

## **The Role of Microfinance in the Growth of Women-Owned Enterprises: A Case of Nyanga Area in Manicaland Province, Zimbabwe**

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### **Abstract**

*This study assessed the role of microfinance in the growth of women-owned enterprises with special reference to Nyanga in the Manicaland Province of Zimbabwe. 100 entrepreneurs from the women-owned enterprises in Nyanga constituted the sample for this study. The study adopted the simple random sampling method which is a probability sampling technique. However, key informants were purposively selected. In order to answer the research questions, a questionnaire which had both open ended and closed ended questions was designed and administered to the sample which had a response rate of 91%. Both qualitative and quantitative methodologies were used in this study. A survey method and key informant interviews were the tools used to collect data. Findings from the study revealed that most of the women entrepreneurs in Nyanga were facing challenges in accessing microfinance services. These challenges include exorbitant interest rates, limited branches, collateral problems, short repayment periods and long waiting periods when accessing funding. Another notable finding was that microfinance institutions in the Nyanga area provide a portfolio of services which include insurance, financial advice, loans, transfers, savings, training and capacity building. The study also found that MFIs in Nyanga have empowered women entrepreneurs to a lesser extent as they have failed to improve their social and economic status.*

**Keywords:** Women-owned Enterprises, Microfinance, Survival, Growth, Nyanga.

### **1. Introduction**

The number of women entrepreneurs in developing countries has been increasing lately (Gichuki et al., 2014). As a result, various interventions exist that seek to promote women-owned enterprises. One of these interventions is microfinance which supports women-owned enterprises by providing them with financial support (Muteru, 2013). Microfinance is the provision of microcredit or loans to business people with good and profitable ideas (Laetitia et al., 2015) but probably lack the requisite collateral and requirements sought by established financial institutions. Credit is an important part of any economy because it facilitates business survival and growth that will in turn create jobs and sustain the growth of the overall economy (Muteru, 2013). According to Nyanga (2012) limited access to capital has been the main constraint to business growth and development. Microfinance was introduced in Zimbabwe as a poverty alleviation tool and was later discovered to lead to economic empowerment (Bondokoto, 2012). According to

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Mangudya (2015), there were 150 licensed microfinance institutions in Zimbabwe as at 31 August 2015 (Mangudya, 2015). The bank adds that the Micro Finance Institutions (MFI) have 495 branches countrywide and have a client base of 224,300. Microfinance institutions in Zimbabwe mainly offer financial services to lower income earners and the informal sector (Mpofu et al., 2013). Mpofu et al. (2013) added that MFIs in the country facilitate access to start-up capital by businesses.

Women entrepreneurs in Zimbabwe face many challenges that militate against their efforts to promote the development of their business ventures. These include among others, lack of financing, poor management abilities, out dated processes and low production. Microfinance has been identified as one of the interventions that can be used to address these challenges (Muteru, 2013). Muteru (2013) argues further that microfinance is a vital ingredient to women-owned businesses and is essential for their survival and growth. According to the Reserve bank of Zimbabwe (2015), there has been an increase in the number of microfinance institutions that are registered. There were 143 registered MFIs in March 2015 and 147 registered MFIs in June 2015. Most of these MFIs target women specifically and not all people because women are starting and growing businesses at a remarkable rate and yet access to finance remains the single biggest obstacle they are facing (Hassan, 2013). Moreover, women are generally considered to be a better credit-risk for MFIs (D'Espallier, 2009). Loice & Rizia (2016) confirm that MFIs focus on women with an objective of empowering them. Hence, MFIs are more focused on helping women with credit for self-employment and other financial and business services. Therefore, given the support that these MFIs are supposed to give to women-owned enterprises in the country, one would expect these enterprises to be growing. Microfinance is widely commended for its impact on various issues affecting women such as promoting gender equality and empowerment. Many studies have noted that microfinance schemes target, particularly, women who are in households that are deeply impoverished and therefore owning little or no assets, and thereby providing them an opportunity for self employment (Mutengezanwa, et al., 2011). They further advance the notion that microfinance allows women to enjoy greater economic power, better living quality, and stronger social and political empowerment. Similar studies further indicate that microfinance programmes have contributed towards “the increase in women’s security, autonomy, self confidence and status within households” (Otoo, 2009) However, according to Chichoni (2011), the situation in Zimbabwe seems to be telling a different story. More than 70% of all start-ups in Zimbabwe eventually fail. The small to medium enterprises Association of Zimbabwe (2015), registered a 67% increase in the number of businesses that sought deregistration with the association due to company closures. Hence, the study would like to assess whether MFIs are contributing to the growth of businesses that are owned by women with special reference to Nyanga in the Manicaland Province, in Zimbabwe.

## **2. Research Objectives**

The specific objectives of the current study are to:

- Investigate the challenges being faced by women entrepreneurs in Nyanga.
- Identify the relevant products being offered by MFIs in Nyanga.
- Evaluate the extent to which MFIs have helped address challenges militating against the survival and growth of women-owned enterprises.

## **3. Literature Review**

### *3.1 Definition of Microfinance*

Muteru (2013) defined microfinance as the provision of micro-insurance, micro-edit and micro-saving financial services to people who are poor. This line of thought is shared by Ocholah et al. (2013) who posited that microfinance involves the delivery of financial services to solidarity lending groups or low income clients who do not have access to banking services. Microfinance is a general term to describe financial services to low-income individuals or to those who do not have access to typical banking services (Chester, 2014). Microfinance is also the idea that low-income individuals are capable of lifting themselves out of poverty if given access to financial services (Chester, 2014). In addition, Zulfiqar (2013) postulates that microfinance is a set of financial services that targets the poor and the least well off which includes but is not limited to microcredit, micro-savings, micro-insurance, and mobile banking. Zulfiqar (2013) added that microcredit continues to be the most popular microfinance product in many countries. In similar vein, Nawai and Shariff (2012) noted that microfinance institutions were established to fill the gap in the financial services sector by providing funds to the lower-income group which are usually involved in small and micro business activities. They add that MFIs provide funds for start-up business or for working capital purpose such as to buy raw materials, machine and business equipment.

### *3.2 Women Entrepreneurship*

According to Wube (2010), entrepreneurship involves some kind of behavior that includes initiative taking, the organizing and reorganizing of social and economic mechanisms to turn resources and situations to practical account and the acceptance of risk or failure. Women entrepreneurs may be defined as a woman or a group of women who initiate, organize and run a business enterprise (Kumar, 2013). In addition, female entrepreneurs are defined as those who use their knowledge and resources to develop or create new business opportunities, who are actively involved in managing their businesses, and own at least 50 per cent of the business and have been in operation for longer than a year (Farr-Wharton and Brunetto, 2009).

Women's productive activities, particularly in industry, empower them economically and enable them to contribute more to overall development. Whether they are involved in small or medium scale production activities, or in the informal or formal sectors, women's entrepreneurial activities

are not only a means for economic survival but also have positive social repercussions for the women themselves and their social environment (Wube, 2010). In many transitional economies, progress has been achieved in opening doors to education and health protection for women but economic opportunities for female entrepreneurs have remained limited (OECD, 2012). Concerted efforts are needed to enable female entrepreneurs to make better economic choices and to transform their businesses into competitive enterprises, generating income and employment through improved production (OECD, 2012).

### *3.3 Challenges faced by Women Entrepreneurs*

Literature on African women entrepreneurs seems to suggest that their businesses perform poorly compared to their male counterparts primarily due to financial constraints (Gichuki et al., 2014). The reasons for this are attributed to challenges which are peculiar to women entrepreneurs. An interesting finding in Ongachi's (2013) study was that inadequate information, poor education, gender inequality and discrimination were some of the challenges facing women entrepreneurs. Hassan (2013) highlighted some of the challenges faced by women entrepreneurs as inadequate finance, poor education and training, insufficient managerial expertise, absence of social support and cultural practices that deny women rights. According to Ocholoh et al. (2013), traditionally, the mainstream credit policies of banks do not favor women entrepreneurs because they usually do not have collateral to secure loans. This view was also shared by Ongachi (2013) who confirmed that it is difficult for women entrepreneurs to get loans for their businesses. Sometimes, this is because they demand small loans which are not regarded as profitable by the formal financial institutions.

Further, banks may be unwilling to give loans because they may have inadequate information about the clients which increases the credit risk (Ongachi, 2013). It must be noted that besides the challenge of accessing credit, women also have poor education background and do not have the appropriate entrepreneurial training and experience to effectively manage enterprises. According to Louice and Razia (2016), a major growth constraint for numerous women entrepreneurs is the lack of occupational experience in the related business. Gichuki et al. (2014) confirms that the formal banks do not like to offer credit to small, micro and medium enterprises mainly because the owners prepare unsound business plans and have problems in filing tax repayment reports. Wube (2010) summarized that the key factors that affect women entrepreneurs' performance in developing continents like Africa include:

- Vulnerability of women to adverse effects of trade reform;
- Restraints with regard to assets (land);
- Lack of information to exploit opportunities;

- Poor mobilization of women entrepreneurs;
- Lack of management of women entrepreneurs;
- Lack of management skills;
- Lack of awareness among young women of entrepreneurship as a career option;
- Conflicting gender roles;
- Gender inequality;
- Inappropriate technology; and
- Constraints at the legal, institutional and policy levels.

In addition, Wube (2010) identified access to finance, access to markets, access to training, networks and policymakers as major factors affecting women entrepreneurship. Additionally, Sinha (2016) found that women entrepreneurs face a number of challenges which are depicted in Table 1.

**Table 1: Challenges faced by women entrepreneurs**

Challenge	Description
Stiff competition	Women entrepreneurs do not have organizational set-up to pump in a lot of money for canvassing and advertisement. Thus, they have to face a stiff competition for marketing their products with both organized sector and their male counterparts. Such a competition ultimately results in the liquidation of women enterprises.
Lack of education	Lack of education creates one type or other problems for women in the setting up and running of business enterprises.
Financial problems	Women’s access to the external sources of funds is limited as they generally do not have property in their names to use as collateral when obtaining funds. Banks also consider women less credit-worthy and discourage women borrowers on the belief that they can at any time leave their business.
Family ties	In Africa, it is mainly a women’s duty to look after the children and other members of the family. Man plays a secondary role only. In case of married women, she has to strike a fine balance between her business and family. Her total involvement in family leaves little or no energy and time to devote for business.
Scarcity of raw materials	Most of the women enterprises are plagued by the scarcity of raw material and necessary inputs
Limited mobility	Cumbersome exercise involved in starting an enterprise coupled with the officials humiliating attitude towards women compels them to give up idea of starting an enterprise.
Low Risk-Bearing Ability	Women are not treated equal to men and this in turn, serves as a barrier to women entry into business.

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Low risk-bearing ability	Women in Africa lead a protected life. They are less educated and economically not self-dependent. All these reduce their ability to bear risk involved in running an enterprise. Risk-bearing is an essential requisite of a successful entrepreneur.
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**SOURCE: Sinha (2016)**

### 3.4 Microfinance institutions' product offerings

The product offering of microfinance is differed from one institution to another according to the model of microfinance and the type of the provided product. For instance, microfinance can be a group scheme where the group members form themselves in a joint liability group and take loans under the social collateral while the group members are responsible to repay any default loan. In contrast, microfinance can be individual scheme which services individual borrowers. Furthermore, some microfinance institutions provide financial services such as loan, savings, insurance services while others provide financial and nonfinancial products such as enterprises development training, skills acquisition trainings, social capital services and others. Therefore, the output of microfinance performance is usually subject to several criteria which may vary from one study to another (Al-Shami, 2014).

#### 3.4.1 Financial Services

- *Microcredit*

Financial services such as microcredit saving and repayment services are the main tools of microfinance institutions which have the power to help developing countries in their battle against poverty and advance families' wellbeing. The concept of microcredit is referred to the small amount of credit given to poor people especially women at reasonable interest for generates income through self-employment. The importance of microcredit can be interpreted from different angles. It can be seen from empowerment angle as a human right because it empowers the most vulnerable people especially women through enabling them to get job and generate income. Microcredit empowers women by allowing them to improve their ability in decision making and gain money as well as enhance their household expenditures. Microcredit is also read from the angle of the sustainable livelihood approach because it reduces the poverty and enhances the wellbeing of poor. Ahmad (2012) and Burjorjee and Jennings (2008) demonstrated that microcredit has a positive impact on the women entrepreneurs in Yemen through stimulating new businesses formation and reducing poverty.

- *Saving*

Transforming microfinance institutions from depending on the government grant and donor funds into self-sufficient has accompanied with the needs to diversify their products and consolidate their market share. In order to achieve that, microfinance institutions have been



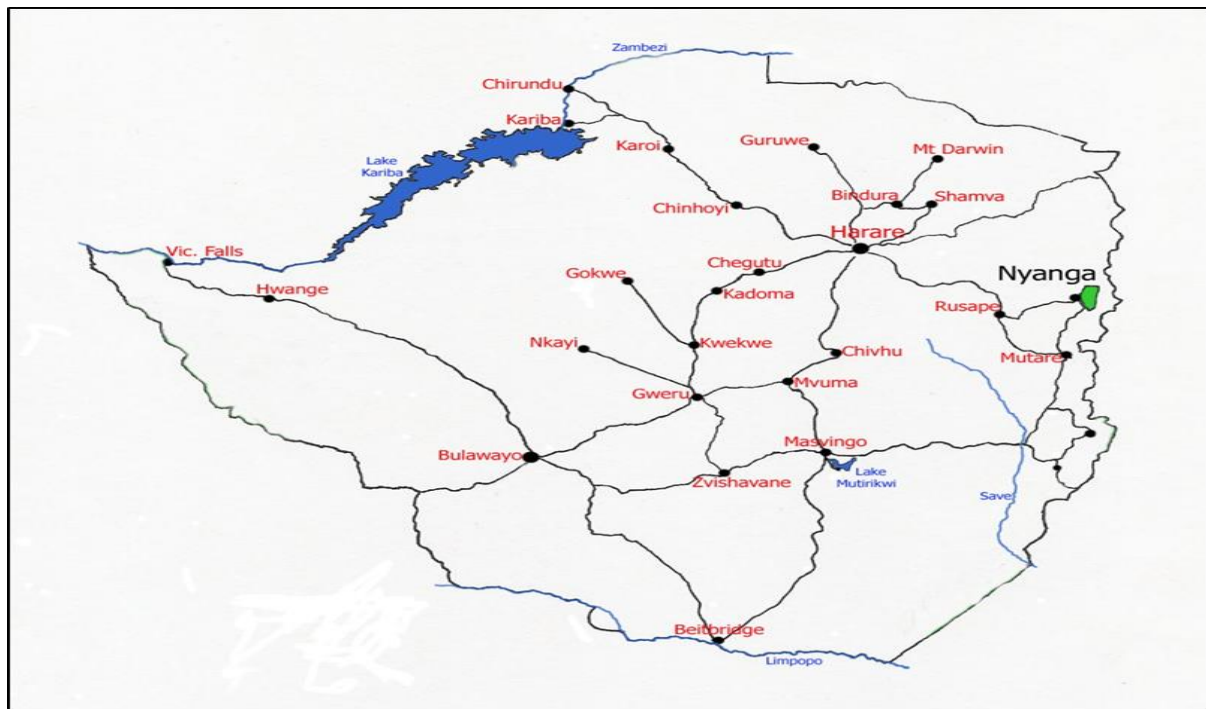
tailored saving products to relieve unexpected shocks that maybe face poor and enhance their repayment rate as well as support the financial position of microfinance institutions. There are different types of savings services that are offered by MFIs such as insurance, deposits, compulsory and voluntary and others. However, the most common ones are voluntary and mandatory savings.

### *3.4.2 Nonfinancial Services*

The financial services that provided by MFIs are important sources for job creation, new businesses formation, and livelihoods improvement. However, financial services alone are not enough to continuously improving the livelihood of the clients and enhancing the sustainability of their micro and small businesses. Thus, the necessity of integrated nonfinancial services and microcredit has been recommended by many studies and researchers. Hamdan et al. (2012) recommended that the clients of the Malaysian microfinance institutions should be engaged in entrepreneurial and business skills trainings before start operationalizing their microenterprises. Mensah and Benedict (2010) argue that the entrepreneurship training has a potential to enhance the capacity of micro and small enterprises for jobs creation and growth in the South of Africa. They also assert that the entrepreneurial trainings will be more effective when combined with microcredit service. The integration between financial and nonfinancial services has been recommended as a proxy to boost micro and small enterprises and advance the clients livelihoods. But, this integration might be costly compared to the promised benefits. Therefore, non-government and government subsidies are needed to cover the cost of nonfinancial services that provided by microfinance institutions to poor.

## **4. Methodology**

This research took place in the form of a case study targeting all women entrepreneurs in Nyanga who have accessed credit from MFIs. Nyanga is a town that is located in the north-eastern part of Zimbabwe. Situated 282km from the capital city Harare, Nyanga falls under Nyanga district, in the Manicaland province. The location of Nyanga in Zimbabwe is depicted in Figure 1.



**Figure 1: Location of Nyanga in Zimbabwe.**

**Source: Zimstat (2012)**

Tourism is the main activity in Nyanga. Tourists come from all over the world to enjoy the town's holiday resorts which are coupled with activities like golf, mountain hikes and fishing. Nyamhuka is the town's main township which has witnessed persistent growth in its medium and high density housing. According to the Zimbabwe National Statistics Agency (2012), Nyanga town has a population of approximately 4,800 and Nyanga District has a population of 126,599. The region has vast wild fruit trees producing mangoes, bananas and apples in the wild. The wild fruits are mostly transported to Harare for commercial resale. Over 100 women-owned enterprises and microfinance institutions in the country are operating in Nyanga. In this study, the sample frame was made up of 457 women entrepreneurs in the Nyanga area. A total of 100 questionnaires were administered to the representatives of women-owned enterprises in the Nyanga area regardless of their position in the company. Out of the 100 questionnaires that were distributed to the women-owned enterprises, 91 questionnaires were returned. This result gives a total response rate of 91%. According to Wiersma (1995) 70% is considered to be the minimum acceptable rate of return for questionnaires. Therefore, the response rate of 91% is significantly large enough to ensure that the responses received were a sufficient representation of the women-owned enterprises in the Nyanga area. The data were entered into the Statistical Package for Social Sciences (SPSS) and subjected to descriptive statistics such as frequency and percentage. The results were presented in distribution tables, graphs, charts and diagrams.

#### *4.1 Measurement of key variables*

In an attempt to answer the research questions, the respondents were asked a number of questions in the questionnaire. The respondents were asked to rank the extent at which some 5



challenges affected their dealings with MFIs on a 5-point scale where 1 represented the challenge that affected them the least and 5 the challenge that affected them the most. The maximum attainable score was 455 and the minimum attainable score was 91.

The respondents were also asked to rank the extent at which some 7 challenges affected their business operations on a 5-point scale where 1 represented the challenge that affected them the least and 5 the challenge that affected them the most. The maximum attainable score was 455 and the minimum attainable score was 91.

## 5. Results

### 5.1 Business type

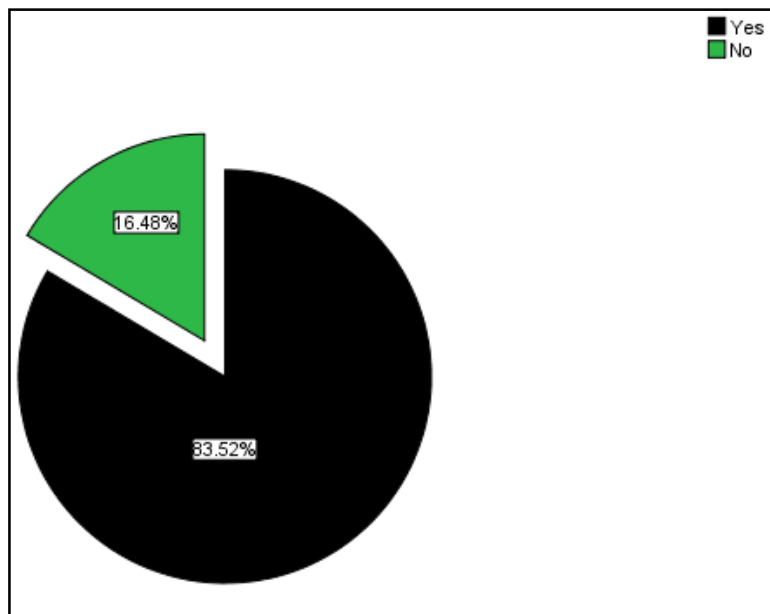
**Table 2: Type of enterprise/business**

<i>Type of enterprise</i>	<b>Frequency</b>	<b>Percent</b>
<i>Canteen/ Restaurant</i>	15	16.48
<i>Boutique</i>	13	14.3
<i>Catering</i>	2	2.2
<i>Event planner</i>	6	6.95
<i>Wedding planner</i>	3	3.30
<i>Tuck shop/Groceries</i>	8	8.79
<i>Interior décor</i>	1	1.10
<i>Flea market/Vendor</i>	26	28.60
<i>Salon/Hair stylist</i>	9	9.89
<i>Knitting/Fashion and fabrics</i>	5	5.49
<i>Make-up artist/Cosmetics</i>	3	3.30
<b>Total</b>	91	100.0

Table 2 shows that 28.6% were in the Flea market/ Vending business, 16.48% were in the Canteen/ Restaurant business, 14.3% were in the clothing business, 9.89% were in the Hair styling business, 8.79% were in the Tuck shop business, 6.95% were in the events planning business, 5.49% were in the Knitting business. 3.30% were in the Cosmetics business, 2.2% were in the catering business while 1.1% were in the interior décor business.

5.2 Challenges facing Women Entrepreneurs in Nyanga area

5.2.1 Challenges in accessing microfinance services



**Figure 2: Do you face any challenges in accessing microfinance services in this community?**

Figure 2 shows that 83.52% claimed that they were faced with challenges when accessing microfinance services in their community.

5.2.2 Challenges affecting dealings with MFIs

**Table 3: Can you rank the extent at which the following 5 challenges affect you when dealing with MFIs.**

Potential Challenges	Score	Mean Score
Long waiting periods for accessing funding	326	3.58
Limited branches	397	4.36
High interest rates	434	4.77
Security /collateral	385	4.23
Short repayment periods	341	3.75

Table 3 shows that long waiting periods for accessing funding had a mean score of 3.58, limited branches had a mean score of 4.36 while high interest rates had a mean score of 4.77. Security had a mean score of 4.23 and short repayment periods had a mean score of 3.75.

5.2.3 Challenges affecting business operations

**Table 4: Can you rank the extent at which the following 7 challenges affect your business operations.**

Potential Challenge	Score	Mean Score
Inadequate information	417	4.58
Poor education and training	389	4.27
Gender inequality and discrimination	331	3.64
Inadequate finance	441	4.85
Insufficient managerial expertise	245	2.69
Absence of social support	302	3.32
Cultural practices that deny women rights	294	3.23

Table 4 shows that inadequate information had a mean score of 4.58, poor education had a mean score of 4.27, gender inequality had a mean score of 3.64 and inadequate finance had a mean score of 4.85. insufficient managerial expertise had a mean score of 2.69, absence of social support had a mean score of 3.32 while cultural practices had a mean score of 3.23.

### 5.3 Products being offered by MFIs in Nyanga area

#### 5.3.1 Services provided by MFIs

**Table 5: Can you highlight the services that you have received from the MFIs in your community.**

Product offering	Score	Mean score
Insurance	189	2.08
Loans	405	4.45
Savings	216	2.37
Financial Advice	369	4.05
Training and capacity Building	345	3.79

Table 5 shows that those that claim to have received insurance services had a mean score of 2.08 and those that claim to have received loans had a mean score of 4.45. Those that received savings services and financial advice had mean scores of 2.37 and 4.05 respectively while those that claimed to have received training and capacity building services had a mean score of 3.79.

5.4 Addressing challenges militating against the survival and growth of women-owned enterprises through MFIs

5.4.1 Empowerment

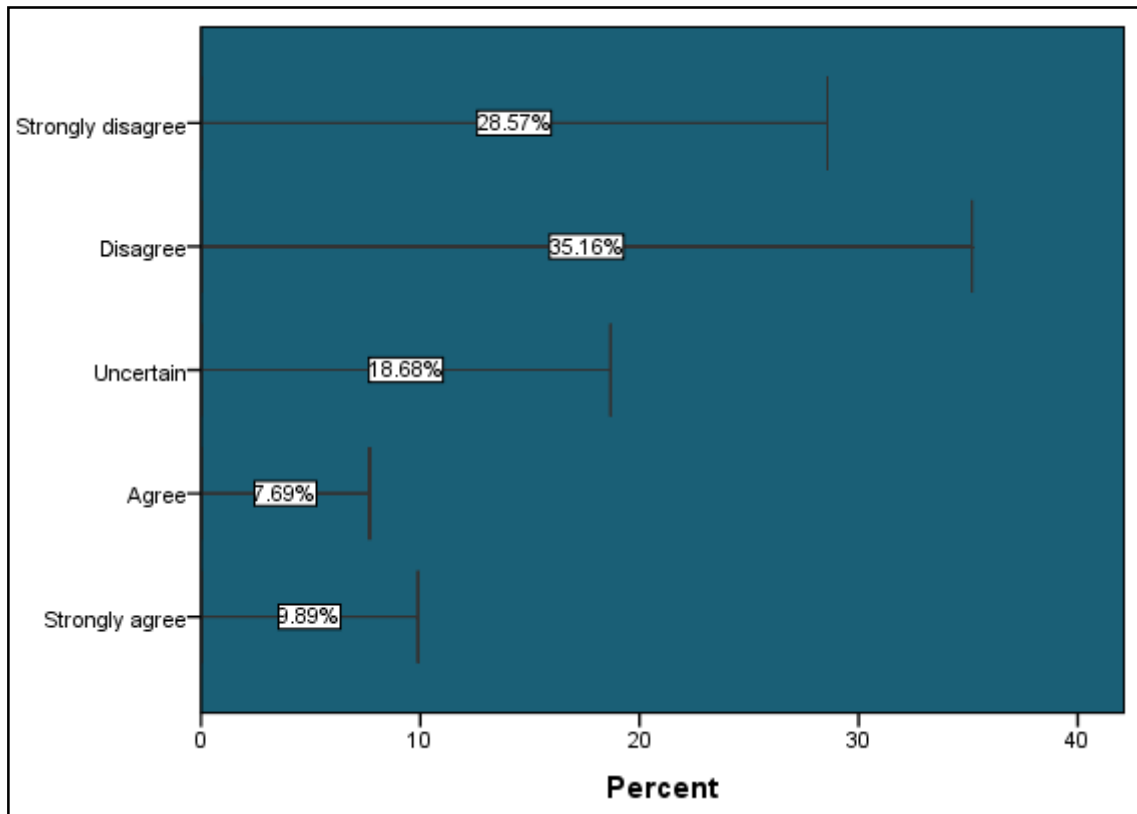
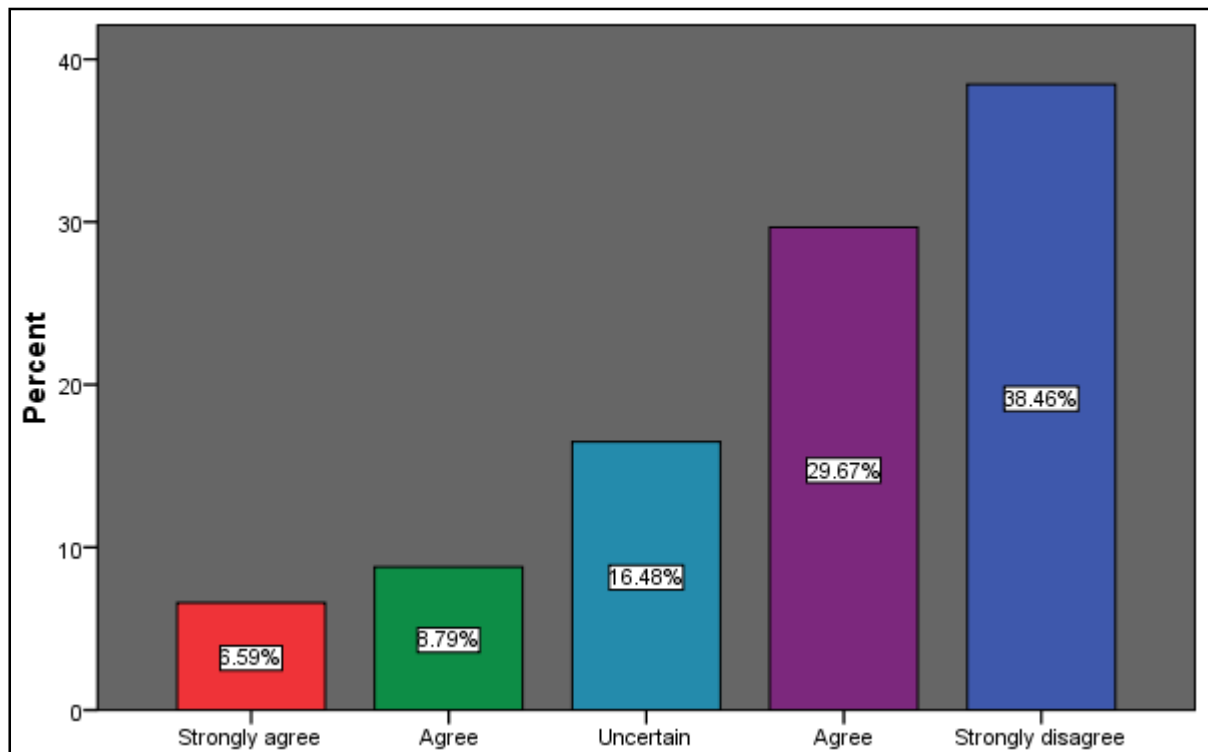


Figure 3: Women in this community have been empowered by microfinance.

Figure 3 shows that 9.89% of the women entrepreneurs in Nyanga strongly agreed that they had been empowered by microfinance. 7.69% agreed, while 18.68% were uncertain. However, 35.16% of the women entrepreneurs disagreed while 28.57% strongly disagreed.

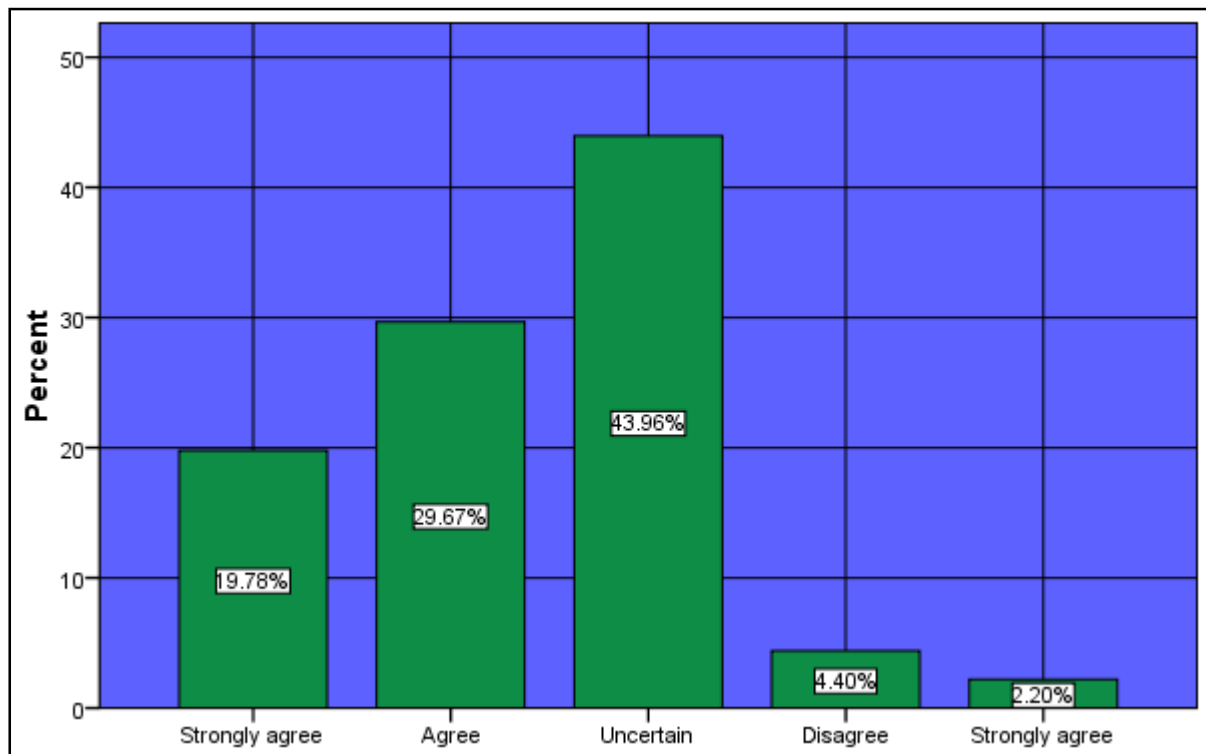
5.4.2 Social status



**Figure 4: Microfinance has contributed to my social status in this community.**

Figure 4 shows that 38.46% strongly disagreed and 29.67% disagreed that microfinance had contributed to their social status in their community. 16.48% were uncertain while 8.79% agreed and 6.59% strongly agreed.

### 5.4.3 Economic status



**Figure 5: Microfinance has not contributed to my economic status in this community.**

Figure 5 shows that 19.78% strongly agreed and 29.67% agreed that microfinance had not contributed to their economic status in the community. 43.96% were uncertain while 4.4% disagreed and 2.2% strongly disagreed.

## 6 Discussion

### 6.1 Challenges being faced by women entrepreneurs in Nyanga

The study revealed that women entrepreneurs in Nyanga are involved in various business ventures which include catering, event planning and knitting. However, most of the women entrepreneurs were in the vending and canteen business, followed by the boutique, tuck shop, event planning and knitting business respectively. Very few women entrepreneurs were in the wedding planning, cosmetics, catering and Interior décor businesses.

The study also found that accessing microfinance services in Nyanga is a big challenge that is facing most of the women entrepreneurs. Thus, the majority of the women entrepreneurs in Nyanga claim to be facing challenges when accessing microfinance services and this may be because of the many faults that are inherent with the MFI's programs in the country. This view is shared by Muteru (2013) who found that Africa is lagging behind in the development of their microfinance programs. Therefore, there may be some outreach challenges whereby the MFIs may fail to serve all those that need their services. As a result, there may be high demand versus low supply and this may cause the interest rates to increase. High interest rate in turn may result in



high credit risk.

According to Bondokoto (2012), Zimbabweans face a number of challenges while dealing with microfinance institutions. Bondokoto (2012) stresses that the loan repayment periods are too short for the borrowers and interest rates charged on loans are not favorable for women entrepreneurs. It was also discovered in the study that women entrepreneurs in Nyanga encounter numerous challenges when dealing with MFIs. However, the most severe challenge is that of high interest rates followed by limited branches and collateral. This concurs with Sharief's (2008) finding that microfinance institutions have failed to live up to their expectations of helping poor people with affordable credit services. This implies that the services offered by MFIs are not affordable since the interest rates are high. The least severe challenges include short repayment periods and long waiting periods for accessing funding.

Muteru (2013) argues that credit is an important ingredient of today's economies and facilitates business growth which leads to reduced unemployment and economic growth. Inadequate finance affects business operations of women-owned enterprises in Nyanga the most with a mean score of 4.85. This is consistent with Wube's (2010) finding that accessing credit is one of the major constraints faced by women entrepreneurs. This is followed by the problem of inadequate information with a mean score of 4.58 and that of poor education and training with a mean score of 4.27. In similar vein, Maru and Razia (2016) postulate that a major growth constraint for numerous women entrepreneurs is the lack of occupational experience in the related business. This was followed by the problem of gender inequality and discrimination with a mean score of 3.64, the absence of social support with a 3.32 mean score and that of cultural practices which deny women rights with a 3.23 mean score. Insufficient managerial expertise affects women entrepreneurs in Nyanga the least with a mean score of 2.69.

## **6.2 Products being offered by MFIs in Nyanga**

According to Ocholah (2013) financial services such as microcredit, saving and repayment services are the main tools of microfinance institutions which have the power to help developing countries in their battle against poverty and advance families' wellbeing. MFIs in Nyanga are offering a wide range of services however, the majority claim to have received loans with a mean score of 4.45 followed by financial advice with a 4.05 mean score, training and capacity building with a 3.79 mean score, savings and insurance with 2.37 and 2.08 mean scores respectively. Hence, MFIs in Nyanga are offering both financial and non-financial services. The necessity of integrated nonfinancial services and microcredit has been recommended by many studies and researchers. Hamdan et al. (2012) recommended that the clients of the Malaysian microfinance institutions should be engaged in entrepreneurial and business skills trainings before start operationalizing their microenterprises.

### **6.3 The extent to which MFIs have helped address challenges militating against the survival and growth of women-owned enterprises**

Rizia (2016) confirm that MFIs focus on women with an objective of empowering them. However, the majority of the women entrepreneurs in Nyanga claimed that they had not been empowered by the MFIs in their community. Moreover, most of the women entrepreneurs in Nyanga believe that microfinance has not contributed to their social status. Additionally, Bondokoto (2012) views microfinance as a poverty alleviation tool which later leads to economic empowerment. However, the majority of the women entrepreneurs in Nyanga believe that microfinance has not contributed to their economic status.

## **7 Conclusions**

The following conclusions could be drawn based on the specific objectives of the study. Inadequate finance, inadequate information, poor education and training, gender inequality and discrimination, absence of social support, cultural practices which deny women rights and insufficient managerial expertise were challenges facing the business operation of women-owned enterprises in Nyanga. In addition, the majority of the women entrepreneurs in Nyanga are facing challenges when accessing microfinance services. However, the most severe challenge affecting women entrepreneurs' access to funding is the high interest rates.

The study also concludes that MFIs in the Nyanga area mainly provide microcredit and financial advice among a portfolio of other services which include insurance, savings, training and capacity building.

Additionally, the study also concludes that MFIs have empowered women entrepreneurs in Nyanga to a lesser extent. Microfinance has failed to improve the social and economic status of most of the women entrepreneurs in Nyanga.

## **8. Recommendations**

High interest rates have been cited in this study as the major constraint that is affecting women entrepreneurs' dealings with MFIs. Hence, MFIs could reduce their interest rates in order to make borrowing more affordable for women entrepreneurs. If the interest rates are reduced, more women entrepreneurs will apply for loans to the MFIs because the loans will be affordable. The women entrepreneurs will also borrow larger amounts and hence will increase their scale of production. It must be noted that the MFIs will also benefit from the increase in loan demand as the loans are also another source of income for the MFIs.

The study also revealed that MFIs have contributed less to the social and economic empowerment of women entrepreneurs in Nyanga. Thus, MFIs in Nyanga seem not to have the capacity to serve women entrepreneurs. Therefore, the government of Zimbabwe could build the capacity of MFIs to better serve women entrepreneurs.

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