing on the side of clients since the surplus income is spent on interest payment this ultimately put loan bears into a permanent situation of slavery that leads to stunted business and worsens that economic poverty of women in Kabuga zone as one explained.

*“.....The interest is too high and we seem only to be working for vision fund, we are only here just to survive, what you get as profit is always paid back as interest! But as the business gives what to eat on daily basis you persevere. Anyway, it is like the garden you keep on digging.....”*

It is also in line with Ali and Alam (2010), who wrote that high interest rates on microcredit are one of the problems faced by the microfinance sectors. But people still like microcredit because they have no access to the collateralized commercial loans. These poor people are very hardworking and very enthusiastic about business; that’s why they take the microcredit loans and often repay their loans because of the success in business.

#### **4.3.1.4 Loan amounts extended by VFR adequate for investment**

With the mean of 2.68 and SD of 1.59, Showing that respondents had varying responses about the statement.

The findings in the table above indicated that most of the respondents are disagreed that the loan amount given by Vision Fund Rwanda are adequate for investment into dream project .In most cases Microfinance considered the duration spent with them and economic status of individuals so as to be sure that one can service the loan according to the expected time given. This discouraged women entrepreneurs as they received small loans compared to the business they planned to run as one shared.

*“....VFR could not give more money as wished, they first gave us little money and when we refunded it well, they added more for us but this is still very little because I had other business to invest and do more activities but this has affected and disturbed all my plans.....”*

#### **4.3.1.5 Standard of Life**

Results from table 4.6 above indicated that most respondents agreed that the loan provided by VFR has contributed much to the improvement of their standard of life (mean = 4.05) and (standard deviation =1.30). On this statement women said that Vision Fund Rwanda has had an impact on their lives in different explanations they indicated that due to the loan they obtained, they were able to expand their business. In return they have got more investments like buying more land and animals like cows, goats and pigs, building house and many do income generating activities. This have reduced their level of dependency increased their social and economic status and improved their standard of living so much compared to the status they were in before joining Vision Fund Rwanda.

The results are consistent with the views of Hermes and Lensink (2011) who stated that the access to finance has several potential benefits that reduce poverty. These include (i) long lasting increases in income through higher investments in income generating activities, and a more diversified livelihood; (ii) asset accumulation and consumption smoothing; (iii) reduction of vulnerability to illness, droughts, floods; (iv) empowerment of women through expansion of economic opportunities and enhancement of social status.

It is also in line with Siddiqi (2008), who concluded that microfinance is an important tool in order to increase the provision of loans, other basic facilities, and services. Microfinance affects positively people's life, increases living standard such as health, education, food, and other social benefits; and alleviates the poverty.

### 4.3.2 Effect of savings with Vision Fund Rwanda on Women Economic Empowerment

The second objective of the study was to examine the effect of savings with Vision Fund Rwanda on Women Economic Empowerment. As indicated in the methodology (chapter 3), the questionnaire of data collection was designed on a five –point Linkert scale with different level of agreement for each item namely; level 5 Strongly Agree (SA), 4 Agree (A),

3 uncertain (U), 2 Disagree (D) and 1 for Strongly Disagree (SD).

**Table 4.7: Showing the effect of the Savings with Vision Fund Rwanda on women economic empowerment**

Statement	N	Mean	Std. Deviation
Savings schemes in VFR helped to increase my working capital	85	4.4118	.83515
My savings amount helped me to invest more than before joining	85	4.0471	1.22383
Saving in VFR has improved my standard of living	85	4.6118	.84648
My savings amount in VFR helped me to set & increase a kind of collateral	85	4.6824	.53922
Savings has helped me to acquire family basic needs	85	4.7294	.74623
Women can easily access savings with VFR	85	4.1882	1.06340
the saving culture learnt in VFR has greatly assisted in the Economic Empowerment of the women members	85	4.4588	.90702

*Source: Field Data (2017)*

All responses with a mean above 3 represented “Agree” while responses equal to 3 represented uncertain and responses less than 3 accounted for “Disagree”. The findings and interpretation on saving with Vision Fund Rwanda are presented in table 4.7 below showing response in form of mean and standard deviation.

#### **4.3.2.1 Savings schemes in increasing of working capital**

Results from table 4.7 above indicated that most respondents agreed that the saving with VFR has helped women to increase working capital in their business with the mean = 4.41 and standard deviation =0.83. Findings indicated that the savings with VFR enabled women to increase working capital of the business. The results above were consistent with the views of Alfred (2013) who asserts that savings is critical factors that contributes to women economic empowerment to enhance they business activities so that they can increase their current capital by expanding their business or establish a new ones.

#### **4.3.2.2. Investment through savings with VFR**

From table 4.7 above results indicated that the majority of the respondents agreed that the saving with VFR has helped them to invest more compare to before joining Vision Fund Rwanda with the mean = 4.04 and standard deviation =1.22. Findings indicated that the savings with VFR helped women entrepreneur to invest more compare to the time they were not yet joining VFR.

*“ ..... Before VFR we had two small old houses, we now have renewed them and built another one which is for the business purpose. We also bought land and a double cabin vehicle conducted by my husband; all of them achieved after five years only where we saved 10,000 Rwf per week, we are blessed with 3 girls and 2 sons they are all at school, .....”.*

#### **4.3.2.3. Improvement of standard living through Savings**

Results from the same table above continue to show that the most of respondents agreed that the savings with VFR has helped the women entrepreneur to improve the life standard compare to before joining Vision Fund Rwanda with the mean = 4.61 and standard deviation =0.84.

*“.....since I joined VFR my family’s life improved in terms of food security, clothing, children’s education and relationship with neighbors as well. Before I had never owned a quality chairs but now I bought some, I can say that VFR helped me a lot.....”*

The findings are consistent with the views of Anna Orlow, (2014), who stated that the microfinance savings has helped the women participants to increase their contributions to the household income and helped the women to become economically independent and financial decision maker in the household expenditure.

#### **4.3.2.4.1 Setting and increasing collaterals through savings amounts**

From the table above, findings of the study indicated that majority of the respondents agreed that the savings amount helped the women to set or increase a kind of collateral of the loans with VFR, where the mean = 4.68 and standard deviation = 0.53.

Practically, when a client is qualifying for a loan she is asked to comply for savings schemes like compulsory saving of 20% of the loan and 3% at least of the weekly/biweekly installment payment of the loan. At loan period maturity, the client finds at least 40 percent of the paid up loan, amount saved on her own account. This amount serves as collateral and the client have right to request for a subsequent loan up to 2.5 times of her savings without any additional pledge or guarantor and these schemes provides sources of security in case of loan default.

#### **4.3.2.5. Savings helps to acquire family basic needs**

Most of the respondents agreed that the savings helped the women to acquire family basic needs with mean = 4.72 and SD=0.74.

Traditionally, women are used to stay at home, caring for children and waiting what will be brought by her husband for the family living. When women start a business they contribute not only to the acquisition of food stuff, but also to acquisition of some materials like: improved chairs and benches, dishes, beds etc.

Actually, the MFI sets a saving schemes for acquisition of home materials, where the clients save a little amount during 3 to 6 months, once reached at 50 percent of the cost of the asset/material the MFI buys for you the asset and the client keeps to save until she pays up the total cost of material.

The findings are consistent with the views of (Rana E. and et al., 2012), who stated that the Women do not need to depend on their husbands' money if they want to buy something for the household or for themselves. Women can make these purchases without asking permission from their husbands. This kind of economic independence is a new factor which indicates women's economic empowerment.

#### **4.3.2.6. Women easily access savings with VFR**

The findings in table 4.7 above shows that the majority of respondents agreed that women have easily accessibility of saving services with mean = 4.18 and SD=1.06.

Most of women in rural areas are not used to banking operations and consequently they are scared of entering in the banks/MFIs offices. In VFR women are gathered in Self Help Groups from their respective villages every week they put together their amount for saving, the treasurer of the group or secretary records every one's saving in the group savings book; after collecting

all saving from group members the officer from VFR comes at fields and immediately banked the savings on the group account using mobile banking system and gives a receipt to the clients.

There is now, the other alternative where the client herself may open individual saving account, and make deposit or withdraw on her own account using mobile phone without wasting time and money from home to VFR's office and vice versa.

#### **4.3.2.6.1. Saving culture learnt in VFR has greatly assisted in the Economic Empowerment of the women members**

Result from the same table above continue to show that the most of respondents agreed that the savings culture learnt from VFR assisted women economic empowerment with the (mean=4.45) (standard deviation =0.90).

As it was mentioned earlier, traditionally women are used to stay at home, caring for children and waiting what will be brought by their husbands for the family living; this is the same case in some of households of Kabuga zone. VFR to introduce in the Kabuga zone products and services that favoring women to enter into the world of business where 70 percent of its client are women, helped them to become business oriented not household-centered activities, they created jobs for themselves and some became entrepreneurs where they contribute to country's economy through job creation and payment of taxes from income generating activities they perform. Here we acknowledge that women represent 56% of total population in Rwanda, considering them in country's production is not only empowering women, but also empowering economic aspect of the country.



### **4.3.3 Effect of Training offered by Vision Fund Rwanda on Women Economic Empowerment**

The third objective of the study was to examine the effect of Financial Trainings offered by Vision Fund Rwanda on Women Economic Empowerment. As indicated in the methodology (chapter 3), the questionnaire of data collection was designed on a five –point Linkert scale with different level of agreement for each item namely; level 5 for Strongly Agree (SA), 4 Agree (A), 3 uncertain (U), 2 Disagree (D) and 1 Strongly Disagree (SD).

Reference to the meaningfulness of mean, all responses above 3 represented “Agree” while responses equal to 3 represented uncertain and responses less than 3 accounted for “Disagree”. The findings and interpretations on financial training offered by Vision Fund Rwanda are presented in table 4.8 below showing response in form of mean and standard deviation.

**Table 4.8: Showings the Financial Training offered by Vision Fund Rwanda on women economic empowerment**

Statements	N	Mean	Std. Deviation
I have been trained by Vision Fund Rwanda on the importance of peer guarantee (Solidarity) as means of risk sharing and group working spirit in MFIs	85	4.0353	1.16952
The skills acquired through trainings contributed to my skills in cash management and business development	85	4.0118	1.20014
Vision Fund Rwanda trainings have given me new skills and techniques to manage my business better	85	3.9882	1.29554
Vision Fund Rwanda trainings helped me to understand the importance of human capacity building and mindset change	85	4.0235	1.45550
The customers are given enough advice while they borrow funds from the Vision Fund Rwanda.	85	4.1294	1.24201
The trainings have empowered women in decision making	85	3.2706	1.46700
Trainings have improved property ownership amongst women.	85	2.8118	1.49200

*Source: Field Data (2017)*

#### **4.3.3.1 Trained by Vision Fund Rwanda on the importance of peer guarantee**

Concerning training by VFR on the importance of peer guarantee, the results in table above indicated that the more than half of the respondents were positive about the statement; it was presented by a mean of 4.03 and standard deviation of 1.16. Innately women are trustworthy than men and they are less privileged on owning equities; to cope with the pace of the globalization and requirement in the business women are trained to form trust clubs/groups for themselves where they join their efforts to have a big voice and bloc within a business world dominated by men. Women themselves are trained on their own rights, cooperative spirit and

team working, but also how to become income generator instead of beggar to their husbands. Now VFR shows them how to create a homogeneous team and form peer guarantee is very important for their empowerment and development.

#### **4.3.3.2 Skills acquired through trainings contributed to the empowerment in cash management and business development**

The data presented in table 4.8 above further showed that the women acquired skills through training and have contributed much in their cash management and business development. This was represented by a mean of 4.01 and standard deviation of 1.20. Researcher found that In VFR, women clients are trained on the book keeping and business items records to allow them calculating their periodic inflows and outflows which helps them to know whether the business is profitable or not. They are also given account books; savings pass books for both individual and group then VFR trained them on the proper use of money, where they introduce the household expenses planning which should be different from the business related expenses planning.

The findings are consistent with the views of (Kessy and Temu,2010), who stated that the importance of financial trainings is that firms are recipient of business trainings record higher levels of performance than firms without this trainings, by providing these trainings to women therefore the performance of their business is bound to improve.

#### **4.3.3.3. Trainings offered by VFR have given women new skills and techniques to better manage their business**

The study findings in the table 4.8 above, showed that the majority of the respondents agreed that the trainings offered by VFR have given them new skills and techniques to better manage their business with the (mean = 3.98) and (standard deviation =1.29). Implying that VFR providing monthly trainings session to the women SMEs entrepreneurs during the group meetings, whereby refresher trainings are roll out skills in areas such as ; keeping records, accounting skills, loan utilization, saving, listing items and general business management techniques. These training sessions according to the respondents have over time helped them a lot in making profits from their businesses as they are able to manage well their businesses and increasing savings.

*“.... A woman said “through the training, I can now prepare my own list of items when I am going to Nyabugogo Market to bring goods for sale and I can calculate the profit of commodities and expenditures we spent per month, I am very happy because of that....”*

The findings of the study above were in agreement with the views of (Henriken and Svoldal 2010), who stated that the Women entrepreneur with business trainings have more often exploited the profit opportunity of operating successful business compares to the last profitable ones.

#### **4.3.3.4. Trainings helped the women to understand the importance of human capacity building and mindset change**

Results from table 4.8 above argued that the women agreed that the trainings helped them to understand the importance of human capacity building and mindset change with the mean = 4.02 and standard deviation =1.45. The women clients/entrepreneurs of VFR, they acknowledge being mind and outward changed due to women training sessions they had and sometimes study tours they do outside their usual villages.

*“...I was used to stay at home with very dirty clothes; I thought that wearing clean clothes are for Sundays’ or Saturdays’ churches services, in the weddings or other festival events. But even now where we are standing, you can think that am coming from the office; every time we went in the group meeting or trainings; cleanness, time management and self-esteem came into our ears and it helped me to sharpen my mindset and think beyond the box....”*

#### **4.3.2.7. Customers are given enough advice while they borrow funds from the Vision Fund Rwanda.**

Most of the respondents of the study agreed that the Vision Fund Rwanda has offered enough advice on borrowing funds to the customers; this was presented by mean of 4.12 and standard deviation of 1.24.

In VFR whether you are new or existing client, every loan disbursement to the client is preceded by conversation between the borrowers and loan officers, reminding them the purpose of the loan, modality of payment, loan period and payment installment. Clients

are also advised to do not divert borrowed money to non specified activities during the application of the loan.

#### **4.3.2.8. Trainings have empowered women in decision making**

With the mean of 3.27 and standard deviation of 1.46, it showed that most of the respondents agreed that the trainings have improved women in decision making. Results revealed that women attended trainings offered by VFR have improved their decision making compare to those who haven't attended.

*“..... today I decide myself to invest in both buying and selling jackets and linen clothes during rainy and change business in sunny season, because I have been trained to analyze business environment and make proper decision, I may even advice even if you are coming from university without joke....”*

#### **4.3.3.7. Trainings have improved property ownership amongst women.**

From table 4.8 above Results indicate that the majority of the respondents disagreed that the trainings have improved property ownership amongst women with the mean of 2.81 and Standard deviation of 1.49.

Actually, training its self contribute to soft empowerment (Mindset and capacity building in terms of knowledge); the only a work well achieved can provide ability to the ownership of equities. This is not divisive, but complementary to execution of the planned venture.

#### 4.4 Correlation analysis for Loans, Savings and Financial Trainings offered by Vision Fund Rwanda and Women Economic Empowerment

The researcher computed Pearson correlation coefficients using SPSS and the results obtained are shown in table 4.9 below;

**Table 4.9: Showing correlation analysis for Loans, Savings and Financial Trainings offered by VFR and Women Economic Empowerment**

	ML	SA	FT	WEE
Micro Loans (ML)	r =1 P = .000			
Savings (SA)	r = 0.845 p=.000	r = 1 p = .000		
Financial Trainings (FT)	r= 0.736 p =.000	r= 0.905 p=0.000	r = 1 p = .000	
Women Economic Empowerment (WEE)	r = 0.685 p = .000	r = 0.806 p = .000	r = 0.948 p = 000	r = 1 p = .000

\*\* . Correlation is significant at the 0.01 level (2-tailed).

*Source: Field Data generated from SPSS software*

Results from the correlation analysis as displayed in table 4.9 above show that there is moderate positive relationship between Microloans and women economic empowerment. This means that changes in loans are strongly related with changes in the women economic empowerment. This is because Pearson's  $r$  is 0.685. The significance is shown by the p-value is at 0.000 which is less than 0.01 level of significance. This means there is a statistically significant correlation between loans and women economic empowerment variables. That means, increases or decreases offering loans do significantly relate to increases or decreases in women economic

empowerment. For this reason, researcher can conclude that loans have positive effects on economic empowerment of women.

Similarly table 4.9 above shown that there is a strong positive relationship between savings and women economic empowerment. This means that changes in savings are strongly correlated with changes in the women economic empowerment. This is because Pearson's  $r$  is 0.806. This number is very close to one. Further still, the Sig (2-Tailed) is at .000 value which is less than 0.01 level. This means that there is a statistically significant relation between savings with VFR and women economic empowerment variables. That means, increases or decreases in savings do significantly relate to increases or decreases in women economic empowerment. For this reason, study concluded that savings with VFR positively effects on women economic empowerment.

Also table 4.9 above indicates the Pearson's correlation coefficient  $r = 0.948$  imply a positive effect. The correlation coefficient  $r = 0.948$  and significance  $p \leq 0.01$  imply a positive significance. This therefore means that there is a high strong positive and significant relationship between financial trainings and women Economic Empowerment. In other words providing financial training to women will lead to empower them economically.

Thus researcher concluded that there is a high strong positive relationship between financial trainings and women economic empowerment.

In above table shows that there is a positive relationship between loan providing by VFR and Savings of women with  $r = 0.845$  and  $p\text{-value} = 0.000$ , this implies that women accessing loans from VFR and are using them to empower their income generating activities thereafter increasing their savings, economic standards and generally their standards of living improved.



In the same table above shows that there is positive relationship between loan and financial trainings with  $r= 0.736$  and  $p=.000$ . This indicated that the women acquired enough skills through trainings on loan utilization and better business management.

Similarly table 4.9 above shows that there is also strong positive relationship between savings and Financial Trainings with  $r = 0.905$  and  $p=0.000$ . This means that women have trained on savings skills and expenditure management; this helped them to increase savings that helps them to invest more as well as empower them economically.

#### **4.5 Multiple Regression Analysis for Microloan, Savings and Financial Training on Women Economic Empowerment**

According to the Table 3.10 below, the p values are  $<0.05$  hence there is evidence to accept that the microloans, savings and financial trainings strongly contribute to women economic empowerment. This is evidenced by the  $\beta$  coefficients as seen in table above. This implies that a unit increases in any of the independent variables other factors constant increase the level of women economic empowerment.

**Table 4.10: Showing Multiple Regression Analysis for Microloan, Savings and Financial Training on Women Economic Empowerment**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig
	B	Std. Error	Beta		
(Constant)	.086	.092	0.22	.935	.353
Microloan	.211	.067	.184	3.152	.002
Savings	.293	.121	.193	2.421	.018
Financial Trainings	.837	.057	.909	14.774	.000

a) Dependent Variable: Women Economic Empowerment

*Source: Field Data generated from SPSS software*

The established multiple linear regression equation becomes:

$$Y = 0.22 - 0.184 \beta_1 + 0.193\beta_2 + 0.909\beta_3$$

**Where**

Constant = 0.22, shows that microloans, savings and financial training if we're all rated as zero; women economic empowerment rating would be 0.22, this suggests a strong relationship between women economic empowerment and the independent variables which are microloans, savings and financial trainings.

A regression test was done to determine the effect of microloans on women economic empowerment taking into consideration the standardized beta coefficient obtained is 0.184; this

means that one unit in microloans results in an increase in a coefficient change in women economic empowerment. Therefore, the results show that the increase in microloans positively affects women economic empowerment.

$\beta_2 = 0.193$  shows that one unit change in savings results in 0.193 units increase in women economic empowerment. The standardized beta coefficient indicates that savings have a positive contribution towards women economic empowerment. Therefore accepting the hypothesis that, “*There is a statistically significant effect of savings on women economic empowerment*”.

$\beta_3 = 0.909$ , shows that changes in Financial trainings results in 0.909 increase in women economic empowerment. The standardized beta coefficient indicates that financial trainings have positive effects towards women economic empowerment. In the regression results, this means that financial trainings contribute to women economic empowerment *by 0.909*,

**Table 4.11: ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	111.634	3	37.211	272.514	.000 <sup>b</sup>
Residual	11.060	81	.137		
Total	122.694	84			

a. Dependent Variable: Women economic empowerment

b. Predictors: (Constant), Microloan, Savings, Financial Trainings

The ANOVA findings in table above show that there is correlation between the Predictors variables (Trainings, Microloan and Savings) and dependent variable (women Economic empowerment) since P- value of 0.00 is less than 0.05. The purpose of the analysis of the variance is to test differences in means (for groups or variables) for statistical significance. The ANOVA results indicate that the variables are significant. (F=272.5, p=0.00).

**Table 4.12: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.954 <sup>a</sup>	.910	.907	.36952

a. Predictors: (Constant), Trainings, Microloan, Savings

*Source: Field Data generated from SPSS software*

The value of R being equal to 0.954 and the coefficient of determination (R squared) is equal to 0.910. Adjusted R<sup>2</sup> linear value of (0.907) meant that Microloans, savings and financial trainings had a significant effect on women economic empowerment by 0.369(37%).

#### **4.6 How the moderating variables (Government policies and Education level) influence the outcome**

Government initiative to promote women and putting in place Policies and frameworks that encourage less privileged people to start their own businesses is engine forces not only to beneficiaries, but also to the partners in development. To help less privileged and poor people having access to finance, the government of Rwanda initiated Umurenge SACCOs; these are Savings and Credits Cooperatives in every administrative Sector (Umurenge in local language) or Sub-County. According to BNR report on microfinance institutions in Rwanda, there were 416 Umurenge SACCOs, 36 Non-Umurenge SACCOs, 18 MFIs limited companies (BNR report on microfinance institutions June 30, 2017). All those MFIs are supported by the law n° 40/2008 of 26/08/2008 establishing the organization of micro finance activities and regulation n° 02/2009 on the organization of microfinance activity.

There are also other established movements or blocs for the favor of women entrepreneurs like: “She trades”, Gender Monitoring Office (GMO), education for all program encouraging young women to afford high education, science, technology and vocational education. Consequently, an educated women having equal right as men and particularly having initiatives put in place by government that is catalyst factor to women economic empowerment.

#### **4.7 Conclusion**

In this chapter, the researcher has presented and discussed the findings of the study obtained in line with the objectives and research questions highlighted in chapter one. The research findings were arrived at basing on the methodology discussed in chapter three. In the next chapter (five), the researcher presents a summary of findings, conclusions, Implications of the findings, recommendations and suggestions for further research.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS, IMPLICATION, RECOMMENDATIONS

#### 5.0 Introduction

This chapter talks about six sections. The first section is the introduction; the second section presents a summary of the research findings which are presented objective by objective. The third section presented the conclusion, the fourth section presented in implications of the findings; the fifth section presented the recommendations and lastly the areas for further study.

#### 5.1 Summary of Findings

##### 5.1.1. The effect of Loans provided by Vision Fund Rwanda (VFR) on Women Economic Empowerment

The findings of the study revealed that most of the respondents agreed that the loans provided by VFR influence women economic empowerment. The correlation analysis revealed moderate positive relationship between loans and women economic empowerment in kabuga zone ( $r = 0.685$ ,  $p\text{-value} = 0.000$ ). The regression analysis shown that loan from VFR is a predictor of women economic empowerment based on the beta value of 0.184. Also indicated that loan has contributed a lot in women economic empowerment with mean of 4.05 and standard deviation of 1.30.

##### 5.1.2. The effect of saving with Vision Fund Rwanda on Women Economic Empowerment

The study by the use of correlation and regression analysis found out that saving with VFR has a strong positive relationship with women economic empowerment. This was represented by Pearson's correlation coefficient ( $r = 0.806$  and  $p\text{-value} = 0.000$ ). The regression analysis revealed

that saving is predictor of women economic empowerment based on the beta value of 0.193, this implied a positive significance. Mean of 4.45 and standard deviation of 0.90, shows that the Savings have greater contributions to women empowerment economically.

### **5.1.3 The effect of Financial Trainings offered by Vision Fund Rwanda on Women Economic Empowerment**

The findings of the study indicated that most of the respondents agreed that the Financial Trainings offered by VFR has an effect on the women economic empowerment. Correlation analysis revealed that there is high strong positive relationship between Financial Trainings and women economic empowerment( $r = 0.948$ ,  $P\text{-value} = 0.000$ ), then regression analysis presented that Financial Training are predictor of women economic empowerment with a beta value of 0.909, and findings also revealed that trainings have helped the women to empower their economic with mean of 3.27 and standard deviation of 1.46. This means women attended trainings were helped them to make a proper financial decision.

## **5.2. Conclusions on the findings**

The first study objective established a relationship between Loans provided by VFR and women economic empowerment and findings indicated that Loans have a moderate positive relationship with women economic empowerment. This means that maximizing of loan accessibility contributes much to empower the women's economy and shows that the more improvement of the loan disbursement, the more chances of women empowerment in Kabuga Zone.

The second objective established a relationship between saving with VFR and women economic empowerment; the findings revealed that there is a strong positive relationship between saving

and women economic empowerment. This implies that the saving contributes to the empowerment women economically and the expansion of the business, therefore when the women increase saving amounts this will help them in business development and payment of occasional expenditure as well as life improvement.

The final objective established a relationship between Financial Training and Women Economic Empowerment. The findings indicated that there is a high strong positive relationship between Financial Trainings and women economic empowerment. This implies that the training sessions from Vision Fund Rwanda gave women entrepreneurs the skills in areas of keeping records and accounting skills, loan utilization, listing items and business governance in general. Therefore providing training to the women entrepreneur will improve their knowledge and capacity of decision making as well as business development and better standards of living.

### **5.3. Implications of the Study Findings**

The findings of the study have significant implication for the effect of VFR on Women Economic Empowerment:

Firstly the significant positive relationship between Loans provided by VFR on women economic empowerment implies that the loans contributed a lot on women's income generation activities as well as household income. Researcher suggests that VFR should continue to improve easy loan accessibility to women to help them to generate their income and improve their socio-economic standards as well as economic empowerment.

Secondly results indicated the significant strong positive relationship between saving with VFR and women economic empowerment shows that the benefits from savings had greater



contribution on women economic development through easy savings accessibility helping women to invest more and to acquire the family basic needs as well. The researcher suggests that VFR should increase the interest rate on savings due to low income of the women so as to attract them to join VFR in savings and other services.

According to the research findings, trainings also indicated significant positive relationship between VFR and Women economic empowerment which implies that trainings were important to women in ensuring that money given out was well utilized and only spend according to the intended purposes and women acquired enough skills on loan utilization, business management and financial decisions, the researcher suggests that VFR should increase the periodic financial trainings(not only monthly) to women so that the women increase their skills in business development, management and loan management as well as improved financial decision .

#### **5.4. Recommendation**

The researcher recommends that the Vision Fund Rwanda (VFR) find away to reduce interest rates charged on loans; High interests on loans from VFR remained a topical issue but less seems to be done to reduce interest rates on loans even though the prime rate came down consistently lately. This is difficult for women entrepreneurs for as they keep borrowing to be able to invest in their businesses.

MFI should be more innovative in coming up with ways to recover loans instead of using traditional procedures that are sometimes unfriendly and leads to accumulation of high interest rates. More Emphasis should be put on ways of strengthening the lending group schemes, as outlined by Yunus (1997) in the Grameen Bank who cited out of example where group members serve as “social collateral” instead of material collateral that comes along as an approach to

reduce bad debts. This would help women increase the capital portfolio of MFIs as they ensure proportional increase in the depth and breadth of outreach and the financial sustainability of MFIs Yunus (1997),

The study recommends VFR increases the amount of loan given out to individuals. The findings revealed that most women were not satisfied on loan amounts given out and suggested that VFR come up with the strategies that will help them to increase the loan amount to the client, loan refund period should be increased since majority of women commented on this period being too short especially the farmers said that the period of repayment loan in most time reach when their crops are still young. Many therefore are put on pressure to pay loan on time before harvesting their crops.

The researcher further recommends that the Government of Rwanda should strengthens and established some policies which will guide and facilitate MFI to control clients in order to empower and boost economy, and social life of women, Government of Rwanda fought illiteracy by introducing universal primary and secondary schools where education from primary to senior three was introduced (12years basic education where every child have right to study from primary to complete secondary schools without any payment of school fees'

The policy for adult learning would be put in place so as to address the challenges of school dropout and illiteracy. Thus community schools would be established for both old people and for those who did not have the chance to attended school. This would equip them more with skills and knowledge especially reading writing so as to know how much money they make what their save after spending.

Vision Fund Rwanda should consider it more necessary to constantly equip their clients with financial literacy skill, business skills and management so as women to know opportunities of utilizing business opportunity while taking calculated risks. This would open their eyes to think big and beyond on how to be economically empowered and inspired to venture into great enterprises.

The researcher also recommends that Vision Fund Rwanda finds the way to intensify monitoring and evaluation of SMEs programmes so as to have a picture proper support and mentoring of women entrepreneurs who have potentials to upgrade from small enterprise to big ventures. The managerial skills acquired would make Women entrepreneur become more successful in their various business activities as well as increasing microfinance loan portfolios and improving life standard of family.

### **5.5 Suggestion for further research**

✚ The researcher further recommends a study to establish if there is a correlation between education level and Women economic.

✚ A related study can be done to analyze the economic challenges affecting MFIs in financing Women entrepreneurs.

✚ Considering that research study had only 85 respondents in Kabuga zone, these may not have given in depth and clear understanding on the effect of MFI on Women Economic Empowerment. Therefore the researcher suggests that further studies should be carried out considering a bigger number of respondents so that in-depth and clear understanding on how MFI affects women economic empowerment is sought.

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## APPENDICIES

### Appendix I: Questionnaire

Dear respondent,

I am Ntakirutimana Julienne from Uganda Martyrs University pursuing a Masters of Business Administration, I'm kindly requesting you to spare some of your time to answer this questionnaire. This questionnaire seeks to collect data that will help the researcher to accomplish the study under the topic "**The Effect of Microfinance Institutions on Women Economic Empowerment in Kabuga zone of Gasabo District**, A case of Vision Fund Rwanda and the study is purely for academic purposes and responses will be treated with utmost confidentiality.

#### SECTION A: DEMOGRAPHIC INFORMATION

1. Age of Respondent

(a) Less than 25 [ ] (b) 25-30 [ ] (c) 31-35 [ ] (d) 36 years and above

2. Marital status of respondent

(a) Single [ ] (b) Married [ ] (c) Divorced [ ] (d) Widowed [ ]

(e) Separated [ ]

3. What is your level of education?

(a) Illiterate [ ] (b) Primary [ ] (c) Junior High school [ ] (d) Senior High/Vocational/Technical school [ ] (e) Degree [ ]

4. How long have you been in this business?

(a) Less than 1 year [ ] (b) 1-3 [ ] (c) 3-5 [ ] (d) More than 5 years. [ ]

5. Which kind of business activities are you engaged in?

a) Trading [ ] b). Manufacturing [ ] c) Service provision [ ] d) Farming [ ]

**SECTION B: Effect of Micro-loan on Women Economic Empowerment.**

Kindly respond to the following items based on your perception by ticking, use the scale given below. **5= Strongly Agrees (SA), 4 = Agree (A), 3= Uncertain (U), 2= Disagree (D) and 1= Strongly Disagree (SD)**

	<b>Statement</b>	<b>SD</b>	<b>D</b>	<b>U</b>	<b>A</b>	<b>SA</b>
1	I can easily access a loan from this MFI					
2	Vision Fund Rwanda has helped me to manage my business and deal with business financial challenges through loans					
3	The repayment period given for the loan is favorable					
4	Because of loans from Vision Fund Rwanda my household economic aspect improved					
5	The interest charged on loan is affordable					
6	The loan amounts extended by the MFIs is adequate for investment					
7	Because of loans from Vision Fund Rwanda my life standard has improved					

### C. Effect of Saving with Vision Fund Rwanda on Women Economic Empowerment

	<b>Statement</b>	<b>SD</b>	<b>D</b>	<b>U</b>	<b>A</b>	<b>SA</b>
1	Saving with Vision Fund Rwanda has helped me to increase my Working capital.					
2	My saving amount has helped me to invest more than before MFIs					
3	Saving in Vision Fund Rwanda has improved my standard of living					
4	My saving amount in Vision Fund Rwanda has helped me to set and increase a kind of collateral (compulsory savings) for subsequent loan application					
5	Savings has helped me to acquire family basic needs					
6	Members can easily access their savings from the MFIs					
7	The saving culture learnt in the MFIs has greatly assisted in the economic empowerment of the women members					

**D. The Effect of Financial Trainings Offered by Vision Fund Rwanda on Women Economic Empowerment**

	<b>Statement</b>	<b>SD</b>	<b>D</b>	<b>U</b>	<b>A</b>	<b>SA</b>
1	I have been trained by Vision Fund Rwanda on the importance of peer guarantee (Solidarity) as means of risk sharing and group working spirit in MFIs					
2	The skills acquired through trainings contributed to my skills in cash management and business development					
3	Vision Fund Rwanda trainings have given me new skills and techniques to manage my business better					
4	Vision Fund Rwanda trainings helped me to understand the importance of human capacity building and mindset change					
5	The customers are given enough advice while they borrow funds from the MFIs.					
6	The trainings have empowered women in decision making					
7	Trainings have improved property ownership amongst women.					

**SECTION E: Economic Empowerment of Women**

	<b>Statement</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
1	My income has greatly improved since I joined the MFIs					
2	My business has improved due to services provided by the MFIs					
3	My business employs more people than it was before I joined the MFIs					
4	I can now participate in financial decision making with my husband					
5	I have acquired more assets than before I joined the MFIs					
6	I have been able to pay my bills like medication, school fees etc.					



## **Appendix II: Interview Guide for Key Informants**

- 1) How did you get to know about Vision Fund Rwanda?
- 2) What services do you receive from Vision Fund Rwanda?
- 3) which conditions are you given before offering you assistance by Vision Fund Rwanda
- 4) How Savings with VFR contributed in your investment?
- 5) Which areas did you receive trainings and how have they contributed to your business performances?
- 6) What was the purpose of the loan?
- 7) How have you experienced life improvement in your household as you were dealing with Vision Fund Rwanda?
- 8) What problems are you facing while dealing with the Micro finance or Vision Fund Rwanda?
- 9) How Government policies and education level affected your activities?
- 10) What are your suggestions to improve relationship between Vision Fund Rwanda and Women?

**Thank you for your participation!**

## Appendix III: Introductory Letter

Uganda  
Martyrs  
University



making a difference

Office of the Dean  
Faculty of Business Administration and Management

Your ref.:  
Our ref.:

Nkozi, 13<sup>th</sup> June, 2016

Dear Sir/Madam,

**Re: Research Work Assistance**

Greetings from Uganda Martyrs University.

This is to introduce NTAKIBAZIMANA Julienne who is a student of this University. As part of the requirements for the award of the Master of Business Administration of this University, the student is required to carry out field research as part of the dissertation to conclude the programme.

I therefore request you to render the student such assistance as may be necessary and conduct the research.

Thank you in advance.

Yours Sincerely,

Mr. Edward Segawa  
Associate Dean

