

**THE ROLE OF MICROFINANCE ON ENTREPRENEURSHIP AMONG
WOMEN IN KAMPALA DISTRICT
CASE STUDY: PRIDE MICROFINANCE LTD WOMEN CLIENTS,
BUKOTO**

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DEDICATION

This study is dedicated to my mother Ms. Nalukenge Joyce Eva. You have been an inspiration to me through your commitment and your love for your children. Without you, I would not have been able to reach where I am today. May God richly bless you.

Thank you.

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TABLE OF CONTENTS

APPROVAL	i
DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
ABSTRACT	x
CHAPTER ONE	1
INTRODUCTION	1
1.0 Introduction.....	1
1.1 BACKGROUND OF THE STUDY	1
1.2 STATEMENT OF THE PROBLEM	3
1.3 OBJECTIVES	4
1.3.1 General objective	4
1.3.2 Specific objectives	4
1.4 RESEARCH QUESTIONS	5
1.5 SCOPE OF THE STUDY	5
1.5.1 Content scope.....	5
1.5.2 Time scope	5
1.5.3 Geographical scope	5
1.6 SIGNIFICANCE OF THE STUDY	6
1.7 JUSTIFICATION OF THE STUDY	6
1.8 CONCEPTUAL FRAMEWORK	7
1.9 DEFINITION OF TERMS	8
CHAPTER TWO	10
LITERATURE REVIEW	10

2.0 INTRODUCTION	10
2.1 THEORETICAL REVIEW	10
2.1.1 Credit rationing theory	10
2.1.2 Grameen Model	11
2.2 ACTUAL REVIEW	12
2.2.1 Micro credit and Entrepreneurship	12
2.2.2 Micro savings and Entrepreneurship	13
2.2.3 Micro insurance and Entrepreneurship	14
2.3 Conclusion	15
CHAPTER THREE	16
RESEARCH METHODOLOGY	16
3.0 INTRODUCTION	16
3.1 RESEARCH DESIGN	16
3.2 AREA OF THE STUDY	16
3.2.1 STUDY POPULATION	16
3.3 SAMPLE SIZE AND SELECTION	17
3.4 SOURCES OF DATA	17
3.4.1 Primary Data	17
3.4.2 Secondary Data	18
3.5 DATA COLLECTION METHODS	18
3.5.1. Questionnaire	18
3.5.2 Observation	18
3.6. DATA ANALYSIS	19
3.6.1. Editing	19
3.6.2. Coding	19

3.6.3. Tabulation	19
3.6.4. Establishing themes	19
3.6.5. Report writing	20
3.7 ETHICAL CONSIDERATIONS.....	20
3.8. STUDY LIMITATIONS	20
3.9. CONCLUSION.....	21
CHAPTER FOUR.....	22
PRESENTATION AND ANALYSIS OF THE FINDINGS	22
4.0. INTRODUCTION	22
4.1. DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS.....	22
4.1.1. Gender.....	23
4.1.2. Age group of respondents	24
4.1.3 Respondent Category	25
4.1.4. Highest level of education	26
4.1.5 Form of enterprise.....	27
4.1.6 Marital status.....	28
4.2 Descriptive statistics on micro credit and its role in entrepreneurship among women.	29
4.2.1 Correlation analysis between micro credit and entrepreneurship among women	33
4.3 Descriptive statistics on the effect of micro savings on entrepreneurship among women	33
4.3.1 Correlation analysis between micro savings and entrepreneurship among women	37
4.4 Descriptive statistics on the effect of micro-insurance on entrepreneurship among women .	38
4.4.1 Correlation analysis between micro insurance and entrepreneurship among women	41
4.5 Descriptive statistics on Entrepreneurship.....	42
4.6. CONCLUSION.....	45
CHAPTER FIVE	46

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	46
5.0. INTRODUCTION	46
5.1. SUMMARY OF THE FINDINGS	46
5.2 CONCLUSIONS.....	47
5.2.1 Micro credit and entrepreneurship among women.	47
5.2.2. Micro savings and entrepreneurship among women.	47
5.1.3. Micro insurance and entrepreneurship among women.	48
5.2.4 Entrepreneurship among women.	49
5.3. RECOMMENDATIONS FROM THE RESEARCH.....	50
5.3.1. Recommendations for microfinance services	50
5.3.2. Recommendations for the Government	50
5.3.3. Recommendations for women clients.....	51
5.3.4. Recommendations for further research.....	51
5.4. CONCLUSION.....	51
REFERENCES	53
APPENDIX 1.....	55
APPENDIX 2.....	61

LIST OF TABLES

<i>Table 3.1 Population & Sample size structures.....</i>	<i>17</i>
<i>Table 1 Showing gender of respondents.....</i>	<i>23</i>
<i>Table 2 showing age of respondents.....</i>	<i>24</i>
<i>Table 3 showing respondent category.....</i>	<i>25</i>
<i>Table 4 showing highest education level.....</i>	<i>26</i>
<i>Table 5 showing form of enterprise.....</i>	<i>27</i>
<i>Table 6 showing marital status.....</i>	<i>28</i>

ABSTRACT

The study examined the role of micro finance on entrepreneurship among women in Kampala district a case study of Pride Micro Finance LTD, Bukoto in Uganda. It was guided by three research objectives which were; Micro credit on entrepreneurship among women, micro savings entrepreneurship among women and micro insurance entrepreneurship among women as provided by micro finance institutions.

The study used a cross sectional survey design with both qualitative and quantitative results. Data was collected using questionnaires and interviews using SPSS version 16. This study aimed at women clients where 103 respondents were interviewed, 23 being staff, 30 being past clients and 50 being present clients, all women of Pride Microfinance Ltd.

In data analysis frequencies, percentages and mean, standard deviation and correlations were used to show the magnitude of effect the independent variables have on the dependent variable. Study findings revealed that micro credit have a positive significant relationship on entrepreneurship among women ($r=.651$, $p < 0.01$). Findings also revealed that micro savings significantly affect entrepreneurship among women ($r=.506$, $p < 0.01$). Also it was found out that there is a positive significant relationship between micro insurance and entrepreneurship among women ($r=.621$, $p < 0.01$).

It was therefore concluded that micro credit has helped women in carrying out businesses, micro savings has promoted the savings culture among women through encouraging them to open bank accounts with the institution and make monthly deposits and micro insurance has been affected by lack of knowledge about micro insurance by the women clients.

It was therefore recommended that women clients should be trained thoroughly before undertaking credit facilities for enterprise use money for intended purpose only and avoid money misuse and diversion of funds.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

Women entrepreneurship has been recognized during the last decade as an important untapped source of economic growth. Women entrepreneurs create jobs for themselves and others by being different and also provide society with different solutions to management organizations and business problems as well as the exploitation of entrepreneurial opportunities. However, they still represent a minority of all entrepreneurs. (Gitobu, 2015) Thus there exists a market failure discriminating women's possibility to become entrepreneurs and the possibility to become successful. This study therefore investigates the role of microfinance on entrepreneurship among women in Uganda, a case study of Pride Microfinance LTD women clients in Kampala, examines the problems faced by women during setting up and continued operation of their businesses as well as the conflicts they face as regards the home-work environment. It also looks at how micro finance services have played a role in entrepreneurship among women clients of pride microfinance Ltd

1.1 BACKGROUND OF THE STUDY

Poverty has become one of the world's top threats to humanity. This has attracted global efforts in fighting the vice but it has persisted. In response, microfinance has been identified as a key relief strategy. (Hassan, 2014) one of the salient features of microfinance ever since it was conceived in the 1970s has been the inclusion of women (Hassan, 2014). The focus on the empowerment of women is based on the argument that, "To this extent, empowerment excludes

men who generally occupy a favored position in patriarchal contexts.” (Al- Dajani and Malaw, 2013) . In the Ugandan view point, poverty is still high compared to the regional average while (Affanid and Astuti, 2014) view the challenge of poverty to be so high within the muslim communities, it is also seen to be higher among women in vulnerable communities in most developing countries (Halkian,Nwajjuba, and Caracatsanis,2011). In Uganda, a lot of effort has been deployed towards empowering women in business. Among other interventions, microfinance has taken a key rate in the involvement plans to boost women entrepreneurs. This has been manifested by some played like pride microfinance Ltd, FINCA, Finance Trust. Most of the studies that have focused on women and microfinance have been done in other countries like Kenya (Coice and Ragia, 2013). It is noted that effectiveness of microfinance depends on the nature of the economy and culture (Ashta and fall, 2012).

The past two decades have seen an increase in the number of women setting up their own businesses in Kampala. Poverty is a worldwide phenomenon with over 500 million people living under very poor conditions albeit being economically active. (Engwatu, 2008). Women are increasingly turning to entrepreneurship as a way of coping with the “glass ceiling” that seems to prevent them from reaching top managerial levels in organizations. Others find that entrepreneurship provides them with greater satisfaction and flexibility. Like many African countries wanting to attain micro-economic stability as well as improve women’s stand in the economy, in the 1990s, microfinance came to be looked at a very important tool for fostering entrepreneurial growth among women through implementing lending terms that are favorable to encourage them to set up businesses so as to sustain the ever- growing economy. As Irobi (2008) notes with lack of access to formal financial services, the women developed a wide variety of large informal community based financial arrangements to meet their financial needs which gap

microfinance institutions were created to fill. Microfinance is just not capital to women but also to combat poverty at an individual level as well as at institutional level where the institutions deliver services to women who are continuously ignored and rejected by the formal banking sector.

Started around 1993 with the mission to provide financial services to the micro medium and upscale women entrepreneurs in both rural and urban areas with the aim of creating jobs, building assets and improving standards of living through sustainable operations that promote social and economic growth of Ugandan women, Pride microfinance Ltd, the case of this study, has become one of the leading providers of microfinance services to many women entrepreneurs.

1.2 STATEMENT OF THE PROBLEM

Women entrepreneurship plays a critical role in the economic development of societies. (Ocholah et al, 2013). Many women have started business ventures due to access to Micro finance services like micro credits, micro savings, micro insurance as well as training on how to use the credit applied for (Davi et al, 2014). Many women who save with Pride Micro finance Uganda have been in position to start up their own income generating ventures through the services they get from the institution. It is however still unclear the effect these funds have had on the women owned enterprises due to lack of evidence to show the magnitude of growth in their entrepreneurial businesses (Ocholah et al, 2013). Despite access to Microfinance services, it is discovered that women entrepreneurs have low business performance. Lack of proper investment has made women lack sufficient credit to finance their ventures, low saving in addition to low level of education and training, and social capital to carry out entrepreneurial businesses (Maanen, 2013). Women deal in small businesses such as market vending, operate

retail shops, small scale farming as well as bakeries among other ventures where they do not make record of their financial transactions and this has made them lose money given to them as credit hence making them default payments of their loan dues. Little information is available on this front partly owing to the fact that most of the women based enterprises fall within the informal sector. It is therefore difficult to make meaningful analysis on the role of microfinance on entrepreneurship among women in Kampala for future projections and decision making. This is the gap this study sought to address.

1.3 OBJECTIVES

1.3.1 General objective

To investigate the role of microfinance in entrepreneurship among women in Kampala

1.3.2 Specific objectives

- 1) To find out the effect of micro-credit on entrepreneurship among women in Kampala district.
- 2) To examine the effect of micro saving on entrepreneurship among women in Kampala district
- 3) To examine the effect of micro-insurance on entrepreneurship among women in Kampala district

1.4 RESEARCH QUESTIONS

- 1) What effect does micro-credit have on entrepreneurship among women in Kampala district?
- 2) To what extent do micro savings affect entrepreneurship among women in Kampala district?
- 3) How does micro-insurance impact entrepreneurship among Women in Kampala district?

1.5 SCOPE OF THE STUDY

1.5.1 Content scope

The study focused on the role of the microfinance on entrepreneurship among women in Kampala district- with inclination to the role of micro credit, micro- savings and micro insurance.

1.5.2 Time scope

The study was confined to the period between 2006-2015 due to the rapid change in entrepreneurship among women the time is long enough for the researcher to determine the role of micro finance on entrepreneurship among women.

1.5.3 Geographical scope

Study was confined to Kampala district owing to the fact that it is urban with a number of women entrepreneurs owing their success to the microfinance services.

1.6 SIGNIFICANCE OF THE STUDY

The study will benefit the area under study in determining the role of microfinance in entrepreneurship among women in the area of study. In thus, the stakeholders (local leaders and district officials) will be in position to know which decisions to make and why.

The study will also assist credit officials to advise potential borrowers on the best use of each microfinance product. This will enable the women clients to heed the advice given to them by the credit officers therefore enabling them to effectively utilize the credit given to them.

The information will reveal the other factors that are responsible for the success or failures of entrepreneurial ventures. This will be achieved when the researcher points out and highlights which business ventures have been successful and interviewing the owners of those businesses to share the secrets to their success as well as offer caution on what leads to business failure.

The study will also add onto existing information to be used by colleges, universities, NGOs among other institutions. In addition, the findings will be used as a basis for further research.

1.7 JUSTIFICATION OF THE STUDY

Microfinance which was originally geared towards poverty eradication by the pioneer service providers, the local NGOs have been hijacked by commercial institutions whose interest is profit maximization. This has therefore limited the numbers that can access the services offered to the poor especially the women who have been away from the entrepreneurial world that is dominated by the men. However despite this, micro-credit has been an area of growing attention with a number of micro finance institutions coming up in Uganda. As per the Association of Micro-finance institutions report of 2014, there were over 2100 Micro Finance Institutions and

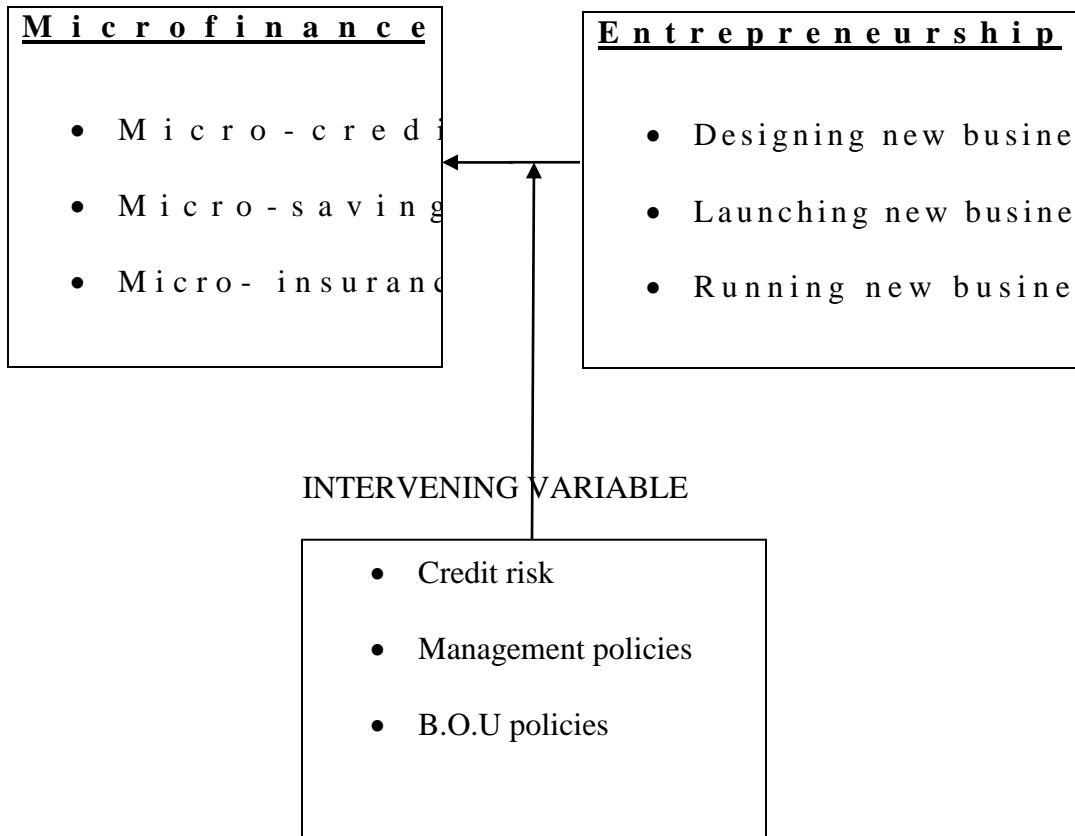
SACCOs in Uganda by December 2013. These institutions have also focused on women as one of their key strategic initiatives; another initiative has been on the side of Government of Uganda who recently launched the Local Content Regulations reserving a percentage of the public procurement budget for the local women providers and entrepreneurs. This points to an increasing focus on the recently marginalized women group in Uganda. However despite micro finance institutions' existence in the Country for over a decade, there is limited literature and evidence to suggest that these have had an impact on developing women entrepreneurs and improving their welfare. This study therefore will focus on establishing the role of microfinance on entrepreneurship among women in Uganda. The researcher will assess the impact of microfinance services on the area under study and the neighboring areas and the results will act as a basis for future reference for all stakeholders especially those that take part in the decision making and solving area problems.

1.8 CONCEPTUAL FRAMEWORK

This is a diagrammatic representation showing the relationship the study seeks to investigate between the key variables of the study in relation to the extraneous variables. In this study the conceptual framework shows the relationship between microfinance, the independent variable and entrepreneurship among women, the dependent variable. The conceptual framework also includes the extraneous variables that is assumed may affect the efficiency in performance of microfinance services alongside the independent and dependent variables and further shows how the attributes of both the independent and dependent variables as shown diagrammatically below.

INDEPENDENT VARIABLE

DEPENDANT VARIABLE



Source: Developed by the researcher after review of relevant literature

1.9 DEFINITION OF TERMS

Microfinance - small-scale financial services, primarily credit and savings provided to people who farm or fish or herd; who operate small enterprises or micro-enterprises where goods are produced, recycled, repaired, or sold; who provide services; who work for wages or commissions; who gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools; and to other individuals and groups at the local levels of developing countries, both rural and urban.

Entrepreneurship-the process of creating something new with value by devoting the necessary time and effort, assuming accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter carries an in-depth review and analysis of literature related to the role of microfinance on entrepreneurship among women by scholars in respect to the study variables and objectives. The researcher highlights the role of micro credit in the improvement of household incomes through investment and employment opportunities, the role of savings in increasing the magnitude of savings and subsequently improvement in the standard of living of women as well as the role of micro insurance in protecting the women against risks that they face in the course of venturing into business. Each objective is discussed thoroughly. Several sources such as textbooks, journals, internet and other relevant materials have been utilized to generate this information.

2.1 THEORETICAL REVIEW

2.1.1 Credit rationing theory

The work by Stiglitz and Weiss (1981) marks the beginning of attempts at explanations of credit markets. In this explanation, interest rates charged a credit institution are seen as having a dual role of sorting potential borrowers (leading to adverse selection), and affecting the actions of borrowers (leading to incentive effect). Interest rates thus affect the nature of the transaction and do not necessarily clear the market. Both effects are seen as a result of the imperfect information inherent in credit markets. Adverse selection occurs because lenders would like to identify the borrowers most likely to repay their loans since the banks' expected returns depend on the

probability of repayment. In an attempt to identify the borrowers with high probability of repayment, banks are likely to use the interest rates that an individual is willing to pay as a screening device.

However, those willing to pay higher interest rates may on average be worse risks: thus as the interest rate increases, the riskiness of those who borrow also increases, reducing the banking profitability. The incentive effect occurs because as the interest rate and other terms of the contract change, the behavior of the borrowers is likely to change since it affects the returns on their projects. Stiglitz and Weiss (1981) further show that higher interest rates induce firms to undertake projects with lower probability of success but higher payoffs when they succeeded (leading to the problem of moral hazard)

2.1.2 Grameen Model

In most countries, policies for rural financial development have been based on 3 erroneous beliefs concerning their target groups: rural micro-entrepreneurs are unable to recognize themselves, they are too poor to save and they need cheap credit for their income generating activities or small enterprises. 3 financial policies have resulted from these conjectures. Firstly, the credit oriented development banks and programs (special) were set up which ignored savings mobilization. Secondly, credit was subsidized and lastly generous credit guarantee schemes were set up to cover anticipated losses. The consequences of these policies contributed neither the self-sustained growth of rural finance nor did they sufficiently benefit the rural poor. In order to overcome these obstacles, Yunus in 1976 came up with a new concept and model called the Grameen model. He found that these small loans went a long way and almost everyone who had borrowed was taken to repay their loans. Yunus found out that even with this tiny

amount of money, it is not only possible to help the poor survive but also to save and create the spark of personal initiative and enterprise in the people which pulls them out of poverty. Grameen model is one of the most modern and tailored version of microfinance. It emerged as a main business sector when it became evident that low-income people also can pay back their loans on time and can save money provided they are able to access customized financial services.

2.2 ACTUAL REVIEW

2.2.1 Micro credit and Entrepreneurship

Micro credit is a way of delivering loans to poor individuals and it is often suggested to be a way out of poverty. Microfinance institutions provide micro credit to women through their programs (Armendariz de Aghian and Moduch, 2005). Micro credit builds on the premise that financial services are needed to make investment in human capital, to smooth out consumption and to overcome unexpected events. It is seen as a solution to previously excluded groups from access to credit especially the women. Micro credit makes a positive economic cycle possible. A loan is granted to a woman entrepreneur and it is invested which generates an income. The loan can then be repaid to the micro finance institution and the borrower may then access another micro credit and eventually increase purchasing power and social recognition. (Gitobu, 2015)

Micro credit not only opens up the opportunity of self-employment but also contributes to the improvement of the entire situation of the house hold. (Gitobu 2015). Furthermore, micro credit positively affects the social situation of women by promoting self-confidence and expanding the capacity to play a more important role in society. (Sulaiman et al 2012). One of the advantages of micro credit is the ability to acquire group based loans where members work as each other's security. The advantage of being a group is that the group can loan a large amount where the

amount is repaid regularly in small sums by each member making it possible for even the poorest borrower to repay her loan. If the group makes their repayments as they should, they can acquire access to larger and repeated loans. (Arun et al; 2009). Micro credit helps to resolve some problems that are keeping women from the financial market. Group lending can solve the problem with information asymmetries since the group as a whole dependant on each other's actions. Individuals who are seen as untrustworthy and risky are excluded from the group. Peer pressure within the group functions as an incentive to repay in time (Islam 2007)

2.2.2 Micro savings and Entrepreneurship

Savings as a microfinance factor enables people with few assets to save since they could make weekly savings as wells as contribute to group savings and such savings are mobilized by the microfinance for further lending to other clients (Mkpado and Arene, 2007). This enables the women to reinvest their savings into their businesses in order for them to expand. Furthermore, savings are needed to protect income, act as a security for loan and can be reinvested in the business (Akanj 2006).Savings act as insurance for credit since women entrepreneurs lack physical collaterals (Akanji, 2006; Mkpado and Arene, 2007) micro savings enable women entrepreneurs to take care of unexpected events that may happen in the course of their business ventures. The women entrepreneurs can lend to their fellow counter parts using their micro savings, the counter parts pay back with a certain low interest rate so the one who lent gets more money than before, increasing her wealth. Thus savings can have positive impact on opportunity for entrepreneurial activity for women entrepreneurs which could lead to business performance depending on the entrepreneur's attitude towards risk (Vob and Maller, 2009). Micro savings is a mechanism which allows the poor, individually or in groups to save and build a resource pod which can be drawn upon in times of need. They enable the poor to smoothen their cash flows

across time and space. The type of tax regime available affects the net income of individuals and also the percentage of women active in the labor market which has an impact on women entrepreneurs hip in general because income is the major source for women to raise savings that are then transformed into equity when a firm is established with a low income, it is difficult to save money and hence the probability of becoming an entrepreneur diminishes as well. Most MFIs offer only loan linked, compulsory, locked in savings system and no poor friendly savings products. Also, for legal reasons Ugandan MFIs are not providing facilities that allow the poor to save in a way that would help them to meet their current needs and opportunities and save for the future. As a consequence, the poor women are often forced to use high risk (and often high loss) informal savings mechanisms.

2.2.3 Micro insurance and Entrepreneurship

The poor face a large degree of risk and instability to both their income and expenditure needs such fluctuations can stem from health and weather shocks and unemployment spells. At the same time, the poor have much less access to formal insurance products than those living in highly developed markets. Micro insurance is intended to fill that market gap. Risk can be a factor that limits investments in income yielding assets, business opportunities thus limiting the scope for income growth. (Pomeranz, 2014). Poor women have unique and specific needs that require coverage. For instance; women could be more susceptible to specific health risks arising from pregnancy and child birth and are often more vulnerable to domestic violence and loss of income due to the death of their spouse (Operand, 2014). Micro insurance gives the women entrepreneurs the chance to focus more on their core businesses which drastically reduces the risk affecting their property, health or working possibilities. There are different types of insurance services like life insurance, property insurance, health insurance and disability

insurance. The spectrum of the services in this sphere is constantly expanded as schemes and terms of providing insurance services are determined by each company individually. For micro insurance to become successful, for both policy holders and insurers, several elements are important. These include simple and affordable insurance products reaching large numbers of people, stream lined administration, premium payment, simplified claims, management and prompt delivery of benefits. All are very important to provide real value to the audience. (Micro insurance Network, n.d)

Micro insurance represents a new frontier of development and there is much work to be done towards creating a gender sensitive micro insurance industry. It is crucial to understand how women combine micro insurance with existing risk management strategies, how their attitudes towards risk differ from those of men and how micro insurance affects their rates of investment into business, savings behaviour and household consumption.

2.3 Conclusion

This chapter focused on the two theories regarding microfinance services namely Credit rationing theory and the Grameen Model. The researcher further looked at the individual variables reviewing what previous authors have written about micro credit, micro savings and micro insurance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

This chapter outlines in detail the manner in which the study was executed. It highlights the areas of study, the research design, the sampling design and procedure. It also states the data collection methods, the data processing and analysis which the researcher used.

3.1 RESEARCH DESIGN

The study was cross-sectional. Mugenda and Mugenda, (2004) defines cross-sectional research as the carrying out of a study on a representative respondent to give a general conclusion. This research was carried through a cross-sectional survey design which asked respondents on their usage of Microfinance services. Both quantitative and qualitative approaches were used. The data was collected from both primary and secondary data sources, from Pride Microfinance LTD in Kampala District and the study focused on the role of entrepreneurship among women.

3.2 AREA OF THE STUDY

The study was conducted at Pride Microfinance LTD Bukoto, Kampala. The area of study was sufficient for the researcher since it has been in business for a long time and doing better in terms of microfinance services offered to customers. The study was limited to the clients of pride microfinance as representatives of other microfinance institutions. It focused on women clients and staff members.

3.2.1 STUDY POPULATION

Population is a group of people or objects from which the sample for statistical measurement is going to be taken (Mugenda and Mugenda, 2003). The study population was 1600 who included

the women clients of Pride Microfinance from 2012 to 2015 who were entrepreneurs in Kampala district.

3.3 SAMPLE SIZE AND SELECTION

The sample was selected using purposive sampling technique basing on the fact that the researcher was well knowledgeable about the economic activities parameters and that the respondents were believed to have appropriate information pertaining to the study. For purposes of obtaining the relevant information, the researcher targeted 80 Pride Microfinance LTD women clients both past and present and 23 staff. Stratified random sampling was used to obtain the clients.

Table 3.1 Population & Sample size structures

Nature of Respondents	Population	Sample size
Past women clients	500	30
Present women clients	1000	50
Staff	100	23
TOTAL	1600	103

Source: Primary data

3.4 SOURCES OF DATA

The researcher used both primary and secondary sources of data.

3.4.1 Primary Data

The data was obtained from Pride Microfinance LTD women clients both past and present and from the staff. The information was obtained by use of self-administered questionnaires and interviews.

3.4.2 Secondary Data

This data was obtained from published materials, which included journals, textbooks magazines, internal reports and newspapers. They included among others, minutes, internal and credit officers' reports of Pride Microfinance LTD which talked about the control and utilization of loan able funds and customer business operations for the women clients.

3. 5 DATA COLLECTION METHODS

The researcher used a number of data collection instruments namely, questionnaires, interview schedule and observation.

3.5.1. Questionnaire.

The researcher designed self administered questionnaires which were distributed to past and present women clients of Pride Microfinance as well as the staff. The completed questionnaires were then picked from respondents for analysis.

3.5.2 Observation

The researcher employed the observation method to note whatever was taking place in the organization and its clients. For instance, the general appearance of the Pride Microfinance premises, staff attire, interior and exterior design, equipment in use, staff attitudes (disgruntlement, receptive faces and others), the dressing code of clients, their health plus other attributes.

3.6. DATA ANALYSIS

After the information had been gathered, a variety of tools were used to analyze it in order to capture the relevant findings and also present it in a manner that would be understood by fellow researchers and other research users. These tools are discussed below.

3.6.1. Editing

Editing was done in order to discard unwanted and irrelevant information, verify the data and check for consistency.

3.6.2. Coding

This involved grouping answers of a similar nature or with similar meaning into one set of answers and giving them a particular number called a code. This means that for example answers with “A” in a given questionnaire would be coded as number one and answers with “B” would be coded as number two and so forth for each questionnaire. The coding assisted the researcher to get the total number of responses for each of the questions. This also helped to tabulate the data using the figures and numbers obtained.

3.6.3. Tabulation

Tabulation involved representing the information obtained in figures and tables. This would later be used to establish comparisons as well as conclusions for the study.

3.6.4. Establishing themes

The data was analyzed using and utilizing specific themes that were in turn used to establish systematic linkages and conclusions for the study. The main themes that were established

include; women and their benefits and challenges of accessing micro finance services like credit, savings and insurance, recommendations for Micro finance institutions and Government and lastly recommendations for further research.

3.6.5. Report writing

The research report was written based on the themes and conclusions drawn from the findings as presented in the research report that comprise this document.

3.7 ETHICAL CONSIDERATIONS

The researcher considered the research values of voluntary participation, anonymity and protection of respondents from any possible harm that could arise from participating in the study. Thus the researcher; introduced the purpose of the study as a fulfillment of a Bachelor's study program and not for any other hidden agenda by the researcher and requested the respondents to participate in the study on a voluntary basis and refusal or abstaining from participating was permitted. 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.

3.8. STUDY LIMITATIONS

The researcher faced certain challenges but there were ways of handling them so as to enable the researcher to complete the research.

There was a challenge that the respondents especially the past clients of Pride Microfinance LTD were far apart and this affected the period within which the research was completed. This meant

that in a day either three or four respondents could be met. This was controlled by the researcher by ensuring that at least the questionnaires were filled on the day the respondents were identified in their locations. This also ensured that no questionnaires were lost or not returned.

The budget was small and no research assistants were employed. This affected the period of data collection and analysis. This was controlled by the researcher ensuring that no research assistants that were employed so that no extra costs are incurred in paying them so the researcher had to put in extra time and effort to meet the deadlines. Other challenges included travelling from one past client to another on a very tight budget. The researcher overcame these challenges asking the respondents to at least meet as a group so as to save time and resources.

3.9. CONCLUSION

The study used the two approaches of qualitative and quantitative research to generate data that was used to establish the role of microfinance on entrepreneurship among women in Kampala. The interviewing schedule and questionnaire tools were used for data collection and the data was later analyzed using editing, tabulation and themes that established conclusions for the study.

The next chapter discusses the findings and data obtained through the application of the methodology discussed above. The data obtained through the administration of the interviews and the questionnaires shall also be presented in the next chapter.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF THE FINDINGS

4.0. INTRODUCTION

The study was aimed at establishing the role of microfinance on entrepreneurship among women.

The study area was Kampala District, a case study of Pride Microfinance Ltd.

The literature reviewed showed that microfinance has worldwide support as a strategy to eradicate poverty in developing countries, has also evolved from small to big organizations providing the services and targets women. The respondents were selected using random sampling in order to get the key informants and direct beneficiaries from the microfinance services of micro credit, micro savings and micro insurance. A total of 103 respondents were selected for the study.

The tools used to obtain data from the respondents were interviews and the questionnaires which yielded the focus for the presentation in this chapter.

This chapter presents the findings established through the data collected from the respondents. The respondents included past and present women clients as well as staff who benefited from the micro finance services.

4.1. DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS

It was important to find out from the respondents their gender, marital status, age, education levels, the form of enterprise owned and the length of time they have worked in their current role. These specific characteristics would affect their participation in the microfinance projects.

4.1.1. Gender

One hundred percent of the respondents were females as indicated in Figure 1. This was because the study was focused on the women who had been practically engaged in the access and utilization of the microfinance services. This is also emphasized by Goodland et al (1999), who found out that women have a special position in the provision of microfinance because they are often among the poor and they make a substantial contribution to a country's development.

Table 1 Showing gender of respondents

	Frequency	Percent
Female	103	100.0

Source: Field data. 2017

All respondents were female. The women, being the main actors in microfinance are as a result of the fact that they had previously been marginalized in business without microfinance services but have been largely included since they could access micro finance services. Therefore they try as much as possible to get involved in activities that can boost their stand in the economy.

4.1.2. Age group of respondents

Table 2 showing age of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
	18-25	15	14.6	14.6	14.6
	26-30	38	36.9	36.9	51.5
	31-35	24	23.3	23.3	74.8
	over 35	24	23.3	23.3	98.1
	Invalid	2	1.9	1.9	100.0
	Total	103	100.0	100.0	

Source: Field data. 2017

The majority of respondents (38%) were aged 26-30. This is attributed to the fact that these age groups have several responsibilities to undertake especially paying school fees and feeding their families. Thus when the available funds are not enough, they resort to micro credit in order to set up businesses to generate income so as to meet the ever rising needs for themselves as well as their families. It was also noted that this particular age group has the ability to negotiate the loan terms that are comfortable to them which minimizes the cases of defaulting payments. Pride Microfinance Ltd is hesitant to give the youth who fall in the category of 18- 25 years loans because they are still school going and have no existing businesses hence have not yet proved their credit worthiness and can use the money meant to start up a business venture for other activities totally unrelated to the sole purpose of acquiring a micro loan. Thus Pride

Microfinance Ltd concentrates on the mature people who may have land titles, machinery and equipment that can act as collateral for the microloans.

4.1.3 Respondent Category

Table 3 showing respondent category

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Past client	31	30.1	30.1	30.1
Present Client	51	49.5	49.5	79.6
Staff	21	20.4	20.4	100.0
Total	103	100.0	100.0	

Source: Field data. 2017

The majority of the respondents (49.5%) were present women clients of Pride Micro Finance Ltd. This is because they are actively involved and have access to the current microfinance services of microcredit, micro savings as well as micro insurance currently so the feedback given by them is considered up to date which is not the case with the past women clients. They were also much easier to locate than the past clients. The past women clients constituted 30.1% of the respondents because they were once beneficiaries of the micro finance services and the feedback given by them can therefore be used to establish whether the terms of acquiring the microfinance services are more favorable than before and whether the micro finance products are still relevant to the current women clients. The staff constituted twenty one percent of the respondents because

they are directly in contact with the women clients so their feedback can be used to improve on the accessibility of micro finance products.

4.1.4. Highest level of education

Table 4 showing highest education level

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Primary	12	11.7	11.7	11.7
Secondary	33	32.0	32.0	43.7
Diploma	27	26.2	26.2	69.9
Degree	25	24.3	24.3	94.2
Masters	6	5.8	5.8	100.0
Total	103	100.0	100.0	

Source: Field data. 2017

The respondents exhibited a degree of education attainment that could be attributed to the fact that the study area is the Central Business District (Kampala) so most of women clients attained education till the secondary level and some went ahead for diplomas, degrees and masters hence can be able to read and write with ease owing to the fact that Kampala is an urban area and has a number of employment opportunities for educated people. The educated women clients could also have been the key informants who are professionally employed in Government or in the microfinance institutions.

4.1.5 Form of enterprise

Table 5 showing form of enterprise

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid sole proprietor	54	52.4	52.4	52.4
Partnership	30	29.1	29.1	81.6
Cooperative limited liability	12	11.7	11.7	93.2
Others	6	5.8	5.8	99.0
	1	1.0	1.0	100.0
Total	103	100.0	100.0	

Source: Field data. 2017

54% of the respondents owned sole proprietorships and this was attributed to the fact that most of these businesses do not require high initial capital investment so the capital can easily be accessed by the women clients through micro credit. 29% of the respondents have partnerships because risks in the business are spread across two or more people which reduce the impact of stress just in case things go wrong in the business ventures. Additionally, capital is contributed by two or more members hence reducing the initial capital contribution for each member. Only six percent of the respondents had limited liability companies because of the high initial investment involved during the set up of one.

4.1.6 Marital status

Table 6 showing marital status

	Frequency	Percent	Valid Percent	Cumulative Percent
Married	47	45.6	45.6	45.6
Single	36	35.0	35.0	80.6
Divorced	5	4.9	4.9	85.4
Separated	13	12.6	12.6	98.1
Others	2	1.9	1.9	100.0
Total	103	100.0	100.0	

Source: Field data. 2017

The above table shows that the majority of the respondents that was 47% were either legally or traditionally married. The study also revealed that married women were more steady and faithful in loan repayment than the single persons who would default payments. It was also found some husbands encourage their women to get the loan to start a business income generating activities so as to sustain them and in turn they assist in loan repayment

4.2 Descriptive statistics on micro credit and its role in entrepreneurship among women.

This is the first objective of the study and it was intended to specifically establish the above relationship. In order to identify the role micro credit has played in entrepreneurship among women, the respondents were requested to explain necessary requirements and the process one goes through to be able to access the money obtained from Pride Micro Finance Limited and the challenges faced as they try to access the credit and the solutions to the challenges and how micro credit has played a role in entrepreneurship among women. The analysis was based on descriptive statistics mean and standard deviation hence details are presented in table below

Statements	N	Minimum	Maximum	Mean	Std. Deviation
Operating a bank account is necessary if one is to obtain financing from a financial institution	103	1	5	3.767	1.0117
Collateral is mandatory in order to access loan financing	103	1	5	3.883	0.8999
Loans offered help women establish or expand income generating activities.	103	1	5	3.369	0.9181
Financial credit is the most flexible form of transforming economic resources for the poor.	103	1	5	3.398	0.9429
Micro-credit is a critical factor for growth of poor communities.	103	1	5	3.359	0.895
Group –lending (security/collateral) is an effective tool for loan repayment.	103	1	5	3.417	0.9754
Frequent group meetings lead to fewer default occurrences.	103	1	5	3.272	1.0864
Keeping business records is necessary if one is to obtain financing from a micro finance institution	103	1	5	3.951	1.0946

Source: Primary data (2017)

Table 4.2 above revealed that majority of the respondents agreed that opening a bank account is necessary if one is to obtain financing from a financing institution with the mean value of 3.767. However the respondent's deviation according to their opinion with the standard deviation of value 1.0117 implies that opening up a bank account with the micro finance institution is a key requirement because the account one holds is where the deposits for loan repayments are made and it is monitored closely to ensure that the correct balance is brought forward at the end of the accounting period.

Table 4.2 above revealed that majority of the respondents agreed that collateral is mandatory in order to access loan financing from the microfinance institution where the mean statement value was of 3.883. However the respondent's deviation according to their opinion with the standard deviation of value 0.8999 implies that collateral is security for the loan that caters for a borrower in case one defaults to submit the payment. Therefore, Pride Micro Finance can take over ownership of the commodity that acts as collateral.

Table 4.2 above revealed that majority of the respondents agreed that loans offered help women establish or expand income generating activities thus indicated with the mean value of 3.369. Hence Armendariz de Aghian and Moduch, 2005) noted that Micro credit builds on the premise that financial services are needed to make investment in human capital, to smooth out consumption and to overcome unexpected events.. However the respondent's deviation according to their opinion with the standard deviation of value 0.9181 which implies that there is a general lack of awareness on the impact of micro credit among women entrepreneurs. Additionally, respondents indicated that it's majority of the women clients use the money that they have been given to take care of other family needs other than setting up the business ventures that they had planned for hence the deviation of the respondent's disagreeing with the

statement that loans offered help women establish or expand income generating activities so the vicious cycle of poverty continues in many circles.

Table 4.2 above revealed that majority of the respondents agreed that financial credit is the most flexible form of transforming economic resources for the poor with the mean value of 3.398. Hence according to (Arun et al; 2009) noted that Micro credit helps to resolve some problems that are keeping women from the financial market. However the respondent's deviation according to their opinion with the standard deviation of value 0.9429, this is due to the fact that it is easier to obtain micro credit from a micro finance institution than from a formal banking institution.

Table 4.2 above revealed that majority of the respondents agreed that micro credit is a critical factor for the growth of poor communities and this is shown with the mean value of 3.359 which is in support with (Gitobu, 2015) who stated that micro credit not only opens up the opportunity of self-employment but also contributes to the improvement of the entire situation of the house hold and the community at large. However the respondent's deviation according to their opinion with the standard deviation of value 0.895 which implies that micro credit offers initial capital to the poor communities enabling them to start up their own businesses as well as run them effectively because they are driven by the need to pay back the loan with the required interest or else they risk losing out on applying for another loan.

Table 4.2 above revealed that majority of the respondents agreed that group lending is an effective tool for loan repayment and this was indicted with the mean value of 3.417, hence agreeing with (Arun et al: 2009) who stated that a group can loan a large amount where the amount is repaid in small sums making it possible for even the poorest borrower to repay her

loan hence making it an effective tool for loan repayment. However the respondent's deviation according to their opinion with the standard deviation of value 0.9754 which implies that when it's the group that has given out the loan to its members, then all the group members always take the concern about recovering the loan from the borrowers as a way of reducing risks.

Table 4.2 above revealed that majority of the respondents agreed that frequent meetings lead to fewer default occupancies and this was shown with the mean value of 3.272. However the respondent's deviation according to their opinion with the standard deviation of value 1.0864 which implies that frequent group meetings carried out by the group lead to fewer default cases as there is accountability among the women thereby encouraging each other to repay the loans on time.

Table 4.2 above revealed that majority of the respondents agreed that keeping business records is necessary if one is to obtain financing from a micro finance institution and this was shown by the mean value of 3.951. However the respondent's deviation according to their opinion with the standard deviation of value 1.0946 which implies that the records are used to estimate how much credit can be availed to a woman client depending on how much profit she is making as well as her financial position. Therefore this is necessary so as to ascertain whether the client will be able to pay back on time.

4.2.1 Correlation analysis between micro credit and entrepreneurship among women

Details		Micro credit	Entrepreneurship among women
Micro credit	Pearson Correlation	1	.651 **
	Sig. (2-tailed)		.005
	N	103	103
Entrepreneurship among women	Pearson Correlation	.651 **	1
	Sig. (2-tailed)	.005	
	N	103	103

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

Source: Primary data (2017)

The Pearson correlation value of $r = .651^{**}$ $p < 0.01$ revealed that there is a strong positive and a significant relationship between micro credit and entrepreneurship among women. This meant that micro credit affects entrepreneurship among women by 0.651 which is in line with (Sulaiman et al 2012) who noted that one of the advantages of micro credit is the ability to acquire group based loans where members work as each other's security. The advantage of being a group is that the group can loan a large amount where the amount is repaid regularly in small sums by each member making it possible for even the poorest borrower to repay her loan. If the group makes their repayments as they should, they can acquire access to larger and repeated loans

4.3 Descriptive statistics on the effect of micro savings on entrepreneurship among women

In order to establish the effect of micro savings on entrepreneurship among women, the respondents were requested to explain how savings have been able to help them during the

creation and running of their businesses. Pride Micro Finance Limited encourages women to save on the accounts opened by the women clients. The findings are presented below:

Statements	N	Minimum	Maximum	Mean	Std. Deviation
Micro finance has promoted the savings culture among women	103	2	5	3.612	0.8771
Reinvestment of savings into a business leads to its expansion	103	1	5	3.301	0.9984
Savings are a form of insurance against emergencies	103	2	5	3.34	0.8917
Savings help alleviate poverty to a large extent	103	2	5	3.33	0.8676
Women entrepreneurs served by microfinance institutions truly know the importance of saving	103	2	5	3.359	0.7651

Source: Primary data (2017)

The respondents were requested to state whether micro savings has promoted the savings culture among women clients of Pride Microfinance .The findings indicated a mean of 3.612 which implied that the majority of the respondents agreed with the statement and a standard deviation of 0.8771 which implied that there were varying views among the respondents. This is the highest percentage and could be due to the fact that women are encouraged to open up accounts with the institution where they can deposit their savings and not use them for any other business but act as insurance in time for paying up loans that they had previously applied for. (Akanji, 2006; Mkpado and Arene, 2007) assert that savings act as insurance for credit since women

entrepreneurs lack physical collateral. However there were some respondents that disagreed to the statement.

The respondents were requested to state whether that re-investment of savings into a business leads to its expansion. The findings indicated a mean of 3.301 which implied that the majority of the respondents agreed with the statement and a standard deviation of 0.9984 which implied that there were varying views among the respondents. This means that the majority of the respondents agreed due to the fact that the women entrepreneurs use the savings to actually purchase capital goods that are used for core businesses in their ventures which leads to efficient and effective utilization of resources so the businesses keep expanding. The respondents agree with (Akanj, 2016) who asserts that reinvestment of savings into businesses leads to their expansion.

The respondents were requested to state whether savings are a form of insurance against emergencies that occur to women .The findings indicated a mean of 3.359 which implied that the majority of the respondents agreed with the statement and a standard deviation of 0.7651 which implied that there were varying views among the respondents. This means that the majority of the respondents agreed that such emergencies can include: payment of licenses in case the KCCA people come to lock up or confiscate any of their commodities in case they have not paid for their trading licenses. Additionally, another woman client can have an emergency so she can borrow the other's savings and is required to pay back at a specified time with a low interest compared to if she had gone to any financial institution.

The respondents were requested to state whether the group savings can also bail out one of the group members just in case any calamities befell her unprepared. (Vob and Maller, 2009) agree

with the respondents that women entrepreneurs can lend to their fellow counter parts using their micro savings, the counterparts pay back with a certain low interest rate so the one who lent gets more money than before, increasing her wealth and in the long run facilitating poverty alleviation. The findings indicated a mean of 3.33 which implied that the majority of the respondents agreed with the statement and a standard deviation of 0.8917 which implied that there were varying views among the respondents. This means that the majority of the respondents agreed due to the fact that micro savings is a mechanism which allows the poor, individually or in groups to save and build a resource pod which can be drawn upon in times of need. Savings enable the poor to smoothen their cash flows across time and space.

The respondents were requested to state whether women entrepreneurs served by micro finance institutions truly know the importance of saving. The findings indicated a mean of 3.34 which implied that the majority of the respondents agreed with the statement and a standard deviation of 0.8676 which implied that there were varying views among the respondents. This means that the majority of the respondents agreed that through savings, majority of the women have started small scale businesses which have enabled them to educate their children and stay a better living health. However there were some respondents that disagreed to the statement due to the fact that the level of interest rate reduces on the profits earned.

4.3.1 Correlation analysis between micro savings and entrepreneurship among women

Details		Micro savings	Entrepreneurship among women
Micro savings	Pearson Correlation	1	.506**
	Sig. (2-tailed)		.005
	N	103	103
Entrepreneurship among women	Pearson Correlation	.506**	1
	Sig. (2-tailed)	.005	
	N	103	103

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

Source: Primary data (2017)

The Pearson correlation value of $r = 0.506^{**}$ $p < 0.01$ revealed that there is a strong positive and a significant relationship between micro savings and entrepreneurship among women. This meant that micro savings affects entrepreneurship among women by 0.506 which is in line with (Mkpado and Arene , 2007) who noted that savings as a microfinance factor enables people with few assets to save since they could make weekly savings as wells as contribute to group savings and such savings are mobilized by the microfinance for further lending to other clients. This enables the women to reinvest their savings into their businesses in order for them to expand. Furthermore, savings are needed to protect income, act as a security for loan and can be reinvested in the business (Akanj 2006).

4.4 Descriptive statistics on the effect of micro-insurance on entrepreneurship among women

In order to establish the effect of micro- insurance on entrepreneurship among women, the women clients were asked to explain in detail how much they knew about micro insurance and how they have benefited from the introduction and implementation of the product. Most of them were oblivious to the product but are still getting familiar with it. Below are the findings from the research carried out;

Statements	N	Minimum	Maximum	Mean	Std. Deviation
Compensation in case of loss through fire, theft, accidents is adequate	103	2	5	3.408	0.8681
You are more financially secure with micro insurance	103	1	5	3.126	0.9464
Micro insurance gives women entrepreneurs the chance to focus on their core businesses	103	1	5	3.107	0.9488
There is increased access to micro-insurance services	103	1	5	3.039	1.009
Micro insurance services are broad enough to cover more areas(life, health, disability) among others	103	2	5	2.777	0.7532

Source: Primary data (2017)

The respondents were requested to state whether compensation in case of loss through fire, theft or accidents is adequate. The findings indicated a mean of 3.408 which implied that the majority of the respondents agreed with the statement and a standard deviation of 0. 8681 which implied that there were varying views among the respondents. This means that the majority of the

respondents agreed that micro insurance gives the women entrepreneurs the chance to focus more on their core businesses which drastically reduces the risk affecting their property, health or working possibilities. However there were some respondents that disagreed to the statement in most cases, entrepreneurs are not always compensated for any lost business.

The respondents were requested to state whether more finance secure with micro insurance .The findings indicated a mean of 3.126 which implied that the majority of the respondents agreed with the statement and a standard deviation of 0. 9464 which implied that there were varying views among the respondents. This means that the majority of the respondents agreed that this could be due to the fact that micro insurance compensates the entrepreneurs in case of loss through fire, theft or accidents which protects them from adverse loss which would have been the case if their businesses were not insured. However there were some respondents that disagreed to the statement that micro insurance represents a new frontier of development and there is much work to be done towards creating a gender sensitive micro insurance industry.

The respondents were requested to state whether micro insurance gives women entrepreneurs the chance to focus on their core business. The findings indicated a mean of 3.107 which implied that the majority of the respondents agreed with the statement and a standard deviation of 0. 9488 which implied that there were varying views among the respondents. This means that the majority of the respondents agreed that the fact that micro insurance has not yet be fully embraced by the poor so they are still not sure of the use and outcome. (Pomeranz, 2014) asserts that micro insurance represents a new frontier of development and there is much work to be done towards creating a gender sensitive micro insurance industry, it is true as far as this research is concerned as the response from the respondents was unclear. Additionally, (Pomeranz, 2014) who pointed out that micro insurance gives the women entrepreneurs the chance to focus more

on their core businesses which drastically reduces the risk affecting their property, health or working possibilities.

The respondents were requested to state whether there is increased access to micro insurance services. The findings indicated a mean of 3.039 which implied that the majority of the respondents agreed with the statement and a standard deviation of 1.009 which implied that there were varying views among the respondents. This means that the majority of the respondents agreed that This is due to the fact that there has been a realization that the poor as well need the insurance products to protect them from the various risks. (Pomeraz,2014) notes that the poor face a large degree of risk and instability to both their income and expenditure needs such fluctuations can stem from health and weather shocks and unemployment spells.

The respondents were requested to state whether micro insurance services are broad enough to cover more areas (life, health, disability) among others. The findings indicated a mean of 2.777 which implied that the majority of the respondents agreed with the statement and a standard deviation of 0. 7532 which implied that there were varying views among the respondents. This means that the majority of the respondents agreed that provision of micro insurance services to the women clients is still lacking. However there were some respondents that disagreed to the statement indicating that there is a general lack of awareness about micro insurance services in the area.

4.4.1 Correlation analysis between micro insurance and entrepreneurship among women

Details	Micro insurance	Entrepreneurship among women
Micro insurance Pearson Correlation	1	.621**
Sig. (2-tailed)		.005
N	103	103
Entrepreneurship among women Pearson Correlation	.621**	1
Sig. (2-tailed)	.005	
N	103	103

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

Source: Primary data (2017)

The Pearson correlation value of $r = 0.621^{**}$ $p < 0.01$ revealed that there is a strong positive and a significant relationship between micro insurance and entrepreneurship among women. This meant that micro insurance effects entrepreneurship among women by 0.621. Micro insurance gives the women entrepreneurs the chance to focus more on their core businesses which drastically reduces the risk affecting their property, health or working possibilities. There are different types of insurance services like life insurance, property insurance, health insurance and disability insurance.

4.5 Descriptive statistics on Entrepreneurship

In order to establish the role of microfinance on entrepreneurship among women in Kampala, the researcher had to find out how women entrepreneurial clients of Pride Microfinance LTD were fairing in the economy. The findings are as below

	N	Minimum	Maximum	Mean	Std. Deviation
The number of women entrepreneurs has increased over the years	103	1	5	3.282	0.9332
Micro finance institutions have supported women entrepreneurs	103	2	5	3.631	0.8043
Microfinance has taken a key rate in involvement plans to boost women entrepreneurs	103	2	5	3.252	0.682
More women are becoming financially independent with the provision of microfinance services	103	1	5	2.932	0.8315
Poverty alleviation among women has been successful with the introduction of microfinance services to women	103	1	5	2.66	1.0623

Source: Primary data (2017)

The respondents were requested to state weather the number of women entrepreneurs has increased over the years. The findings indicated a mean of 3.282 which implied that the majority of the respondents agreed with the statement and a standard deviation of 0.9332 which implied that there were varying views among the respondents. This means that the majority of the respondents agreed due to the fact that micro finance institutions have focused more on inclusion of women over the past years in order to increase household incomes by setting up

and running business ventures such as mixed farming and poultry keeping on a small scale, baking, market vending among others which will result into poverty alleviation in the years to come.

The respondents were requested to state whether micro finance institutions have supported women entrepreneurs. The findings indicated a mean of 3.631 which implied that the majority of the respondents agreed with the statement and a standard deviation of 0.8043 which implied that there were varying views among the respondents. This means that the majority of the respondents agreed because they have provided micro finance services like micro credit which enables women to create and run their own small scale businesses while encouraging them to save the profits made and reinvest them into the businesses leading to their expansion. In addition to that, training is offered to the women to teach them about how to use the micro credit that they get as well as showing them the proper book keeping methods that makes it easier for them during accountability to show how their businesses are fairing. In case they want to apply for more credit, the business records kept come in handy for assessment of how much micro credit can be availed to them.

The respondents were requested to state whether micro finance has taken a key role in involvement plans to boost women entrepreneurs. The findings indicated a mean of 3.252 which implied that the majority of the respondents agreed with the statement and a standard deviation of 0.682 which implied that there were varying views among the respondents. This means that the majority of the respondents agreed because formal sector banks tend to favor men mainly because they run the larger businesses that commercial banks favor. On the other hand, micro finance is a totally different business most often involving self-employment in the informal

sector and women make up a large and growing segment of informal-sector business (Armendariz.B., 2005) .

The respondents were requested to state whether more women are becoming financially independent with the provision of microfinance services. The findings indicated a mean of 2.932 which implied that the majority of the respondents agreed with the statement and a standard deviation of 0.8315 which implied that there were varying views among the respondents. This means that the majority of the respondents agreed due to lack of clear accountability and information regarding financial independence of women entrepreneurs. However there were some respondents that disagreed to the statement that there is a general lack of awareness of the fact that most women are becoming financially independent with the provision of microfinance services.

The respondents were requested to state whether poverty alleviation has been successful with the introduction of microfinance services to women. The findings indicated a mean of 2.66 which implied that the majority of the respondents agreed with the statement and a standard deviation of 1.0623 which implied that there were varying views among the respondents. Although microfinance services have been provided to women and have been used as a way to improve the financial state of women in the economy, much has to be done in the fight against poverty and this is the reason why the largest percentage of the respondents are not sure whether poverty alleviation has been successful.

4.6. CONCLUSION

The above discussion has shown the role of micro finance on entrepreneurship among women in Kampala District, a case study of Pride Microfinance Ltd. It was established that the micro finance services being provided to the women entrepreneurs are: micro credit, micro savings and micro insurance. In addition to that, training is offered to the women clients on how to use the money acquired as well as enterprise development and conducting supervision and monitoring on the beneficiaries. The respondents mentioned that they used the loans acquired to set up businesses like market vending, bakeries, small scale farming and because of the benefits, they asserted firmly that micro credit has played a role in entrepreneurship among women. There were some challenges faced by the clients as they accessed and utilized the loan like high interest rate, short repayment period, lack of security, rigid policies, small amounts given at a time, diversion of funds, and difficulties in full filling the repayment schedules.

Furthermore, the respondents asserted that micro savings have played a role in entrepreneurship among women as the savings are reinvested back into their businesses leading to expansion in the long run. In addition, the savings are used in times of emergency to take care of unforeseen circumstances. However, the savings culture among women is still being cultivated among them , it is not yet grounded .

Regarding micro insurance, most of the respondents were not yet sure of the role it has played in entrepreneurship among women. It was observed by the researcher that there is a general lack of awareness about micro insurance. However, those respondents that are benefitting from it said that it has it is an assurance that they will be compensated in case of loss through theft, fire or an accident hence preventing them from being driven out of business.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0. INTRODUCTION

The study was aimed at establishing the role of microfinance on entrepreneurship among women.

The literature on microfinance services was reviewed, both theoretical and actual. There were 103 respondents that were used in the study and both qualitative and quantitative methods of research were employed to arrive at the results of the study. The study area was Kampala District and the case study was Pride Microfinance LTD. The respondents included the past and present women clients as well as staff. This chapter shall address specific conclusions and recommendations based on the research findings.

5.1. SUMMARY OF THE FINDINGS

The study based on only women who made percentage of 100% as response rate. The findings further discovered that majority of the respondent's attained secondary education with 32% and finally 36.9% of the respondents were in the age bracket of 26-30 years. The study was guided by the following specific objectives; the main objective of the research was to determine the role of microfinance on entrepreneurship among women. This was arrived at by establishing the microfinance services provided by Pride Microfinance LTD and, assessing how the women have benefited from them, identifying some challenges faced by the women as they access and utilize the microfinance services and how these challenges could be overcome.

5.2 CONCLUSIONS

5.2.1 Micro credit and entrepreneurship among women.

In a quest to understand the role of micro credit on entrepreneurship among women, it was necessary to identify the beneficiaries of micro credit who are women entrepreneurs.

The guiding question was; “*How has micro credit helped women in business?*”. The research concludes that micro credit extended to the women helps establish and expand their income generating activities and has become a critical factor for the growth of poor communities. It is flexible as well as easy to obtain from the micro finance institutions where interest rates are low compared to the formal sector banking. Group lending is an effective tool for loan repayment as the group members act as collateral for a member who borrows from the micro finance institution and is very helpful for those women who lack physical collateral. Group lending also gives an opportunity to women to free themselves from biting poverty therefore improving economic stand of women in the economy. The value of collateral determines the amount of micro credit extended to an individual. The study findings showed that there is a positive and significant relationship ($r = 0.651^{**}$ $p < 0.01$) between micro credit and entrepreneurship among women. This implies that Butoto should put emphasis micro credit in order to support women empowerment.

5.2.2. Micro savings and entrepreneurship among women.

The research was aimed at establishing the effect of micro savings on entrepreneurship among women hence determining its role women entrepreneurship and the findings showed that there is a positive and significant relationship ($r = 0.506^{**}$ $p < 0.01$) between micro savings and

entrepreneurship among women. In order to establish the findings, the guiding question whose conclusions are presented below was:

“What is the effect of micro savings on entrepreneurship among women?” The findings reveal that that micro savings has promoted the savings culture among women through encouraging them to open up accounts with the institution and make monthly deposits. Additionally, group savings have been seen as a tool to encourage women to save among themselves and these savings can be used by the women in cases of emergencies. The savings are also reinvested back into business which leads to expansion in the long run. It was concluded from the study that micro savings have had a positive effect on entrepreneurship among women and plays a big role as well.

5.1.3. Micro insurance and entrepreneurship among women.

The research was aimed at establishing the effect of micro insurance on entrepreneurship among women hence determining its role women entrepreneurship. The guiding question was, *“What is the effect of micro insurance on entrepreneurship among women?”* The findings reveal that there is a general lack of knowledge about micro insurance by the women clients. The researcher concluded that there micro insurance is relevant product for the women clients but they have not been sensitized a lot about it. In addition, the access to micro insurance is minimal yet the entrepreneurs risk losing their businesses in case of fire, theft or accidents. The study from the findings showed that there is a positive and significant relationship ($r = 0.621^{**}$ $p < 0.01$) between micro insurance and entrepreneurship among women. This implied that there is still room for improvement on the role of micro insurance on women entrepreneurs.

5.2.4 Entrepreneurship among women.

The research was aimed at establishing the role of microfinance on entrepreneurship among women. In order to establish the findings, the guiding question whose conclusions are presented below was: *“What is the role of micro finance on entrepreneurship among women?”* The conclusions from the study are presented below: The number of women entrepreneurs supported by micro finance has increased over the years and they use women entrepreneur networks as a major source of knowledge about entrepreneurship. Additionally, it was concluded that micro finance has taken key rate involvement in plans to boost women entrepreneurship since they are heavily involved in the informal sector owning sole proprietorships. However, it was also concluded too that poverty alleviation among women has not entirely been successful with the introduction of micro finance due to a number of challenges which include; high interest rates, small amounts of money given, short grace period, diversion of funds, difficulties in fulfilling the repayment schedule, small profits on the investment, too many deductions made and actual money requested is not given, short repayment period and lack of empathy from the institution.

In light of the identified challenges in accessing and utilizing the microfinance Services by the women, there are some suggestions that have been made in order to improve service delivery to them women clients. The research established that the suggestions for improvement included the following: microfinance institutions should try as much as possible to increase the money given to the women clients so as to enable them to expand and diversify their investment opportunities, reduce the interest rates so that all the profits realized do not go towards paying back the loan and also increase the grace period to allow the growth of the enterprise and also for the mobilization of money for payment. It was also suggested that the government could increase its

involvement in the provision of regulations to govern the microfinance programs, the interest rate and safe guard the property of the clients.

5.3. RECOMMENDATIONS FROM THE RESEARCH

These recommendations from the research findings are geared towards making policies at institution level to enable the provision of better services to the women clients . This is because microfinance has been in existence in the area for over 15 years and people have benefited from their services, therefore, it is important to address the needs of the clients so as to harmonize operations for more impact in the study area in particular and the country in general.

5.3.1. Recommendations for microfinance services

The respondents recommend that the institution could reduce the interest rates, increase on the amount given as loans to the clients and assess repayment capabilities before loan provision. The institution is urged to sensitize people more on micro insurance and broaden its coverage to cover property, life, health. The institution is also urged to increase access to micro insurance such that more people can access it. Customer care is still lacking as well so the institution is urged to improve on that so that the clients are not scared away. More local languages should be used in communication other than Luganda, English, Runyanankole/Rukiga so that the clients can easily understand the terms and conditions spelt out by the institution.

5.3.2. Recommendations for the Government

The government is urged to get involved in determining the interest rate, centralize the interest rates such that the rate is uniform for micro finance institutions.

The respondents also recommend that the Government could protect the borrowers from the institutions and also sensitization and training guidelines for the access and utilization of the micro finance services.

5.3.3. Recommendations for women clients

The respondents recommended that women clients should be trained thoroughly before undertaking credit facilities for enterprise use money for intended purposes only and avoid money misuse and diversion of funds. The clients are also urged not to move from one institution to another but rather study the operation of the institution before accessing its services and also support each other with skills, supervision and monitoring as a group. The clients are further encouraged to get more investment opportunities instead of only one, have an enterprise before borrowing the money and not to use credit to start investments but rather to expand or diversify investments.

5.3.4. Recommendations for further research

The respondents recommended further research to be carried out on the impact the factors that lead to people joining more than one microfinance institution and the possibilities of providing asset loans rather than cash loans for some beneficiaries.

5.4. CONCLUSION

The study was aimed at establishing the role of microfinance on entrepreneurship among. The findings reveal that there is a big role played by microfinance because of the access and utilization of microfinance services by the women has given them the opportunity to get access

to capital to start small enterprises, expand the existing enterprises and as a result increase their incomes. This has boosted the stand of women entrepreneurs in the economy. The access to and utilization of the micro-credit facilities has had a share of challenges for the women but the benefits outweigh them for the study to conclude that microfinance has had invaluable impact and lessons for the women entrepreneurs. The experience obtained by women through their participation in the microfinance institutions has enabled them to suggest to the government to get involved in controlling the interest rates on the loans and also for the beneficiaries to utilize the loan for its intended purposes. The microfinance institutions have thereby been urged to be more flexible, reduce interest rates, increase the size of the loan and continuously train, supervise and monitor the progress of the projects of the customers.

The study has conclusively confirmed that microfinance plays a very big role on entrepreneurship among women.

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APPENDIX 1
QUESTIONNAIRE

Dear Respondent,

I am a student of Uganda Martyrs University pursuing a bachelor' of Business Administration and Management. Iam conducting a study on the “**Role of Micro finance on Entrepreneurship among women**”.You have been selected as one of the respondents in this study. Your response will be treated with utmost confidentiality. This research is intended for academic purposes only.

Thank you for accepting to participate in this study.

SECTION: BACKGROUND INFORMATION

Please circle the correct response or fill in the blank spaces

A1: Gender: A.Male B. Female

A2: Age in years:

A. 18-25 B. 26-30 C. 31-35 D. over 35

A3: Highest level of education attained.

A. primary B. secondary C. Diploma D. Degree
E. masters G. others (specify)

A4: Length of period worked in current role

A. 5 years or less B. 6-10 years C.11-15 years
D. 16 and above

A5: form of enterprise?

A. Sole proprietorship B. Partnership C. Limited liability Company
D.cooperative . others(specify)

A6: Marital status

A. single B. married C .divorced D. Separated
E.others (specify)

SECTION B

Credit

Please indicate the extent to which you agree with the statements where 1= Strongly disagree, 2= Disagree, 3= Neutral, 4 =Agree and 5 = Strongly agree.

	Credit	1	2	3	4	5
B1	Operating a bank account is necessary if one is to obtain financing from a financial institution					
B2	Collateral is mandatory in order to access loan financing					
B3	Interest rate charged on loans are moderate					
B4	The value of collateral determines the amount of credit be applied for					
B5	Loans offered help women establish or expand income generating activities.					
B6	Financial credit is the most flexible form of transforming economic resources for the poor.					
B7	Micro-credit is a critical factor for growth of poor communities.					
B8	Group –lending (security/collateral) is an effective tool for loan repayment.					
B9	Frequent group meetings lead to fewer default occurrences.					
B10	Group lending gives an opportunity to women to set themselves free from biting poverty.					
B11	Group lending improves repayment rates.					
B12	Keeping business records is necessary if one is to obtain financing from a micro finance institution					
B13	Keeping business records is a sound practice					

SECTION C

Savings

C1	The level of savings has an impact on the amount of credit to avail to a client.					
C2	Micro finance has promoted the savings culture among women					
C3	You can lend your savings to a woman who cannot access micro finance services					
C4	Reinvestment of savings into a business leads to its expansion					
C5	Women entrepreneurs served by micro finance institutions save					
C6	Women entrepreneurs served by micro finance institutions truly know the importance of saving					
C7	Savings have a close relationship with wealth					
C8	Savings have a close relationship with entrepreneurship					
C9	Savings are a form of insurance against emergencies					
C10	Savings culture is improving among women entrepreneurs					
C11	Savings help alleviate poverty to a large extent					

SECTION D

Insurance

D1	My business is insured against risks					
D2	Compensation in case of loss through fire, theft, accidents is adequate					
D3	Insurance premium is fair					
D4	There is enough sensitization about insurance					
D5	You are more financially secure with micro insurance					
D6	Micro insurance gives women entrepreneurs the chance to focus on their core businesses					
D7	There is increased access to micro- insurance services					
D8	Micro insurance services are broad enough to cover more areas(life, health, disability) among others					

Section E

Entrepreneurship

E1	Women entrepreneur networks are major sources of knowledge about entrepreneurship					
E2	Most women engage in agriculture as a form of entrepreneurship					
E3	The number of women entrepreneurs has increased over the years					
E4	Micro finance institutions have supported women entrepreneurs					
E5	Women entrepreneurs have successfully been able to strike a balance between home and work					
E6	Microfinance has taken a key rate in involvement plans to boost women entrepreneurs					
E7	Creation of businesses by women boosts their stand in the economy					
E8	Running of businesses by women boosts their stand in the economy					
E9	More women are becoming financially independent with the provision of microfinance services					
E10	Poverty alleviation among women has been successful with the introduction of microfinance services to women					

THANK YOU FOR YOUR TIME.

APPENDIX 2

Research recommendation letter by Uganda martyrs university

Uganda
Martyrs
University



making a difference

FACULTY OF BUSINESS ADMINISTRATION & MANAGEMENT (BAM)
15th March, 2017

Ref: ba day ft Lubaga field introduction letter

TO WHOM IT MAY CONCERN

Dear Sir/Madam

RE: Field Introduction

This is to introduce to you **NAKAWOMBE Esther Reg. No. 2014-B021-20033** who is an undergraduate student of Uganda Martyrs University.

Esther is to undertake a research on the topic: *"Role of Micro finance on Entrepreneurship among Women"*.

This is as part of the requirements for the award of a Bachelor of Business Administration and Management.

May I therefore kindly request your assistance in permitting and facilitating the student in this research. Your support will be greatly appreciated.

Thank you in advance.

Yours sincerely,

Ms. AACHA Mary Lillian
Administrator - UMU Lugaga Campus

