

**MICROFINANCE SERVICES AND THE GROWTH OF WOMEN ENTREPRENEURS
A CASE STUDY OF RIVER OLI DIVISION-ARUA MUNICIPALITY.**


**OSORU MILDRED
14/U/ 12985/GMBA/PE**

**A DISSERTATION SUBMITTED TO GRADUATE SCHOOL IN PARTIAL
FULFILLMENT OF THE AWARD OF MASTER'S DEGREE IN
BUSINESS ADMINISTRATION OF
KYAMBOGO UNIVERSITY**

DECEMBER, 2016

DECLARATION

I Osoru Mildred declare that, this dissertation is my original work and has not been submitted to any other institution for an academic award.

Sign: .....

Osoru Mildred

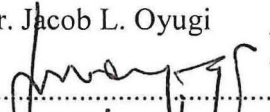
Date: 06/12/16.....

APPROVAL

I hereby certify that, this thesis is the original and individual work of Osoru Mildred and has been done under the supervision of the under signed.

Principle Supervisor:

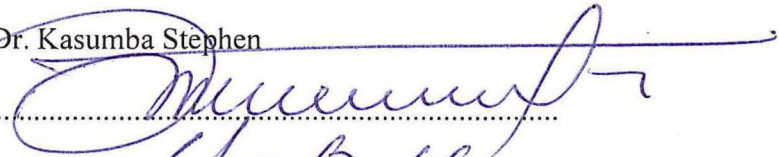
Name: Dr. Jacob L. Oyugi

Sign: 

Date: 16/12/2016

Second supervisor:

Name: Dr. Kasumba Stephen

Sign: 

Date: 16/12/2016

DEDICATION

I dedicate this research work to my dear husband for the courage and financial support given to me throughout my studies and my beloved children more especially Baraka Tobias, my flag bearer during the course for their moral support through the writing of this project.

ACKNOWLEDGEMENT

First and foremost, I would like to thank God for His care and protection during the inscription of this project. Secondly I wish to express my gratitude to my lecture Dr. Jacob L. Oyugi for his contribution in imparting knowledge on Research Methods which has been instrumental in this report.

My gratitude goes again to Dr. Jacob L. Oyugi and Dr. Stephen Kasumba for guiding me through the process of writing this project. I would also like to thank my colleagues for their support and encouragement during the research period not forgetting the respondents for providing the necessary information during the data collection.

Much appreciation also goes to my parents and my family members for their dedicated and tireless support throughout the development of this report. Thank you and God bless you all.

TABLE OF CONTENTS

DECLARATION.....	i
APPROVAL.....	ii
DEDICATION.....	iii
ACKNOWLEDGEMENT.....	iv
TABLE OF CONTENTS.....	v
LIST OF TABLES.....	ix
LIST OF FIGURES.....	x
LIST OF ABBREVIATIONS.....	xi
ABSTRACT:.....	xii
CHAPTER ONE.....	1
1.0 Introduction.....	1
1.1 Background to the Study.....	1
1.1.1 Historical Perspective.....	1
1.1.2 Theoretical perspective.....	2
1.1.3 Conceptual perspective.....	2
1.1.4 Contextual perspective.....	3
1.2 Statement of the Problem.....	4
1.3 Purpose of the Study.....	4
1.4 Objectives of the Study.....	4
1.5 Research Questions.....	5
1.6 Scope of the study.....	5
1.6.1 Subject Scope.....	5
1.6.2 Geographical Scope.....	5
1.6.3 Time Scope.....	6

1.7 Significance of the study	6
1.8 Conceptual Framework.....	7
1.9 Justification of the study.....	8
1.10 Definition of terms.....	8
CHAPTER TWO:.....	9
LITERATURE REVIEW	9
2.0 Introduction	9
2.1 Overview of the variables.....	9
2.1.1 Microfinance services.....	9
2.1.2 Growth of women entrepreneurs.....	9
2.2 Theoretical review	10
2.3 The influence of micro-credit on the growth of women entrepreneurs.....	12
2.3.1 Business loans.....	12
2.3.2 Interest rates.....	18
2.4 The effect of financial literacy on the growth of women entrepreneurs.	18
2.4.1 Cash management.....	19
2.4.2 Credit control.....	20
2.4.3 Investment decisions.....	22
2.5 The influence of capacity building on the growth of women entrepreneurs.....	24
2.5.1 New product development and innovation.....	24
2.5.2 Marketing skills.....	27
2.6. Summary of the literature review	29

CHAPTER THREE:	30
METHODOLOGY	30
3.0 Introduction	30
3.1 Research Design	30
3.2 Area of the study.....	31
3.3 Population of the Study	31
3.4 Sample size and Sampling technique	31
3.5 Research instruments	33
3.5.1 Questionnaires	33
3.5.2 Interview guide	33
3.5.3 Focus group discussion (FGD).....	34
3.6 Validity and reliability	34
3.6.1 Validity of the instrument.....	34
3.6.2 Reliability	35
3.7 Data collection procedure.....	35
3.8 Data analysis and presentation	36
3.9 Ethical considerations	36
3.10 Limitations of the Study	37
CHAPTER FOUR:	38
ANALYSIS PRESENTATION AND INTERPRETATION OF RESULTS	38
4.0 Introduction	38
4.1 Response Rate.....	38
4.1.1 Background characteristics of the respondents	38
4.2 Micro-credit and the growth of women entrepreneurs in River Oli division.....	44
4.3 Financial literacy and the growth of women entrepreneurs.	48

4.4 Capacity building and the growth of women entrepreneurs in River Oli division.....	49
CHAPTER FIVE:	56
DISCUSSIONS, SUMMARY OF FINDINGS, CONCLUSIONS, RECOMMENDATIONS AND SUGGESTIONS	55
5.0 Introduction	55
5.1 Discussions of the Major findings	55
5.1.1 Micro-credit and the growth of women entrepreneurs.	55
5.1.2 Financial literacy and the growth of women entrepreneurs.....	57
5.1.3 Capacity building and the growth of women entrepreneurs.....	58
5.2 Summary.....	60
5.3 Conclusion.....	61
5.4 Recommendations	61
5.5 Suggestions for further research.....	62
REFERENCES.....	65
APPENDIX A: QUESTIONNAIRE FOR WOMEN ENTREPRENEURS.....	70
APPENDIX B. INTERVIEW GUIDE TO MFI MANAGEMENT STAFF.....	74
APPENDIX C. QUESTIONNAIRE TO CREDIT OFFICERS	75
APPENDIXD:FOCUS GROUP DISCUSSION GUIDE FOR WOMEN ENTREPRENEURS.....	76
APPENDIXE: Sample size (S) for the given population sizes (N).....	77

LIST OF TABLES

Table i: Sample selection matrix.....	32
Table ii : Illustrating reliability statistics.....	35
Table iii: Response rate according to the category of respondents.....	38
Table iv: Distribution of respondents according to their age.....	39
Table v : Distribution of respondents according to education level.....	40
Table vi: Distribution of respondents according to Marital Status.....	41
Table vii: Distribution of respondents according to business experience.....	42
Table viii: Distribution of respondents according to the number of dependents.....	43
Table ix: Distribution of respondents according to the nature of business	43
Table x: Distribution of respondents according to the nature of MFI services.....	44
Table xi: Descriptive statistics on respondents self-rating on micro-credit.....	45
Table xii: Descriptive Statistics of respondents self-rating on financial literacy.....	48
Table xiii: Descriptive statistics on respondents self-rating on Capacity building.....	50
Table xiv: Regression analyzing the effect of microfinance services on the growth of Women entrepreneurs.....	52
Table xv: Table of regression.....	52
Table xvi: Table of coefficients.....	53

LIST OF FIGURES

Figure 1: Conceptual Framework.....	7
-------------------------------------	---

LIST OF ABBREVIATIONS

ADB	Asian Development Bank
AMFIU	Association of Microfinance Institutions of Uganda
BOU	Bank of Uganda
BRAC	Bangladesh Rural Advancement Committee
FDG	Focus Group Discussion
FINCA	Foundation for International Community Assistance
FOCCAS	Foundation for Credit and Community Assistance
ICECD	International Centre for Entrepreneurship and Career Development
MFI	Microfinance institutions
MFSC	Microfinance Support Centre
NGOs	Non-Governmental Organizations
OECD	Organization for Economic Co-operation and Development
PRIDE	Promotion of Rural Initiatives and Development
RWEG	Rural Women's Extension Group
SHGs	Self Help Groups
SMEs	Small and Medium Enterprises
UBOS	Uganda Bureau of Statistics
UWFT	Uganda Women's Finance Trust

ABSTRACT:

The purpose of this study was to examine the influence of Micro Finance services on the growth of Women entrepreneurs in River Oli Division Arua Municipality. The study was guided by the following objectives: to assess the influence of micro-credit on the growth of women entrepreneurs; to examine the effect of financial literacy on the growth of women entrepreneurs and to establish the influence of capacity building on the growth of women entrepreneurs.

Despite improved access to microfinance services like loans, financial training and capacity building among others overtime, women in River Oli Division have continued to suffer financial challenges and retarded growth in their businesses. The women have remained in the vicious circle of poverty characterized by low standards of living, high income inequality, domestic violence and high crime rates. The entrepreneurs have also registered low rate of return on capital employed, low net profit margin and have kept a small capital size and some of them fail to run their daily operations because they do not have the capacity to maintain adequate liquidity levels.

A total of 215 women entrepreneurs were targeted and the desired sample size of 184 respondents was identified using the Morgan and Krejcie Table for Determining Sample Sizes. Statistical Package for Social Scientists (SPSS) was used to code and enter data for analysis. The study adopted both the qualitative and quantitative analysis in order to achieve the objective of the study. The findings revealed that, Microfinance institutions provide services like extension of loans, investment advice, savings, and training on business management, monitoring and even banking services. The findings further disclosed that, access to micro-credit and other services offered by MFIs were of great benefit to women since they were able to start-up businesses and take care of their families due to accessibility to these services. This justifies the need for microfinance services in the economic development of women and their communities despite the fact that, challenges like high interest rates, short repayment period and lack of security coupled with socio-cultural were sighted when accessing loans. It can be concluded that, MFIs services positively influences the business growth of women entrepreneurs in River Oli division by 16% while 84% was influenced by socio-cultural factors like norms and values that negatively affect women in a society. It is therefore recommended that, government to reduce interest rates on loans extended to MFIs and regulations be enforced to ensure that MFIs operate within the stipulated rates set by the government, MFIs should increase on the loan amount extended to women, need by the MFIs to extend loan reimbursement period, substitute collateral security by guaranteeing and support training in various fields of entrepreneurship in order to acquire entrepreneurial and technical skills.

CHAPTER ONE

1.0 Introduction

The study was set out to examine the effect of Micro Finance services on the growth of women entrepreneurs in River Oli Division-Arua Municipality. This chapter presents the background to the study, problem statement, the study purpose, research objectives and questions, scope of the study, significance of the study, justification, conceptual framework and the definition of key terms used in the study.

1.1 Background to the Study

1.1.1 Historical Perspective

Microfinance is not completely a new concept of finance, but its roots can be found in 1400s in medieval Europe, especially Ireland and Germany. The notable milestones in the history of microfinance can be viewed as the opening of the Indonesian People's Credit Bank in 1895 that became the largest microfinance system in Indonesia (Helms, 2006). In Bangladesh, the famous founding father of Grameen Bank Muhammad Yunus, with his own lending policy started operations in the 1970s by extending microcredit services to women in Jobra (Yunus, 2007).

In Africa, Microfinance took-off in 1955 in Ghana with strong savings orientation and a much greater role of licensed institutions relative to Non-Governmental Organizations (NGOs) than in many countries (William & Andah, 2003).

Uganda has created a success story by developing the market for microfinance services, which has been considered a role model for Africa and even other regions (Goodwin-Groen, Ruth, Till Bruett, & Alexia, 2004).

Uganda Women's Finance Trust (UWFT) was the first institution to offer micro-finance services in Uganda. Established in 1984, it offered savings and credit services to group and individual

women entrepreneurs. Eight years later, Foundation for International Community Assistance (FINCA) set up village banking operations in Jinja. Foundation for Credit and Community Assistance (FOCCAS) established its program in 1996, Promotion of Rural Initiatives and Development Enterprises (PRIDE) Uganda commenced the same year and within three years expanded its branches to 20 locations nationwide (Muzigiti & Schmidt, 2013).

The Association of Microfinance Institutions of Uganda (AMFIU) which is an umbrella organization of microfinance institutions (MFIs) in Uganda was founded in November 1996, through the collaboration of several organizations with interest in microfinance. (Uganda microfinance directory, 2015/2016).

1.1.2 Theoretical perspective

The study focused on Games Theory of Microfinance. The theory supports the idea of group lending among microfinance institutions. It is based on Grameen lending standard of microfinance which is built on group peer pressure whereby loans are lent to individual groups of four to seven. Group members cooperatively guarantee loan repayments and access to succeeding loans is dependent on successful repayment by all group members and is usually paid weekly (Yunus, 2007).

1.1.3 Conceptual perspective

Microfinance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and their micro enterprises (ADB, 2011).

An entrepreneur is person who is able to identify a business opportunity and obtain the necessary resources to initiate a successful business activity.

Women entrepreneurship is recognized worldwide as a leading global trend with significant and growing economic, social and political consequences (OECD, 2013). The 2012 Global Entrepreneurship Monitor (GEM) confirmed women's activity as entrepreneurs in every sector, every country, and in every size and aspiration level of entrepreneurial firm (GEM, 2012).

Women being the most vulnerable people in societies, these MFIs mostly target the female population to enable them finance their activities.

1.1.4 Contextual perspective

The study was conducted at River Oli Division, a sub-county in Arua Municipality located in the southern part of Arua town. It is made up of three wards (Pangisha, Kenya and Tanganyika). Generally, business establishments play a great role in job creation, revenue generation and economic growth (Wube, 2010). Nevertheless, in Arua District, women entrepreneurs are faced with a number of issues like socio-cultural and economic factors which hinder their entrepreneurial development. Attitudes, norms, values and practices, patriarchal ideology towards women in this District has a negative effect on the performance of women entrepreneurs. Despite the fact that over 80% (26,502.4) of the female population are entrepreneurs who have access to microfinance services and operate businesses at micro level like sell of agricultural produce, timber, clothes, poultry farming and fish mongering, women still register declining growth in their businesses (BRAC report, 2015).

1.2 Statement of the Problem

Microfinance has been used as an intervention strategy to address the marginalized situation of women with the hope of accessing financial and non-financial services, that would enable women achieve socio-economic development and there by contribute to the development of their communities.

However, much as women entrepreneurs in River Oli Division Arua Municipality have received microfinance services, there is lack of evidence on good business practices in the area. Earnings from their businesses are meager and are unable to expand the operations both within and beyond the geographical region (MSC report, 2015).

Consequently, the women entrepreneurs remained in the vicious circle of poverty characterized by low standards of living, high income inequality, domestic violence and high crime rates.

Therefore, the fact that deficiency still exists amongst the women despite the attempts of delivery of microfinance services, creates room for examining how far microfinance has benefited the women entrepreneurs at River Oli Division in Arua Municipality.

1.3 Purpose of the Study

The study examined the influence of micro finance services on the economic growth of women entrepreneurs in River Oli Division - Arua Municipality.

1.4 Objectives of the Study

- (i). To assess the influence of micro-credit on the growth of women entrepreneurs in River Oli Division.
- (ii). To examine the effect of financial literacy on the growth of women entrepreneurs in River Oli Division.

- (iii). To evaluate the influence of capacity building on the growth of women entrepreneurs in River Oli division.

1.5 Research Questions

The study was guided by the following research questions.

- (i). To what extent does accessibility to micro-credit influence the growth of women entrepreneurs in River Oli Division?
- (ii). How has financial literacy influence the growth of women entrepreneurs in River Oli Division?
- (iii). To what extent does capacity building influence the growth of women entrepreneurs in River Oli Division?

1.6 Scope of the study

1.6.1 Subject Scope

The study examined the effect of Microfinance services on the economic activities of women entrepreneurs in Arua Municipality, particularly River Oli Division in Arua District.

The study further focused on whether the independent and dependent variables have positive or negative effects upon each other. Generally, the study was guided by the three objectives.

1.6.2 Geographical Scope

The study was conducted at River Oli-Division, Arua Municipality in Arua District which lies in Northwestern part of the Northern region of Uganda. The District has 36 Sub-counties, 228 parishes and 2056 villages.

The population for the study included the female clients of the selected Microfinance institutions in Arua municipality since the researcher discovered that, women in this municipality have stagnated growth in their businesses.

1.6.3 Time Scope

The study was scheduled to run for six months (March to September 2016) and covered women entrepreneurs that have access to microfinance services for a period of at least five years.

1.7 Significance of the study

The research findings may help in providing information and recommendations that will assist to improve the economic livelihood of women not only in Arua District but rest of the world as well.

The findings of the study will enable micro finance institutions to better understand their role in the growth of entrepreneurship among women in order to implement better and effective programs.

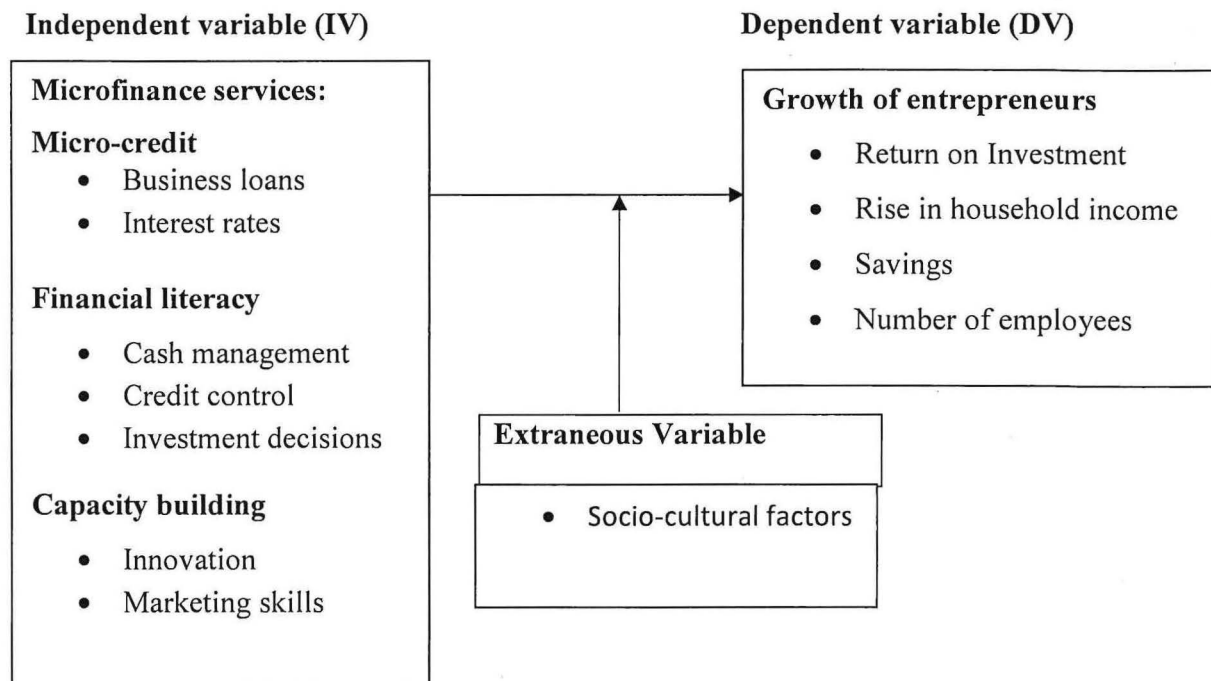
The study will also expose possible areas of improvement in micro financing activities vis-à-vis growth of women entrepreneurship.

Furthermore, the research way provide information that can be used by both government and non-governmental organizations to consider strategic interventions that will foster the growth of women's enterprises in various areas of their operation.

In addition, the study will provide a platform or database for further research by other researchers.

1.8 Conceptual Framework

The findings from existing literature and theoretical framework provided the foundations for the conceptual framework of this study. The framework depicts the relationship between Independent, dependent and extraneous variables as shown in figure 1.



Source: Adapted from Microfinance Support Centre (MFSC) annual report (2015)

Fig.1 Conceptual Framework

As shown in the figure 1 above, the conceptual framework was developed to examine the influence of microfinance services on the economic growth of women entrepreneurs in River Oli division - Arua municipality. It consists of the independent variable as microfinance services like micro-credit facilities, financial literacy concerning Cash management, Credit control, Investment decisions and Capacity building on innovation and marketing skills that has a direct influence on the dependent variable as growth of women entrepreneurs indicated by Return on Investment, increase in household income, savings and the number of employees.

The extraneous variable consists of Socio-cultural factors like; attitudes, norms, values, patriarchal ideology and other cultural practices that affect the progress of women entrepreneurs in River Oli Division in Arua municipality.

1.9 Justification of the study

Despite the fact that, MFIs played important roles to women entrepreneurs like provision of micro-credits, training on financial discipline, and capacity building among others, the economic activities of women entrepreneurs still remained low in Arua District. Therefore the study was undertaken to find out why women entrepreneurs cannot expand their businesses despite the services provided by MFIs.

1.10 Definition of terms

Growth: The process of improving some measure of an enterprise's success.

The growth of an enterprise is reflected in an entrepreneur's ability to get return on investment, increase in income, ability to enhance savings and provide employment opportunities.

Micro-credit: Extension of small loans to very poor people for self-employment projects that generate income, allowing them to care for themselves and their families (Yunus, 2007).

Microfinance: Is a program that involves serving poor communities in any one area, by providing them with soft loans, training, capacity building, insurance and money transfer services to develop and maintain businesses (Rouf, 2012).

Entrepreneur: A person who is able to identify a business opportunity and obtain the necessary resources to initiate a successful business activity.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

This chapter reviews the existing literature on key microfinance concepts, looks at the roles played by Microfinance institutions (IMF's), and their effect to the economic growth of women entrepreneurs. The chapter is presented under the following headings: over view of the variables, theoretical view, objectives of the study, summary of the literature review and knowledge gap.

2.1 Overview of the variables

2.1.1 Microfinance services

Microfinance is the provision of a broad range of financial services such as deposits, loans, payments, savings, money transfers, insurance and other non-financial services to the poor and low-income households and their micro enterprises (Keshav, 2014), defined microfinance as the array of financial services, including loans, savings and insurance, business advice and training available to Underprivileged and small business owners who have no collateral and would not otherwise qualify for a standard bank loan.

Microfinance services are the facilities provided by MFIs to low income entrepreneurs which may include; loans, savings, insurance, and training (Mayowa & Agboola, 2012).

2.1.2 Growth of women entrepreneurs

Growth with respect to an enterprise is the process of improving some measure of an enterprise's success. Business growth can be achieved either by boosting the revenue of the business with greater product sales or service income, or by increasing the line or profitability of

the operation by minimizing costs (Leitch & Neergaard, 2010). Growth can also be defined in terms of revenue generation, value addition, and expansion in terms of volume of the business.

Mateev & Anastasov (2010) have found that an enterprise's growth is related to size as well as other specific characteristics like financial structure in terms of return on investment and productivity. Others can be Increase in household income, Savings and the Number of employment provided by the enterprise. Business can be categorized in terms of size as; small, medium and large. Growth in business can be said to be the key indicator or measure of performance.

Traditionally, an entrepreneur has been defined as "a person who systematizes and manages an enterprise, especially a business, usually with considerable initiative and risk" rather than working as an employee (Mateev & Anastasov, 2010). The entrepreneur is commonly seen as a business leader and innovator of new ideas and business processes.

2.2 Theoretical review

The researcher focused on Games Theory of Microfinance. The theory supports the idea of group lending among microfinance institutions. It is based on Grameen lending standard of microfinance which is built on group peer pressure whereby loans are disbursed to individual groups of four to seven. Group members cooperatively guarantee loan repayments and access to succeeding loans is dependent on successful repayment by all group members and is usually paid weekly (Yunus, 2007).

Group lending substitutes the conditions of the formal financial organizations that require the presence of collateral security before granting loans to clients. Nevertheless, low income levels and lack of asset eliminates most people in developing countries from obtaining credit from these banks. Under the Grameen lending standard, several borrowers are grouped, where each person

obtains a specific loan amount, but still the entire group is liable for repaying the loan. As groups form willingly, no group is ready to consent a member whose character is doubtful and who is likely to take too high risks in investing the loan and as such the chance of default are minimal (Morduch, 2000).

According to this theory, the group-based borrowers played the lending game according to the rules set out by the microfinance institution. The groups were vigilant in their investment schemes to ensure that, the loans were paid back in order to secure more loans for the future (Yunus, 2007). Still, as the play arose, groups became perceptive on how to play the game to their improvement. Therefore, as the group liability is used to connect the supportive relationship among the members of the group to the advantage of microfinance institution in time, these same supportive relationships are used to plot against the bank (Adongo & Stork, 2005). Group responsibility is used to bond information about each member of the group and their mutual relationships to the benefit of the microfinance institution. Both moral hazard and poor member selection problems are reduced.

This approach is also interesting to meet the frequently expected, insufficient solvency of the deprived, which is one of the main opinions to explain why contracts between standard banking institutions and the underprivileged people are often said to be unrealistic. Yunus, (2007) argued that, the “major institution that needs to be reformed is the financial institution”, and in fact criticizes that, poor people are often not assumed to be credit-worthy (Yunus, 2007). The design of group-lending by Grameen Bank described above can be dignified by means of a game-theoretical approach.

The main conjecture supporting the Micro-finance game theory is that, a group dictates that ‘a rule of the game’ will be to share the earnings and losses equally amongst all members. Thus the group operates as one united borrower and conspires against the microfinance institution in order to maximize their expected repayments (Zeller & Meyer, 2002).

The number of borrowers in the group will determine the maximum number of progressive moves manageable to the borrower when playing the game. However, ineffectiveness can arise in group based mechanisms (Gruber, 2005).

2.3 The influence of micro-credit on the growth of women entrepreneurs.

The researcher relied mainly on business loan disbursed to women entrepreneurs in groups and on individual basis, and the interest rates charged by the MFIs.

2.3.1 Business loans

As an exclusive development mediation, microfinance offers access to flexible, appropriate and affordable micro-credit to entrepreneurs that empowers and equips them to establish their own ventures and generate income for business growth (Littlefield & Hashemi, 2003). This mostly benefits the women since they are the major target for MFIs. According to Wydick & Kevan (2001), the provision of business loans to the poor serves two purposes. Initially, as borrowed capital is invested in trivial enterprises, it often results in substantial increase in household income. Furthermore, adequate credit facilities encourages financial growth in the informal sector by increasing capitalization of business, employment creation, and long-term income growth to aid entrepreneur’s performance (Kuzilwa, 2005). According to Lakwo (2007), credit assistance to entrepreneurs is often seen as improved income, output, investment, employment and well-being of the entrepreneurs. It has been sighted that, credit had positive impact on the business

performance of women in Kenya, income and wellbeing of women in Uganda (Lakwo, 2007). Promotion of Micro and Small Enterprises (MSEs) sector in Kenya is a viable and dynamic strategy for attaining the national goals which includes employment creation. This is because the SMEs are major sources of entrepreneurial skills, innovation and employment. According to Ojo (2009), credits and savings had positive impact on the performance of entrepreneurs in Nigeria as such, micro-credit and its influence on the performance of women entrepreneurs cannot be underrated. Srnec and Havrland (2006) asserts that, access to sustainable financial services (Micro-credit), increases income, builds assets, reduces vulnerability among women, better nutrition, health and education. Nonetheless, women entrepreneurs in River Oli division still face retarded growth in their business. More so, employment in Ghana largely focuses on small and medium enterprises (SMEs), however, these SMEs mainly owned by women are almost entirely excluded from the formal financial sector. Consequently, investments which promote growth and employment are habitually ruled out. This implies serious constraints to the development of the economy as a whole (Srnec and Havrland, 2006). Micro-credit as a strategy for business development is recognized world-wide as a dominant economic development supporter and an important tool in relieving rural poverty (Bayes, 2005). Small loan arrangements extended to women enable them to increase their business and household income, build assets and reduce their vulnerability to daily life time catastrophes, thus helping women to raise their business.

Furthermore, micro-credit can be interpreted as a tool for commercial progress because it promotes start-up of new businesses, reducing poverty and creating jobs (Mamun, 2012).

Ayyagari, (2013) argued that, the expectations of small enterprises contributes to the employment share in low-income economies than in high-income countries depending on their ability to secure

credits from MFIs and other formal institutions like banks that help SMEs to develop and get returns on their investment.

Mokhtar (2011), also indicated that, the purpose of loan usage, size and amounts are the main factors that influence borrowers' income. When funds are invested in to productive ventures and are of reasonable amount, borrowers earn higher returns on investments which helps them to diversify thus creating employment opportunities to the community.

Micro-credit for sustainable livelihood has been able to aid occupational and skills training and create opportunities for self-employment, improve the income of people among whom women constitute the majority (Chuks, 2007). A study has shown that, micro-credit services have progressive effect on women entrepreneurs' wellbeing. However, this is the opposite with women entrepreneurs in River Oli division. Ahmad, (2012), demonstrated that microcredit has a constructive impression on the women entrepreneurs in Yemen through stimulating new businesses formation and increasing their income levels. On the other hand, Haile, Bock, and Folmer, (2012) pointed out that, micro-credit empowered women in Ethiopia allowing them to improve their ability in decision making and increase income as well as enhance their household expenditures. This led to growth in the female owned enterprises. More augment by Mokhtar (2011) highlighted the significant role of microcredit in enhancing clients' income, assets and the quality of their life in Malaysia where most women benefited.

Group lending

The provision of micro credit through Self Help Groups (SHGs) across India made women manage themselves for social mobilization, to create self-confidence, rise their self-esteem through participation in socioeconomic life (Reji, 2013). The SHGs programme normally targets the rural

poor, particularly women, who are often discriminated against not only by banks but also by their own family. As a result, the provision of loans to women serves the dual goals of increasing business and household income.

Microfinance loans through SHGs are of great benefit to the group members since the loans are disbursed based on group solidarity instead of formal collateral (Manikonda, 2014). This enables close supervision of the utilization of credit by the members which motivates them to put it in productive ventures for sustained income and eventual expansion of their enterprises. Accordingly, (Feigenberg, Field, and Pande, 2010) found that regular communication among group members builds social capital and increases their financial outcomes. Clients who met more frequently were less likely to default in subsequent loan cycles encouraging MFIs to continue working with the groups to magnify their commerce.

Self Help Groups (SHGs) have been found as the best approach to loan disbursement (Yunus, 2007). The group lending approach, was first used in Bangladesh, and may not easily be replicated in other countries like Uganda. Bangladesh has an area of 147,600 km² with 130 million people while Uganda has an area of 241,551 km² with 34.6 million people (UBOS, 2014), which implies that the information network in Uganda could be much weaker than that of Bangladesh where group lending has operated efficiently. Members of a group in Uganda may not be able to fully monitor how funds borrowed from MFI are properly managed by their members. Nevertheless, the microfinance sector in Uganda has largely adopted the Bangladesh model and runs two broad microcredit programs; individual lending and group lending. The two credit programs exhibit different characteristics defined by, the promptness of loan approval, repayment periods either weekly or monthly, interest rates, and other program specific terms. (Woller and Brau, 2004).

According to Armendáriz and Morduch (2007), Self Help Group meetings facilitate education and training valuable for members with small experience to improve financial performance of their businesses. According to Godquin, (2004), group lending helps to mitigate the risks associated with information asymmetry. Since group borrowers are linked by joint obligation, information is available in case a member changes the business from safe to unreliable project, which would otherwise increase the probability of paying the liability by the whole group. This gives group members the incentive to monitor each other for fear of not losing the business income thus helping to achieve growth in business. Nevertheless, (Madajewicz, 2003) argued out that group lending may be rendered ineffective since in case of default, liability of the loan is transferred to group members, and the cost of monitoring each other is high, this results in to loss of revenue and capital. (Savita, 2007) argued that group lending is associated with additional costs including group formation costs, training borrowers on group procedures, higher degree of supervision and a higher frequency of installment payments. These costs escalate interest rates of such micro loans leading to greater repayment risks and loss of revenue. Other researchers argue that group lending punishes good customers since the group members act as surety and in case of default, the group name is flawed (Zinman and Karlan, 2008). This hinders optimal consumption of borrowed funds by the clients and even affects repayment since the motivation of future credit is no longer existing in the event that one member fails to repay.

Most of the economically active but deprived, involved in the Microfinance services strained the necessity for capital to be able to operate their businesses. This is consistent with the findings of Murdoch (2000); Affandi and Astuti (2014) who observed that micro loans are important aspect in business and that group lending is central since recipients are able to rely on each other in repayment of the loans. Certainly, through group lending, women entrepreneurs highlighted that

microfinance organizations enabled them to acquire some key ingredients that include; easy access to credit (small loans), increased credit assistance even when outstanding loan amounts are not paid, ability to split or partially pay off loans and need to reschedule loan (Affandi and Astuti, 2014).

Group lending in microfinance creates greater social investment and therefore leads to greater entrepreneurial success (Morris, Warner, & Hiatt, 2006). Through the increased social bonds, the entrepreneur has greater access to funds and information required for the business, which enables her to generate income to expand the business.

Individual lending

According to Armendáriz and Morduch (2007), individual lending programs also present several benefits to entrepreneurs since the loan amounts are normally higher than group loans and can be invested in prolific projects which generates employment. These loans are normally collateralized and underwritten by third parties (guarantors), who exerts sufficient pressure on the borrower to repay MFI loans. This helps the entrepreneurs (borrowers) to expand their business. Conversely, Laure and Baptiste (2007) argued that, guarantee mechanism, especially personal guarantees, is only fruitful if the client pledged collateral security. The institutional framework should also easily permit the transfer of the pledged property to the creditor. (Nader, 2008) confirmed that, microcredit played a considerable role in the families' wellbeing in Cairo. It helps them to gain assets and generate income, improve children's education as well as improve their health condition and harmony. Micro enterprise schemes initiated under the Rural Women's Extension Group (RWEG) in Malaysia, revealed that micro loans are the core source of income for the majority of families under these projects (Gikonyo, Zainalaludin & Masud, 2006). Microenterprises made

substantial contributions to growth, especially of rural communities by increasing household earnings and creating employment openings to the rural population paving way to the growth of women entrepreneurs.

2.3.2 Interest rates

Using data on a Bangladeshi MFI, Dehejia, Montgomery, and Morduch, (2012) found a significant short-term decline in loan demand (roughly a unitary elasticity) after a rise in interest rates from two to three percent per month. This reduced the number of MFIs clients which led to a drop in business of women entrepreneurs and this is contrary to the objective of enhancing entrepreneurial growth among borrowers.

In contrast, Karlan and Zinman (2008) found a much slighter effect in an experimental setting in South Africa. They measured clients' sensitivity to interest rates by dispatching out more than 50,000 credit offers to clients, with the letters offering interest rates that were carefully chosen at random. This strategy made borrowers less sensitive to changes in charge than expected, resulting in to increase in demand for credit to undertake more ventures to generate income.

2.4 The effect of financial literacy on the growth of women entrepreneurs.

This is an area that requires knowledge, skill, attitude and understanding of finance with goals to deal with the survival of an entity, income intensification, sales growth, clutching a particular market segment and maximizing capital (Scheresberg, 2013).

Financial literacy has been recognized as a critical factor in improving the quality of life and enhancing financial inclusion in Uganda. One of the most important roles of Bank of Uganda is to

ensure consumers make informed financial and economic decisions that ultimately drive economic growth (BOU, 2016).

Literature has shown that financial literacy is the blend of investor's understanding of financial products and concepts and their ability to appreciate financial risks and opportunities, to make knowledgeable choices, to know where to go for support, and take other operational actions to improve their financial wellbeing (Gupta & Kaur, 2014).

2.4.1 Cash management

According to Zimmerer (2008), cash management is the process of forecasting, collecting, disbursing, investing, and planning for cash a company needs to operate smoothly.

Cash management is an action that forms part of the strategy of enterprises to develop and depends more on managers themselves than the characteristics of companies (Pindado, 2004).

The skills required by entrepreneurs are technical skills, business management skills and personal entrepreneurial skills. Business management skills include those areas involved in starting, developing and managing an enterprise (Schreiner, 2004). The personal entrepreneurial skills differentiate an entrepreneur from a manager and these skills help to empower entrepreneur's economic conditions.

Literature supports the fact that majority of MFI clients do not have specified skills, and so cannot make decent use of micro-finance services (Karnani, 2007). Financial skills through training increases productivity and incomes in the informal sector which can sustain medium term strategies for incorporation with the mainstream economy while also offering a variety of instantaneous benefits to informal sector entrepreneurs (Sandven, 2012).

Informal sector entrepreneurs are habitually described as having low levels of skills, limited access to organized markets, and low incomes (Zawada, 2013). As a result, provision of financial training increases self-reliance, generates income and help women manage their personal and household finances (OECD, 2013).

2.4.2 Credit control

Literature has shown that, entrepreneurs with both below and above average commercial experience changed some of their business practices, such as separating personal funds from business funds, and building investments in their business (Bruhn & Zia, 2011). This helped the entrepreneurs to get the actual income generated by the business and how the funds can be managed for farther investment in order to achieve business growth.

Research by Ketley & Little (2012) indicated that, Malaysian government adopted a three pronged approach of financial knowledge by forming financial working committee to administer the financial literacy program for entrepreneurs in; proper sensitization and broadcast of information on financial products using the print media, brochures, internet via different websites and third party journal; institutional programs in all aspects of educational system about cash management; outreach programs targeting rural population mostly women entrepreneurs, disabled people with regular workshop and meeting segments to enable them improve on their businesses.

The major blockade to hasty development of the small and medium enterprises segment is a scarcity of both debt and equity financing (Idowu, 2010). Accessing finance has been identified as a key element for SMEs to thrive in their initiative to build productive, to generate opportunities and to contribute to the growth of entrepreneurship in developing countries. This can be achieved

through acquiring financial knowledge. Idowu (2010) stated that, poor management and accounting practices are hindering the ability of smaller enterprises to elevate investment. This is combined with the fact that small enterprises are generally owned and managed by persons whose lifestyles may have far reaching effects on the operations success and sustainability of such undertakings. For many sidelined groups in Australian humanity, lack of financial information is a blockade that hinders effective practice and management of financial services and income generating opportunities, as well as hampering subjective wellbeing, and societal annexation thus need for financial literacy (Oseifuah, 2010).

Researchers have explored the impression of financial knowledge on array of performances, such as savings, insurance, market partaking, investments, debt management, and financial practices that enable borrowers to expand their business.

Furthermore, business education through training heightens an entrepreneur's exposure to micro-credit, the amount, size and management of social capital (Ahmed, 2013). It has been found that, Paid occupation provides prior business experience that is vital for business success, hitherto women entrepreneurs mostly in emerging countries, Uganda inclusive lacks this. This further reinforces the need for financial training for women entrepreneurs effectively manage their business.

Research support the fact that, majority of MFI clients do not have entrepreneurial skills, and cannot make good use of microfinance services (Karnani, 2007). This calls for skills training to generate and manage business. Skill training is also essential to provide the needed innovative talents for small business start-up for employment. Paid employment provides prior business

experience that is vital for enterprises success, yet female entrepreneurs mostly in developing countries lack this. This necessitates the need for training to facilitate business growth among the entrepreneurs.

According to Maleko (2013), financial literacy as a facet of human capital shows that entrepreneurs with higher overall and explicit human capital can be expected to show higher levels of performance than those with lower levels of general and specific human capital for investment.

2.4.3 Investment decisions

It has been discussed by Greenspan (2002) that, financial literacy helps to indoctrinate entrepreneurs with the financial knowledge essential to generate a household income, initiate savings plan, and make tactical investment decisions. However, Lusardi and Mitchell (2014) indicated that, financially illiterate entrepreneurs are less likely to plan their business to accumulate wealth. More so, they elaborated that, financial illiteracy is the reason for inadequate stock participation, inability to make informed financial decision and unimproved household financial controlling behavior.

Nonetheless, many entrepreneurs fail in business because they lack financial erudition, have deficient business insight, and this undermines entrepreneurial activity of making decisions on strategic investment (Bosma & Harding, 2008). Most researchers agree that, entrepreneurs irrespective of their age and gender, reliably engage in decision-making activities regarding resource earning, apportionment and operation. Such activities at all times have business

significances like income, investment and employment therefore, in order to be effective, entrepreneurs must be financially literate to enhance growth (Oseifuah, 2010).

Many developing countries including Uganda have a large number of their population involved in farming and as such, they are mainly exposed to insufficient income which results from weather hazard and price instability in the goods they produce (Rhyne, 2001). Savings can be inadequate in allowing households to make consumption and support longer term investments. The ability to understand the degree of different investments through training can dramatically change the financial well-being of the entrepreneurs.

Nevertheless, Pearl and Eileen (2014) in their research to determine the levels of financial education, showed a clear relationship between lack of financial literacy and financial difficulties experienced by entrepreneurs. Adequate financial training can partially decrease the financial difficulties such that strategic planning and decisions are made to strengthen the growth of women capitalists.

According to Ahmed (2013), financial literacy practicality improves understanding of investment options which could reduce risk and optimize earning from meager financial resource of the poor in developing countries. The effect of financial literacy on enhanced saving and investment is significant and leaves adverse effects on women entrepreneurs.

Personal financial management capability enables women to save for income and improve consumption in developing countries where people face various risks, including price volatility of agricultural products, illness, death of bread winner, loss of jobs, retirement, posing significant

income shocks for many (Greenspan (2002)). Financial literacy and its outcome on personal saving behavior also contributes to availability of investment fund at household and national level (Miller et al., 2009) financially literate clients make optimal financial and economic decision including, savings, borrowing, investment as well as proper management of daily business activities. Nevertheless, Guiso and Jappelli, (2008) argued that, the role of financial education on financial decision has been considered as the reason for portfolio under diversification, inadequate stock participation and poor investment decisions and financial practice behavior.

2.5 The influence of capacity building on the growth of women entrepreneurs.

Capacity building is a theoretical approach to social and personal development that focuses on understanding the hindrances that constrain individuals, governments, international organizations and non-governmental organizations from realizing their development goals while improving the capabilities that will allow them to achieve indeterminate and sustainable (Marlow, 2013).

2.5.1 New product development and innovation

Promotion of women empowerment through capacity building has been viewed by many researchers as a key to battling deficiency, deprivation, disease, catastrophe and stirring sustainable growth and motivating women to be involved in economic development (Halkias et al. 2011).

The creation of new opportunities, lies at the heart of the entrepreneurial skills development, while the individual characteristics, knowledge and potentials of the entrepreneurs are important aspects in the progression of enterprises (Schreiner, 2001). When women are offered such personal capacities, they become innovative and responsive to the market demands and are able to know which products best suits the market. This enables them to invest strategically in order to attain business growth.

Chell (2013) points out that, there are a number of challenging opinions on the entrepreneurship development that may have divergent implications for our understanding of entrepreneurial skills.

There are several existing philosophies concerning which skills are important for successful entrepreneurship, these includes; ascertaining customer needs, technical opportunities and market prospects, creation of new opportunities and recognizing social needs (Birley and Muzyka, 2000). All these aspects put together heightens the growth of women owned enterprises. Prosperous entrepreneurs may also create opportunities to the community and then develop innovative skills to exploit the opportunity.

More so, many women entrepreneurs working in informal markets have complications in operating businesses due inadequate skills development in areas concerning successful business strategies which deters them from attaining higher growth (Birley and Muzyka, 2000). As such, it has been suggested that capacity building in the area of skills development is crucial to the success of entrepreneurs. It has further been argued that, in order to attain growth and development of an enterprise, entrepreneurs, need to develop the six entrepreneurial skills in order to meet the vibrant concerns of consumers and stay competitive (Amal, 2011). Initially, doing market research will provide the entrepreneur with key information about the industry in which they operate. It will also help them to develop business plan and adapt it over time. Adequate market research includes, at a minimum, the following areas: Industry trends, growth rates and sales. Further, the ability to be innovative and create uniqueness to beat competition in the market is another crucial area of concern to women entrepreneurs (Greenspan, 2002). There is need to study competitors by examining the worthy and unscrupulous opinions about their operations. Likewise, the point of

ideal customers' needs and preferences to be addressed by women entrepreneurs by considering demographics, geographic locations and buying behaviors. Furthermore testing new Ideas in the market is a gateway to successful entrepreneurship (Amal, 2011). Initiating a business or launching a new product can be frightening, but can also be very thrilling. At times the exhilaration causes entrepreneurs to over-commit time and capital on unproven thoughts which tends to be a recipe for disappointment. Therefore MFIs need to offer services that can improve these entrepreneurial capabilities to enable these women entrepreneurs achieve growth in their business and raise income. Amal (2011), also points out the issue of saving vis-à-vis spending which typically affects the growth of businesses of women entrepreneurs. It's usually easy to spend money on a new venture, and as such, many entrepreneurs tend to spend hefty amounts in the commencement. MFIs need to advise their clients who are the women entrepreneurs on how to carefully go about with savings and spending because it always takes some time to get established and begin generating revenue. The Art of Negotiating is another powerful skill for entrepreneurship. Knowing how to negotiate is one of the most powerful skills an entrepreneur can acquire. When opportunities arise, entrepreneurs must know how to negotiate for lower prices when buying and higher prices when selling. This will help the women entrepreneurs improve their profit margin and income level. The sixth entrepreneurial skill is the mental toughness. If entrepreneurs are not resilient, they won't be able to improve from the impediments that will be faced. Nevertheless, every entrepreneur certainly experiences setbacks and failures (Greenspan, 2002). They must therefore develop conceptual robustness and the determination to succeed despite the hindrances they are facing in order to grow and survive in the business world (Amal, 2011).

On the other hand, Hisrich, (2007), argued that the concept of innovation and newness is a fundamental part of a free enterprise. Certainly, innovation, the act of introducing something new, is one of the most difficult tasks for the entrepreneur and the ability to be innovative can be observed throughout antiquity, from the Egyptians who designed and built great pyramids out of stone blocks weighing many tons each (Hisrich, 2007). Therefore the ability to be innovative brings success to the women entrepreneurs and enables them to develop and grow their enterprises and also carry out further investment.

2.5.2 Marketing skills

The marketability of the products produced by entrepreneurs has been a worrying issue (Shah et.al, 2011).

Singer, Amorós, & Arreola (2015) argued out that, the Bangladesh Rural Advance Committee (BRAC) sets explicit importance on marketing strategies, to project design in which none of the marketing activities in the women's microenterprises operate independently of the others. This calls for mutuality among women entrepreneurs who are encouraged to work co-operatively by MFIs when mentoring them on capacity building in order to achieve growth in their enterprises and perhaps generate employment opportunities to the surrounding community.

Rahmandoust & Shah (2011) argued that, the method adopted by the International Centre for Entrepreneurship and Career Development (ICECD) in India is to grow the missing marketing skills in women living in paucity and to support in the selection of non-conventional but market oriented merchandises. Women are provided with laborious market experience, they cooperate with marketing specialists, and they learn to conduct test marketing especially concerning the new products. This helps women entrepreneurs all over including the ones in Uganda to succeed in

enterprise development and growth. At the ICECD, women entrepreneurs have proven high understanding to market changes and have been hasty in adjusting to new demands of their customers in order to generate income for further investment (Shah, 2011).

The final step of marketing is always secured to product design by market response, which may lead to changes in the product (Shah, 2011). Market forces are dynamic, and customers may change their tastes and preferences, hence their demand for particular products may change. MFIs help women entrepreneurs to be innovative in their approaches and marketing strategies to enable them grow and stay in business for long. However, lack of marketing knowledge remains a major constraint for many women entrepreneurs in South Asia not forgetting Uganda as well.

Jitnom & Ussahawanitchakit (2009) argued that, Capacity building entails entrepreneurial orientation, approaches, and decision making practices that inspire new ventures to perform and syndicate new business ideas and marketing strategies for new commodities to capture the market which in turn leads enterprise growth hence need for MFIs to offer such services.

Network marketing is also considered as an important aspect to investment, generation of income and creation of more opportunities (Morris, 2006). Network marketing skills acquired by women entrepreneurs who have fewer business contacts, less knowledge of how to deal with the marketing aspects and less bargaining power, all of which furthers limit their growth. Since most women entrepreneurs operate on a small scale, and are generally not part of other networks, they often find it difficult to access information (Morris, 2006).

2.6. Summary of the literature review

This chapter provides analysis of related literature on microfinance services focusing on the definition of the term, the overview of the Independent Variable (IV) as microfinance services like; provision of credit, financial literacy, and capacity building and how these services contribute to business growth of women entrepreneurs. It also highlights on the Dependent Variable (DV) which is the growth of women entrepreneurs indicated by return on investment, Increase in household income, Savings and the ability to provide employment opportunities as a result of accessing microfinance services. It discussed in to details, the objectives of the study and how they influenced business.

In the literature it has been seen that micro finance institutions also provide social intermediation services such as creation of groups, development of self-confidence and the training of group members on financial literacy.

In general, the literature highlights how the provision of MFI services influence the growth of women entrepreneurs in the context of their business, and the theory that explain the relationship between the two variables.

Knowledge gap

Despite the views of various authors and writers about the influence of microfinance services on the growth of women entrepreneurs, many SMEs especially those owned by women still have a long way to go as far as the growth of their business is concerned. Therefore, there was carried out research to investigate the problem and come up with solutions that will help women entrepreneurs achieve success in their business.

CHAPTER THREE: METHODOLOGY

3.0 Introduction

This chapter discusses the methods used while conducting the study. It highlights the research design, area of study, target population, sampling technique and sample size, research instruments, Validity and reliability of the instrument, data collection procedure, data analysis and presentation, ethical considerations and limitations of the Study.

3.1 Research Design

The study adopted a case study design. According to Johnson (2007), this design allows the exploration and understanding of complex issues. It is considered a robust research method particularly when a holistic, in-depth investigation is required. Through the case study method, the researcher was able to go beyond the quantitative statistical results and understood the behavioral conditions through the actor's perspective.

This design used both qualitative and quantitative techniques of data collection. This is supported by Amin (2005), who established that, the use of mixed methods help to research a problem from all sides, aids to focus on a single process and confirms the data accuracy.

Qualitative design is considered to be particularly suitable for gaining an in-depth understanding of underlying reasons and motivations. It provides insights into the setting of a problem and at the same time, frequently generates ideas and hypotheses for later quantitative research.

Quantitative design is considered to have as its main purpose the quantification of data. This allows generalizations of results from a sample to an entire population of interest and the measurement of the incidence of various views and opinions in a given sample (Creswell, 2012). Quantitative

research is appropriate in situations in which there is pre-existing knowledge, which permits the use of standardized data collection methods (e.g. the survey questionnaire) and in which it is aimed to document pervasiveness or test hypotheses (Bowling, 2002).

3.2 Area of the study

The study was carried out at River Oli division, Arua municipality-Arua District. River Oli division is a sub-county in Arua municipality located in the southern part of Arua town. It is made up of three wards (Pangisha, Kenya and Tanganyika).

The study centered on microfinance services that influences the growth of women entrepreneurs in this division.

3.3 Population of the Study

The study population for this research comprised of women entrepreneurs who have access to microfinance services, management staff of microfinance institutions and the credit officers.

3.4 Sample size and Sampling technique

The sample size of the study was calculated basing on the Krejcie and Morgan, (1970) table. From a population of 215 respondents, a sample of 184 was selected which consisted of 143 women entrepreneurs who have access to Microfinance services to operate businesses at micro level like sell of agricultural produce, timber, clothes, poultry farming and fish mongering, 11 management staff of MFIs and 30 credit officers. Purposive sampling technique was used for selecting the MFIs and their management staff. The approach was more suitable for in-depth qualitative research in which the focus is often to understand complex social phenomena (Patton, 2002).

The study considered the major three microfinance institutions that extend financial and non-financial services to women entrepreneurs within Arua municipality.

The credit officers were sampled by simple random technique. With this technique, there is an equal chance (probability) of selecting each unit from the population being studied when creating a sample.

Stratified sampling was used for selecting women entrepreneurs according to their business types. This technique ensured a high degree of representativeness of all the strata or layers in the population. In order to be included in the sample, the respondent must be a female entrepreneur who has benefited from microfinance services for at least five years, a credit/loan officer in the microfinance institutions and the management staff.

The detailed sample matrix is illustrated below.

Table i: Sample selection based on business population categories.

	POPULATION			SAMPLE		
MFIs	Female Clients.	Management Staff.	Credit Officers	Female Clients	Management Staff	Credit Officers
BRAC	70	3	11	59	3	11
FINCA	55	4	9	48	4	9
PRIDE	40	4	10	36	4	10
Total	165	11	39	143	11	30
	215			184		

Source. Primary data 2016

3.5 Research instruments

A mixed-method strategy was adopted for this study. A mixed method is one in which more than one method of approach is used in data collection and analysis in research.

Secondary and primary data were required for the study. Secondary data was collected through a review of relevant documents, MFIs reports and academic reports.

The primary data required the design and administration of a simple structured questionnaires to women entrepreneurs and credit officers, interview guides to the management staff and focus group discussions again to women entrepreneurs.

3.5.1 Questionnaires

These were self-administered to the women entrepreneurs and the credit officers. For the entrepreneurs, structured questionnaires were administered according to the objectives and close ended to ensure effective analysis. On the other hand, the loan officers received semi structured questionnaires. The tool is inexpensive and valuable for collecting a wide range of information from a large number of respondents and can be distributed easily (Mugenda and Mugenda 2003). Walliman (2005), comments that, using questionnaires enables a researcher to organize the queries and receive responses without actually having to talk to every respondent. Responses of the questionnaires were answered on a 5 point Likert Scale ranging with 1- strongly disagree, 2- disagree, 3- don't know, 4- agree and 5- strongly agree. This was because, use of Likert scale increases response rate and response quality. (Sachdev & Verma, 2004).

3.5.2 Interview guide

The researcher administered unstructured interview schedule to guide the discussion with the management of MFIs who needed to elaborate on several issues.

Unstructured interviews are more flexible as questions can be adapted and changed depending on the respondents' answers, that is to say, the interview can deviate from the interview schedule (Amin, 2005).

Also qualitative data were generated through the use of open questions which allowed the respondent to talk in some depth, choosing their own words as they try to bring out a detailed descriptive picture of some phenomena (Bowling, 2002).

3.5.3 Focus group discussion (FGD).

FGD was used to collect primary data from women entrepreneurs who were classified in to groups of ten members depending on their business types. FGDs are flexible assessment tool. Interactions between the moderator and participants allowed the moderator to probe issues in depth, address new issues as they arise and asked participants to elaborate on their responses. Participants found it more comfortable talking in a group than in an individual interview and interactions generated more discussion and, therefore, more information.

3.6 Validity and reliability

3.6.1 Validity of the instrument

The supervisors' comments were used to improve the questionnaire by eliminating errors. Pretesting of questionnaires was done by administering questionnaires to 20 respondents within the target population but outside the sample and this helped to identify the gaps and aided modifications accordingly. The researcher also computed the content validity index (CVI) from

the formula; Content Validity Index (CVI) = $\frac{\text{Number of judges declared item valid}}{\text{Total number of judges}} = \frac{16}{19} = 0.84$

The CVI was above 0.7, a value recommended for research instruments (Amin, 2005). So the instruments were valid and reliable enough to measure the study variables.

3.6.2 Reliability

For qualitative data, the researcher during data collection exercise ensured that, the data recorded from the interviews reflect the actual facts, responses and events.

For quantitative data, Cronbach's alpha coefficients were performed. The measurement of study variables were based on a five point Likert scale ranging with 1- strongly disagree, 2- disagree, 3- don't know, 4- agree and 5- strongly agree and computed using SPSS.

Reliability Statistics

Cronbach's Alpha coefficient was used to measure reliability of the instrument. Reliability is the measure of the degree to which a research instrument produces consistent results. According to Amin (2005) an alpha of 0.5 or more is sufficient to show reliability (Sekaran, 2003).

Table ii: Illustrating reliability statistics

Variable	N of Items	Cronbach's Alpha
Microfinance services	19	0.574
Growth of women entrepreneurs	19	0.75

The Cronbach's Alpha and the Content Validity Index were above 0.500; therefore the research instruments were considered valid and reliable to collect data on the study variables.

3.7 Data collection procedure

The research was carried out basing on the laws and regulations governing research. Permission to conduct the research was obtained from the relevant authorities, that is, an introductory letter from the Dean Graduate school- Kyambogo University which was presented to the MFIs and LC1

chairperson in River Oli division. The researcher further assured the respondents of the ultimate confidentiality that only data could be used to draw conclusions to the study for academic purposes.

3.8 Data analysis and presentation

In order to facilitate the primary data analysis, responses were coded and be given a numerical interpretation with the help of Statistical Package for Social Sciences (SPSS). Data were presented in tabular form and percentages were calculated. Descriptive statistics was used in form of frequencies and percentages. Regression analysis was used to establish the influence of microfinance services on the growth of women entrepreneurs. This technique helped the researcher to establish the influence of independent variable (microfinance services) on the dependent variable (growth of women entrepreneurs).

3.9 Ethical considerations

The ethical considerations in this regard are aspects of love, care, respect, privacy, truth and confidentiality. Autonomy, which relates to respect to individuals view, in other words, freedom of choice, not forcing respondents in research principle. This helped to avoid evil and being harmful to the respondents. The principle of beneficence was employed so as to focus on the benefits of the study to respondents and the MFIs. The principle of justice which relates to equal treatment and being fair to the respondents was also used during the study. Privacy focuses on the keeping secrets while conducting research and authenticity, which relates to telling the truth, was implemented during the data collection exercise.

3.10 Limitations of the Study

The researcher found difficulties in the formation of groups for FGD since they were classified according to business types, until a loan officer had to come in to help organize the groups saying that the research was carried out to help them on the challenges they are facing in accessing loans.

Financial limitations; this was a major constraint because the researcher hard to travel up to Arua to carry out this study and hard to involve loan officers to help out in organizing groups, and these loan officers also needed facilitation like lunch. However to overcome this constraint, the researcher had to source for funds from her family members and friends.

CHAPTER FOUR:

ANALYSIS, PRESENTATION AND INTERPRETATION OF THE RESEARCH FINDINGS.

4.0 Introduction

This chapter presents the data analysis presentation and interpretation of results. To achieve the objective of the study, a statistical software called Statistical Package for Social Sciences (SPSS) was used to analyze data. Pearson correlation was used to establish the relationship between microfinance services and the growth of women entrepreneurs.

4.1 Response Rate

The section gives the response rate which is numerically presented as below.

Table iii: Response rate according to the category of respondents.

Category of respondents	Planned	Actual turn up	Response rate (%)
Women entrepreneurs	143	137	95.8
MFI management staff	11	7	63.6
Loan officers	30	20	66.7
Total	184	164	89.1

Source: field data 2016.

The overall response rate was 89.1% as shown on Table (iii) was considerably enough for the study since it was a representative of the population.

4.1.1 Background characteristics of the respondents

The study sought to determine the background characteristics of the respondents in order to understand the population dynamics. The factors considered included their age, education level, marital status, business experience, and number of dependents.

Table iv: Distribution of respondents according to their age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 20 years	12	8.7	8.7	8.7
	21-30 years	28	20.4	20.4	29.1
	31-40years	54	39.5	39.5	68.6
	41-50 years	33	24.1	24.1	92.7
	51 years and above	10	7.3	7.3	100
	Total	137	100.0	100.0	

Source: field data 2016.

Table iv shows that, out of the 137 respondents, 39.5% were aged between 31-40 years, 24.1% were aged between 41-50 years, 20.4% were aged between 21-30 years while few 8.7% and 7.3% were aged below 20 years and 51 years and above respectively.

This study shows that, those in age bracket of 31-40 years are the majority in doing business and seeking for financial assistance from microfinance institutions. This could be explained by the nature of responsibilities they have as mothers with children in schools who need school fees and other necessities. Indeed, many women in this category indicated that, it was their duty to ensure their children gain knowledge and have food on table.

Table v: Distribution of respondents according to education level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never attended school	10	7.4	7.4	7.4
	Primary	35	25.5	25.5	32.9
	Secondary	50	36.6	36.6	69.5
	Tertiary	27	19.6	19.6	89.1
	Others	15	10.9	10.9	100.0
	Total	137	100.0	100.0	

Source: field data 2016.

Results in table v shows that, out of the total respondents studied, majority 50 (36.6%) stopped at secondary level, 35(25.5%) had primary education, 27(19.6%) had attained tertiary education, meanwhile 10.9% had other levels of education and only 7.4% never attended school.

This implied that respondents who had secondary education could sustain managing business than those without education.

Marital status

The researcher wanted to find out the marital status of the women entrepreneurs which may have positive or negative influence in growth of women entrepreneurship.

Table vi: Distribution of respondents according to Marital Status

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Married	43	53.8	53.8	53.8
Single	10	12.5	12.5	66.3
Divorced	13	16.3	16.3	82.7
Widows	14	17.5	17.5	100.0
Total	80	100.0	100.0	

Source: field data 2016.

From table vi, majority of the respondents (53.8%) were married, (12.5%) were single and another 16.3% were widows who become heads of households as a result of bereavement, meanwhile 17.5% were divorced.

This therefore implies that majority of the respondents in River Oli division, are married women who have family responsibilities which drove them to operate business for sustainability having looked at the education level hence need for microfinance services.

Table vii: Distribution of respondents according to business experience

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Below 5 years	64	46.7	46.7	46.7
5-10 years	35	25.5	25.5	72.3
11-16 years	22	16.1	16.1	88.3
Above 16 years	16	11.7	11.7	100.0
Total	137	100.0	100.0	

Source: field data 2016.

As revealed on table vii, most of the women entrepreneurs had business experience of less than five years, 64(46.7%) followed by those who had experience of 5-10 years, 35(25.5%) while a few of them 16 (11.7%) had business experience above 16 years. It is clear from the findings that, most of the women seek microfinance services more especially loans as the only tool to start up and expand on their meager businesses. Nevertheless, those women who have done business for quite long (above 16 years) have accumulated savings for further business expansion and perhaps others now borrow bigger loans from banks.

Table viii: Distribution of respondents according to the number of dependents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid below 3	13	16.3	16.3	16.3
3-6	18	22.5	22.5	38.8
7-10	39	48.8	48.8	87.5
above 10	10	12.5	12.5	100.0
Total	80	100.0	100.0	

Source: field data 2016.

From table viii, most of the clients (48.8%) had number of dependents ranging from 7-10, only 12.5% had above 10 dependents meanwhile, those who had below 3 dependents were 16.3%. The remaining 22.5% had 3-6 dependents. This implies that, majority of the women have family responsibilities given the number of dependents and do business to withstand the basic needs of their families.

Table ix: Distribution of respondents according to the nature of business

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Sole proprietorship	71	88.7	88.7	88.7
Partnership	7	8.8	8.8	97.5
Others	2	2.5	2.5	100.0
Total	80	100.0	100.0	

Source: field data 2016.

Results in table (ix) showed that, most of the women entrepreneurs (88.7%) are sole proprietors who operate small scale businesses, whereas 8.8% are in partnership. This implied that, most women prefer personal businesses that they can easily manage without conflict of interest and given the fact that, the owner is personally responsible and liable for all the debts and liabilities incurred by the business.

Table x: Distribution of respondents according to the nature of MFI services

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Loans	57	71.3	71.3	71.3
Training	23	28.7	28.7	100.0
Total	80	100.0	100.0	

Source: field data 2016.

The findings in table (x), indicates that, 57(71.3%) of the respondents admitted to receiving micro-credit services than training amenities. While 23 (28.7%) acknowledged receiving training. This implies that, most women consider loans more than other services provided by MFIs like training when operating their businesses.

4.2 Micro-credit and the growth of women entrepreneurs in River Oli division.

This section gives a description of the research objective one; the influence of micro-credit on the growth of women entrepreneurs. This question was conceptualized using eight questions which required each respondent to do self-rating on micro-credits. Responses were based on Likert scale ranging from 1. Strongly disagree (**SD**) 2. Disagree (**D**) 3. Not sure (**NS**) 4. Agree (**A**) 5. Strongly agree (**SA**).

Table xi: Descriptive statistics on respondents self-rating on micro-credit.

Statements	N	Minimum	Maximum	Mean	S.D
I have established a business as a result of accessibility to micro-credit.	137	1	5	2.91	0.898
Provision of business loans has helped to improve my income level.	137	1	5	2.49	0.943
I find loan application procedures favorable.	137	1	5	2.37	0.720
Group borrowing is not a favorable mechanism to access micro-credit.	137	1	5	2.16	0.983
I invest the borrowed funds in to profitable ventures.	137	1	5	2.39	0.901
High interest rates does not affect the income and revenue of my business.	137	1	5	2.06	1.158
The loan repayment period is favorable to me.	137	1	5	2.09	1.135
Lack of collateral security is not an obstacle whenever I wish to access reasonable loans.	137	1	5	1.93	1.10

Source: field data 2016.

Results on table (xi) indicates that, majority of the women entrepreneurs established businesses as a result of accessibility to micro-credit (mean=2.91 and $\sigma = 0.898$). This therefore implies that, micro loans are essential in the establishment of businesses among women.

In relation to this, the respondents were asked whether Provision of business loans helped them improve their income level (mean=2.49 and $\sigma = 0.943$). It implied that, loans did not fully help the women entrepreneurs reduce the gap of income unfairness.

From table (xi), it is clearly indicated that, loan application procedures were not favorable to entrepreneurs (mean=2.37 and $\sigma = 0.720$). This may be due to the presence of lengthy procedures to be followed when accessing loans from MFIs.

From the findings, minority agreed that, group borrowing is not a favorable mechanism to access micro-credit (mean=2.16 and $\sigma = 0.983$). This means that, to most of the women, group borrowing is the easiest way to access micro-credit especially those without collateral security.

From table (xi) only few women agreed that, high interest rates does not affect the income and revenue of their business (mean=2.06 and $\sigma = 1.158$). This shows that the interest rates charged by MFIs are not favorable to majorly of the clients as it drains them of their income.

Majority of the respondents did not support the idea that loan repayment period is favorable to them although a few of them (mean=2.09 and $\sigma = 1.135$) agreed with this. This means that the loan repayment period is very short normally for six months, and more so, installments are paid weekly.

As revealed on table (xi), only a few number of women (mean =1.93 and $\sigma = 1.10$) agreed that Lack of collateral security is not an obstacle whenever they wish to access reasonable loans.

Meanwhile to majority of the female borrowers, lack of collateral security is a hindrance whenever they wish to access bigger loans on individual basis. This therefore implies that, collateral security is key in accessing loans and limits those who do not have.

According to the Area Manager BRAC microfinance, 70% of their clients are women who come to seek financial assistance either to start a venture or to improve on the already existing project. Majority of these women borrow the loans on group basis since they do not have collateral security. The clients do not need initial savings but on the day of disbursement 20% of the borrowed amount is deducted and kept in their accounts. Nonetheless, other MFIs like FINCA and PRIDE demand initial savings of at least 15% of the amount intended to borrow. Loan amount ranges from Ugx100,000 to 1,000,000 at an interest rate of 15% and group members act as surety while individual borrowing runs for mostly one year at an interest of 25% p.a. and instalments are monthly. The loan amount ranges between UGX. 1,000,000-5,000,000 depending on the nature of the business and the security pledged (Ayikoru, 2016).

Results from the FGD showed that, women admitted to obtaining micro-loans which empowered them to raise income and invest in income generating activities like poultry, piggery and retail shops which improved their welfare though these loans have short repayment periods and unfavorable interest rates.

Sixty (60) of the respondents said; they do earn some profits from their investments but still not sufficient enough to improve their economic status since most of their profits go for daily family consumption. That, it is hard for them to remember the amount they get as profit from the time they started operating business. The women further added that, since they started operating business, they are proud to confess that, at least each day, their family does not lack what to feed on and it is the reason as to why they work round the clock.

When asked about savings, majority (70) of the women boldly said that, savings is still a problem to them because whatever money they get from their business just goes from hand to mouth.

Since most of these women have family businesses, they rarely employ workers, though 20 of the respondents agreed to employing at least one person to help them run their business. The issue of collateral security was as a major stumbling block to accessing bigger loans that would sustain their business, coupled with high interest rates, short repayment period and lengthy application procedures.

Interview notes with Credit Officers showed that, the clients have positive attitude and good understanding of the target group of River Oli division (especially group loans mainly for women) looking at the method MFIs uses (mainly group loans). However, other clients have not yet properly understood the aim (value) of credit.

The loan size also depends on the calculations made to suit the request of the clients and the repayment period is agreed and discussed in detail before disbursement (Bako; Onziru; Econi, 2016).

4.3 Financial literacy and the growth of women entrepreneurs.

This section gives a description of the research objective two; the effect of financial literacy on the growth of women entrepreneurs. This question was conceptualized using five questions which required each respondent to do self-rating on micro-credits. Responses were based on Likert scale ranging from 1. Strongly disagree (SD) 2. Disagree (D) 3. Not sure (NS) 4. Agree (A) 5. Strongly agree (SA).

Table xii: Descriptive Statistics of respondents self-rating on financial literacy

Financial Literacy	N	minimum	maximum	Mean	Standard Deviation
Financial training is essential in improving my business performance.	137	1	5	2.51	0.12
I can give accountability of my business as a result of financial literacy.	137	1	5	2.70	0.35
Business knowledge helps me to reduce risk and optimize earnings from my ventures.	137	1	5	2.78	0.64
Credit management training influences my loan repayment ability.	137	1	5	2.75	0.12
Financial literacy enables me to invest strategically.	137	1	5	3.60	1.71

Source: field data 2016.

From the results on table (xii), respondents generally agreed that, Financial training offered by MFIs are essential in improving their business performance (mean = 2.51 and $\sigma = 0.12$). This therefore means that, financial education plays a key role in business performance.

From the study, majority of the respondents (mean = 2.70 and $\sigma = 0.35$) agreed that, they can give accountability of my business as a result of financial literacy. This means that, financial training enables borrowers to keep records of their businesses and account for their expenditures.

It was further found out that, business knowledge helps women entrepreneurs to reduce risk and optimize earnings from their ventures (mean = 2.78 and $\sigma = 0.64$). This implies that, financial education is key in enhancing business performance.

Majority of the respondents agreed that, Credit management training positively influences the loan repayment ability (mean = 2.75 and $\sigma = 0.12$). This implies that, education on financial credit reduces the risk of multiple borrowing and financial mismanagement.

In understanding whether financial literacy empowers women entrepreneurs to invest strategically, majority of them agreed with this (mean=3.60 and $\sigma = 1.71$) which implies that, financial training is an important element in deciding investment opportunities.

The branch manager of PRIDE microfinance elaborated on training services on financial management to women entrepreneurs though, the response rate was not to the expectations. Those who frequently attended training improved their businesses. Furthermore, a respondent from FINCA agreed to have seen financial training an important element in business, and that is why emphasis is put on training to the clients (Bakole, 2016).

The participants highly agreed in a FGD on business training as a vital element towards business growth since it guides them on how to operate their day to day businesses. However, much emphasis was put on frequent trainings at least on monthly basis instead of after 3 to 4 months to improve on business operations. Fifteen (15) female clients of BRAC microfinance admitted to not receiving any training from the time they started operating business (group members).

4.4 Capacity building and the growth of women entrepreneurs in River Oli division.

This section gives a description of the research question three; the effect of capacity building on the growth of women entrepreneurs. This question was conceptualized using seven questions which required each respondent to do self-rating on micro-credits. Responses were based on Likert

scale ranging from 1. Strongly disagree (**SD**) 2. Disagree (**D**) 3. Not sure (**NS**) 4. Agree (**A**) 5. Strongly agree (**SA**).

Table xiii: Descriptive statistics on respondents self-rating on Capacity building

Capacity building	N	minimum	maximum	Mean	Standard Deviation
Improved marketing skills through training promotes my business.	137	1	5	2.61	0.63
By gaining business skills, I am better placed to manage my projects.	137	1	5	2.92	0.87
Capacity building enables me diversify and expand my business.	137	1	5	2.42	0.09
Capacity building has enabled me create employment opportunities in the surrounding community.	137	1	5	2.22	0.53
Innovation and creativity helps me compete favorably in the market.	137	1	5	3.59	0.98
Entrepreneurial skills are vital to the growth and sustainability and of my business.	137	1	5	3.20	1.53

Source: field data 2016

Results from table (xiii) showed that, to majority, Innovation and creativity helps them to compete in the market (mean= 3.59 and $\sigma = .98$). This means that, Innovation and creativity are the key ingredients to the survival and sustainability of a business.

It was further found out that, entrepreneurial skills are vital to the growth and sustainability of a business, as such, majority of the women agreed with this (mean= 3.20 and $\sigma = 1.53$). This implies that, the ability of MFIs to provide training on entrepreneurial skills adds value to business of the entrepreneurs.

Respondents generally disagreed that, capacity building enabled them create employment opportunities in the surrounding community (mean= 2.22 and $\sigma = .53$). This means that, the trainings on capacity building are not sufficient enough to make a change in the lives of these women as well as the community at large coupled with the loan amount they receive and family responsibilities that stops them from expanding their business.

There is a clear evidence that, gaining business skills, enables women to manage their own projects (mean= 2.61 and $\sigma = .63$). This implies that, acquisition of business skills is vibrant to business growth as such, there is need to embark on business skills training.

Results in table (xiii) indicated that, majority of the respondents disagreed that, capacity building enables them diversify and expand my business (mean= 2.42 and $\sigma = .09$). This therefore indicates that, MFIs are not providing adequate training on entrepreneurial skills which could be put in practice to diversify business opportunities.

We have found it important to offer training on entrepreneurial skills to enable our clients come up with different ways of producing variant goods like mats, art and crafts, bio-gas, cakes from different raw materials to supplement their income said a manager from PRIDE microfinance (Nyati, 2016).

Trainings help our clients to; improve on marketing strategies and diversification of business. He concluded by saying that, since people have different talents and levels of skills acquisition, those who come up with creative products always find customers which helps to raise their income.

Participants in a FGD stretched the need for provision of relevant entrepreneurial skills saying that training helps them come to up with different products from waste materials that would add value to their business since the world of today is full of innovative ideas. Some members said that though they have been receiving innovative ideas through MFIs trainings, they still feel there is a gap that needs to be filled through more training (group members).

Table xiv: Regression analyzing the effect of microfinance services on the growth of women entrepreneurs.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.406 ^a	.165	.156	.433

a. Predictors: (Constant), microcredit, financial literacy and capacity building.

Adjusted R Square is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variables, from the findings on table (xiv), the value of adjusted R squared was 0.156 an indication that, there is variation of 15.6% on the Growth in business due to changes in Microcredit, financial literacy and capacity building training provided by MFIs at 95% level of confidence.

Table xv: Table of regression

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.918	3	1.639	8.739	.000 ^a
	Residual	24.951	133	.188		
	Total	29.869	136			

a. Predictors: (Constant), microcredit, financial literacy and capacity building.

b. Dependent Variable: Growth of business

The ANOVA analysis is intended to investigate whether the variation in the independent variables explain the observed variance in the outcome. The ANOVA results indicate that the independent

variable (microfinance services) significantly ($F=8.739$, $p=0.000$) explained the variance in business growth.

Table xvi: Table of coefficients

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.883	.183		4.820	.000
Microcredit	.155	.103	.122	1.504	.135
Financial literacy	.188	.082	.196	2.277	.024
Capacity building	.278	.088	.268	3.140	.002

a. Dependent Variable: Growth of business

The effect of microfinance services was determined by the equation below:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Where:

Y = Growth of business (women entrepreneurs)

α = Constant/the intercept point of the regression line and the y-axis

β = the slope/gradient of the regression line

X1 = Microcredit

X2 = Financial literacy

X3 = Capacity building

ϵ = Error term

This can be substituted as below:

$$Y = 0.883 + 0.155X_1 + 0.188X_2 + 0.278 X_3$$

Where;

Constant = 0.883, shows that if Microcredit, financial literacy and capacity building provided by MFIs were all rated as zero, business growth would be 0.883.

$X_1 = 0.155$, shows that, keeping other factors constant, a unit increase in Micro-credit results in 0.155 units increase in business growth.

$X_2 = 0.188$, shows that one unit change in financial literacy results in 0.188 units increase in business growth rate.

$X_3 = .278$, shows that a unit increase in training on capacity building provided by MFIs, results in 0.278 units increase in business growth rate.

This therefore means that, the predictor variables (microfinance services) positively affects the dependent variable (growth of women entrepreneurs).

Considering the Beta values, capacity building highly influences the growth of women entrepreneurs ($\beta = .278$) because entrepreneurial skills are key in business, followed by financial literacy with ($\beta = .188$) since the ability to manage cash and make proper investments boosts business, while micro credit scored least ($\beta = .155$) implying that business growth does not only depend on availability of funds.

CHAPTER FIVE:

DISCUSSIONS, SUMMARY OF FINDINGS, CONCLUSIONS, RECOMMENDATIONS AND SUGGESTIONS

5.0 Introduction

This chapter presents the discussion of the findings as obtained from River Oli division regarding the effect of microfinance services on the growth of women entrepreneurs. The chapter also covers summary of the major findings, conclusions, recommendations and suggestions for further research.

5.1 Discussions of the Major findings

This subsection looks at the discussion of the findings which are discussed according to research objectives as earlier on presented on chapter four.

5.1.1 Micro-credit and the growth of women entrepreneurs.

Most of the recipients and the economically active poor involved in the Microfinance services compelled the need for micro-credit, to be able to operate their businesses. From this study, quite a number of entrepreneurs agreed that, they have established businesses as a result of accessibility to micro-credit (mean= 2.91 and $\sigma = .898$) as shown on table (xi). This implies that, micro-credit from MFIs are vital in establishing businesses since banks can't extend loans to those with little or no assets, and generally don't engage in the small sized loans typically associated with microfinances. This signifies the need for microfinancing since it is based on the philosophy that even small amounts of credit can help end the cycle of poverty. This is in line with the findings of Littlefield and Hashemi (2003) who argued that, micro-credit empowers and equips

entrepreneurs to establish their own ventures and generate income for business growth. The study also revealed that, group borrowing is a favorable mechanism to access micro-credit since the group members act as surety when borrowing since most of these women do not own property like land and houses that can be used as security. Women in River Oli division indeed said that, the spirit of collectivism has helped them a lot especially when it comes to accessing loans. This report is in line with the finding of Manikonda (2014), who supports the idea of group lending in relation to lack of collateral security. This helped to increase the number of female borrowers at River Oli division.

Results in table (xi), showed that, majority of the respondents disagreed that, Provision of business loans has aided them improve their income level (mean= 2.49 and $\sigma = .943$) implying that, loans did not fully help the women entrepreneurs reduce the gap of income disparities. This is because these women have family responsibilities where most of their business profits go for daily home consumption leaving them with small amounts to reinvest and the loan amounts given to them initially is low that cannot sustain their business. This finding is contrary to the findings of Kuzilwa (2005) who quoted that, credit assistance to entrepreneurs is often seen as improved income and output.

Table (xi) results also revealed that, to majority of the respondents, lack of collateral security is a hindrance when trying to access reasonable loan amounts from MFIs meanwhile very few (mean =1.93 and $\sigma = 1.10$) complied with security requirement. This implies that most women entrepreneurs at River Oli division do not own personal assets like land, houses, vehicles that can be pledged as security. This is due to the cultural settings characterized by norms, values, practices and patriarchal thought where women are neither allowed to inherit nor own property like land and houses both in their matrimonial and maiden homes.

Despite the fact that, women entrepreneurs agreed to having access to business loans, there is still no indication that the borrowed funds are invested in to profitable ventures (mean =2.39 and $\sigma = 0.901$) meaning there is still lack knowledge on strategic investment as put forward by (Bosma and Harding, 2006).

These women in River Oli division lack technical assistance in form of training and mentoring, since majority of MFIs programs are credit-led with little emphasis on training hence the poor performance of some micro enterprises. The entrepreneurs further lack guidance, monitoring and follow-ups of their business operations which leaves them in to the free range system and makes it hard for some of them to make effective decisions concerning investment.

5.1.2 Financial literacy and the growth of women entrepreneurs

Basing on results in table (xii) it is shown that, financial literacy is the gate way to strategic investment and business sustainability (mean =3.60 and $\sigma = 1.71$). This implies that, financial literacy is very essential in deciding investment opportunities. This is because financial education helps women in River Oli division to allocate the borrowed funds among different business opportunities and at the same time is the key to investor's understanding of financial products and concepts and their ability to perceive financial risks and opportunities, so as to make knowledgeable choices in business.

In the findings of Greenspan (2002), financial literacy helps to indoctrinate entrepreneurs with the financial knowledge needed to generate household income, and make tactical investment decisions. This argument is in line with the findings of this research work let alone the irregularity of the training schedule. However, the women stretched the need for frequent training so as to improve on their businesses.

In the study, most of the women entrepreneurs indicated that, the little training they get from MFIs, gives them the capacity to give accountability of their business funds (mean = 2.70 and $\sigma = 0.35$). This is due to the fact that financial education is an eye opener to many entrepreneurs to handle issues that concern their business and this indeed signifies the need for training.

Majority of the respondents as shown on table (xii) agreed that, credit management training offered to them in groups influences their loan repayment ability. (Mean = 2.75 and $\sigma = 0.12$). This implies that, education on credit management reduces the risk of multiple borrowing which leads to over indebtedness and consequently default of loan and on the hand, financial mismanagement devastates the efficient operations of the business. This finding is in relation to the findings of Pindado (2004) who argued that cash management is an action that forms part of the strategy of enterprises to develop.

In a discussion with the respondents, it was found that, majority of the women who participated acknowledged the relevance of training services that are applicable to their business but these trainings are not frequent enough to have an impact on their business. Only 30 of the women agreed that, they have seen an improvement in their business due to training but they were not satisfied with schedule of the training.

5.1.3 Capacity building and the growth of women entrepreneurs

The overall analysis on table (xiii) shows that, Innovation and creativity helped women in River Oli division to compete favorably in the market (mean = 3.59 and $\sigma = 0.98$). This means that, Innovation and creativity are important elements to the survival and sustainability of a business. It was found that, women in River Oli division were trained on how to make products from materials around them. For example, I found a group of women in Tanganyika ward who named

their project as 'Aliodeibo' literally meaning 'poverty is over' whereby they make products like mats and earrings from straws, aluminum saucepans and bio gas from cow dungs among others. A group member said, they sometimes invite their own trainers and were not only relying on MFIs training that is irregular. This finding is in line with the finding of Greenspan (2002) who pointed out that, the ability to be innovative and create uniqueness to beat competition in the market is another crucial area of concern to women entrepreneurs. It can be said that innovation drives the productivity and performance of business, and can help women grow and improve their business.

The study also asked respondents to comment on whether entrepreneurial skills are vital to the growth and sustainability of a business (mean = 3.20 and $\sigma = 1.53$). This implies that, skills have a positive effect on entrepreneurship because they provide the basis for a company's or an individual's dynamic capabilities and the ability to learn and adapt to changing circumstances. This finding is in line with the findings of Schreiner (2001) who argued that, creation of new opportunities, lies at the heart of the entrepreneurial skills development.

On table (xiii), majority of the women disagreed that, capacity building has enabled them create employment opportunities in the surrounding community. Only a few (mean = 2.22 and $\sigma = 0.53$) agreed with this. Since most of the entrepreneurs do business as the only job besides agriculture, they prefer working on their projects personally and are not ready to incur additional costs of paying salaries or wages.. This finding is contrary to the findings of Mateev & Anastasov (2010) who argued that, an enterprise's growth is related to the number of employment opportunities provided.

5.2 Summary

Basing on the discussion of findings, the study deduces that, there is a positive influence of microfinance services on the growth of Women entrepreneurs in River Oli division (adjusted R square = 0.156) meaning that microfinance services influence the growth of women entrepreneurs by 16% and the rest (84%) is influenced by socio-cultural factors. Women entrepreneurs were able to startup businesses to sustain their families and acquired house hold property that they would not do without the support of MFIs. Nevertheless, they sighted the problem of collateral security requirement which is mandatory while borrowing and unfavorable loan reimbursement period as a hindrance to their accessibility to bigger loans.

Financial training is essential to wards business performance and growth (Mean=3.60 and $\sigma = 1.71$) implying that to the women entrepreneurs, training is very necessary in business operations as it enables them to reduce business risk and optimize earnings from the ventures, improves loan repayment ability and enables women to give accountability of their business. However, irregular training affected business performance as most women could not make good use of the borrowed funds while others diverted the money for buying property like, land and household items.

On the other hand, capacity building empowered women with entrepreneurial skills (mean =3.20 and $\sigma = 1.53$) implying that, entrepreneurial skills training was vital in order to meet the vibrant concerns of consumers and stay competitive and it is actually this skill that distinguishes entrepreneurs from managers. Those women of 'Aliodeibo' project recognized the importance of capacity training as it enabled them to come up with products from waste materials and others acquired innovative ways of producing these products.

5.3 Conclusion

These conclusions were drawn from the research findings as guided by the research objectives. The discussion established that, MFIs played important roles in helping women in River Oli division and elsewhere. Women entrepreneurs were able to operate businesses as a result of micro loans for sustaining their families and others purchased assets like land, furniture and houses hence the relevance of micro-credit towards the growth of women owned enterprises. Majority of the women in this Division complained of high interest rates charged by the MFIs, unfavorable loan repayment period and lack of collateral security to secure bigger loans and above all, socio-cultural factors which affects business performance.

Irregularity of financial training services also contributed to low growth in business among women of River Oli Division since the loans borrowed in the names of business were diverted to other use instead of investing in profit making ventures despite the fact that, women acknowledged the importance of training by saying that it helps them in many aspects of business management.

In the same way, training on capacity building was found important but not frequent enough and that was the reason as to why the women's projects like 'Aliodeibo' would invite mentors and organize their own training and at additional cost which would otherwise be provided by MFIs as part of their service for these entrepreneurs.

5.4 Recommendations

There is urge for the government to reduce the interest rates on loans extended to MFIs and regulations be enforced to ensure that MFIs operate within the stipulated rates set by the government.

The researcher also recommends that, loan reimbursement period should be extended to at least one year from six months for the case of group borrowing, above one year for individual borrowers, and repayment schedules be changed from weekly to monthly for group members.

There is need for the MFIs to substitute collateral security that is mandatory when borrowing loans by guaranteeing to enable women entrepreneurs access reasonable loan amounts that would have a greater impact on their business and facilitates economic progress.

Financial knowledge should be offered by the MFIs and other stake holders like municipal council to the clients (women entrepreneurs) through frequent training on credit control and cash management such that, they are not involved in multiple borrowing and whatever amount they borrow should be invested in to business instead of diverting the funds for other purposes.

Concerning capacity building, there is urge for MFIs and other organizations like Enterprise Uganda to support training in various fields of entrepreneurship in order to acquire entrepreneurial and technical skills such as innovation and marketing such that, women entrepreneurs are innovative enough in producing their products and have the ability to market them.

5.5 Suggestions for further research

Since the study focused on micro finance services and the growth of women entrepreneurs in River Oli division Arua municipality, it is therefore suggested that, further studies be done in other regions or districts on the same topic. This will help to elaborate more on how microfinance services influences the growth of women owned small and micro enterprises. There is also need to do research on the factors that hinder women entrepreneurs from achieving success in their business settings.

REFERENCES

- Asian Development Bank, (2011). Report on sustainability and Enterprise growth.
- Adongo, J., and Stork, C. (2005). "Factors Influencing the Financial Sustainability of Selected Microfinance Institutions in Namibia", NEPRU Research Report No. 39, *the Namibian Economic Policy Research Unit*.
- Affandi, A., and Astuti, D.P. (2014). Dynamic model of Ibn Khaldun theory on poverty; Empirical analysis on poverty in majority and minority Muslim populations after the financial crisis.
- Ahmad, S. Z. (2012). Microfinance for women micro and small-scale entrepreneurs in Yemen: Achievements and challenges. *International Journal of Entrepreneurship and Small Business*.
- Ahmed, M.H.U., and Saif, A.N.M. (2013). Necessity of capacity building before taking microcredit: Poor women perspective of Bangladesh. *Journal of Business Management and Social Sciences Research*, 2(10), 27-32.
- Al-Dajani H., and Marlow. S. (2013). Empowerment and entrepreneurship: a theoretical framework. *International Journal of Entrepreneurial Behavior & Research*.
- Amal, M. (2011). Impact of globalization: The ability of less developed countries '(LDCs)' firms to cope with opportunities and challenges. *European Business Review*, 23(1), 120-132.
- Amin, M.A. (2005). *Social Science Research: Conception, Methodology and Analysis*.
- Armendáriz, B., and Morduch, J. (2007). *The economics of microfinance*. London, UK: MIT Press.
- Ayyagari, M. (2013). *Finance and Poverty: Evidence from India*.
- Bank of Uganda, (2016). *Strategy for Financial Literacy in Uganda*
- Bayes, A. (2005). *Micro-credit and women's empowerment*. USA: World Prout Assembly.
- Becchetti, L., and Castriota, S. (2010). Post Tsunami intervention and the socio economic wellbeing of microfinance borrowers.
- Birley, S., and Muzyka, D. (2000). *Mastering Entrepreneurship*. London: Prentice Hall.
- Bosma, N., and Harding, R. (2007). *Global Entrepreneurship Monitor 2006 Executive Report*. Babson College, Babson Park, MA. and London Business School, London.
- Bowling, A. (2002). *Research methods in health: Investigating health and 14 Med. Pract. Rev. Health services (2nd Ed.)*, Buckingham, Open University Press

- Brau, J. C., and Woller, G. M. (2004). Microfinance institutions: A comprehensive review of the existing literature and an outline for future financial research. *Journal of Entrepreneurial Finance and Business Ventures*.
- Chell, E. (2013). Review of skill and the entrepreneurial process. *International Journal of Entrepreneurial Behaviour and Research*, 19(1): 6-31.
- Chuks, K. (2007). Microfinance and poverty eradication: A case study of rural communities in Nembe and Bayelsa State.
- Creswell, J.W. (2012). Planning, Conducting, and Evaluating Quantitative and Qualitative Research, (fourth ed).
- Dehejia, R., Montgomery, H., and Morduch, J. (2012). Do Interest Rates Matter? Credit Demand in the Dhaka Slums. *Journal of Development Economics*.
- Feigenberg, M., Field, E., and Pande, R. (2010): "Building Social Capital through Microfinance," Discussion Paper w16018, NBER Working Paper.
- Gikonyo, W., Zainalaludin, Z., and Masud, J. (2006): Empowering young women through micro-enterprise: A case of Malaysian rural women.
- Global Entrepreneurship Monitor (GEM), (2012) .Report: Women Entrepreneurs Worldwide.
- Godquin, M. (2004). Microfinance Repayment Performance in Bangladesh: How to Improve the Allocation of Loans by MFIs. *World Development*, Vol. 32 (11), Pp. 1909-1926.
- Greenspan, A. (2002). Financial Literacy: A tool for economic progress. *Futurist*, 36, 37-41.
- Gruber, J. (2005). Public finance and public policy. New York, worth publishers.
- Guiso, L., and Jappelli, T. (2008). Financial literacy and portfolio diversification.
- Gupta, K., and Kaur, J. (2014). Study of Financial Literacy among Micro Entrepreneurs in District Kangal.
- Haile, H. B., Bock, B., and Folmer, H. (2012). Microfinance and female empowerment: Do institutions matter? *Women's Studies International Forum*.
- Halkias, D., Nwajiuba, C., Harkiolakis, N., and Caracatsanis, S.M (2011) Challenges facing women entrepreneurs in Nigeria. *Management Research Review* Vol. 34 No. 2, 2011 pp. 221-235.
- Hisrich, D. (2011). Women Entrepreneurship in Africa.

- Idowu, F.C. (2010). Impact of Microfinance on Small and Medium-Sized Enterprises in Nigeria. Paper presented at the Proceedings of the 7th International Conference on Innovation & Management.
- Jitnom, S., and Ussahawanitchakit, P. (2009). Effects of entrepreneurial capacity on business stability of SMEs in Thailand. *Journal of International Business and Economics*. 9(3), 1- 18.
- Johnson, P., and Victor, O. (2007). Microfinance in Ghana.
- Karlan, D., and Jonathan, Z. (2008). Credit Elasticities in Less Developed Countries: Implications for Microfinance, *American Economic Review*.
- Keshav, S. (2014). Impact of microfinance and Self-Help Groups (SHGs) on rural market development. *Journal of Commerce & Management Volume* 1(3), 86-89.
- Ketley, R., Lightfoot, N., Jakubec, M., and Little, M. (2012). Review of government interventions that promote access to credit for Micro, Small and Medium Enterprises (SMEs) in Nigeria.
- Kevane, M., and Bruce, W. (2001). Social Norms and the Time Allocation of Women's Labor in Burkina Faso.
- Krejcie, R. V., and Morgan, D.W. (1970). "Determining Sample Size for Research Activities", *Educational and Psychological Measurement*.
- Kuzilwa, J. (2005): The role of credit for small business success.
- Lakwo, A. (2007): Microfinance, rural livelihood, and women's empowerment in Uganda.
- Laure,,J., and Baptiste, M. (2007). Individual Microcredit and Social Pressure.
- Leitch, C., Hill, F., and Neergaard, H. (2010). Entrepreneurial and Business Growth and the Quest for a "Comprehensive Theory": Tilting at Windmills? *Entrepreneurship Theory and Practice*, 34(2), 249-260.
- Littlefield, E., Murdugh, J., and Hashemi, S. (2003). Is Microfinance an Effective Strategy to Reach the Millennium Development Goals?
- Lusardi, A., and Mitchell, O.S. (2014). The Economic Importance of Financial Literacy: Theory and Evidence.
- Madajewicz, M. (2003). Capital for the Poor: The Effect of Wealth on the Optimal Credit Contract.
- Maleko, C. (2013). Women participation in microfinance Institutions of Tanzania.

- Mamun, A. A., Adaikalam, J., and Wahab, S. A. (2012). Investigating the Effect of Malaysia's Microcredit Program on Their Clients Quality of Life in Rural Malaysia. *International Journal of Economics and Finance*, 4(1), 192-203.
- Manikonda, R. (2014). Self-Help Group Programme: Level of Women Empowerment in Andhra Pradesh.
- Mateev, M., and Anastasov, Y. (2010). Determinants of small and medium sized fast growing enterprises in central and Eastern Europe.
- Mayowa, H., and Agboola, G. (2012). 'Microfinance and Entrepreneurial Development in Nigeria''
- Miller, M., Godfrey, N., Levesque, B. and Stark, E. (2009). The Case for Financial in Developing Countries: Promoting Access to Finance by empowering Consumers. World Bank, DFID, OECD, and CGAP joint note Washington DC: World Bank.
- Mokhtar, S. H. (2011). Microfinance Performance in Malaysia. Doctor of Philosophy, Lincoln University, New Zealand.
- Morduch, J. (2000). The Microfinance schism. World development.
- Morris, S. S., Warner, P. W., and Hiatt, S. R. (2006). The value of networks in enterprise development: Case studies in Eastern Europe and Southeast Asia. *Journal of Developmental Entrepreneurship*, 11(04), 345-356
- Mugenda, M. O., and Mugenda, A. (2008), Research Methods: Qualitative and Quantitative Approaches, African Centre for Technology Studies, Nairobi, Kenya.
- Nader, Y. F. (2008). Microcredit and the socio-economic wellbeing of women and their families in Cairo. *The Journal of Socio-Economics*.
- OECD, (2013). Skills development and training in SMEs, Local Economic and Employment Development (LEED). OECD Publishing.
- Ojo, O. (2009). Impact of microfinance on entrepreneurial development: the case of Nigeria Faculty of Administration and Business, University of Bucharest.
- Oseifuah, K. E. (2010). Financial literacy and youth entrepreneurship in South Africa. *African Journal of Economic and Management Studies*.
- Patton, M.Q, (2002).Qualitative research and evaluation methods. 3rd Sage Publications.
- Pearl, D., and Eileen, R. G. (2014). Financial Literacy and the Success of Small Businesses: *An Observation from a Small Business Development Center*.

- Pindado, M.C. (2004). *Cash Management Corporate Strategies*, 5th Edition. Wiley Interscience Newyork.
- Rahmandoust, M., Shah, I., Norouzi, M., Hakimpour, H., and Khani, N. (2011). Teaching financial literacy to entrepreneurs for sustainable development. *OIDA International Journal of Sustainable Development*, 2(12), 61–66.
- Reji, M. (2013). Economic Empowerment of Women through Self Help Groups In Kerala. *International Journal of Marketing, Financial Services & Management Research*.
- Sachdev, S. B. and Verma, H. V. (2004). Relative importance of service quality. *Journal of Services Research* 4(1): 93-116.
- Sandven, B.R. (2012). The impact of the Classical microfinance contract on the poor Entrepreneurs. A field experiment on entrepreneurs in Tanzania. Thesis in Economics.
- Savita, S. (2007). Transaction costs in group microcredit in India.
- Scheresberg, C. D. (2013). Financial literacy and high-cost borrowing in the United States. Cambridge Mass. <http://dx.doi.org/10.3386/w18969>
- Schreiner, M. (2001). ‘Seven Aspects of Loan Size’, typescript, Center for Social Development, Washington University in Saint Louis.
- Singer, S., Amorós, J.E., and Arreola, D.M., (2015), *Global Entrepreneurship Monitor 2014 Global Report*, Global Entrepreneurship Monitor Association.
- Srncic, K., and Havrland, B. (2006). *Microfinancing: Challenges and Prospects*. Appropriate.
- William, F., and David, O. A. (2003). *Rural and microfinance contribution in Ghana*.
- Wube, M. (2010). Factors affecting the performance of women entrepreneurs in micro and small enterprises in Dessie town.
- Yunus, M. (2007). *Creating a world without poverty. Social business and the future of capitalism*. Public Affairs, New York.
- Zawada, B. (2013). *Sustaining Informal Sector Women Entrepreneurs through Financial Literacy*.
- Zeller, M., and Meyer, R. (2002). *The Triangle of Microfinance: financial Sustainability, Outreach and Impact*, John Hopkins for the International Food Policy Research Institute, Baltimore.
- Zimmerer, T., Scarborough, N. (2011). *Essentials of entrepreneurship and Small Business Management*. New Dehli: PHI Learning Private Limited.

Dear respondent,

I am conducting a study on Microfinance services and the growth of women entrepreneurs as a partial fulfilment of the requirement for award of Master of Business Administration (MBA) of Kyambogo University. The information given during the exercise will be only for academic purposes and treated with strict confidentiality. Kindly answer the following questions by ticking in the spaces provided as will be appropriate.

Thank you,

Yours sincerely,

Osoru Mildred

APPENDIX A: QUESTIONNAIRE FOR WOMEN ENTREPRENEURS

In the section A below, Please tick or fill in the provided.

SECTION A: RESPONDENTS BIO DATA

1. Age

- Below 20 years ()
- 21-30 years ()
- 31-40 years ()
- 41-50 years ()
- 51years and above ()

2. Education level

- Never attended school ()
- Primary ()
- Secondary ()
- Tertiary ()
- Others ()

3. Business experience

- Below 5 years ()
- 5-10 years ()
- 11-16 years ()
- Above 16 years ()

SECTION B:

To assess the influence of micro-credit on the growth of women entrepreneurs.

Instructions: Using the Likert scale below ranging from 1-5, please tick in the spaces provided.

1. Strongly disagree 2. Disagree 3. Not sure 4. Agree 5. Strongly agree

	Statement	1	2	3	4	5
(i).	I have established a business as a result of accessibility to micro-credit.					
(ii).	Provision of business loans has helped to improve my income level.					
(iii).	I find loan application procedures favorable.					
(iv).	Group borrowing is not a favorable mechanism to access micro-credit.					
(v).	I invest the borrowed funds in to profitable ventures.					
(vi).	High interest rates does not affect the income and revenue of my business.					
(vii).	The loan repayment period is favorable to me.					
viii).	Lack of collateral security is not an obstacle whenever I wish to access reasonable loans.					

To examine the effect of financial literacy on the growth of women entrepreneurs.

Instructions: Using the Likert scale below ranging from 1-5, please tick in the spaces provided.

1. Strongly disagree 2. Disagree 3. Not sure 4. Agree 5. Strongly agree

	Statement	1	2	3	4	5
(i).	Financial training is essential in improving my business performance.					
(ii).	I can give accountability of my business as a result of financial literacy.					
(iii).	Business knowledge helps me to reduce risk and optimize earnings from my ventures.					
(iv).	Credit management training influences my loan repayment ability.					
(v).	Financial literacy enables me to invest strategically.					

To evaluate the influence of capacity building on the growth of women entrepreneurs.

Instructions: Using the Likert scale below ranging from 1-5, please tick in the spaces provided.

1. Strongly disagree 2. Disagree 3. Not sure 4. Agree 5. Strongly agree

	Statement	1	2	3	4	5
(i).	Improved marketing skills through training promotes my business.					
(ii).	By gaining business skills, I am better placed to manage my projects.					
(iii).	Capacity building enables me diversify and expand my business.					
(iv).	Capacity building has enabled me create employment opportunities in the surrounding community.					
(v).	Innovation and creativity helps me compete favorably in the market.					
(vi).	Entrepreneurial skills are vital to the growth and sustainability of my business.					

APPENDIX B. INTERVIEW GUIDE TO MFI MANAGEMENT STAFF.

Issues for Discussion

1. What microfinance services do you offer to your clients?
2. Is there a minimum amount of savings required for a client to be given credit?
3. Are there cases in which women entrepreneurs fail to take credit mentioning high interest rates?
4. What would you say has been the impact of microfinance services on the economic status of women in this municipality?
5. What impact/effect would you like to see among your clients as a result of your services?

APPENDIX C. QUESTIONNAIRE TO CREDIT OFFICERS

1. What is the attitude of the community towards microfinance services?.....
2. Are loan application procedures favorable to clients?.....
3. How many female clients have accessed micro-credit as a result of group borrowing?
(Number of groups).....
4. Is the loan given to clients enough to improve on their business?.....
5. Is loan repayment period suitable for the female clients?.....
6. What challenges do women face in accessing business loans?.....

APPENDIX D: FOCUS GROUP DISCUSSION GUIDE FOR WOMEN ENTREPRENEURS.

Section A: Background Information of members

Reg. no.	Education level	Marital Status	No. of dependents	Age of client	Age of business	Business type	Nature of MFI services

Section B: Issues of discussion

1. Due to the accessibility to micro-credit for business, have you been able to;
 - Achieve Return On Investment?
 - Increase house hold income?
 - Save from the business
 - Provide employment opportunity?

If so, by how much for the last four years?

2. How frequently do you receive training on financial literacy?
3. What are the implications of financial training on your business?
4. To what extent has capacity building contributed to the growth of your business?
5. What challenges do you encounter from accessing MFI services?

APPENDIX E:

Sample size (S) for the given population sizes (N).

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380