

**PERCEPTION OF THE EFFECT OF MICROFINANCE ON ENTREPRENEURSHIP
SKILLS DEVELOPMENT OF WOMEN IN RURAL MALAWI**

MASTER OF BUSINESS ADMINISTRATION DISSERTATION

FALIOT MARTIN TONDOLE AMANZI

UNIVERSITY OF MALAWI

THE POLYTECHNIC

FEBRUARY 2024



**PERCEPTION OF THE EFFECT OF MICROFINANCE ON ENTREPRENEURSHIP
SKILLS DEVELOPMENT OF WOMEN IN RURAL MALAWI**

MASTER OF BUSINESS ADMINISTRATION DISSERTATION

By

FALIOT MARTIN TONDOLE AMANZI

**A Dissertation Submitted to Management Studies Department, Faculty of Commerce, in
Partial Fulfilment of the Requirements for the Award of a Degree of Master of Business
Administration**

University of Malawi

The Polytechnic

February 2024

DECLARATION

I, Faliot Martin Tondole Amanzi, declare that this study, 'PERCEPTION OF THE EFFECT OF MICROFINANCE ON ENTREPRENEURSHIP SKILLS DEVELOPMENT OF WOMEN IN RURAL MALAWI' is my original research work. This dissertation has not been submitted to any other university for the award of any other qualification. All data and information used in this research work have been duly acknowledged in the text, references, and appendices.

Signature: _____ 

Date: February 2024

WORD COUNT: 27 559

CERTIFICATE OF APPROVAL

We, the undersigned, hereby certify that we have read and approve for examination by the University of Malawi, Polytechnic this dissertation entitled “Perception of The Effect of Microfinance on Entrepreneurship Skills Development of Women in Rural Malawi”.

Supervisor: Mr. Fredrick Banda

Signature:

Date:

Head of Department: Dr. George Dzimbiri

Signature:

Date:

Dean of Postgraduate Studies: Ass. Prof. Rhoda Bakuwa

Signature:

Date:

DEDICATION

To my wife Wezzie Mgungwe Amanzi and my daughter Muwemi Mable Faliot

ACKNOWLEDGEMENTS

I wish to acknowledge the invaluable support I received from my supervisor, Mr. Fredrick Banda, who despite his busy schedule was able to provide guidance throughout the time this research work was conducted. He provided very constructive criticism and provided it timely. He was of great assistance in helping me understand Stata which was the software used in data analysis.

A warm and special tribute is paid to my wife Wezzie Mgungwe Amanzi, daughter Muwemi Mable Faliot and family for their continuing support and encouragement for this dissertation. Thanks, and appreciation also to my elder brother Boston Anxious Amanzi and sister in-law (Aisha Amanzi) for being part and parcel of my life journey. I am full of gratitude to the University of Malawi for according me the opportunity to undertake graduate studies programme. I am also highly indebted to my lecturers at the University of Malawi (the Polytechnic). They have been very helpful throughout my MBA journey. I would also like to acknowledged the support I got from my fellow MBA students.

ABSTRACT

This study aimed at assessing the Perception of the Effect of Microfinance on Entrepreneurship Skills Development of Women in Rural Malawi by FINCA Malawi. The contribution of microfinance to entrepreneurship activities is increasingly being recognized as one of the primary drivers of economic growth (Cull & Morduch, 2018). Entrepreneurs are the link between new ideas and economic development (Monitor, 2016). Microfinance, created as an institution to enable low-income household individuals to access loans with specific conditions, enables low-income household individuals to develop business skills and generate high income from business (Hassan & Ibrahim, 2015). There is a direct relationship among the development of a community, availability of capital, and skills development of people in a given community. In developing countries like Malawi where capital for doing business is scarce, skills of people may remain hidden. For a community to realise its potential, it needs skills of the people as well as capital to start business (Mckenzie & Woodruff, 2006). Therefore, the role of banks and microfinance institutions is to provide capital stock which in turn may lead to the development of entrepreneurship skills. This study aimed at filling the knowledge gap on the perceived effect of microfinance services and entrepreneurial skill development of women in rural Malawi. Specifically, it sought to achieve three objectives, namely, to examine the perceived effect of loans on the development of entrepreneurship skills of women in rural Malawi, to examine the perceived effect of business training availability on entrepreneurial skills development of women in rural Malawi, and to analyse the perceived effect of savings on the development of entrepreneurial skills of women in rural Malawi. FINCA Malawi, was used as a case study. The population of the study was 1,986. The study had a sample of 85 respondents which was drawn based on Central Limit Theorem and was stratified from Blantyre, Thyolo and Chiradzulu. A closed questionnaire was used to collect data. Out of the 85 respondents, 80 respondents completed and returned the questionnaire. Using an ordered logistic regression model, the study concluded that microfinance services are perceived to have an effect on rural women's development of entrepreneurship skills. This study recommends that future studies should involve multiple microfinance institutions rather than concentrating on one institution. It also recommends having control population for comparison with results obtained from the target population.

TABLE OF CONTENTS

DECLARATION	ii
CERTIFICATE OF APPROVAL.....	iii
DEDICATION	iv
ACKNOWLEDGEMENTS	v
ABSTRACT	vi
LIST OF TABLES.....	ix
LIST OF APENDICES	x
LIST OF ABBREVIATION AND ACRONYMS	xi
CHAPTER 1: INTRODUCTION	1
1.1 Introduction	1
1.2 Background.....	1
1.2.1 Microfinance in Malawi	2
1.2.2 Overview of FINCA Malawi.....	3
1.3 Problem Statement.....	4
1.4 Study Objectives.....	5
1.4.1 Main Objective	5
1.4.2 Specific Objectives	5
1.5 Research Questions.....	5
1.6 Hypotheses.....	5
1.7 Significance of the Study.....	6
1.8 Theoretical Framework.....	6
1.8.1 Innovation Theory of Entrepreneurship	6
1.8.2 Nair’s Theory of Microfinance.....	8
1.8.3 The Grameen Models	9
1.8.4 The Esusu Model.....	10
CHAPTER 2: LITERATURE REVIEW	11
2.1 Introduction	11
2.2 Entrepreneurship.....	11
2.2.1 Women Entrepreneurs	12
2.2.2 Entrepreneurship in Rural Areas	14
2.2.3 Conceptualizing Entrepreneurship Development.....	15
2.3 Entrepreneurship and Microfinance	16
2.4 Empirical Literature Review	18

2.5	Gaps in Research	21
CHAPTER 3: METHODOLOGY		25
3.1	Introduction	25
3.2	Study Area	25
3.3	Research Design	25
3.4	Population of the Study	25
3.5	Sampling Design, Sampling Frame, and Sample Size	26
3.5.1	Sampling Frame.....	26
3.5.2	Sampling Technique	26
3.5.3	Sample Size	27
3.6	Data Collection and Research Instruments.....	27
3.6.1	Data Collection	27
3.6.2	Research Instruments.....	27
3.7	Data Analysis.....	28
3.8	Reliability and Validity	29
3.9	Data Normality	29
3.10	Ethical Issues	29
CHAPTER 4: RESULTS: PRESENTATION AND DISCUSSION		31
4.0	Introduction	31
4.1	Response Rate.....	31
4.2	Demographic Characteristics.....	31
4.3	Findings according to the Objectives	33
4.3.1	Access to Loans and Development of Entrepreneurial Skills	33
4.3.2	Training Availability and Entrepreneurial Skills Development	42
4.3.3	Savings Availability and Entrepreneurial Skills Development	48
4.4	Discussion of Findings	56
CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS		58
5.1	Introduction	58
5.2	Summary of the Study	58
5.3	Policy Implications	58
5.4	Conclusion	59
5.5	Suggestions for future research	60
5.6	Study Limitations	60
REFERENCES		61

LIST OF TABLES

Table 1: Demographic Data.....	32
Table 2: Perceived Effect of Loans on Entrepreneurial Skills Development.....	34
Table 3: Education and Ability to Notice Opportunities.....	34
Table 4: Education and Ability to Solve Community Problems.....	35
Table 5: Education and Ability to Hire and Train Workers.....	36
Table 6: Education and Ability to Start New Businesses.....	37
Table 7: Education and Meeting Customer Demands.....	37
Table 8: Perceived Effect of Loans on Noticing Opportunity.....	38
Table 9: Perceived Effect of Loans on Solving Community Problems.....	39
Table 10: The Perceived Effect of Loans on Hiring and Training of Workers.....	40
Table 11: The Perceived Effect of Loans on Meeting Customer Demands.....	41
Table 12: Skill Acquisition: Perceived Effect of Training.....	42
Table 13: Education and Mastery of Business Skills.....	43
Table 14: Education and Increased Motivation.....	44
Table 15: Education and Knowledge of Bookkeeping.....	45
Table 16: Education and Marketing Skills.....	45
Table 17: Perceived Effect of Training on Marketing Skills.....	47
Table 18: Skill Acquisition: Perceived Effect of Savings.....	48
Table 19: Education: Perceived Effect of Savings on Decision Making.....	49
Table 20: Education: Perceived Effect of Savings on Meeting Opportunities.....	50
Table 21: Education: Perceived Effect of Savings on Business Equipment.....	51
Table 22: Education: Perceived Effect of Savings on Business Growth.....	51
Table 23: Perceived Effect of Savings on Decision Making.....	52
Table 24: Perceived Effect of Savings on Missing Opportunity.....	53
Table 25: Perceived Effect of Savings on Business Equipment.....	54
Table 26: Perceived Effect of Savings on Business Growth.....	55

LIST OF APPENDICES

Appendix 1: Questionnaire	72
Appendix 2: Letter of Permission.....	75
Appendix 3: Tables of coefficients and results that are not statistically significant.	76

ABBREVIATIONS AND ACRONYMS

BEP	Business, Economic and Political
DTMFI	Deposit Taking Microfinance Institution
FAO	Food and Agriculture Organisation
FINCA	Foundation for International Community Assistance
GDP	Gross Domestic Product
MFI	Micro Finance Institution
NGO	Non-Governmental Organizations
NSO	National Statistics Office
SACCO	Savings and Credit Cooperative Organisation
SME	Small and Medium-Sized Enterprises
USA	United States of America
USAID	United State Agency for International Development

CHAPTER 1: INTRODUCTION

1.1 Introduction

This chapter lays down the foundation for the whole study. The chapter states the problem that was being investigated, outlines the objectives of the study, research questions, and significance of the study.

1.2 Background

This study sought to examine the perceived effect of microfinance on development of entrepreneurship skills of women in rural Malawi. The contribution of microfinance to entrepreneurship activities is increasingly being recognized as one of the primary drivers of economic growth (Cull & Morduch, 2018). The availability of microfinance enables entrepreneurs to create new products and services. Entrepreneurs are the link between new ideas and economic development (Monitor, 2016). The Global Entrepreneurship Monitor (GEM) indicates that nations with higher levels of entrepreneurial activity enjoy strong economic growth. In short, entrepreneurs are the link between new ideas and economic development (Hassan & Ibrahim, 2015).

According to Young and Grinsfelder (2011), around the globe, many government agencies use entrepreneurship as a solution to overcome social problems in their countries. Literature on the effect of microfinance on entrepreneurial skills development provides evidence that such programmes tend to create and strengthen the ability of those from poorer backgrounds in managing businesses (Monitor, 2016). Yunus (2007) points out that poorer individuals have skills that are not utilized, mainly because existing institutions and policies fail to identify the appropriate skills and resources needed by people. Therefore, microfinance, created as an institution to enable low-income household individuals to access loans with specific conditions, enable low-income household individuals to develop business skills and generate high income from business (Hassan & Ibrahim, 2015).

For a country like Malawi, the importance of small and medium scale enterprises cannot be emphasized. A study by Ndala and Pelsler (2020) show that Malawi Government's policy on entrepreneurship is underdeveloped. Despite this, efforts have been made by Malawi Government to promote entrepreneurial mind-set through creation of Ministry of Trade and Industry as well as establishment of Technical Education, Vocational and Entrepreneurial Training Authority (TEVETA), National Economic Empowerment Fund (NEEF), and Small and Medium Enterprise Development Institute (SMEDI). These are some of the public

institutions that promote entrepreneurial mind-set. However, lack of clear policy on entrepreneurship leads to lack of collaboration and coordination among the public institutions that promote entrepreneurship. Lack of coordination makes the level of access to support by SMEs unsatisfactory. This causes SMEs not to be aware of the support that these public institutions provide.

The proliferation of public and private higher learning institutions in Malawi that offer entrepreneurship as a course is a recognition of the important role that entrepreneurship plays in social and economic development of a country (Delaney et al., 2019). The Ministry of Industry and Trade as custodian of SME policy in Malawi needs to coordinate the efforts of various players in entrepreneurship. In Malawi, small and medium enterprises are significant contributors towards creation of employment, development, and economic growth (Chetama et al., 2016). Malawi Government's view on entrepreneurship is that it is a tool for creation of decent jobs and opportunities for the youth (Malawi Government, 2020).

Small scale enterprise is very crucial to the development of a country's economy. It is the bedrock of any nation's industrialization. According to Karanja (2011), there is a correlation between improving the availability of microfinance services to small and medium scale enterprises and the increase in the growth of entrepreneurial activities.

Microfinance has been seen as a tool for growth and ensuring the welfare of micro and small medium enterprises. It is for this reason that this study sought to understand the effect of microfinance on entrepreneurship skills development of rural women.

1.2.1 Microfinance in Malawi

Microfinance in Malawi remained unregulated until the enforcement of the Microfinance Act of 2010. The Reserve Bank of Malawi (RBM) has the mandate to regulate microfinance industry in Malawi. Prior to 2010, several policies were established for the microfinance industry in Malawi (Kalanda, 2006). The Government of Malawi from 1981 to 1994 implemented a series of policy interventions through World Bank and IMF-backed Structural Adjustment Programs aimed at sustainable growth. While broad policies favour access to finance, the level of development of the financial and banking sector depends on a sound macroeconomic environment (Wieslaw, 2016). In 2002, the Government of Malawi drafted and approved a Microfinance Policy Statement that described its vision for the development of microfinance in Malawi (USAID, 2009). The policy recommended the development of a new legal, regulatory and supervisory framework for microfinance in Malawi (Burrutt, 2006).

The microfinance industry in Malawi is made up of non-governmental organizations (NGOs), Savings and Credit Cooperatives (SACCOs), non-deposit taking MFIs, deposit-taking MFIs, and microcredit agencies. According to The Registrar of Financial Institutions in Malawi 2021 annual report, there were a total of 71 MFIs comprising 56 microcredit agencies, 11 non-deposit taking MFIs, 4 deposit-taking MFIs, and 38 financial cooperatives. The Malawian microfinance industry has made progress in several key areas such as the establishment of credit reference bureau and enactment of Microfinance Bill of 2010. However, microfinance in Malawi still remains largely underdeveloped. The key challenges facing MFIs include capacity building, funding, the introduction of new regulations, and the implementation and enforcement of these regulations (Malawi Government, 2021).

According to Malawi Government (2021), the deposit taking MFIs have a client base of 189,081 of which 58.2 percent are women; the non-deposit taking MFIs serve a total of 267,834 of which 38.6 percent are women; the cooperatives sector serves 170,165 of which 36.1 percent are female. Reserve Bank of Malawi 2021 annual report shows that more women are saving their money with MFIs than male counterparts. On the contrary, less women have access to financing than male counterparts as only 38.6 percent have access to funding. This study used FINCA, an NGO in the microfinance industry in Malawi, as its case study.

1.2.2 Overview of FINCA Malawi

FINCA Limited is a Subsidiary of FINCA Effect Finance (FIF), and part of a network of 20 international MFIs and banks that provide socially responsible financial services worldwide to enable low-income individuals and communities to invest in their future. FINCA Limited started its operations in Malawi in 1994. At the time of this study FINCA Limited's head office was in Blantyre, and it operated 22 branches countrywide servicing both rural and urban entrepreneurs with financial needs. According to FINCA's credit manager, at the time of this research, FINCA Malawi had a loan clientele of 22,191 with 60 percent being female clients, and a total loan portfolio of about Thirteen Billion Malawi Kwacha. Initially, FINCA started as an MFI offering loans in groups. Later, it introduced individual loans after registering successful performance with this product. In 2015, FINCA Limited received a deposit taking license which transformed FINCA into the first Deposit Taking MFI (DTMFI) in Malawi, enabling it to offer both Savings and Credit products (FINCA, n.d.). Over the past years, FINCA's focus has been on helping low-income individuals and communities to invest in their future. This is based on its mission to fight poverty through providing lasting and life-changing financial solutions. As such, customers are able to access credit through group loans and

individual loans. On the other hand, clients are able to deposit their savings through FINCA Phindu Savings account, Group Savings account, or FINCA fixed account (FINCA, n.d.).

1.3 Problem statement

There is a direct relationship among the development of a community, availability of capital, and skills development of the people in a given community. For a community to realise its potential, it needs skills of the people as well as capital to start business (Mckenzie & Woodruff, 2006). However, in developing countries like Malawi where the capital for doing business is scarce, skills of people may remain hidden. Therefore, the role of banks and MFIs is to provide capital stock which in turn may lead to the development of entrepreneurship skills.

Literature on the effect of microfinance services on entrepreneurial skills provides evidence that such programs tend to create and strengthen the ability of those from poorer backgrounds in managing businesses. Previous studies (Brau & Woller, 2004; Ranabahu & Tanima, 2022) focussed on the content of microfinance services without greater investigation on the effect of microfinance services on rural women's entrepreneurial abilities and skills developed through self-employment. Other studies claim that entrepreneurial related skills are significant outcomes of innovation in microcredit schemes (Lahimer et al., 2013). No studies in Malawi have considered the effect of microfinance on entrepreneurial skills development of women in rural Malawi. Moreover, other studies (Afshan et al., 2021; Langley et al., 2020; Panda, 2018) focused on welfare effects but paid less attention on entrepreneurship skills development. This study recognises that there is already existing research on this topic in other parts of the world as per literature review. However, in Malawi context, there is no research on this topic. The study therefore, aims to fill the knowledge gap on the perceived effect of microfinance services on entrepreneurial skills development of women in rural Malawi.

The study focuses on women because according to Ajide and Dada (2023), entrepreneurship contributes in various ways to economic development and job creation. As a result, adult women represent a readily available pool of potential entrepreneurial activity that countries may leverage to improve their economies (Monitor, 2016). According to Malawi National Statistics Office (NSO) 2018 census, about 52% of Malawi population is women; as such, the entrepreneurial behaviour of women cannot be ignored if Malawi is to attain social equity; hence, the focus on women. This is in line with what Jawaharlal Nehru, former Prime Minister of India said as quoted by Indian Youth Congress of 2020 that when a woman moves forward, the family moves, the village moves, and the nation moves. The study focuses on rural women because according to NSO, over 80 percent of Malawi population lives in rural areas and

Malawi aspires to be an inclusive wealthy and self-reliant nation by 2063. Rural women are a significant part of rural population and are an important component in attainment of this vision (Malawi Government, 2020); hence, the study focuses on rural women.

1.4 Study objectives

The study addressed the following objectives:

1.4.1 Main objective

The main objective of the study was to examine the perceived effect of FINCA Malawi's microfinance services on entrepreneurship skills development of women in rural Malawi.

1.4.2 Specific objectives

The study addressed the following specific objectives:

- i. To examine the perceived effect of microfinance loans on the development of entrepreneurship skills of women in rural Malawi.
- ii. To examine the perceived effect of microfinance business training availability on entrepreneurial skills development of women in rural Malawi.
- iii. To analyse the perceived effect of microfinance savings on the development of entrepreneurial skills of women in rural Malawi.

1.5 Research questions

From the statement of the problem above, this research aimed to address the following research questions:

- i. Is there perceived effect of microfinance loans on the development of entrepreneurial skills of rural women in Malawi?
- ii. What is the perceived effect of microfinance business training availability on the development of entrepreneurship skills of women in rural Malawi?
- iii. Are microfinance savings perceived to affect the development of entrepreneurial skills of women in rural Malawi?

1.6 Hypotheses

To answer the research questions posed for the study, the following hypotheses were used which are formulated in a null form.

- i. Microfinance loans have no perceived relationship with development of entrepreneurship skills of rural women in Malawi.
- ii. Microfinance business training availability has no perceived relationship with the development of entrepreneurship skills of women in rural Malawi.
- iii. Microfinance savings have no perceived relationship with the development of entrepreneurship skills of women in rural Malawi.

1.7 Significance of the study

This study adds to knowledge of how policy makers can grow the economy through their support of entrepreneurship development which has been identified as the driver of economic growth. Registrar of financial institutions and other financial institutions may benefit from the study because it provides a veritable base for the effective functioning of financial institutions for the development of entrepreneurial activities. Also, students of institutions of higher learning especially those in management may benefit from this study because it offers insights into the role of microfinance in promoting entrepreneurship.

1.8 Theoretical framework

This study was anchored on two theories and two models. The theories are Innovation Theory of Entrepreneurship and Nair's Theory of Microfinance; on the other hand, the two models are the Grameen and Esusu Models.

1.8.1 Innovation Theory of Entrepreneurship

Innovation theory of entrepreneurship was founded by Joseph Schumpeter in 1934. Schumpeter's theory of entrepreneurship is a major part of his general theory of economic development espoused in his 'Theory of Economic Development' (1934). Schumpeter defined entrepreneurship as a creative activity (Meir & Baldwin, 2010, as cited in Sussan & Obamuyi, 2018). An innovator who brings new products or services into the economy is an entrepreneur. Schumpeter thought of innovation as a function consistent with all entrepreneurs. The innovator is the entrepreneur and the entrepreneur is the innovator. The entrepreneur undertakes new combinations of the existing factors of production in any of the following ways: in the introduction of a new good, in the use of a new method of production, in the opening up of a new market, in the exploitation of a new source of raw material supply, and in the reorganization of any industry (Meir & Baldwin, 2010, as cited in Sussan & Obamuyi, 2018).

As mentioned earlier, Innovation Theory of Entrepreneurship is part of a General Economic Theory. In this theory, economic development occurs through a dynamic process of boom and

depression. In line with a synthesis of Schumpeter's work by Mbaegbu (2008), as cited in Sussan and Obamuyi (2018), the depression which follows a boom is caused by the entrepreneur when he/she initiates an innovation. The recession or depression comes through a process of "creative destruction" which is Schumpeter's way of expressing market saturation and decline. With innovation, old firms find their markets being destroyed by the advent of new competing products and new firms market the old products at much lower prices taking competitive advantage. The process forces some established firms who cannot compete to go under or become bankrupt. When the state of instability (disequilibrium) in the industry makes it unattractive for new firms to move in, the business cycle is completed. The cycle starts again once a new state of equilibrium higher than the old one is restored and the stage is set again for a new wave of innovations and repetition of the business cycle to commence.

It can be stated therefore that economic development in the Schumpeterian model is an uneven and disharmonious process that ebbs and flows like the waves at the seaside. According to Schumpeter, the supply of entrepreneurship is a function of the rate of profit and the 'social climate'. He further posited in this model that a good economic system would normally encourage entrepreneurship while a moribund economic system would discourage entrepreneurship. In view of this, a development policy tending towards government intervention or regulations designed to limit profit or redistribute income or squeezing private gain such as government price controls and taxation, will ultimately discourage entrepreneurship.

In Schumpeter's concept, the variable 'social climate' is a complex phenomenon encompassing the whole social, political and socio psychological environment within which the entrepreneur must operate and invest in. It includes the educational system, the social values, the class structure, the nature and extent of prestige and other rewards that accompany business success, as well as the attitude of society towards business success (O'Higgins & Sbrigilia, 2016). It is worth noting that this theory assumes that only innovation provides market power. This disregards the role that price competition plays on the market. The theory also assumes that resources will always shift from less innovative industries to more innovative ones. In the absence of redeployment of resources, the theory is rendered irrelevant. Despite these shortfalls, this theory is the basis for this study because if microfinance institutions are active and playing essential role in the development of entrepreneurship, women and young women entrepreneurs in rural Malawi will have insight, self-esteem, and knowledge to act where others have hesitated. Entrepreneurship requires certain human attitudes that demonstrate certain abilities, knowledge, technical know-how. and competencies for one to act where others have hesitated.

Microfinance develops programs that aim at developing such human behaviours in low - income individuals, most of whom are women living in rural areas, in order to promote and develop their entrepreneurial skills.

1.8.2 Nair's Theory of Microfinance

Nair's theory of microfinance provides an insight into what microfinance aim at while Schumpeter's theory provides an understanding of entrepreneurship. According to Nair's Theory of Microfinance, the purpose of micro-finance is to enable the acquisition of technological capital to kick-start the entrepreneurial process (Navajas et al., 2000). Politically, the idea that the free market can help break debt cycles and foster income-generating market activities within poor communities did not gain recognition until the publicity won by the Grameen Bank (Hassan, 2002). Government social policy could not reconcile the high interest rates associated with micro debt markets and indeed often sought to shut down those markets by enforcing usury laws (Crabb, 2008; Elahi & Danopoulos, 2004; Tsai, 2004). Studies highlighted in the subsequent paragraph provides more insight into what microfinance is all about.

Early studies in microfinance aimed at understanding why such programmes worked or did not (Brau & Woller, 2004; Nair, 2001). Microfinance programmes aimed at providing micro loans to kick start entrepreneurial process. A microloan, typically a few dollars to less than two hundred dollars were disbursed through a loan committee composed of trusted members (usually elders) of a village or community. The loan committee then disburses loans to groups of four or five borrowers who are known to each other (some programs prohibit relatives from belonging to the same borrowing group) and who then decide among themselves who would get the first tranche of loans. These 'solidarity groups' meet weekly to discuss their businesses, problems, and family issues, all of which affect the ability of a member to repay on time. Groups receive advice from program officers, who often act, as with the Grameen Bank, as family counsellors, social workers, emergency first responders, and financial advisors (Chavan & Ramakumar, 2002; Hassan, 2002). Such extreme relationship management practices are designed to build trust, compound social capital, and strengthen network ties among the borrowers and the MFIs. In the early days of the Grameen Bank, founded by Mohammed Yunus in Bangladesh, bank officers found it difficult to give out loans because of suspicion among villagers, and experienced push back from the village chettiers (moneylenders) that viewed the Bank as competition. Bank officers resorted to social work first to build trust before promulgating their loan program (Hassan, 2002).

From a business standpoint, other obstacles have denied poor people access to credit, viz a viz the lack of collateral. No standard existed to affirm how financial institutions could benefit from bearing the administrative costs and the risks of loaning to the poor (Brau & Woller, 2004). Servicing microloans or monitoring the provision of grants is economically infeasible for traditional financial institutions and government because of the costs of identifying, delivering, and monitoring micro-credit to communities who are not already part of the market economy (Navajas et al., 2000; Tsai, 2004).

However, MFIs such as Grameen Bank have shown that the notion that credit must be extended in large quantities to be profitable is false (Hassan, 2002). Grameen Bank and others have given loans to solidarity groups of five people, using the opportunity for everyone in the group to secure future credit as collateral, with peer pressure as an additional incentive to ensure repayment. By charging market interest rates (or higher than market interest rates), these institutions are able to cover their administrative costs while enjoying repayment rates which are significantly higher than that of traditional commercial banks (Nair, 2001).

1.8.3 The Grameen models

Grameen Bank of Bangladesh was established in 1983 as an independent specialized bank after an experimental period of six years starting from 1976 under the supervision of Muhammad Yunus and financed by the Janata Bank, to provide credit to the rural poor, particularly women in Bangladesh. The Grameen Bank experience started with the group concept-informal lending to the poor. It was started to assist landless people in Bangladesh to obtain credit, which could not be obtained through formal commercial banks' credit facilities.

The bank was established in order to improve the economic condition of the rural poor through the creation of opportunities for their self-employment. Grameen Bank loans are not secured by physical collateral like other commercial banks. Instead, they are secured by group collateral complemented with peer monitoring and pressure to enforce repayment. Loans are disbursed through banking units of separate groups of five members for men and women that apply for loan. Individual members of each group receive loans but the entire group is held liable for repayment. In the first round, loan is granted to two members to invest in their business. If these members repay their loans successfully, then four to six weeks later, the next two members also will be guaranteed a loan. The last member will be eligible for loan if the previous two members are able to repay their loans.

Repayment of each member gives room for the next loan and continues like that if all members are able to repay their loans. Invariably, if a member defaults, no other member of the group is legible to receive further loan. Six to eight groups are organized into a community referred to as the “centre” and this constitutes the second-tier level of participation by which Bank official deal with all eight groups. However, this model operates using the modality of collective guarantees, close supervision, and peer pressure from other members of the group. Therefore, the model had been quite successful as a bank for the poor and as a social movement based on principles of awareness and training, which have facilitated active participation of the poor.

1.8.4 The Esusu Model

The study was also anchored on the Esusu Model. Esusu is a revolving loan scheme in Nigeria and entrenched in most West African countries, and operates as an informal micro-credit programme (Akanji, 2008). The groups formed to operate the revolving schemes are voluntarily formed. In this model of microfinance, members make fixed contributions of money at regular intervals. This is quite different from the Grameen model because at each interval, one member collects the entire contributions from all. Every member takes a turn until the cycle is completed, and then it starts again (Akanji, 2008). One perfect function of Esusu is that it serves as a saving mechanism for the last person to take his or her turn. The Esusu are very strong programs that have assisted in promoting entrepreneurship in most of West African countries, particularly among market women in rural/urban markets. Each Esusu’s group has a recognized leader. Esusos are often used as a model by NGOs trying to establish micro-finance programmes in urban settings (Akanji, 2008). The Esusu groups are an equivalent of *chipeleganyu* groups in Malawi.

Demand for loans in Malawi is highly seasonal. About 80% of Malawi’s population live in rural areas and mostly depend on agriculture. October to January is the peak lending season, and loans become due between April and September. According to Burritt (2006), there are few institutions that can underwrite portfolios, manage price and production risks for agricultural markets, or provide micro insurance for clients. This severely limits the capacity of the sector to meet demand.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter is aimed at reviewing literature related to the effect of microfinance on entrepreneurship skills development. It is divided into several sections. These sections include entrepreneurship, women entrepreneurs, entrepreneurship in rural areas, entrepreneurship and microfinance, empirical studies, and gaps in the studies.

2.2 Entrepreneurship

Entrepreneurs identify an innovation to seize an opportunity, mobilize money and management skills, and take calculated risks to open markets for new products, processes, and services (Ojo, 2009). Entrepreneurship development (ED) is the enhancement of entrepreneurial skills and knowledge through structured training and institution building programs (Mwatsika, 2015). ED aims at enlarging the base of entrepreneurs in order to quicken the speed at which new ventures are born. This speeds up employment generation and economic growth. Entrepreneurship development focuses on an individual who wishes to start or expand a business. According to Aminu (2009), entrepreneurial development can be measured in terms of desire to take risk to invest, own a business, start a business, be self-employed, create a new product, open a new market, do something new, form a new method of production, develop self-confidence and internal locus of control. Micro, small, and medium enterprise (MSME) development, on the other hand, focuses on developing the enterprise, whether or not it employs or is led by individuals who can be considered entrepreneurs. Furthermore, entrepreneurship development concentrates more on growth potential and innovation than MSME development does. However, many of the lessons learned from experiences in both types of development are similar. Entrepreneurial young men and women seem to have an abiding passion to unlock their potential and give birth to their dreams of changing their own lives. Many of them also desire to affect the lives of other people through their business creativity and innovative ideas. Interestingly, what most of these entrepreneurs' desire is not even to have money, but for people to believe in them and give them a chance to demonstrate entrepreneurial skills.

A lot of them desire that government policies were friendlier to entrepreneurship development (Imevbore 2008). Onwuliri (2009) opines that entrepreneurs always have two business purposes (motivation). The first is to create value for their loyal customers by meeting their needs, that is, to enjoy a strong customer base. The second purpose is to create value for its owners or shareholders by meeting the needs that necessitated the establishment of the business, that is,

wealth creation, financial security, independence, better lifestyle, entrepreneurship drive, investment opportunity and so forth. The fulfilment of these purposes is the end result of individual entrepreneurial development.

Entrepreneurship development is related to income, savings, and investment. One can save regularly, invest and develop his/her enterprise that is within his reach. He/she can equally get a business idea and go into business through benevolence/intervention as source(s) of capital. But this is not certain because it is such a fortune that does not await every person. It will do a lot of good to teach personal saving as part of entrepreneurial development program since Ndubuisi (1998) says retained earnings (reserve fund) is a strategic business success principle.

Entrepreneurship is one of the main economic activities to generate income in modern society (Aderibigbe, 2013). It is considered as a crucial economic activity that indirectly build competitive business skills and change the economic landscape of a country (Hobohm, 2015). The entrepreneurial role encourages the development of new skills such as assessment and exploitation of opportunities. One of the skills that develops through entrepreneurship is analytical skill. This skill enables an entrepreneur to develop new products and services (Ojo, 2009).

Entrepreneurship can be considered to encompass the practice of building a new firm, particularly starting new businesses based on opportunities given such as financial assistance or business training (Onuoha, 2007). The entrepreneurs must develop their abilities to gain resources, arrange partnership, and exploit opportunities available in the surrounding (Eroglu & Picak, 2011).

2.2.1 Women entrepreneurs

Women Entrepreneurs are women or a group of women who innovate, initiate, organize, and operate a business enterprise. Implicitly, a woman entrepreneur is someone who is considered to be confident, creative, and innovative, and who desires economic independence as an individual, and at the same time creates employment opportunities for others (Rani, 1996). Women significantly contribute to the world's entrepreneurship and business ownership. According to Monitor (2016), as of 2010, there were over 187 million women entrepreneurs worldwide. Women account for 52 percent of the world's population.

Academicians and policymakers agree that entrepreneurship is a catalyst for economic growth and national competitiveness (Gomes et al., 2022; Mwatsika, 2015). However, when women

that are in a majority are not engaged in entrepreneurship, nations lose out on the benefits brought by new products and services, new jobs, as well as on revenue.

The findings of this study therefore may assist policy makers devise appropriate policies that encourage women to engage in entrepreneurial activities. Studies (Langley et al., 2020; Monitor, 2016; Raniga, 2022) show that women in developed economies are most likely to perceive opportunities in their area and have confidence in their capabilities for entrepreneurship than women in developing economies. They are also more likely to know an entrepreneur and to intend to start a business. They have a lower fear of failure compared to women in developing economies in which Malawi falls. Can microfinance be a solution to the challenges that women entrepreneurs face? Additionally, people in developed economies demonstrate more positive attitudes toward entrepreneurship as a career choice.

Compared to men, fewer women believe that there are a lot of opportunities for entrepreneurship and that they have the capabilities for this endeavour. Fewer women than men intend to start businesses and more are dissuaded by fear of failure. Panda (2018) states that constraints faced by women entrepreneurs in developing countries arise from gender discrimination, work-family conflict, difficulty in raising capital, lack of infrastructure, unstable business, economic and political (BEP) environments, lack of training and education, and personality differences. The study further suggests that in addition to financial constraints, unstable BEP environments need to be addressed as top priorities. Raniga (2022) identified the desire for independence, self-fulfilment, wealth creation, social status and power, a flexible lifestyle, and enhancing their creative entrepreneurial skills as factors that motivate women to start business. Additionally, Raniga (2022) highlights insufficient family income, dissatisfaction with a salaried job, difficulty in finding work in the formal work sector, desire for flexible work schedules, and perceived lack of opportunity for career advancement as other factors that motivate women to start businesses.

Langley et al. (2020) reveals that business trainings provided by MFIs enable women to build human capabilities, social networking, and entrepreneurial competencies. The study further states that the trainings enhance the innate capabilities of women. However, access to funding remains a dire challenge for women entrepreneurs. Are these findings applicable to rural women in Malawi? This study aimed at ascertaining this.

2.2.2 Entrepreneurship in rural areas

Integrated rural development under the Malawi Growth and Development Strategy is a key operational framework for achieving sustainable economic growth where rural industrialization is earmarked as a strategy for achieving production diversity, creating employment, reducing poverty, and curbing rural-urban migration. Entrepreneurship has been seen to be central to this process (Mwatsika, 2015). Mwatsika (2015) opines that there is lack of significant entrepreneurship development in rural areas in Malawi. Among other factors, lack of enterprise management skills is singled out as one of the contributing factors. Could microfinance be a solution to unlock entrepreneurial skills for rural populace? The study aimed at answering this question.

It is also observed that a number of women run businesses in rural areas in Malawi despite lack of recognition of their contribution to socio-economic development. This could be attributed to the fact that rural women's businesses are concentrated in informal, micro-size, and low return enterprises. Rural women have entrepreneurial potential which is unrecognized and untapped (FAO, 2010). Rural entrepreneurship can significantly contribute to Malawi's economic wellbeing as the majority of its population lives in rural areas.

According to Malawi National Statistical office, 52 percent of Malawi's population are women and over 80 percent of Malawi's population live in rural areas. This implies that if entrepreneurship in rural areas is supported, it can help in generating decent and productive work, achieve gender equality, reduce poverty, and ensure stronger economies and societies.

Entrepreneurship in rural areas face a number of challenges. Some of the challenges are limited access to financial and business services. Few banks operate in rural areas and loans granted to rural entrepreneurs are rarely large enough to enable meaningful growth of enterprises. Women entrepreneurs, particularly in rural areas, often experience difficulties accessing relevant financial products and services due to lack of appropriate products, information, understanding of their needs, and collateral (Nawaz, 2009).

Business development services are not readily available in many rural areas where there is low population density. Where they do exist, women may not access them due to low literacy, education, time, cost and mobility constraints or because these services do not serve their specific needs. Women are left to rely on friends and family for management decisions and other support for their businesses. In order to address these challenges, there is need to strengthen the capacity of rural women entrepreneurs. This can be attained through programs

that MFIs offer. The findings of this study, therefore, may guide policymakers in building policies that create an enabling environment for rural women entrepreneurs.

2.2.3 Conceptualizing entrepreneurship development

Joseph Schumpeter's contribution to our understanding of the mechanisms of technological progress and economic development is widely recognized in the theory of economic development. He describes how the innovating entrepreneur challenges incumbent firms by introducing new inventions that make current technologies and means of production obsolete. This process of creative destruction is the main characteristic of what has been called the Schumpeter mark I regime. In capitalism and democracy, Schumpeter focuses on innovative activities by large and established firms. He describes how large firms out-perform their smaller counterparts in the innovation process through a strong positive feedback loop from innovation to increased activities. This process of creative accumulation is the main characteristic of Schumpeter mark II regime. The extent to which either of the two Schumpeterian technological regimes prevails in a certain period and industry varies. It may depend upon the nature of knowledge required to innovate the opportunities of appropriability, the degree of scale (dis) economies, the institutional environment, the importance of absorptive capacity, and demand variety, among others. Industries in a Schumpeter mark II regime are likely to develop a more concentrated market structure in contrast to industries in a Schumpeter mark I regime where small firms will proliferate.

From a business standpoint, other obstacles have denied poor people access to credit, such as the lack of collateral. No standard existed to affirm how financial institutions could benefit from bearing the administrative costs and the risks of loaning to the poor (Brau & Woller, 2004). Servicing microloans or monitoring the provision of grants is economically infeasible for traditional financial institutions and government because of the costs of identifying, delivering, and monitoring micro-credit of communities who are not already part of the market economy (Navajas et al., 2000; Tsai, 2004). However, MFIs such as Grameen Bank have shown that the notion that credit must be extended in large quantities to be profitable is false (Hassan, 2002). Grameen Bank and others have given loans to solidarity groups of five people, using the opportunity for everyone in the group to secure future credit as collateral, with peer pressure as an additional incentive to ensure repayment. By charging market interest rates (or higher than market interest rates), these institutions are able to cover their administrative costs while enjoying repayment rates significantly higher than that of the traditional commercial banks (Nair, 2001).

It can therefore be concluded that much of the early research on microfinance sought to understand the role and effect of non-traditional methods of delivering credit and for sustaining lending capacity to the poor (Brau & Woller, 2004). For example, by charging high interest rates, MFIs can afford the high transaction costs of processing large volumes of loans as small as a few dollars. The specific forms of micro-financing, for instance, lending to groups rather than individuals, bringing financial capital to the borrower rather than waiting for the borrower to apply for funding, among others, are ways to mitigate the specific social and structure impediments that make traditional forms of financial assistance ineffective or economically infeasible (Navajas et al., 2000).

2.3 Entrepreneurship and microfinance

This section examines the relationship between microfinance and entrepreneurship. Entrepreneurship has an important role to play in the development of a country. It is one of the most important inputs in economic development. The number and competence of entrepreneurs affect the economic growth of a country. The economic history of advanced countries like USA, Russia, and Japan supports the fact that economic development is the outcome for which entrepreneurship is an inevitable cause. The crucial and significant role played by entrepreneurs in the economic development of advanced countries has made the people of developing and under developed countries conscious of the importance of entrepreneurship for economic development.

Entrepreneurship and economic development are intimately related. Schumpeter opines that entrepreneurial process is a major factor in economic development and the entrepreneur is the key to economic growth. Regardless of the economic and political set-up of a country, entrepreneurship is indispensable for economic development. Entrepreneurship is an approach to management that can be applied in start-up situations as well as within more established businesses. The growing interest in the area of entrepreneurship has developed alongside interest in the changing role of small businesses.

An entrepreneur who is a business leader looks for ideas and puts them into effect in fostering economic growth and development. The entrepreneurs act as a trigger head to give spark to economic activities by their entrepreneurial decisions. Entrepreneurs play a pivotal role not only in the development of industrial sector of a country but also in the development of farm and service sectors.

The entrepreneurs need funds to bring together various factors of production such as land, labour and capital for production to take place. The take-off and efficient performance of any enterprise, be it small or large, will require the provision of funds for the creation of new investment. Therefore, microfinance is designed as a tool to promote the development of entrepreneurship. Microfinance refers to loans, savings opportunities, insurance, money transfers, advisory services, training and other financial products targeted at the poor. Ogunleye (2015) opines that microfinance is about providing financial services to the poor, who are traditionally not served by the conventional financial institutions. As a result of microfinance, poverty reduction is not an impossible task in a country. In Indonesia, evidence has shown that significant poverty reduction is possible just like in other developing countries. For instance, it has been revealed that the absolute number of people living in poverty has dropped in all developing countries that have experienced sustained rapid economic growth over the past few decades (Aderibigbe, 2001).

Bangladesh and Indonesia adopted microfinance as a tool to fight abject poverty. It is designed to raise the level of investment infrastructure and people's competences in order to enhance income generation capacities. According to Fashola (2008) as cited in Akingunola et al. (2013), setting up MFIs was a strong commitment to alleviate poverty, raise the standard of living of the people, and help to generate job opportunity. He stressed that when people are empowered and loans are made easily available especially to poor people to start small scale business, the world would be better off.

Commercial banks usually demand collateral security before giving out loans for business purposes. This is a necessary factor in obtaining a loan as collateral security serves as guarantee for recovery of loans given out by MFIs and commercial banks in case of repayment default. An average citizen in developing countries like Malawi cannot provide such collateral security. This results in inability of an average person in developing countries to access loans from commercial banks. Thus, the difficulty of accessing a loan from financial institutions such as commercial banks, constitutes a great setback to entrepreneurial development in developing countries (Parker, 2006). MFIs evolved in the 1970s to break the barricade to access to capital by low-income individuals for developmental purposes. Microfinance is therefore the provision of financial services to low-income, poor, and very poor self-employed people (Otero, 1999).

To say that microfinance empowers the entrepreneurial spirits that exist among small-scale entrepreneurs worldwide is not an exaggeration. Microfinance has the ability to strengthen micro enterprises and encourage best practices among operators of small and medium scale

enterprise. Over two and half decades, governments of developing countries have formulated great programs for economic development. One possible explanation for the relative absence of SMEs in the poor economies is the difficulty of obtaining access to finance. Large firms in these countries can secure financial assistance because they have assets that can serve as collaterals for loans. This is supported by Reserve Bank of Malawi 2022 annual financial report. A survey of funding sources for businesses in 40 developing nations conducted by the World Bank (USAID, 2009) confirms this general picture very well. Large firms generally have more access to bank credit, both local and foreign, than small firms, whereas the latter rely heavily on internal funds and retained earnings. Nonetheless, the survey suggested that there is considerable heterogeneity in sources of finance for SMEs across countries. Microfinance has evolved as an economic development approach intended to benefit low-income men and women.

Financial services generally include savings and credit; however, some MFIs also provide insurance and payment services. In addition to financial intermediation, many Microfinance institutions provide social intermediation services such as group formation, development of self-confidence, and training in financial literacy and management capabilities among members of a group. Thus, the definition of microfinance also includes both financial intermediations and social intermediations. MFIs clients are typically self-employed, low-income entrepreneurs in both urban and rural areas. Clients are often traders, street vendors, small farmers, service providers and artisans, and small producers such as blacksmiths and seamstresses. Usually, their activities provide a stable source of income (often from more than one activity). Although they are poor, they are generally not considered to be the poorest of the poor (Ledgerwood, 1998).

2.4 Empirical literature review

Microfinance when properly positioned and implemented leads to accelerated growth of entrepreneurial skills. Evidence abounds in various empirical literature in support of this statement.

Ojo (2009) carried out research on the 'Effect of Microfinance on Entrepreneurial Development in Nigeria. Ojo (2009) used a questionnaire as an instrument of primary data collection. Tables and simple percentages were used in data presentation. For clear analysis, the study centres on two broad variables: the dependent variable which is entrepreneurial development and the independent variable which is microfinance institutions. Three different hypotheses were formulated and tested using various statistical tools such as chi square, analysis of variance and simple regression analysis. The study revealed that there is a significant difference in the

number of entrepreneurs who use microfinance institutions and those who do not; there is a significant effect of microfinance's activities in predicting entrepreneurial productivity; and that there is no significant effect of microfinance's activities in predicting entrepreneurial development. The study, therefore, concludes that microfinance institutions world over, especially in Nigeria, are identified to be one of the key players in the financial industry that have positively affected individuals, business organizations, other financial institutions, the government, and the economy at large through the services they offer and the functions they perform in the economy. Although the study has established that MFI services lead to entrepreneurial productivity, it has not established that MFI services lead to development of entrepreneurial skills. It is for this reason that this study assessed women's perception of the effect of microfinance services on their development of entrepreneurial skills in rural Malawi.

Wombo et al. (2020) focused their study on 'the Effect of Microfinance Factors on Women Entrepreneurial Performance in Nigeria'. They found that women play a crucial role in the economic development of their families and communities, but certain obstacles such as poverty, unemployment, low household income, and societal discrimination mostly in developing countries have hindered their effective performance of that role. They hypothesized that credit, savings, training, and social capital are positively related to women entrepreneurs' performance in Nigeria. Credit, savings, training, and social capital are positively related to the opportunity for the entrepreneurial activity of women entrepreneurs in Nigeria; and that opportunity for entrepreneurial activity acts as a link between microfinance factors and women entrepreneurs' performance.

Fasehun and Bewayo (2009) observed that a direct relationship exists between governmental privatization and entrepreneurship within a country and, as a result, significant improvement has been made on the part of the Nigerian government to increase the participation of its citizens in entrepreneurship through privatization over the last two decades. However, while the government's effort to spur entrepreneurship has been genuine, it has not achieved its goal of economic prosperity. The entrepreneurial spirit has been enjoyed by a relatively small group of people and there exist conditions that do not encourage but stifle the works of entrepreneurs. This is because banks' request for collateral (although a prudent thing to do in a developed country) has led to exclusion of a majority of the population, especially the poor, in a developing country. Fasehun and Bewayo (2009) cited the case of Bolivia and urged Nigeria to learn from the mistakes of Bolivia to ensure that its microfinance sector can contribute economically to its progress. While noting that economic progress is important to entrepreneurship, they urged the Nigerian government to continue its steps in cleaning up corruption in government by enforcing

its patent infringement laws against businesses that sell counterfeit products. This is because similar to Bolivia, the Nigerian markets are filled with knock-offs of original merchandise.

Fasehun and Bewayo (2009) and Ojo (2009) observed that the poor are not looking for a giveaway but value hard work as much as the rest of the population. So, treating the poor as an important sector in the building of Nigeria will be beneficial. They recommended that MFIs in Nigeria should hold innovative classes for its customers and teach them how to grow their businesses. By doing so, entrepreneurs will not be stuck producing the same product and will be more adaptive and dynamic.

As is evident from the financial information, MFIs in Nigeria suffer from an inadequate capital base. This small capital base affects the lending practices within MFIs as lenders become pickier about whom to lend money, which in turn slows down the flow of capital to those that need it desperately. As reported by Reserve Bank of Malawi 2022 financial report, this problem is also evident in Malawi. In the Bolivian framework, this problem was partially solved by the funding and grants the MFIs received.

Entrepreneurial activity leads to economic growth and helps to reduce poverty. It can assist in the increasing of households' income and entrepreneurial attributes (Vatavu et al., 2022). Entrepreneurship is able to build similar intention on economic growth between government at the local, state, and national levels, because the entrepreneurial sector creates employment and leads to an increase of GDP (Bashar & Rashid, 2012) and has important social implications (Chell, 2007). For instance, in microcredit scheme, small loans are provided to the poor without requiring any collateral and mortgage (Hassan & Ibrahim, 2015). This small amount of money enables poorer individuals to start businesses, invest in self-employment, and raise their income level to increase living standards (Shukran & Rahman, 2011). To achieve these objectives, Amanah Ikhtiar Malaysia (AIM), as an example of such a microcredit scheme, provides specific services to recipients including capital financing, compulsory savings, welfare funds, and wellness membership (Haque et al., 2019).

According to Coad et al. (2013), business survival appears positively related to firm size in terms of assets, or employee numbers, and the length of time that a business has been operating. Other additional factors at an industry level include the scale of financial resources available to the business. It can be noted that primary factors in business survival are determined by a clear plan which covers growth, volatility, financial management, and ambition to be a successful business. Furthermore, the success of a small business also depends on other factors such as the attitude of entrepreneurs, partners, advisors, employees, or family members who have a passion

on business. These compulsive desired factors for success need to be present in entrepreneurs. They assist them in starting up their businesses, in growing the businesses, and for the survival of the businesses. The challenge faced by entrepreneurs is developing appropriate business skills and this can be addressed by MFIs. MFIs' functions include the provision of small loans that enable entrepreneurs to start and remain in the business (de Franca et al., 2013).

2.5 Gaps in research

The gap matrix below offers a summary of the possible gaps noted in previous research.

Researcher	Focus	Findings	Knowledge Gap Areas
Marconi, R., & Mosley, P. (2006)	Bolivia during the global crisis 1998-2004: towards a 'macroeconomics of microfinance'. The study focused on the macroeconomic role of microfinance during economic crisis.	The study found that government behaviour towards microfinance as well as institutional structure, played a role in rising default rate. The study suggested that microfinance should not only focus on credit but training as well.	Much as the study suggested a diversified focus of microfinance apart from credit, it did not highlight the role of training that microfinance provides in entrepreneurship. Also, it did not highlight the role that credit plays in entrepreneurship skills development.
Midgley, J. (2008)	The study aimed at ascertaining Claims about the effectiveness of microenterprise and microfinance as antipoverty strategies.	The findings from the study show that there is an overemphasis on the role that microfinance plays in poverty alleviation. The study agrees with the assertion that microfinance has assisted in the growth of microenterprises. However, it has found that in the southern part of the globe the role of microfinance in poverty alleviation is questionable.	The study has ascertained that microfinance plays a role in the thriving of microenterprises, but it has not ascertained if microfinance services have an effect on entrepreneurship skills development.
Nader, Y.F. (2008)	It focused on microcredit and the socio-economic wellbeing of women	Using primary data, the study found high correlation between microcredit and	The study did not go further to investigate how microcredit leads to improved

	and their families in Cairo. It analysed the effect of microcredit on family well-being.	children's education, income, and assets. It disapproved that microcredit plays a role in family well-being.	children's education, income, and assets. Did those that accessed microcredit invest the funds wisely in their microenterprises due to improved entrepreneurial skills? This is the gap that this research tries to bridge.
Panjaitan-Drioadisuryo, R. D., & Cloud, K. (1999)	Gender, self-employment, and microcredit programs: An Indonesian case study. The study assessed the role of microcredit in the operation of microenterprises by women.	The study found that microcredit plays a role in decision making by women as well as in family well-being.	Do the findings in this study apply to the Malawi context? Does microcredit improve decision making of Malawi's rural women? This is the gap that this study aims to close.

Much of the research on microfinance has focused on the purpose, structure, and effectiveness of microcredit in poverty alleviation and sustainability. The foregoing literature has revealed a number of important gaps, which represent fruitful opportunities for future research.

It would be useful to ask if microfinance represents a substitute to failed institutions (i.e., government grant programs or NGO aid agencies) or a market mechanism to augment the role of aid agencies (Marconi & Mosely, 2006). The reason is that direct aid aims to bring immediate relief to disadvantaged communities, whereas microfinance aims to create a sustainable source of value creation and a means to break the poverty trap. If the latter perspective is reasonable, then policies governing microfinance may work better if they are constructed to treat MFIs as financial institutions rather than as aid agencies.

An understanding of how microfinance fosters microenterprises has only recently been attempted (Midgely, 2008). The creation of the microenterprise is often a black box in the program evaluation models, many of which focus on the outreach outcomes of poverty alleviation. One of the challenges of this research is data collection and the definition of a sustainable enterprise. It may be that microenterprises are naturally short lived, since the opportunities themselves may be fleeting. For example, the provision of satellite

communication services to a village by an entrepreneur is an opportunity until the arrival of widespread cell phone infrastructure (Bayes, 2001). Therefore, large scale empirical research on the effect of the social network dynamics of borrowing groups on the incidence of serial entrepreneurship by members of the group may represent a theoretically richer direction.

While the research on microfinance and poverty alleviation is rich, there is less research linking microfinance to the secondary effect of poverty alleviation, such as nutrition, fertility control, healthcare, public hygiene, and education (Nader, 2008; Panjaitan-Drioadisuryo & Cloud, 1999). Given that entrepreneurship requires a minimal level of human capital for a starting point, such research may be important to understand the level of such factors that ultimately trigger entrepreneurial activity.

In terms of general theory, such research may be fundamental in helping us understand the necessary human factors that are associated with nascent entrepreneurs. Most research in entrepreneurship has taken place in relatively well-developed economies or emerging economies with well-defined institutions. Research on the human capital drivers of entrepreneurship in the poorest regions of the world may help us develop more complete theories of entrepreneurial emergence.

It has been documented that most of the entrepreneurial activity undertaken due to microfinance credit belongs to women (Nader, 2008). In great part, this is because microfinance programs generally target women. The reason is that women, particularly those who are primary household earners, are generally disadvantaged in terms of property rights, inheritance rights, court protection, personal safety, and health in the poorest regions of the world (Barsoum, 2006). Yet, as keepers of their households, women have a great influence on child welfare, health, family continuity, and social cohesiveness than men (Nader, 2008). In Malawi, Mwatsika's (2015) study titled "Entrepreneurship development and entrepreneurial orientation in rural areas in Malawi" found that among others, entrepreneurial development in rural areas is affected by lack of enterprise management skills. Could microfinance be a solution to this problem? This study seeks to understand if microfinance is perceived to influence development of entrepreneurial skills of rural women.

The current theoretical understanding of women in entrepreneurship can be extended by questions on the relationship between microfinance programs and the political and social environment surrounding women entrepreneurship in rural and poor regions. Additionally, answers to questions on gender and micro-entrepreneurship could represent new pathways to discourse on family sociology and family enterprise (Barsoum, 2006).

According to McKenzie and Woodruff (2006), the lack of access to start-up capital does not always prevent the creation of positive return enterprises. In fact, research in venture capital highlights the social and managerial competence value that the venture capitalist provides to the entrepreneur, rather than the provision of financial resources. Therefore, research on the effect of social capital generated through group lending on entrepreneurial behaviour can be extended to include opportunity identification, learning effects, and risk-taking behaviours as outcomes (Pronyk et al., 2008). This research is less concerned with microcredit as a production input as it is a cultural and sociological mechanism for network formation.

Methodologically, many scholars have commented on the difficulties in measuring the effect of microfinance on sustainability and poverty alleviation (Manos & Yaron, 2008). The jury is still out on whether microfinance programs really alleviate poverty or if they are another form of direct subsidy to communities. The basic reason for this is that extant models are rife with indigeneity issues (Hulme, 2000).

Second, dependent variables in program evaluations are necessarily multidimensional with some dimensions being orthogonal to each other (loan recovery versus provision of aid). Therefore, there has yet to be an agreed model for program evaluation. More significantly, this lack of agreement also implies that empirical models (the dependent variables in particular) are unstable. Hence, theory testing is a challenge.

CHAPTER 3: METHODOLOGY

3.1 Introduction

This section discusses the procedures followed for gathering data, the study design, and the methods that were adopted in analysing the data. The chapter also addresses ethical issues that were considered. An attempt was also made to discuss measures that were taken to validate data.

3.2 Study area

FINCA Malawi has branches throughout all the regions and districts in Malawi. It also has strong presence and visibility in rural areas. This is the reason why it was chosen among other MFIs as an area of study. However, this study was only conducted in Blantyre rural, Chiradzulu, and Thyolo. This was because of the cost implications and time factor involved in conducting the study in all the three regions or all districts in the country. It is believed that the findings of the study will apply to the whole country.

3.3 Research design

This study adopted a descriptive survey design. The purpose of this design was to collect detailed and factual information that describes an existing phenomenon (Churchill, 2002). Data was collected based on the concepts defined in the research.

Research design is a master plan, specifying methods and procedures for collecting and analysing the required data (Churchill, 2002). Research design assists the researcher to obtain relevant data to achieve the objectives of the study. There are two main types of research approaches; namely, qualitative and quantitative. The study employed quantitative approach. Quantitative approach emphasizes objective measurements and statistical, mathematical, or numerical analysis of data collected through polls, questionnaires, and surveys, or by manipulating pre-existing statistical data using computational techniques (Babbie & Mouton, 2007). This study sought to examine the Effect of microfinance on entrepreneurship skills development of rural women. To do this, there was a need for numerical analysis of data and this study therefore adopted the quantitative research approach.

3.4 Population of the study

A study population is a complete set of elements (persons or objects) that possess some common characteristics defined by the sampling criteria which are established by the researcher. It is

composed of two groups, namely, target and accessible population (Omumi, 2010). The target population is the entire group of elements to which the researcher wishes to generalize the study findings. For this study, the target population comprised all FINCA Malawi rural women clients based in Blantyre rural, Chiradzulu, and Thyolo. According to data obtained from FINCA head office, the total number of clients in these districts at the time of study was 3,546 and the total number of women clients was 1,986.

3.5 Sampling design, sampling frame, and sample size

In research investigations it is almost impossible to gather data from the entire population and therefore a sample, rather than the entire population, is used. Sampling refers to the process of selecting a section of the population, and drawing conclusions about the entire population (Cooper & Schindler, 2011).

There are two main types of sampling, namely probability and non-probability. In probability sampling, the elements in the population have some known chance of being selected as sample subjects. In non-probability sampling, the investigator does not base his or her sample selection on probability theory, rather efforts are undertaken to ensure the following: a) To create a kind of quasi-random sample, and b) To have a clear idea about what larger group or groups the sample may reflect (Cooper & Schindler, 2011). This study adopted a non-probability sampling technique in order to get responses quickly within the limited time allocated to the study.

3.5.1 Sampling frame

A sampling frame is the list of elements from which the sample is drawn. It is closely related to the population. A sampling frame is a complete and correct list of population members only (Cooper & Schindler, 2011). The sampling frame of this study consisted of FINCA women customers from Blantyre rural, Chiradzulu, and Thyolo.

3.5.2 Sampling technique

This study adopted a non-probability purposive sampling method. Purposive sampling is the one where participants are chosen due to their unique characteristics (Cooper & Schindler, 2011). The study used snowball sampling where participants directed the researcher to other people who had similar characteristics to their own (Cooper & Schindler, 2011). The snowball sampling technique was used because FINCA advised the researcher to identify the subjects who led the researcher to other subjects.

3.5.3 Sample size

How large a sample should be, is a function of the variation in the population parameters under study and the estimating precision needed by the researcher (Mugenda & Mugenda, 2003). The following are some of the principles which influence sample size: the greater the dispersion within the population, the larger the sample must be to provide estimation precision; the greater the desired precision of the estimate, the larger the sample must be. As such, this study had a sample size of 85 drawn proportionally from agencies based in Blantyre rural, Chiradzulu, and Thyolo. These districts at the time of the study had a population of 1,986 FINCA Malawi women customers, and therefore the sample size represents 4.3 percent of the total population. Blantyre rural contributed 50 percent to the sample, Thyolo 35 percent, and Chiradzulu 15 percent. According to the Central Limit Theorem, a sample size of 30 and above is valid for analysis (Saunders et al., 2007). Hogg et al. (2015) as cited in Chaweza and Nagoli (2018) corroborate the central limit theorem. They consider sample sizes larger than 30 appropriate for most research. This was the basis for selecting the sample size of 85 in this study.

3.6 Data collection and research instruments

This section discusses what kind of data the study collected, methods that were used to collect data, and the design of the tool used.

3.6.1 Data collection

According to Saunders et al. (2007), primary data can be collected or obtained through surveys, observation, and interviews. The data is used to answer specific research questions to enable the researcher to analyse a particular phenomenon and to make conclusions derived from the study.

Secondary data, according to Blaikie (2009), is data that has been gathered by someone else for a specific research project. In this study, the researcher used both primary and secondary data. It is hard to say that only one source of data would provide answers to the research questions. This study reviewed existing literature and blended it with first-hand information from the chosen sample population.

3.6.2 Research instruments

Research instruments, according to Kombo and Tromp (2006), include the following: questionnaires, interview schedules, observations, and focus group studies. This study, being quantitative in nature, used a questionnaire in a structured interview that was administered face-

to-face. The questionnaire included close-ended questions. The study employed a five-point Likert scale which was designed to measure opinions or attitudes of a subject. Burns and Grove (2007) describe this as the most-used scaling technique and that, although the original version consisted of five categories, the ranges may go up to seven.

The data collection tool was first pre-tested to ensure that it captured the required data. The data was analysed by adopting robust standard error, in order to eliminate the problem of heteroscedasticity. Additionally, to avoid multicollinearity problem, when conducting regression analysis in Stata version 17, one dummy variable was omitted. Thirty clients were randomly selected as the sample of the pre-test. These were obtained from non-participating agencies, and results from the test were run on Stata Version 17. Permission to carry out the study was sought from the management of FINCA Malawi. However, FINCA advised the researcher to identify the subjects. Then intensive interview training was given to three experienced interview assistants on how to conduct the survey.

3.7 Data analysis

The study adopted quantitative research approach because its main objective was to assess the Effect of MFIs on entrepreneurship skills development of women in rural Malawi. Researchers generate information by analysing data after its collection. Data analysis involves reducing accumulated data to a manageable size, developing summaries, looking for patterns, and applying statistical techniques (Cooper & Schindler 2011). This study used descriptive statistics to analyse data. Inferential statistics, statistical tests of correlation and regression analysis, were used to draw inferences about the population from the sample.

The effect of microfinance on entrepreneurship skills development of rural women was measured by ordered logistic regression model. The ordered logistic regression model used is:

$$\text{Log}(P/1-P) = a + b_1X_1 + b_2X_2 + b_3X_3 + \varepsilon$$

where X_1 was index of items under loans, X_2 was index of items under business training, X_3 was index of items under savings, and ε was the error term. For details refer to the questionnaire in Appendix 1.

The ordered logistic regression model was used because the dependent variables had ordered outcomes namely, strongly agree, agree, neutral, disagree, and strongly disagree. These ordered outcomes were numbered as follows: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree,

and 5 = strongly agree. Skills development of rural women was treated as a dependent variable, whereas microfinance (loans, training, and savings) was independent variable. The entrepreneurship skills that were analysed include ability to notice opportunities, start new business, solve community problems, train and hire people, meet customer demands, master skills needed to set up business, keep books, market products and services, make decisions, acquire business equipment, and grow the business. There were three questions in relation to access to loans, business training, and savings. Finally, the responses were tabulated based on the responses to questionnaires that were administered.

3.8 Reliability and validity

Reliability, as explained by Kombo and Tromp (2006) and corroborated by Burns and Grove (2007), is concerned with the consistency of the measurement technique and is, thus, a measure of the amount of random error in the measurement technique. The researcher ensured that the study is reliable using approved techniques. For instance, to deal with the problem of multicollinearity, one dummy variable was omitted. Robust standard errors were used to eliminate the problem of heteroscedasticity. The research instrument was pilot tested on a sample of 30 respondents. These 30 respondents that participated in pilot testing were excluded from participating in the final survey.

Validity is concerned with how well an instrument reflects the abstract concept being tested, like how well a test measures what it is supposed to measure (Burns & Grove, 2007; Kombo & Tromp, 2006). This was achieved by conducting prior tests of the data collection tool which was developed and measured on a continuum.

3.9 Data normality

The dependent variables had ordered outcomes; as such, the data was assumed to be non-parametric. The ordered logistic regression model, through which marginal effects were determined, was adopted in the analysis.

3.10 Ethical issues

Ethics have become a cornerstone for conducting effective and meaningful research. As such, the ethical behaviour of individual researchers is under unprecedented scrutiny (Mbithi & Rasmussen, 1997). In Modern society, any concerns regarding ethical practices will negatively influence attitudes about science, and the abuses committed by a few are often the ones that receive widespread publicity (Mule, 2001).

Every researcher has responsibility to protect the participants in an investigation. The researcher addressed ethical issues by doing the following:

Firstly, the researcher took into consideration the issue of consent. Consent is the procedure by which an individual may choose whether or not to participate in a study. The researcher's task is to ensure that participants have a complete understanding of the study's purpose and methods to be used in the study, the risks involved, and the demands placed upon them as participants (Bay & Donham, 2006). The participant must also understand that she/he has the right to withdraw from the study at any time.

Secondly, the researcher also addressed the issue of capacity. Capacity is a person's ability to acquire and retain knowledge. The ability to evaluate the information received and make a choice based on this evaluation is fundamental to the element of capacity. Based on the person's ability to acquire, retain, and evaluate information, he or she is deemed competent or incompetent. Competence is partially determined by legal qualification and ability. Legal qualification is most often viewed in terms of age; individuals under the majority age (generally 18 years) are considered to be legally incapable of making certain decisions. Minors' rights are then observed and enforced by obtaining permission from parents or legal guardians. Children's rights are ethically protected when the person giving the consent has a primary interest in the child's welfare.

Voluntariness was also taken into consideration. Voluntary consent is concerned with everyone's ability to exercise the free power of choice without the intervention of force, fraud, deceit, duress, or other forms of constraint or coercion. This right to exercise choice must be present throughout the entire research process. The intent of this interpretation is that no such "constraint or coercion" must be either explicit or implicit on the part of the investigator.

All records of the study were handled as private information; hence, the records were kept in a locked cupboard. No information that would make it possible to identify the participants has been included in the report.

CHAPTER 4: RESULTS: PRESENTATION AND DISCUSSION

4.1 Introduction

This chapter presents the findings and discussion of the results. The chapter begins with discussion of the demographic characteristics of the respondents and moves on to discuss the findings. References to similar studies have been made throughout the chapter. The findings have been displayed using tables.

4.2 Response rate

As indicated in 3.5.3, the study had a sample size of 85. Questionnaires were administered to all 85 respondents and 80 respondents completed and returned the questionnaire. This represents a response rate of 94 percent. Mugenda and Mugenda (2003) state that a response rate of 30 percent is valid for analysis as such the response rate in this study is above the minimum rate of 30 percent, hence, very adequate for analysis.

4.3 Demographic characteristics

The first section of the questionnaire was designed to capture the demographic characteristics of the respondents. There were five attributes that were considered in this section. The attributes were age, educational background, employment status, nature of business, and period of being a customer of FINCA. The findings are summarized in Table 1.

Table 1: Demographic Data

	Age Blanket	Frequency	Percentage	Cumulative Percentage
Age	Below 20 Years	0	0	0
	21 – 30 Years	23	29	29
	31 – 40 Years	27	34	63
	Above 40 Years	30	37	100
	Total	80	100	
Education qualification	Primary School	9	11	11
	Secondary School	21	26	37
	Diploma	34	43	80
	Bachelor’s Degree	16	20	100
	Postgraduate	0	0	100
	Total	80	100	
Employment status	Employed	24	30	30
	Self-employed	56	70	100
	Total	80	100	100
Years of Being FINCA Customer	1 to Less than 1 year	20	25	25
	2 to 5 years	19	24	49
	6 to 8 years	30	38	87
	Above 8 years	11	13	100
	TOTAL	80	100	
Nature of Business	Trading	43	54	54
	Manufacturing	7	8	62
	Service	30	38	100
	TOTAL	80	100	

Table 1 shows that most of the respondents were above the age of 40 which represents 37 percent of the sample. These were followed by those aged 31-40 years (34 percent), and then those aged between 21 and 30 (29 percent), and there were no respondents below the age of 20. The results in Table 1 also show that most of the respondents had diplomas followed by those that had secondary school qualification. This could be because of high unemployment rate in the formal employment sector; as such, they resorted to self-employment. In search of capital, they could have resorted to accessing microfinance services as they are easily accessible than commercial banks due to their simplified requirements. For instance, microfinance institutions can get household assets as collateral for their loans which commercial banks do not. Those respondents with primary education could be unaware of the existence of the microfinance services, while those with a degree qualification could be very sensitive to pricing as microfinance’s pricing is relatively more expensive than commercial bank loans.

Table 1 further shows that most of the respondents were self-employed. This could be because many MFIs target low-income individuals with their services in order to uplift the beneficiaries' social and economic well-being.

The study also desired to establish the nature of businesses the respondents were involved in and the number of years they had been FINCA customers. To achieve this, they were required to indicate the nature of their businesses and years of being FINCA customers by writing in the space provided in the questionnaire. The findings of the study show that the majority of the respondents had been FINCA customers for 6 to 8 years. The study also established that the majority of the respondents were in trading business.

4.4 Findings according to the objectives

As stated in section 1.4.1, the main objective of the study was to examine the perceived Effect of the provision of microfinance services by FINCA Malawi on the development of entrepreneurship skills of women in rural Malawi. Specifically, the study sought to achieve three objectives, namely; to examine the perceived effect of access to loans on development of rural women's entrepreneurial skills, to examine the perceived effect of availability of business training on rural women's entrepreneurial skills development, and to analyse the perceived effect of savings on the development of entrepreneurial skills of women in rural Malawi.

4.4.1 Access to loans and development of entrepreneurial skills

The first objective of the study was to assess the perceived effect of access to loans on development of rural women's entrepreneurial skills. Loan was therefore an independent variable. The dependent variables were ability to notice opportunities, ability to deal with community problems, ability to hire and train workers, ability to start new business, and ability to meet the demands of customers. The respondents were asked to rate the dependent variables on the Likert scale from strongly agree (5) to strongly disagree (1). The results are displayed in Table 2. The analysis of the results is done based on the following sub-headings: noticing opportunities, solving community problems, hiring and training workers, starting new business, and meeting the demands of customers. In discussing the results under the headings, reference is made to results presented in Table 2. The results are also discussed based on the same sub-headings in relation to education level of respondents.

Table 2: Perceived Effect of Loans on Entrepreneurial Skills Development

Variable	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Remarks
	(%)	(%)	(%)	(%)	(%)	
Noticing opportunities	41	19	10	11	19	Agree
Solving Community problems	37	33	10	7	13	Agree
Hiring and training workers	51	39	0	5	5	Agree
Starting new business	90	10	0	0	0	Agree
Meeting the demands of customers (clients)	33	27	10	16	14	Agree

4.4.1.1 Noticing opportunities

Results in Table 2 show that 60 percent of the respondents indicated that access to loans is crucial in assisting an entrepreneur or business to notice opportunities available in a community. Only 30 percent indicated that access to loans is not related to the ability to notice the existence of business opportunity in the community. The study therefore shows that more respondents find access to loans as crucial in noticing business opportunities. These findings corroborate the findings of Ogunleye (2015) whose study concluded that entrepreneurs with access to MFIs that provide adequate loans, notice and seize opportunities more quickly. Section 4.3.1.1.1 assess the effect of loans on noticing business opportunities in relation to education levels of respondents. Results are captured in Table 3.

Education and ability to notice opportunity

Table 3: Education and Ability to Notice Opportunities

Education	Noticing Opportunities					Total (%)
	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)	
Bachelor's Degree	43.75	18.75	6.25	18.75	12.50	100
Diploma	32.35	20.60	11.76	14.71	20.60	100
Secondary	57.14	9.52	9.52	4.76	19.05	100
Primary	33.33	33.33	11.11	0.00	22.22	100
Total	41.25	18.75	10.00	11.25	18.75	100

The results in table 3 show that 62.5 percent of respondents that had bachelor’s degree agreed with the perception that access to loans enhanced their ability to notice business opportunities. For those that had diploma, 53 percent agreed with the perception that loans enabled them to notice business opportunities in their communities. The study shows that respondents at all education levels agreed with the perception that loans enabled them to notice opportunities in their communities. The study findings agree with the findings of Wang et al. (2022) who found that education has a stronger effect on human capital that is necessary for entrepreneurship. The study then analyses the perceived Effect of loans on solving community problems. The analysis is done in section 4.3.1.2 with reference to Table 2.

4.4.1.2 Ability to solve community problems

The study found that 37 percent (Table 2) of the respondents strongly agreed with the perception that availability of loans assists women in finding solutions to problems being faced by their communities. A further 33 percent also agreed with the perception thereby bringing the total percentage of those who agreed to 70 percent. The findings agree with Ojo’s (2009) findings. Ojo conducted a study on the Effect of microfinance on entrepreneurship skills development of Nigerian entrepreneurs in the south west region. The study revealed that women who had access to microfinance services were more actively involved in finding solutions to community problems than those who did not use microfinance services. Sussan and Obamuyi (2018) in their study also found that microfinance institutions have significant effect on the development of entrepreneurship in Nigeria’s Anambra state. Section 4.3.1.2.1 looks at perceived effect of loans on solving community problems in relation to education of respondents. Reference is made to results which are presented in Table 4.

Education and ability to solve community problems

Table 4: Education and Ability to Solve Community Problems

Education	Solving Community Problems					Total (%)
	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)	
Degree	56.25	18.75	6.25	12.50	6.25	100
Diploma	47.06	35.29	0.00	2.94	14.71	100
Secondary	19.05	38.10	23.81	4.76	14.29	100
Primary	11.11	33.33	22.22	22.22	11.11	100
Total	37.50	32.50	10.00	7.50	12.50	100

The results in Table 4 show that respondents at all education levels agreed with the perception that loans enabled them to find solutions to community problems. The study found that 75 percent of respondents with a bachelor’s degree agreed, followed by those with diplomas (82 percent), secondary education (57 percent), and primary education (44 percent). Thirty-three percent of the participants disagreed. The section that follows looks at the perceived Effect of loans in relation to ability to hire and train workers. Reference is made to results captured in Table 2.

4.4.1.3 Ability to hire and train workers

According to the findings in Table 2, as much as 90 percent of the respondents agreed with the perception that women who have access to microfinance services develop skills to hire and train workers. Only 10 percent rejected the opinion. Studies have shown that those entrepreneurs who have good capital size attract and train best employees. These studies include those done by Soludo (2008) in Nigeria’s South-West, Wombo et al. (2010) in India, and Sussan and Obamuyi (2018) in Nigeria. The study also analysed respondents’ perceived ability to hire and train workers in relation to their education. The results are summarised in Table 5.

Table 5: Education and Ability to Hire and Train Workers

Ability to Hire and Train Workers						
Education	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)	Total (%)
Degree	37.50	50.00	0.00	6.50	6.25	100
Diploma	47.06	38.24	0.00	5.88	8.82	100
Secondary	52.38	42.86	0.00	4.76	0.00	100
Primary	88.89	11.11	0.00	0.00	0.00	100
Total	51.25	38.75	0.00	5.00	5.00	100

According to the findings as summarized in Table 5, as much as 90 percent of the respondents agreed with the perception that women who have access to microfinance services develop skills to hire and train workers. Only 10 percent had a contrary opinion. After assessing the perceived effect of loans on training and hiring workers, the study moves its attention to analysing the perceived effect of loans on respondents’ ability to start new businesses. This is covered in section 4.3.1.4

4.4.1.4 Starting new businesses

A good entrepreneur does not stick to one business for too long. She/he is always on the move to start new businesses when opportunities arise. A survey of funding sources for businesses in 40 developing nations conducted by the World Bank (USAID, 2009) confirms this general

picture. All the respondents of the present study agreed with the perception that access to MFIs enables women to start new businesses as soon as opportunities become available. This is also the same when responses were analysed based on education. All respondents at all education levels agreed with the perception that MFIs enable rural women to start new business. Table 6 shows the results.

Table 6: Education and Ability to Start New Businesses

Start New Businesses						
Education	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)	Total (%)
Degree	93.75	6.25	0.00	0.00	0.00	100
Diploma	94.12	5.88	0.00	0.00	0.00	100
Secondary	90.48	9.52	0.00	0.00	0.00	100
Primary	66.67	33.33	0.00	0.00	0.00	100
Total	90.00	10.00	0.00	0.00	0.00	100

4.4.1.5 Meeting customer demands

A successful entrepreneur is the one who manages the supply chain successfully thereby meeting customer demands. Such an entrepreneur is able to monitor stock levels and replenishes them accordingly. Ferdousi's (2015) several studies that examined the effectiveness of loans on developing the entrepreneurial skills of the participants identified supply chain management as one of the crucial skills. It is not therefore surprising that in the present study 60 percent of respondents perceived that loans are crucial in meeting customer demands. Further analysis of responses was done in relation to education qualification of respondents. The results in Table 7 show that 60 percent of respondents agreed with the perception that microfinance helps rural women in mastering the skill of meeting customer demands.

Table 7: Education and Meeting Customer Demands

Meeting Customer demands						
Education	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)	Total (%)
Degree	37.50	25.00	6.25	18.75	12.50	100
Diploma	35.29	26.47	11.76	14.71	11.76	100
Secondary	32.50	27.50	10.00	16.25	13.75	100
Primary	44.44	33.33	0.00	11.11	11.11	100
Total	32.50	27.50	10.00	16.25	13.75	100

4.4.1.6 Inferential analysis: Perceived effect of loans on development of entrepreneurship skills

An ordered logistic regression model was employed to assess factors which influence women's perceptions of the effect of microfinance loans on the development of women's entrepreneurship skills. The ordered logistic regression model was ideal because the dependent variable included Likert-scale type of questions where the responses were ranked. In reporting the ordered logistic regression, coefficients were recorded just for reference. The discussion of results focussed on marginal effects only because the dependent variable is categorical as such it would be misleading to focus on parameter coefficients. In determining how well the model fits the data, Pseudo R² was used. The interpretation of Pseudo R² was based on what McFadden provides, namely that pseudo R² ranging from 0.2 to 0.4 indicates a very good model fit and beyond 0.4 indicates an excellent model fit (Hensher & Stopher, 2021). The Tables that follow present the study estimates of marginal effects of each outcome. Tables for coefficients are displayed in Appendix 3. Table 8 presents results pertaining to the perceived effect of microfinance loans on women's ability to notice a business opportunity.

Table 8: Perceived Effect of Loans on Noticing Opportunity

Variable	Marginal effects (Noticing Opportunity)				Variable	Marginal effects (Not Noticing Opportunity)			
	Attribute	dy/dx	Std. err.	P> z		Attribute	dy/dx	Std. err.	P> z
LOANS	AGE	-0.005644	0.01114	0.612	LOANS	AGE	0.003717	0.00761	0.625
	YEARS ¹	0.023480	0.02888	0.416		YEARS ¹	-0.015466	0.02015	0.443
	DEGREE	0.120575	0.18593	0.517		DEGREE	-0.082617	0.12958	0.524
	DIPLOMA	-0.080772	0.17772	0.649		DIPLOMA	0.052651	0.11638	0.651
	PRIMARY	-0.105776	0.23625	0.654		PRIMARY	0.065372	0.13416	0.626
	EMPLOY ²	-0.271232	0.1585	0.087*		EMPLOY ²	0.159321	0.08485	0.060*
	MAN ³	0.068232	0.21041	0.746		MAN ³	-0.046469	0.14919	0.755
	SERVICE	0.135509	0.11926	0.256		SERVICE	-0.090615	0.08309	0.275

Wald chi2(8) = 5.46; Prob > chi2 = 0.0078; Pseudo R2 = 0.5397 Log pseudo likelihood = -68.982796

*, denotes significance at 10 significance level

Table 8 indicates that the Chi-squared value generated by the Wald test is 5.46 with an associated p-value of 0.0078 < 0.01. This suggests that the null hypothesis of insignificance should be rejected thereby implying that the coefficients used in the multivariate probit regression are not simultaneously equal to zero. Table 8 also indicates Pseudo R2 of 0.5397.

¹ Years of FINCA customer

² Employed

³ Manufacturing

This suggests that the model fits the data well and is able to predict the perceived association between the response variable and predictor variable well. Table 8 further indicates that employment was estimated to decrease the probability of rural women’s perception of loans enabling them to notice opportunity by 27 percent at 10 percent level of significance. This might be explained by the fact that employed rural women are preoccupied with employment such that they do not scan their environment to notice opportunities around them. They may be looked at as being in their comfort zone as they have steady monthly income. Unemployed people, on the other hand, do not have steady source of earning a living; as such, they take notice of any available opportunity and grab it. The results also suggest that employment was estimated to increase the probability of rural women’s perception of loans not enabling them to notice opportunity by 16 percentage points at 10 percent level of significance ($p < 0.1$). Table 9 presents perception results on factors influencing respondents’ agreement as to whether loans offered by microfinance institutions have an effect on solving community problems.

Table 9: Perceived Effect of Loans on Solving Community Problems

Variable	Marginal Effects (Solving Community Problems)	dy/dx	Std. err.	P> z	Variable	Marginal Effects (Not Solving Community Solving Problem)	dy/dx	Std. err.	P> z
LOANS	Attribute				LOANS	Attribute			
	AGE	0.010523	0.01104	0.341		AGE	-0.006727	0.0072	0.350
	YEARS ¹	-0.023197	0.02304	0.314		YEARS ¹	0.014830	0.01505	0.324
	DEGREE	0.148947	0.15287	0.330		DEGREE	-0.098983	0.10232	0.333
	DIPLOMA	0.335170	0.13864	0.016**		DIPLOMA	-0.208684	0.07914	0.008***
	PRIMARY	-0.173115	0.23451	0.460		PRIMARY	0.100383	0.12189	0.410
	EMPLOY ²	0.054515	0.16449	0.740		EMPLOY ¹	-0.035232	0.10894	0.746
	MAN ³	0.117063	0.13269	0.378		MAN ²	-0.078402	0.09017	0.385
SERVICE	0.158511	0.11853	0.181	SERVICE	-0.102419	0.0752	0.173		

Wald chi2(8) = 10.17; Prob > chi2 = 0.0531; Pseudo R² = 0.4919; Log pseudo likelihood = -58.251239

, * denotes significance at 5 and 1 levels, respectively

Table 9 indicates that the Chi-squared value generated by the Wald test is 10.17 with an associated p-value of $0.0531 < 0.1$. This suggests that the null hypothesis of insignificance should be rejected thereby implying that the coefficients used in the multivariate probit regression are not simultaneously equal to zero. Table 9 also indicates Pseudo R² of 0.4919. This indicates that the model fits the data well. Table 9 indicates that education significantly affects rural women’s perception of the ability of microfinance loans to solve community problems. It was estimated that the probability of solving community problems increased by 34

¹ Years of being FINCA customer

² Employed

³ Manufacturing

percent at 5 percent level of significance for rural women with a diploma as a result of loans. The results on factors influencing respondents' disagreement on whether MFIs' loans are perceived to have an effect on solving community problems show that education at diploma level is statistically significant at 1 per cent level of significance in influencing rural women in finding solutions to community problems. The results show that the probability of not finding solutions to community problems as a result of loans decreased by about 21 percent. Table 10 presents the results regarding women's agreement with the question on whether loans have an effect on the hiring and training of workers.

Table 10: The Perceived Effect of Loans on Hiring and Training of Workers

Variable	Marginal Effects (Hiring and Training of Workers)				Variable	Marginal Effects (Not Hiring and Training of Workers)			
	Attribute	dy/dx	Std. err.	P> z		Variable	dy/dx	Std. err.	P> z
LOANS	AGE	-0.000115	0.00168	0.945	LOANS	AGE	0.0001158	0.00168	0.945
	YEARS ¹	-0.001609	0.0054	0.766		YEARS ¹	0.001609	0.0054	0.766
	DEGREE	-0.012523	0.02827	0.658		DEGREE	0.0125233	0.02827	0.658
	DIPLOMA	-0.0337778	0.02856	0.237		DIPLOMA	0.0337777	0.02856	0.237
	PRIMARY	0.088046	0.04306	0.041**		PRIMARY	-0.088046	0.04306	0.041**
	EMPLOY ²	-0.023911	0.01997	0.231		EMPLOY ²	0.023911	0.01997	0.231
	MAN ³	-0.052067	0.07333	0.478		MAN ³	0.052067	0.07333	0.478
	SERVICE	-0.000501	0.01369	0.971		SERVICE	0.000501	0.01369	0.971

Wald chi2(8) = 662.22; Prob > chi2 = 0.0000; Pseudo R2 = 0.6120; Log pseudo likelihood = -23.094108

** denotes significance at 5 level

Table 10 indicates that the Chi-squared value generated by the Wald test is 662.22 with an associated p-value of $0.0000 < 0.01$. This suggests that the null hypothesis of insignificance should be rejected, thereby implying that the coefficients used in the multivariate probit regression are not simultaneously equal to zero. Table 10 also indicates Pseudo R² of 0.6120. This implies that the model fits the data well and is able to predict the perceived association between the response variable and predictor variable excellently. The findings of the study presented in Table 10 show that education at primary level significantly affected rural women's perceptions of hiring and training of workers as a result of loans. Education at primary level was perceived to increase skill probability of hiring and training workers by 9 percent at 5 percent level of significance. On the other hand, education at primary level was perceived to decrease rural women's disagreement with the idea that loans do not influence their ability in hiring and training workers by the same 9 percent at significance level of 5 percent. Table 11

¹ Years of being FINCA customer

² Employed

³ Manufacturing

presents results pertaining to women’s perceived agreement with the question on whether loans have an effect on meeting customer demands.

Table 11: The Perceived Effect of Loans on Meeting Customer Demands

Variable	Marginal Effects (Meeting Customer Demands)				Variable	Marginal Effects (Not Meeting Customer Demands)			
	Attribute	dy/dx	Std. err.	P> z		Attribute	dy/dx	Std. err.	P> z
LOANS	AGE	-0.009308	0.0094	0.322	LOANS	AGE	0.0062628	0.0065	0.335
	YEARS ¹	0.004529	0.0299	0.880		YEARS ¹	-0.0030473	0.02014	0.880
	DEGREE	-0.0374952	0.21787	0.863		DEGREE	0.024857	0.14262	0.862
	DIPLOMA	0.0244619	0.13506	0.856		DIPLOMA	-0.0164931	0.09136	0.857
	PRIMARY	0.3680656	0.10444	0.000***		PRIMARY	-0.2743442	0.08781	0.002**
	EMPLOY ²	.2379176	0.16071	0.139		EMPLOY ²	-0.1659327	0.11995	0.167
	MAN ³	-0.2150984	0.24309	0.376		MAN ³	0.1231472	0.1147	0.283
	SERVICE	-0.0792593	0.12245	0.517		SERVICE	0.0525446	0.085	0.536

Wald chi2(8) = 8.40; Prob > chi2 = 0.0936; Pseudo R2 = 0.5562; Log pseudo likelihood = -67.798017

, * denotes significance at 5 and 1 levels, respectively

Table 11 indicates that the Chi-squared value generated by the Wald test is 8.40 with an associated p-value of $0.0936 < 0.1$. This suggests that the null hypothesis of insignificance should be rejected thereby implying that the coefficients used in the multivariate probit regression are not simultaneously equal to zero. Table 11 also indicates Pseudo R² of 0.5562. This implies that the model fits the data well and is able to predict the perceived association between the response variable and predictor variable well. Results in Table 11 show that education at primary level is a statistically significant determinant of rural women’s perception of their ability to meet customer demands as a result of loans. Primary education level was perceived to increase probability of rural women’s skills in meeting customer demands by 37 percent at 1 percent level of significance. On the other hand, education at primary level was perceived to decrease rural women’s disagreement with the idea that loans do not influence their ability in meeting customer demands by 27 percent at significance level of 5 percent.

Based on the results displayed in Tables 8-11, it has been shown, statistically, that loans are perceived to significantly affect development of entrepreneurial skills of rural women at 1

¹ Years of being FINCA customer

² Employed

³ Manufacturing

percent, 5 percent, and 10 percent levels of significance. The first hypothesis is therefore rejected.

Having discussed the perceived effect of access to loans on the rural women’s ability to develop entrepreneurship skills, the study now assesses the perceived effect of training offered by MFIs on rural women’s entrepreneurial skills development. The results are presented in Table 12.

4.4.2 Training availability and entrepreneurial skills development

The second objective of the study was to examine the perceived effect of training availability on rural women’s entrepreneurial skills development. Training was an independent variable. The dependent variables were mastery of skills needed to set up business, increased motivation, increased book keeping knowledge, and acquisition of marketing skills. Training is one of the components of MFIs’ capacity building before loans are disbursed to the beneficiaries. It was measured using the perceived skill acquisition scale; and had a total of 5 items as already stated. The respondents were asked to rate the dependent variables on the Likert scale from strongly agree (5) to strongly disagree (1). See appendix page of this study for details of the questionnaires. The responses to the statements are displayed in Table 12.

Table 12: Skill Acquisition: Perceived Effect of Training

Variable	SA (%)	A (%)	N (%)	D (%)	SD (%)	Remarks
Mastery of skills needed to set up business	36	23	3	20	18	Agree
Being more motivated than before	30	26	4	30	10	Agree
Knowing book keeping which was not the case before	30	22	3	26	19	Agree
Marketing skills acquisition	38	31	0	16	15	Agree
Business management	41	21	4	13	21	Agree

Table 12 shows that 36 percent of the respondents strongly agreed with the perception that microfinance services have assisted them to master skills needed to set up their businesses. Similarly, 23 percent of the respondents agreed with the perception that MFIs have assisted them to master skills needed to set up their businesses. The total percentage of those that agreed with the perception that MFIs have assisted them with skills needed to set up their businesses is 59 percent. The respondents were of the opinion that they were more motivated after receiving training from the MFIs. As many as 56 percent of the respondents said that they were

more motivated. Furthermore, Table 12 indicates that 52 percent of the respondents perceived that microfinance services have an effect on the development of entrepreneurship through the acquisition of book keeping skills. Again, 69 percent of the respondents perceived that microfinance services have effect on their development of entrepreneurship skills through acquisition of marketing skills. Furthermore, 62 percent of the respondents perceived that microfinance services had an Effect on their development of entrepreneurship skills through mastery of business management skills. Overall, respondents perceived that the training that MFIs provided helped them in the development of their entrepreneurial skills. Financial literacy is a component of the training that MFIs provide. The findings are corroborated by Lusardi’s (2019) view that an essential indicator of people’s ability to make financial decisions is their level of financial literacy. After assessing results regarding the effect of training offered by MFIs on women’s entrepreneurial skills development, the study now focuses on the perceived effect of training on women’s entrepreneurial skills development in relation to their education level. Table 13 presents the results on the perceived effect of training on mastery of skills needed to set up business in relation to education.

4.4.2.1 Education and mastery of skills needed to set up business

Table 13 shows that respondents at all education levels except Bachelor’s degree level agreed with the perception that the training that MFIs provided enabled them to master the skills needed to set up their businesses. The study found that overall, 60 percent of respondents perceived that microfinance training enabled them to master business skills, while 37.50 percent rejected the perception. Table 14 summarizes the findings on education and motivation to do business.

Table 13: Education and Masterly of Business Skills

Education	Masterly of Business Skills					Total (%)
	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)	
Degree	37.50	6.25	0.00	25.00	31.25	100.00
Diploma	41.18	17.65	0.00	20.59	20.59	100.00
Secondary	33.33	33.33	4.76	19.05	9.52	100.00
Primary	33.33	44.44	11.11	11.11	0.00	100.00
Total	37.50	22.50	2.50	20.00	17.50	100.00

4.4.2.2 Education and increased motivation

Results in Table 14 show that respondents at all education levels apart from secondary level thought that the training that MFIs provided increased their motivation to do their businesses. The study found that overall, 56 percent of respondents agreed with the perception that MFI training made them more motivated to do business, while 40 percent rejected the perception. The study now focuses on the perceived effect of training on knowledge of bookkeeping in relation to education level of respondents. The results are presented in Table 15.

**Table 14: Education and Increased Motivation
Being More Motivated Than Before**

Education	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)	Total (%)
Degree	43.75	25.00	0.00	18.75	12.50	100.00
Diploma	26.47	26.47	5.88	29.41	11.76	100.00
Secondary	28.57	19.05	0.00	42.86	9.52	100.00
Primary	22.22	44.44	11.11	22.22	0.00	100.00
Total	26.25	30.00	3.75	30.00	10.00	100.00

4.3.2.3 Education and knowledge of bookkeeping

Table 15 shows that respondents with diploma and primary education levels were of the view that microfinance has an effect on the development of entrepreneurship skills through the acquisition of bookkeeping skills. The table shows that 58.83 percent of diploma respondents and 66.66 percent of primary level education respondents agreed with the perception that MFIs have assisted them to master bookkeeping skills. The respondents with degree and secondary education levels rejected the perception. Respondents with a degree qualification (56.25 percent) and secondary education level respondents (57.14%) disagreed with the idea that microfinance training assisted them to know bookkeeping. Overall, respondents were of the view that microfinance training helped them to master bookkeeping skills. Whilst 52.50 percent of all the respondents were of this opinion, 45% were against this opinion, and 2.50 percent were neutral.

Table 15: Education and Knowledge of Bookkeeping

Knowing book keeping which was not the case before						
Education	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)	Total (%)
Degree	25.00	18.75	0.00	31.25	25.00	100.00
Diploma	38.24	20.59	5.88	14.71	20.59	100.00
Secondary	14.29	28.57	0.00	47.62	9.52	100.00
Primary	44.44	22.22	0.00	11.11	22.22	100.00
Total	30.00	22.50	2.50	26.25	18.75	100.00

4.3.2.4 Education and marketing skills

Chinomona (2013) found that small business owners' expertise, which includes marketing skills, positively influence small business performance in a significant way. This finding is corroborated by Van Scheers's (2011) study in the Republic of South Africa which concluded that the lack of marketing skills has a negative Effect on the success of small businesses. He found that there is a positive correlation between lack of marketing skills and business failure in South Africa. He recommended that there is need to improve the marketing skills of small business owners as small businesses are considered to be the panacea for South Africa's unemployment problems. Microfinance training comprises marketing skills component, hence this study analyzed respondents' responses in line with their education background. The results show that respondents at all education levels agreed with the perception that the training that MFIs provide enabled them to acquire marketing skills. The study found that overall, 68.75 percent of respondents agreed with the perception that microfinance training enabled them to acquire skills to market their products and services, while 31.25 percent rejected the perception. Table 16 summarizes the findings.

Table 16: Education and Marketing Skills

Perceived Effect of Training on Marketing Skills						
Education	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)	Total (%)
Degree	37.50	25.00	0.00	25.00	12.50	100
Diploma	23.33	47.06	0.00	11.76	17.65	100
Secondary	61.90	9.52	0.00	9.52	19.05	100
Primary	33.33	33.33	0.00	33.33	0.00	100
Total	37.50	31.25	0.00	16.25	15.00	100

4.3.2.5 Inferential analysis: Effect of training on development of entrepreneurship skills

As highlighted in section 4.3.1.5, in reporting the ordered logistic regression, coefficients were recorded just for reference. The discussion of results focussed on marginal effects only because the dependent variable is categorical. As such, it would be misleading to focus on parameter coefficients. The Tables that follow present the study estimates of marginal effects of each outcome. Tables for coefficients and results that are not statistically significant are displayed in appendix 3. Using an ordered logistic regression model (marginal effect analysis), it was found that type of business significantly affected development of entrepreneurial skills of rural women as a result of training.

On perceived Effect of training on mastery of business skills, the results in Table 31(refer to Appendix 3) are not statistically significant. This implies that there is no sufficient evidence that training offered by MFIs were perceived to influence rural women's mastery of business skills. On the perceived effect of training on motivation, results in Table 33 in appendix 3 are not statistically significant. This implies that there is no sufficient evidence that training influenced motivation of rural women to master business skills. Table 33 also presents results pertaining to women's disagreement with the question on trainings have effect on their motivation in doing business. The results are not statistically significant. This implies that there is no enough evidence in support of training as being perceived not influencing rural women's motivation in business. On perceived effect of training on bookkeeping skills, results in Table 35 in appendix 3 are not statistically significant. This implies that there is no sufficient evidence to support the view that training was considered as a factor which influenced rural women's bookkeeping skills. Table 17 also presents results regarding women's disagreement with the question on whether training had an effect on their bookkeeping knowledge. The results are not statistically significant. This implies that there is no sufficient evidence to support the view that training was perceived to have influenced rural women's bookkeeping skills. Table 17 provides results on the perceived effect of training on marketing skills.

Table 17: Perceived Effect of Training on Marketing Skills

Variable	Marginal Effects (Marketing Skills)				Variable	Marginal Effects (No Marketing Skills)			
	Attribute	dy/dx	Std. err.	P> z		Attribute	dy/dx	Std. err.	P> z
TRAIN'G	AGE	0.006979	0.0109	0.522	TRAIN'G	AGE	-0.0069793	0.0109	0.522
	YEARS ¹	0.006305	0.0267	0.813		YEARS ¹	-0.006305	0.0267	0.813
	DEGREE	-0.211556	0.23885	0.376		DEGREE	0.2115565	0.23885	0.376
	DIPLOMA	0.075777	0.15123	0.616		DIPLOMA	-0.0757775	0.15123	0.616
	PRIMARY	-0.266478	0.24817	0.283		PRIMARY	0.2664789	0.24817	0.283
	EMPLOY ²	0.088687	0.14464	0.540		EMPLOY ³	-0.0886871	0.14464	0.540
	MAN ³	-0.101185	0.22185	0.648		MAN ⁴	0.1011851	0.22185	0.648
	SERVICE	0.281546	0.10047	0.005**		SERVICE	-0.2815459	0.10047	0.005**

Wald chi2(8) = 8.55; Prob > chi2 = 0.0816; Pseudo R2 = 0.4173; Log pseudo likelihood = -43.857691

*** denotes significance at 1 level

Table 17 indicates that the Chi-squared value generated by the Wald test is 8.55 with an associated p-value of $0.0816 < 0.1$. This suggests that the null hypothesis of insignificance should be rejected thereby implying that the coefficients used in the multivariate probit regression are not simultaneously equal to zero. Table 17 also indicates Pseudo R² of 0.4173. This implies that the model fits the data well and is able to predict the perceived association between the response variable and predictor variable well. According to Table 17, type of business was perceived to increase the probability of rural women's marketing skills. For women engaged in service business, microfinance services are perceived to increase probability of their marketing skills by 28 percent at 1 percent level of significance. Table 17 presents the results regarding women's disagreement with the question on whether training has an effect on their marketing skills. The results show that type of business is statistically significant at 1 percent level of significance. Microfinance was perceived by rural women in service business to have helped them to decrease their likelihood of not mastering marketing skills. Probability of not having marketing skills through training by rural women decreased by 28 percent points at 1 percent significance level. This demonstrates that training has Effect on the marketing skills of rural women who are in-service business.

The results discussed under section 4.3.2.6 have shown that training is statistically significantly perceived to affect development of entrepreneurial skills of rural women at 1 percent level of significance. The second hypothesis is therefore rejected.

¹ Years of being FINCA customer

² Employed

³ Manufacturing

4.4.3 Savings availability and entrepreneurial skills development

The third objective was to analyse the perceived Effect of savings on the development of entrepreneurial skills of women in rural Malawi. Savings is one of the components of microfinance deliverables. Members of MFIs are taught how to save part of their business proceeds. They are encouraged to form saving groups. In this study, perceived effect of savings was measured using the perceived skill acquisition scale; and had a total of 5 items. The dependent variables were decision making, meeting opportunities, acquisition of business equipment, and business growth. The respondents were required to rate the statements in the questionnaire. See Appendix 1 for details of the questionnaires. The findings are indicated in Table 18.

Table 18: Skill Acquisition: Perceived Effect of Savings

Variable	SA (%)	A (%)	N (%)	D (%)	SD (%)	Remarks
Savings and decision making	38	27	5	25	5	Agree
Savings and meeting opportunities	58	22	7	10	3	Agree
Savings and business equipment	39	34	3	16	7	Agree
Savings and business growth	44	32	8	10	6	Agree

The findings as displayed in Table 18 indicate that the respondents agreed with the perception that savings help them in decision making, grabbing opportunities, buying business equipment, and in business growth. The study found that 65 percent of the respondents perceived savings to have helped them in decision making. Eighty percent were of the view that they saved in order to seize unexpected opportunities that emerge unexpectedly. Seventy-three percent thought that savings enabled them to purchase business equipment, and 76 percent indicated that savings enabled them to re-invest in their business for growth. The responses from the respondents agree with the findings of Karlan et al. (2017) who found that savings lead to an improvement in business outcomes and women empowerment.

4.4.3.1 Education: Savings and decision making

Hill (1928) as cited in Rikwentishe et al. (2015) states that saving does not mean that one shall limit his earning capacity, rather opportunities follow those who have saved money. Saving places one in the way of greater opportunity and gives one the vision, the self-confidence, the imagination, the enthusiasm, the initiative, and leadership which increase one's earning

capacity. These attributes are essential in decision making. Saving enhances individual entrepreneurial development. Table 22 shows that respondents thought that savings had an effect on their decision making in business. The table shows that 56.25 percent of respondents with a degree qualification strongly agreed with the perception that savings make decision making in business easier. As much as 70.59 percent of respondents with a diploma indicated that savings make decision making easier. In another reaction, 61.91 percent of the respondents with secondary level education indicated that savings have an Effect on the development of entrepreneurship as they make the decision- making process easier. Again, 66.66 percent of the respondents with primary education thought that microfinance services have an effect on their development of entrepreneurship skills as they make decision making easier. Overall, respondents were of the view that savings accumulated through training that MFIs provided helped them in the development of their entrepreneurial skills as they eased the decision-making process.

Table 19: Education: Perceived Effect of Savings on Decision Making
Savings and Decision Making

Education	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)	Total (%)
Degree	25.00	31.25	6.25	37.50	0.00	100.00
Diploma	50.00	20.59	8.82	17.65	2.94	100.00
Secondary	23.81	38.10	0.00	28.57	9.52	100.00
Primary	44.44	22.22	0.00	22.22	11.11	100.00
Total	37.50	27.50	5.00	25.00	5.00	100.00

4.4.3.2 Education: Savings and meeting opportunities

Saving is an essential instrument for capital accumulation and formation which further enhances economic growth and development through investing the saved fund. People who do not save money regularly lose many business opportunities (Rikwentishe et al., 2015). Rikwentishe et al. (2015) further postulate that saving of even small sum of money places one in a position where, oftentimes, this small sum may enable one to take advantage of business opportunities which lead directly and quite rapidly to financial independence. The results in this study as shown in Table 20 indicate that respondents at all education levels agreed with the perception that savings enabled them to meet business opportunities that came their way. The study found that overall, 77.78 percent of respondents agreed with the perception that savings helped them to meet business opportunities, while 11.11 percent rejected the perception, and 11.11 percent were neutral.

**Table 20: Education: Perceived Effect of Savings on Meeting Opportunities
Savings and Meeting Opportunities**

Education	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)	Total (%)
Degree	62.10	31.25	0.00	0.00	6.25	100.00
Diploma	50.00	20.59	14.71	14.71	0.00	100.00
Secondary	66.67	19.05	0.00	9.52	4.76	100.00
Primary	55.56	22.22	11.11	11.11	0.00	100.00
Total	57.50	22.50	7.50	10.00	2.50	100.00

4.4.3.3 Education: Savings and business equipment

The results show that respondents at all education levels agreed with the perception that savings enabled them to acquire business equipment that is necessary for running their businesses. The study found that overall, 73.75 percent of respondents agreed with the perception that savings enabled them to acquire business equipment, while 23.75 percent rejected the opinion. Table 21 summarizes the findings.

Table 21: Education: Perceived Effect of Savings on Business Equipment Savings and Business Equipment

Education	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)	Total (%)
Degree	31.25	43.75	0.00	18.75	6.25	100.00
Diploma	47.06	29.41	2.94	11.76	8.82	100.00
Secondary	23.81	38.10	4.76	23.81	9.52	100.00
Primary	55.81	33.33	0.00	11.11	0.00	100.00
Total	38.75	35.00	2.50	16.25	7.50	100.00

4.4.3.4 Education: Savings and business growth

According to Kisaka and Mwewa (2014), business growth is typically defined and measured using absolute or relative changes in sales, assets, employment, productivity, profits, and profit margins. Kisaka and Mwewa (2014) in their study found that savings contribute positively to SMEs growth. Apart from business growth, saving for SMEs is critical to enhance resilience when Black Swan events occur (Cowling et al., 2020). This study solicited respondents' perceptions on savings and business growth based on their educational levels. Table 22 summarizes the results. The responses agree with the findings of Kisaka and Mwewa (2014). The results show that 62.5 percent of bachelor's degree respondents agreed with the perception that savings enabled them to grow their business. As much as 79.42 percent of diploma respondents were of the view that savings played a role in business growth. In another reaction, 90.47 percent of the respondents with secondary level education were of the view that savings had an effect on the development of entrepreneurship as they lead to business growth. Again, 55.55 percent of the respondents with primary education were of the opinion that microfinance has impact on their development of entrepreneurship skills as microfinance services play a role in business growth.

Table 22: Education: Perceived Effect of Savings on Business Growth Savings and Business Growth

Education	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)	Total (%)
Degree	37.50	25.00	6.25	12.50	18.75	100.00
Diploma	41.18	38.24	14.71	2.94	2.94	100.00
Secondary	61.90	28.57	0.00	9.52	0.00	100.00
Primary	22.22	33.33	0.00	33.33	11.11	100.00
Total	43.75	32.50	7.50	10.00	6.25	100.00

4.4.3.5 Inferential analysis: Effect of savings on entrepreneurship skills development

As explained in preceding sections, in reporting the ordered logistic regression, coefficients were recorded just for reference. The discussion of results focussed on marginal effects only because the dependent variable is categorical; as such, it would be misleading to focus on parameter coefficients. The Tables that follow present the study estimates of marginal effects of each outcome. Tables for coefficients are displayed in appendix 3. Table 23 presents results pertaining to the perceived effect of savings on women's ability to make decisions

Table 23: Perceived Effect of Savings on Decision Making

Variable	Marginal Effects (Decision Making)				Variable	Marginal Effects (No Decision Making)			
	variable	dy/dx	Std. err.	P> z		Variable	dy/dx	Std. err.	P> z
SAVINGS	AGE	-0.006307	0.01021	0.537	SAVINGS	AGE	0.0051972	0.00824	0.528
	YEARS ¹	-0.037313	0.02867	0.193		YEARS ¹	0.0307466	0.02498	0.218
	DEGREE	-0.213669	0.22729	0.347		DEGREE	0.1673023	0.16689	0.316
	DIPLOMA	-0.142300	0.16081	0.376		DIPLOMA	0.1160608	0.12467	0.352
	PRIMARY	0.288162	0.10061	0.004***		PRIMARY	-0.2470457	0.09171	0.007***
	EMPLOY ²	0.142495	0.17219	0.408		EMPLOY ²	-0.1187555	0.14907	0.426
	MAN ³	-0.205648	0.27664	0.457		MAN ³	0.1585978	0.18794	0.399
	SERVICE	-0.148564	0.13044	0.255		SERVICE	0.1205573	0.107	0.260

Wald chi2(8) = 8.88; Prob > chi2 = 0.0521; Pseudo R² = 0.6699; Log pseudo likelihood = -58.857938

*** denotes significance at 1 level

Table 23 indicates that the Chi-squared value generated by the Wald test is 8.88 with an associated p-value of $0.0521 < 0.1$. This suggests that the null hypothesis of insignificance should be rejected, thereby implying that the coefficients used in the multivariate probit regression are not simultaneously equal to zero. Table 23 also indicates Pseudo R² of 0.6699. This implies that the model fits the data well and is able to predict the perceived association between the response variable and predictor variable well. Results in Table 23 show that education is statistically significant at 1% level of significance. Rural women with primary level of education thought that microfinance services such as savings increased their decision-making skills. Microfinance services were perceived to increase probability of rural women's decision-making skills as a result of savings by 29 percent points at 1 percent significance level. The same Table presents results regarding women's disagreement with the question on whether savings have an Effect on their decision-making skills. The results show that microfinance

¹ Years of being FINCA customer

² Employed

³ Manufacturing

services are perceived by rural women to help them decrease their likelihood of not mastering decision making skills. Probability of not having decision making skills through savings by rural women decreased by 25 percent points at 1 percent significance level. This demonstrates that savings have an effect on rural women’s decision-making skills in their businesses. Table 24 presents results pertaining to the perceived effect of savings on missing opportunity.

Table 24: Perceived Effect of Savings on Missing Opportunity

Variable		Marginal Effects (Not Missing Opportunity)			Variable		Marginal Effects (Missing Opportunity)		
	variable	dy/dx	Std. err.	P> z		Variable	dy/dx	Std. err.	P> z
SAVINGS	AGE	0.0084979	0.00764	0.266	SAVINGS	AGE	-0.0053436	0.00505	0.290
	YEARS ¹	-0.0082335	0.01556	0.597		YEARS ¹	0.0051773	0.01014	0.610
	DEGREE	0.0863477	0.1215	0.477		DEGREE	-0.0553601	0.08081	0.493
	DIPLOMA	-0.0890296	0.10213	0.383		DIPLOMA	0.055337	0.06061	0.361
	PRIMARY	-0.379066	0.28547	0.184		PRIMARY	0.1874428	0.09018	0.038
	EMPLOY ²	0.0087319	0.10364	0.933		EMPLOY ²	-0.0054995	0.06545	0.933
	MAN ³	0.1213203	0.0628	0.053*		MAN ³	-0.0792463	0.04225	0.061*
	SERVICE	0.1513065	0.08537	0.076*		SERVICE	-0.0952428	0.0591	0.107

Wald chi2(8) = 6.55; Prob > chi2 = 0.0054; Pseudo R² = 0.6976; Log pseudo likelihood = -45.679261

* denotes significance at 10 levels, respectively

Table 24 indicates that the Chi-squared value generated by the Wald test is 6.55 with an associated p-value of $0.0054 < 0.01$. This suggests that the null hypothesis of insignificance should be rejected; thereby implying that the coefficients used in the multivariate probit regression are not simultaneously equal to zero. Table 24 also indicates Pseudo R² of 0.6976. This implies that the model fits the data well and is able to predict the perceived association between the response variable and predictor variable well. Results in Table 24 show that rural women who engaged in manufacturing and service businesses perceived microfinance services as having effect on their ability of not missing business opportunities. It was perceived by rural women that the probability of rural women involved in manufacturing business of not missing business opportunities increased by 12 percent at 10 percent level of significance. For rural women in service business, the probability increased by 15 percent. On the other hand, the probability of rural women missing business opportunity was perceived by rural women to decrease by 9 percent at 10 percent level of significance. Table 25 presents results pertaining to the perceived effect of savings on business equipment.

¹ Years of being FINCA customer

² Employed

³ Manufacturing

Table 25: Perceived Effect of Savings on Business Equipment

Variable	Marginal Effects (Business Equipment)				Variable	Marginal Effects (No Business Equipment)			
	Attribute	dy/dx	Std. err.	P> z		Attribute	dy/dx	Std. err.	P> z
SAVINGS	AGE	-0.0152435	0.00896	0.089*	SAVINGS	AGE	0.0137553	0.00803	0.087*
	YEARS ¹	0.0146484	0.02218	0.509		YEARS ¹	-0.0132183	0.02016	0.512
	DEGREE	0.1724639	0.09991	0.084*		DEGREE	-0.1570554	0.09071	0.083*
	DIPLOMA	0.0490264	0.1435	0.733		DIPLOMA	-0.0442683	0.12987	0.733
	PRIMARY	0.2612566	0.07586	0.001***		PRIMARY	-0.2393743	0.07068	0.001***
	EMPLOY ²	-0.2319097	0.15235	0.128		EMPLOY ²	0.2050479	0.12936	0.113
	MAN ³	-0.3168467	0.21209	0.135		MAN ³	0.2699249	0.175	0.123
	SERVICE	0.0250627	0.11633	0.829		SERVICE	-0.0226326	0.1046	0.829

Wald chi2(8) = 8.66; Prob > chi2 = 0.0020; Pseudo R2 = 0.7898; Log pseudo likelihood = -47.926877

*, *** denotes significance at 10 and 1 levels, respectively

Table 25 indicates that the Chi-squared value generated by the Wald test is 8.66 with an associated p-value of $0.0020 < 0.01$. This suggests that the null hypothesis of insignificance should be rejected, thereby implying that the coefficients used in the multivariate probit regression are not simultaneously equal to zero. Table 25 also indicates Pseudo R² of 0.7898. This implies that the model fits the data well and is able to predict the perceived association between the response variable and predictor variable well. Results in Table 25 show that education is statistically significant at 1 percent and 10 percent levels of significance. Rural women with primary level of education perceived microfinance services to increase probability of acquiring business equipment. As a result of savings, the probability of rural women with primary level education acquiring business equipment was perceived to increase by 26 percent at 1% significance level. Their disagreement decreased by 24 percent at 1 percent level of significance. For rural women with a degree qualification, the probability of acquiring business equipment increased by 17 percent at 10 percent level of significance. The probability of their disagreement with the statement that savings enable them to acquire business equipment decreased by 16 percent at 10 percent level of significance. The age of rural women was found to decrease their agreement with the statement that savings enable rural women to acquire business equipment by 1 percent at 10 percent level of significance and increase their disagreement with 1 percent at 10 percent level of significance. This demonstrates that savings are perceived to have an effect on rural women's ability to acquire business equipment. Table 26 presents results pertaining to the perceived effect of savings on business growth.

¹ Years of being FINCA customer

² Employed

³ Manufacturing

Table 26: Perceived Effect of Savings on Business Growth

Variable	Marginal Effects (Business Growth)				Variable	Marginal Effects (No Business Growth)			
	Attribute	dy/dx	Std. err.	P> z		Attribute	dy/dx	Std. err.	P> z
SAVINGS	AGE	0.021554	0.01079	0.046**	SAVINGS	AGE	-0.015313	0.00824	0.063*
	YEARS ¹	-0.036606	0.02588	0.157		YEARS ¹	0.0260063	0.01974	0.188
	DEGREE	-0.129239	0.17537	0.461		DEGREE	0.088532	0.11474	0.440
	DIPLOMA	-0.111819	0.11503	0.331		DIPLOMA	0.0784654	0.0776	0.312
	PRIMARY	-0.722085	0.20348	0.000***		PRIMARY	0.2110262	0.16816	0.209
	EMPLOY ²	-0.316458	0.17031	0.063*		EMPLOY ²	0.2042399	0.10625	0.055*
	MAN ³	-0.109787	0.20637	0.595		MAN ³	0.0750098	0.13946	0.591
	SERVICE	0.102309	0.08827	0.246		SERVICE	-0.0729789	0.06183	0.238

Wald chi2(8) = 12.24; Prob > chi2 = 0.0612; Pseudo R2 = 0.4927; Log pseudo likelihood = -47.756719

*, **, *** denotes significance at 10, 5 and 1 levels, respectively

Table 26 indicates that the Chi-squared value generated by the Wald test is 12.24 with an associated p-value of $0.0612 < 0.1$. This suggests that the null hypothesis of insignificance should be rejected, thereby implying that the coefficients used in the multivariate probit regression are not simultaneously equal to zero.

Table 26 also indicates Pseudo R² of 0.4927. This implies that the model fits the data well and is able to predict the perceived association between the response variable and predictor variable well. Results in Table 26 show that age, employment status, and education are statistically significant at 5 percent, 10 percent, and 1 percent levels of significance. Age is perceived by rural women to increase the probability of business growth as a result of savings by rural women by 2 percent at 5 percent level of significance. Level of education, for example primary, decreases the probability of business growth as a result of savings by rural women by 11 percent points at 1 percent significance level. Employment decreases the probability of business growth as a result of savings by rural women by 32 percent at 10 percent significance level. Age is perceived to increase the probability of the rural women's disagreement with the statement that savings bring business growth by 2 percent at 10 percent level of significance. Employment increases rural women's disagreement with the statement by 20 percent at 10 percent level of significance.

The results discussed under section 4.3.3.6 have shown that savings are perceived to statistically significantly affect development of entrepreneurial skills of rural women at 1 percent, 5 percent, and 10 percent levels of significance. The third hypothesis is therefore rejected.

¹ Years of being FINCA customers

² Employed

³ Manufacturing

4.5 Discussion of findings

A survey by Gnawali (2018) in Nepal concluded that microfinance institutions play a positive role on women who access microfinance services. Microfinance services increase women's well-being, enable them to access and control their resources. The same survey also found that microfinance can be used as a tool to eradicate illiteracy among women, enable women to take part in economic decisions, and boost women's self-esteem. Respondents, especially women, have a positive response and satisfaction towards the services provided by MFIs.

The first objective of the study was to examine the perceived effect of loans on the entrepreneurship skills development of rural women. The results indicated that indeed loans have an effect on the development of entrepreneurial skills. Microfinance programmes have a significant effect on entrepreneurship development of small-scale business women in rural areas. The findings are in line with the early works in this area that found that lending programs contribute to the growth and development of small businesses (Agarwal & Pokhriyal, 2022; Khan et al., 2020).

Theoretically, microfinance's services accessibility enables the poor to smooth their consumption, gradually develop micro enterprises, and enhance income capacity (Rubambey, 2001). Similarly, lack of broad access to financial services limits opportunities for agribusiness enterprises and small holder farmers to adopt efficient technologies and efficient resource allocation (Peer, 2010). In fact, the entrepreneur who accesses a high loan is able to improve his/her business environment which can attract and monopolize the market through improving the quality and increasing the quantity of a product, setting competitive price, increasing advertising budget, and improving business premise.

Furthermore, the second objective of the study was to examine the perceived effect of business training on entrepreneurship skills development, especially for small businesses. Using ordered logistic regression model, it has been established that business training that microfinance institutions offer are perceived to have an effect on the development of entrepreneurship skills of rural women. The behavioural approach to the study of entrepreneurs (Ibrahim & Goodwin, 1986) describes the managerial skills and abilities as skills that entrepreneurs should have before starting their businesses in order to be successful. These include capabilities of business plan such as strategic planning, finance management, marketing, risk analysis, networking, and delegating. These capabilities of entrepreneurs are developed from self-employment supported by microfinance institutions that give access to finance to entrepreneurs (Lahimer et al., 2013). This result is consistent with the previous studies (such as Boateng & Boateng 2014; Gitobu,

2015; Sussan & Obamuyi, 2018) that showed that providing microfinance beneficiaries with training programmes will assist small businesses to improve their efficiency, communication, and use of technology, strengthen their leadership and management skills, and influence the small businesses' growth and survival. Microfinance institutions conduct various personal skill development training, business management training, and financial management training programs for the entrepreneurs before and after approving their groups for the membership. Those programmes have a strong effect on the entrepreneurs and their growth and development of their enterprises.

The third objective of the study was to analyse the perceived effect of savings on the development of entrepreneurship skills of rural women. The conclusion drawn from the findings from ordered logistic regression model is that savings are perceived to have an Effect on the development of entrepreneurship skills of rural women. This is supported by other studies that found that saving programs contribute to the growth and development of small businesses and help them manage frequent cash flows by providing a cushion against business risks (Ferdousi, 2015; Karlana, 2017; Rikwentishe et al., 2015). While entrepreneurs save part of their business proceeds, not all such savings are geared towards investment and entrepreneurial development. However, this study has established that savings are perceived to affect entrepreneurial development. By implication, successful businesses tend to save even more because behind every success/prosperity in life is the habit of saving money (Ahmed, 2020). Similarly, McKernan et al. (2020) found that there is a positive relationship between perceived financial wellbeing and savings. An individual who perceives himself to be prosperous/ comfortable tends to save more and vice versa. McKernan et al. (2020) further postulate that savings help business persons to expand their businesses.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the study, conclusion, and policy implications of the study. The first part of the chapter presents a summary of the study, while policy implications and conclusion are presented in sections 5.3 and 5.4 respectively. The last part of the chapter presents study limitations.

5.2 Summary of the study

This study aimed at examining the perceived effect of the provision of microfinance services by FINCA Malawi on Malawi rural women's development of entrepreneurship skills. The respondents of the study were rural female clients of FINCA scattered in Blantyre rural, Chiradzulu, and Thyolo. Specifically, the study sought to achieve three objectives namely: to examine the perceived effect of access to loans on development of entrepreneurial skills of women in rural Malawi, to examine the perceived effect of training availability on entrepreneurial skills development of women in rural Malawi, and to analyse the perceived Effect of savings on the development of entrepreneurial skills of women in rural Malawi.

A total of 85 questionnaires were administered and 80 respondents completed and returned the questionnaires. Ordered logistic regression analysis (marginal effect analysis) was used to analyse the data. The study established that microfinance services are perceived to have an effect on the development of entrepreneurial skills of women in rural Malawi. From the study, it is evident that MFIs are tools for entrepreneurship skills development. This is due to the various services they offer.

This research has identified the perceived effect of microfinance on entrepreneurial skills development of women in rural areas. The analysis of data indicates that loans, business training, and savings are perceived to have an effect on entrepreneurship skills development of rural women. There is a significant perceived effect of microfinance activities on entrepreneurial skills development.

5.3 Policy implications

Findings from this study revealed that provision of microfinance services to rural women is perceived to spur their entrepreneurial skills. The study concludes that microfinance is perceived to have Effect on rural women's entrepreneurial skills. Basing on the study findings, the following policy implications have arisen:

- i. Microfinance institutions should continue providing managerial skills to rural women in order to enhance their business management skills. The study has found that services that MFIs' provide are perceived to enable rural women to make business decisions such as meeting opportunities, finding solutions to community problems, meeting customer needs, as well as hiring and training their workers.
- ii. Microfinance institutions should continuously carry out needs assessment of their clients. This will enable them to offer their clients appropriate training in entrepreneurship skills in line with the ever-changing business environment.
- iii. The policy implication is that stakeholders, mainly Malawi Government through the Reserve Bank of Malawi, should put in place policies that will help MFIs build their capacity in order for them to effectively reach out to more rural women with their services. It has been observed that one of the challenges that MFIs face is capacity building. The study findings confirm that micro-finance can be used as a practical, all-inclusive, and effective women empowerment tool through sustainable entrepreneurship. Like in other parts of the world, access to capital remains the biggest issue and challenge for the budding entrepreneur, rural women inclusive. While it remains relatively easy for more established entrepreneurs to obtain loans in order to expand their businesses, it remains difficult for many women to obtain loans.

5.4 Conclusion

Microfinance is identified as one of the key players in the financial industry that has positively affected individuals, business organizations, other financial institutions, the government, and the economy at large through the services microfinance institutions offer and the functions microfinance institutions perform in the economy. Using ordered logistic regression model, the study has shown statistically that microfinance loans are perceived to significantly affect development of entrepreneurial skills of rural women at 1 percent, 5 percent, and 10 percent levels of significance. It has also been shown statistically that microfinance training is significantly perceived to affect development of entrepreneurial skills of rural women at 1 percent level of significance. Lastly, it has also been shown statistically that savings are perceived to significantly affect development of entrepreneurial skills of rural women at 1 percent, 5 percent, and 10 percent levels of significance.

5.5 Suggestions for future research

This study recommends that future studies should involve multiple microfinance institutions rather than concentrating on one institution. This will be a way of triangulating the findings. A longitudinal study is also recommended in order to compare the results at different time intervals.

5.6 Study limitations

The first limitation that the study encountered is that the questionnaire was in English, and it transpired that some of the respondents were not very competent in English. The research assistants therefore were required to translate the questionnaire in Chichewa. This mitigated the challenge of not being competent in English. This challenge therefore may not have affected the results of the study.

The second limitation is that some respondents were not willing to participate in the study because they feared that the information might be used against them in one way or another. These respondents were assured that the information given will only be used for academic purposes and that they were not required to indicate their names and anything that would disclose their identities. The respondents were therefore assured that it would not be possible for anyone to identify them after the completed questionnaires were collected.

REFERENCES

- Aderibigbe, J. O. (2013). The role of the financial sector in poverty reduction'. Central Bank of Nigerian Economic and Finance Review, 39(4), December 2001
- Afshan, G., Shahid, S. and Tunio, M.N. (2021), "Learning experiences of women entrepreneurs amidst COVID-19", International Journal of Gender and Entrepreneurship, 13 (2) pp. 162-186. <https://doi.org/10.1108/IJGE-09-2020-0153>
- Agarwal, R., and Pokhriyal, A. K. (2022). The moderating effect of attitude to risk on the role of microfinance in entrepreneurship development in Uttarakhand region, India. Journal of Global Entrepreneurship Research, 12(1), 107\117.
- Ahmed, S. (2020). Assessment of the effect of savings and investment habit on entrepreneurial development in Jalingo Metropolis, Taraba State, Nigeria.
- Ajide, F. M., and Dada, J. T. (2023). Poverty, entrepreneurship, and economic growth in Africa. *Poverty & Public Policy*.
- Akanji, O.O (2008). Micro-Finance as a strategy for poverty reduction. CBN Econom. Financ. Rev. 39(4)
- Akingunola, R. O., Adekunle, O. A., Adegbesan, K. J., and Aninkan, O. O. (2013). Microfinance banks and entrepreneurship development in Nigeria: A case of Ogun State. European journal of business and management, 5(28), 100-110.
- Amin, Sajeda, Rai, Ashok S. and Topa, Giorgio (2003) Does microcredit reach the poor and vulnerable? Evidence from northern Bangladesh, Journal of Development Economics, 70(1), 59-82
- Aminu, A. A. (2009). Entrepreneurship Theory and Practice. Compaq Publishers Ltd.
- Anderson, C. L., Locker, L., and Nugent, R. (2002) Microcredit, Social Capital, and Common Pool Resources, World Development, 30(1), 95-105
- Babbie, E., and Mouton, J. (2007). Qualitative methods of data sampling. The practice of social research, 7, 187-193.
- Barsoum, G. (2006). Who gets credit? The gendered division of microfinance programs in Egypt. Canadian Journal of Development Studies/Revue canadienne d'études du développement, 27(1), 51-64.

- Bashar, T., and Rashid, S. (2012). Urban microfinance and urban poverty in Bangladesh. *Journal of the Asia Pacific Economy*, 17(1), 151-170.
- Bauchet, J., Marshall, C., Starita, L., Thomas, J., and Yalouris, A. (2011). Latest findings from randomized evaluations of microfinance.
- Bay, G., and Donham, D. (Eds.). (2006). *States of violence: Politics, youth, and memory in contemporary Africa*. Charlottesville, USA: University of Virginia Press
- Bayes, A. (2001) Infrastructure and rural development: insights from a Grameen Bank village phone initiative in Bangladesh, *Agricultural Economics*, 25(2-3), 261-272
- Bharti, N. (2014). The role of training in reducing poverty: the case of microenterprise development in India. *International Journal of Training and Development*, 18(4), 291-296.
- Blaikie, A. (2000). *Evaluation Research - An Introduction to Principles, Methods and Practice*. Sage Publications.
- Boateng, G. O., and Boateng, A. A. (2014). Assessment of the effectiveness of Ghanaian micro-finance institutions in promoting entrepreneurs in Accra metropolis. Available at SSRN 2537708.
- Botha, M. (2006). Measuring the effectiveness of the women entrepreneurship programme, as a training intervention, on potential, start-up and established women entrepreneurs in South Africa (Doctoral dissertation, University of Pretoria).
- Brau, J. C., and Woller, G. M. (2004). MFIs: A comprehensive review of the existing literature. *The Journal of Entrepreneurial Finance*, 9(1), 1-28.
- Bressler, M. S. (2012). How small businesses master the art of competition through superior competitive advantage. *Journal of Management and Marketing Research*, 11(1), 1-12.
- Burns, N. and Grove, S.K. (2007). *Understanding nursing research: Building evidence-based practice* (4thed.). Saunders
- Burritt, K. (2006). Expanding access to financial services in Malawi. United Nations Capital Development Fund.
- Chavan, P. and Ramakumar, R. (2002). Micro-credit and rural poverty: An analysis of empirical evidence. *Economic and Political Weekly*, 37(10), 955-965.
<http://www.jstor.org/stable/4411845>

- Chaweza, R. and Nagoli, J. (2018). Influence of markets on fish farming adoption: The case of Chingale in Malawi. *African Journal of Agricultural Research*. Vol. 13(31), pp. 1606-1612, 2 August, 2018 DOI: 10.5897/AJAR2017.12175
- Chell, E. (2007). Social enterprise and entrepreneurship: Towards a convergent theory of the entrepreneurial process. *International small business journal*, 25(1), 5-26.
- Chetama, J.C, Dzanja, J, Gondwe, S and Maliro, D. (2016). The role of microfinance on growth of small-scale agribusiness in Malawi: A Case of Lilongwe District. *Journal of Agricultural Science* 8(6):84-93. (DOI:10.5539/jas.v8n6p84.)
- Chinomona, R. (2013). business owner's expertise, employee skills training and business performance: A Small Business Perspective. *Journal of Applied Business Research (JABR)*, 29(6), 1883–1896. <https://doi.org/10.19030/jabr.v29i6.8224>
- Churchill, A. (2002). *Doing and Writing Qualitative Research*. Sage Publications.
- Coad, A., Coad, J., Roberts, R. G., and Storey, D. J. (2013). Growth paths and survival chances: An application of Gambler's Ruin theory. *Journal of business venturing*, 28(5), 615-632.
- Cooper, D. R. and Schindler, P. S. (2011). *Business research methods, (11th ed.)*, McGraw.
- Cowling, M., Brown, R., and Rocha, A. (2020). <? covid19?> Did you save some cash for a rainy COVID-19 day? The crisis and SMEs. *International Small Business Journal*, 38(7), 593-604.
- Crabb, P. (2008). Economic freedom and the success of MFIs institutions. *Journal of Developmental Entrepreneurship*, 13(02), 205-219.
- Cull, R., and Morduch, J. (2018). MFIs and economic development. In *Handbook of finance and development* (pp. 550-572). Edward Elgar Publishing.
- Delaney, P.G, Harrington, K and Toker, E. (2019). Undergraduate Student-Run Business Development Services: A New Educational Opportunity and Growth Alternative for Small and Medium Enterprises. *Entrepreneurship Education and Pedagogy* 2(2):171-187. (DOI:10.1177/2515127418816289.)
- de França Filho, G. C., Rigo, A. S., and Júnior, J. T. S. (2013). Microcredit policies in Brazil: An analysis of community development banks. *Securing livelihoods: Informal economy practices and institutions*, 115.
- Elahi, K. Q., and Danopoulos, C. P. (2004). MFIs and Third World Development: A Critical Analysis. *Journal of Political & Military Sociology*, 32(1), 61–77. <http://www.jstor.org/stable/45371635>

- Eroglu, O., and Picak, M. (2011). Entrepreneurship, national culture and Turkey. *International Journal of Business and Social Science*, 2(16).
- FAO. (2010); Gender and Rural Employment Policy Brief # 3: Rural Women's Entrepreneurship Is "Good Business".
- Fasehun, O., and Bewayo, E. (2009). Promoting entrepreneurship in Nigeria through microfinance. Montclair State University, New Jersey.
- Ferdousi, F. (2015). Effect of microfinance on sustainable entrepreneurship development. *Development Studies Research*, 2(1), 51-63.
- Flint, D., Woodruff, R., and Gardial, S. (2002). Exploring the phenomenon of customers' desired value change in a business-to-business context. *Journal of Marketing*, 66(4), 102-117.
- Garavan, T. and McGuire, D. (2001). Competencies and workplace learning: Some reflections on the rhetoric and the reality. *Journal of Workplace Learning*, 13(4), 144 - 164.
- Gitobu, E. N. (2015). Effect of Micro-credit to Women Empowerment in Nairobi County (Doctoral dissertation, University of Nairobi).
- Gnawali, A. (2018). Effect of microfinance institutions in women economic empowerment: With reference to Butwal Sub-Municipality. *International Journal of Research in Humanities and Social Studies*, 5(5), 10-17.
- Gomes, S., Ferreira, J., Lopes, J.M and Farinha, F (2022). The Effects of the Entrepreneurial Conditions on Economic Growth: Evidence from OECD Countries. *Economies* 10: 163. <https://doi.org/10.3390/economies10070163>
- Haque, T., Siwar, C., Bhuiyan, A.B., and Joarder, M.H.R. (2019). Contributions of Amanah Ikhtiar Malaysia (AIM) MFIs to Economic Empowerment (EE) of women borrowers in Malaysia. *Economics and Sociology*, 12(4), 241-256. doi:10.14254/2071-789X.2019/12-4/15
- Hassan, M and Ibrahim, K (2015) The MFIs Revolution and the Grameen Bank Experience in Bangladesh, *Financial Markets, Institutions and Instruments*, 11(3), 205-65
- Hassan, K. (2002). The MFIs revolution and the Grameen Bank experience in Bangladesh. Blackwell.
- Henry, C., Hill, F., and Leitch, C. (2005). Entrepreneurship education and training: can entrepreneurship be taught? Part I. *Education+ Training*, 47(2), 98-111.

- Hensher, D.A and Stopher, P.R(Eds) (2021). Behavioural Travel Modelling. Routledge.
- Hobohm, S (n.d) (2015); Small and medium sized enterprises in economic development: The UNIDO experience. Retrieved from the internet on 2nd August 2015 from www.un.org/files/article/157.pdf
- Hulme, D. (2000). Effect assessment methodologies for microfinance: theory, experience and better practice. *World development*, 28(1), 79-98.
- Ibrahim, A. B., and Goodwin, J. R. (1986). Perceived causes of success in small business. *American journal of small business*, 11(2), 41-50
- Imevbore, Y. (2008). *Entrepreneurship Development and Business Building Techniques*
- Kalanda, A.A. (2006) *Essays on Regulation and Supervision: Development of Malawi's MFIs Regulation and Supervision*. IRIS Center, University of Maryland, Department of Economics.
- Karanja, B. (2011). MFIs, rural livelihoods, and SME's empowerment in Kenya. African Studies Centre' Research Report 85.
- Karlana, D. Savonittob, B, Thuysbaertb, B and Udrya, C. (2017) *Effect of Savings Groups on the Lives of the Poor*. Department of Economics, Yale University
- Keh, H. T., Nguyen, T. T. M., and Ng, H. P. (2007). The effects of entrepreneurial orientation and marketing information on the performance of SMEs. *Journal of business venturing*, 22(4), 592-611.
- Khan, M. A., Siddique, A., Sarwar, Z., Minh Huong, L. T., and Nadeem, Q. (2020). Determinants of entrepreneurial small and medium enterprises performance with the interaction effect of commercial loans. *Asia Pacific Journal of Innovation and Entrepreneurship*, 14(2), 161-173.
- Kisaka, S. E., and Mwewa, N. M. (2014). Effects of micro-credit, micro-savings and training on the growth of small and medium enterprises in Machakos County in Kenya. *Research Journal of Finance and Accounting*, 5(7), 43-49.
- Kombo, D. and Tromp, D.L.A. (2006). *Proposal and thesis writing: An introduction*. Nairobi: Paulines Publications Africa.
- Kuene, T. R. (2008). *A critical analysis of entrepreneurial and business skills in SMEs in the textile and clothing industry in Johannesburg*. South Africa, Published PhD Thesis, Pretoria: University of Pretoria.

- Lahimer, N., Dash, S., and Zaiter, M. (2013). Does microfinance promote entrepreneurship and innovation? A macro analysis. *African Journal of Science, Technology, Innovation and Development*, 5(1), 19-29.
- Lam, S. Y., Shankar, V., Erramilli, M. K., and Murthy, B. (2004). Customer value, satisfaction, loyalty, and switching costs: an illustration from a business-to-business service context. *Journal of the academy of marketing science*, 32(3), 293-311.
- Langley, M., Van Cong, B. T., and Hansen, N. (2020). Aims and overview of the mentorship program for women entrepreneurs offered by Opportunity International Malawi: Report of the University of Groningen, The Netherlands. University of Groningen.
- Ledgerwood, J. (1998). *Microfinance handbook: An institutional and financial perspective*. World Bank Publications.
- Leitch, C., Welter, F and Henry, C. (2018) Women entrepreneurs' financing revisited: taking stock and looking forward, *Venture Capital*, 20(2), 103-114, DOI:10.1080/13691066.2018.1418624
- Leitner, K.H. and Guldenberg, S. (2010) Generic strategies and firm performance in SMEs: a longitudinal study of Austrian SMEs. *Small Bus Econ* 35, 169–189 (2010). <https://doi.org/10.1007/s11187-009-9239-x>
- Ligthelm, A. A. (2010). Entrepreneurship and small business sustainability. *Southern African Business Review*, 14(3).
- Lusardi, A. (2019). Financial literacy and the need for financial education: evidence and implications. *Swiss Journal of Economics and Statistics*, 155(1), 1-8.
- Maganga, A. (2021). Effect of microfinance village savings and loan associations on women's empowerment and resilience against vulnerability in Malawi. *International Journal of Rural Management*, 17(2), 190-212.
- Malawi Government (2020). *Vision 2063. Transforming Our Nation*. National Planning Commission (NPC)
- Malawi Government (2021). *Reserve Bank of Malawi 2021 Annual Report*.
- Man, T.W.Y., Theresa, L. and Chan, K. F. (2002). The competitiveness of small and medium enterprises: A conceptualization with focus on entrepreneurial competencies. *Journal of Business Venturing*. 17, 123–142.

- Manos, R., and Yaron, J. (2008). Measuring the performance of microfinance providers: an assessment of past and present practices. *International Journal of Financial Services Management*, 3(2), 171-187.
- Marconi, R., and Mosley, P. (2006). Bolivia during the global crisis 1998–2004: towards a ‘macroeconomics of microfinance’. *Journal of International Development: The Journal of the Development Studies Association*, 18(2), 237-261.
- Marques, C. S., and Ferreira, J. (2009). SME innovative capacity, competitive advantage and performance in a traditional industrial region of Portugal. *Journal of technology management & innovation*, 4(4), 53-68.
- Mbithi, P. M., and Rasmussen, R. (1977). *Self-reliance in Kenya: The case of Harambee*. Uppsala: Bohuslaningens AB.
- McKenzie, David J. and Woodruff, Christopher (2006) Do Entry Costs Provide an Empirical Basis for Poverty Traps? Evidence from Mexican Microenterprises, *Economic Development and Cultural Change*, 55(1), 3-42
- McKernan, S. M., Mills, G., Ratcliffe, C., Congdon, W. J., Pergamit, M., Braga, B., and Martinchek, K. (2020). Building Savings, Ownership, and Financial Well-Being. OPRE Report, 30.
- Midgley, J. (2008), Microenterprise, global poverty and social development. *International Social Work*, 51(4), 467-479.
- Monitor, G. E. (2016). Global entrepreneurship monitor. Empreendedorismo no Brasil (Relatório Nacional). Curitiba: Instituto Brasileiro de Qualidade e Produtividade, Paraná.
- Mugenda, O. M., and Mugenda, A. G. (2003). Research methods: Quantitative & qualitative approaches 2(2). Nairobi: Acts press.
- Mule, H. (2001). Challenges to African governance and civil society. *Public Administration and Development Journal*, 21(1), 71-76
- Mwatsika, C. (2015). Entrepreneurship development and entrepreneurial orientation in rural areas in Malawi. *African Journal of Business Management*, 9(9), 425-436.
- Nader, Y.F. (2008). Microcredit and socio-economic the wellbeing of women and their families in Cairo. *Journal of Socioeconomics*, 37, 644-656

- Nag, D. and Das, N. (2015), Development of various training methods for enhancing effectiveness and skill development among micro-entrepreneurs in India. *Journal of Entrepreneurship Education*, 18(1), 1-18.
- Nair, T.S. (2001) Institutionalising MFIs in India: An Overview of Strategic Issues, *Economic and Political Weekly*, 36(4), 399-404
- Navajas, S., Schreiner, M., Meyer, R. L., Gonzalez-Vega, C., and Rodriguez-Meza, J. (2000). Microcredit and the Poorest of the Poor: Theory and Evidence from Bolivia. *World development*, 28(2), 333-346.
- Nawaz, F. (2009) Critical Factors of Women Entrepreneurship Development in Rural Bangladesh. Department of Public Administration, Rajshahi University.
- Ndala, N. N., and Pelsler, T. (2020). Exploring the entrepreneurship policy-making and outcomes undertaken by public institutions involved in entrepreneurship development in Malawi. *Journal of Contemporary Management*, 17(se1), 1-21.
- Ndubuisi, C. W. (1998). *Financial Engineering and Control*. Maiduguri, Nigeria: Government Press.
- Ogunleye, T. S. (2015). *Sustainability and Outreach: Analysis of Microfinance Banks in Nigeria* (Doctoral dissertation, University of Bradford).
- O'Higgins, N., and Sbriglia, P. (2016). Schumpeter'. *Recent Developments in the Theory of Industrial Organization*, 293.
- Ojo, O (2009). Effect of MFIs on entrepreneurial development: The case of Nigeria. A paper presented at The International Conference on Economics and Administration, Faculty of Administration and Business, University of Bucharest, Romania ICEA-FAA Bucharest.
- Okpara, J. O., and Kabongo, J. D. (2009). An empirical evaluation of barriers hindering the growth of small and medium sized enterprises (SMEs) in a developing economy. *African journal of business and economic research*, 4(1), 7-21.
- Omumi, K. (2010). *Branchless banking and use of agents including Postal Corporation of Kenya*. Retrieved from <http://aitec.usp.net>.
- Onuoha G., (2007) *Entrepreneurship*, AIST International Journal 10, 20-32.
- Onwuliri, O. (2009). *Entrepreneurship development: Principles and practice*. Wolsak Printers Limited.

- Orame, N., Anigbogu, T. U., and Nwankwo, F. O. (2020). Influence of Village Savings and Loan Associations (VSLA) on Poor Household Wellbeing in Ayamelum Local Government Area, Anambra State. (2015-2019). *Forshen Hub International Journal of Entrepreneurial and Cooperative Studies*, 3(1), 1-17.
- Otero, M. (1999). Bringing development back, into microfinance. *Journal of Microfinance/ESR Review*, 1(1), 2.
- Panda, S. (2018), "Constraints faced by women entrepreneurs in developing countries: review and ranking", *Gender in Management*, 33(4), 315-331. <https://doi.org/10.1108/GM-01-2017-0003>
- Panjaitan-Drioadisuryo, R. D., and Cloud, K. (1999). Gender, self-employment and microcredit programs an Indonesian case study. *The Quarterly Review of Economics and Finance*, 39(5), 769-779.
- Parker, S. C. (2006). Law and the Economics of Entrepreneurship. *Comp. Lab. L. & Pol'y J.*, 28, 695.
- Pronyk, P. M., Kim, J. C., Abramsky, T., Phetla, G., Hargreaves, J. R., Morison, L. A., Watts, C., Busza, J., and Porter, J. D. (2008). A combined microfinance and training intervention can reduce HIV risk behaviour in young female participants. *Aids*, 22(13), 1659-1665.
- Ranabahu, N. and Tanima, F.A. (2022), "Empowering vulnerable MFIs women through entrepreneurship: opportunities, challenges and the way forward", *International Journal of Gender and Entrepreneurship*, Vol. 14 (2), 145-166. <https://doi.org/10.1108/IJGE-01-2021-0020>
- Rani D. L. (1996), *Women Entrepreneurs*. APH Publishing House.
- Raniga, T. (2022). Women entrepreneurship as a strategy for sustainable livelihoods. *The Thinker*, Vol 92/2022, pp. 17-25
- Rikwentishe, R., Pulka, B. M., and Msheliza, S. K. (2015). The effects of saving and saving habits on entrepreneurship development. *European Journal of Business and Management*, 23(7), 111-119.
- Rubambey, G. (2001). Tanzania National Micro Finance Policy. In A Paper Presented at the 5th Annual International Conference on entrepreneurship and Small Business Development (ICAESB), White Sand Hotel, Dar es Salaam.

- Saunders, M., Lewis, P., and Thornhill, J (2007): *Research Methods for Students*. Prentice Hall.
- Shukran, K., and Rahman, F. (2011). A Grameen Bank concept: Micro-credit and poverty alleviation program in Bangladesh. In International Conference on emerging trends in computer and image processing (pp. 47-51).
- Smith, E. E., and Perks, S. (2006). Training interventions needed for developing black micro-entrepreneurial skills in the informal sector: A qualitative perspective. *SA Journal of Human Resource Management*, 4(1), 17-26.
- Soludo, C. C. (2008). Framework for Public Private Partnership in Micro Financing in Nigeria. A Keynote Address by the Governor of the Central Bank of Nigeria at the International Microfinance Conference and Annual Microfinance/Entrepreneurship Awards, Abuja, Nigeria, January 17 -18.
- Sussan, M. U., and Obamuyi, T. (2018). The Effect of microfinance bank on entrepreneurship development in Nigeria. *Journal of Business and Economic Development*, 3(2), 51-61.
- Swain, R. B., and Floro, M. (2012). Assessing the effect of microfinance on vulnerability and poverty among low income households. *Journal of Development Studies*, 48(5), 605-618.
- Tsai, K. S. (2004). Imperfect substitutes: the local political economy of informal finance and MFIs in rural China and India. *World Development*, 32(9), 1487-1507.
- USAID (2009). Deepening the MFIs Sector in Malawi. Final Report
- Valley, J (2021). Measurement and Validation of Entrepreneurial Competency Scale. *Journal of Contemporary Issues in Business and Government* Vol. 27, No. 2,2021 <https://cibg.org.au/>
- Van Scheers, L. (2011). SMEs' marketing skills challenges in South Africa. *African Journal of Business Management*, 5(13), 5048.
- Vatavu, S., Dogaru, M., Moldovan, N. C., and Lobont, O. (2022). The Effect of entrepreneurship on economic development through government policies and citizens' attitudes. *Economic Research-Ekonomska Istraživanja*, 35(1), 1604-1617.
- Wang, C., Mundorf, N., and Salzarulo-McGuigan, A. (2022). Entrepreneurship education enhances entrepreneurial creativity: The mediating role of entrepreneurial inspiration. *The International Journal of Management Education*, 20(2), 100570.

- Wieslaw, J. (2016). The role of small enterprises in Poland's economic development, Lublin. Retrieved from the internet on November 3, 2011, from www.rrsa.ro/rjrs/N2-WJANIK.PDF.
- Winer, R.S. (2004). Marketing Management, Upper Saddle River, NJ: Prentice Hall Publishing Company.
- Wombo, D. N., Ogaga, E., and Tsetim, J. T. (2020). Effect of Microfinance Institutions' Services on the Performance of Women-owned Small and Medium Scale Enterprises in Benue State, Nigeria.
- Young, D and Grinsfelder, M.C. (2011), Social entrepreneurship and the financing of third sector organizations. *Journal of Public Affairs Education*, 17(4), 543-567
- Yunus, M. (2007), *Creating A World Without Poverty: Social Business and the Future of Capitalism*. New York: Public Affairs

APPENDICES

Appendix 1: Questionnaire

PART A: BACKGROUND INFORMATION

- i. What is your age?.....

- ii. Education Qualifications - Tick in the appropriate box
 - Primary School
 - Secondary School
 - Diploma
 - Degree
 - Others

BUSINESS ENGAGED IN - INDICATE IN THE BOX

--

- iii. How long (Years) have you been FINCA customer.

PART B: PERCEIVED EFFECT OF MICROFINANCE

- i. Perceived Effect of Microfinance loans on Entrepreneurial Skills Development

NOs	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

1	Loan opportunity provides ability to notice opportunities to start new businesses					
2	Loan opportunity assists me to find solutions to some of problems my community is encountering					
3	Access to loans has enabled me to hire and train people who work for me					
4	So far am able to switch from one business venture to another using the loans I get from microfinance institutions					
5	Loans enable me meet the demands of most of my customers (clients)					

i. Perceived Effect of microfinance training on Entrepreneurial Skills Development

NOs	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	I mastered the skills needed to set up my own business					
2	Training has made me more motivated than I was before					
3	I know book keeping which was not the case before					
4	I acquired adequate skill from my trainers that enable me to market my business so well					

ii. Perceived Effect of Microfinance Savings on Entrepreneurship Skills Development

NOs	STATEMENTS	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	Decision making is easier with savings					
2	Lack of savings can lead to missing opportunities					
3	Limited equipment to work with was due to lack of enough savings					
4	Inadequate savings was a barrier to the growth of my business					

Appendix 2: Letter of Permission



VICE-CHANCELLOR
Nancy Chitera PhD, Maths Ed., MSc. Maths., BEd (Science)

Our Ref.:

Your Ref:

Date: 4th August, 2022

The Chief Executive Officer
Finca Malawi
Private Bag 382
Chichiri
Blantyre 3

All correspondence to be addressed to the Vice Chancellor
Malawi University of Business and Applied Science
Private Bag 303
Chichiri
Blantyre 3, Malawi

Tel: +265 1 870 411
e-mail: vice-chancellor@mubas.ac.mw

Dear Sir/Madam,

ASSISTANCE TO CARRY OUT AN ACADEMIC RESEARCH FOR MBA DISSERTATION

I write to certify that **Faliot Amanzi** is a University of Malawi Postgraduate student who is pursuing a Master of Business Administration Degree course at Malawi University of Business and Applied Science.

One of the important requirements of this degree programme is that students carry out research project known as dissertation in the final semester. This introduces the student to the methodology of research, the systematic analysis of ideas, the problems of data collection and the presentation of ideas in a clear and coherent way. **Faliot** is currently working on her MBA dissertation titled "**The impact of microfinance on entrepreneurship development among women in rural Malawi**"

I am therefore writing to ask for your kind assistance in allowing **Faliot Amanzi** to carry out her research in your organization and help her with any information/literature that your organization may have on the topic of her dissertation.

Your assistance in this matter will be of greatest importance and highly appreciated and any information that may be provided will be treated with utmost confidentiality.

Yours faithfully


A M Lipunga, PhD
MBA COORDINATOR



Appendix 3: Tables of coefficients and results that are not statistically significant.

Table 1: Perceived Effect of Loans on Noticing Opportunity

Noticing opportunity	Coefficient	Robust std. err.	P> z
AGE	0.0237141	0.0470687	0.614
YEARS ⁵	-0.0986535	0.1222655	0.420
DEGREE	-0.5299758	0.8580758	0.537
DIPLOMA	0.3382412	0.7448576	0.650
PRIMARY	0.4328919	0.9507163	0.649
EMPLOY ⁶	1.125951	0.6725532	0.094
MAN ⁷	-0.2959006	0.948479	0.755
SERVICE	-0.5825379	0.5266332	0.269

⁵ Years of being FINCA customer

⁶ Employed

⁷ Manufacturing

Table 2: Perceived Effect of Loans on Solving Community Problems

Solving community problem	Coefficient	Robust Std. Err	P> z
AGE	-0.0519695	0.0547237	0.342
YEARS ¹	0.1145625	0.1143033	0.316
DEGREE	-0.8321039	0.9639168	0.388
DIPLOMA	-1.799232	0.8129382	0.027
PRIMARY	0.7715463	0.9789359	0.431
EMPLOY ²	-0.2761163	0.8589428	0.748
MAN ³	-0.6614067	0.8691494	0.447
SERVICE	-0.824274	0.6437328	0.200

¹ Years of being FINCA customer

² Employed

³ Manufacturing

Table 3: Perceived Effect of Loans on Hiring and Training Workers

Hiring and training workers	Coefficient	Robust std. err.	P> z
AGE	.0065903	.0951326	0.945
YEARS ¹	.0915682	.3102005	0.768
DEGREE	.5930851	1.168433	0.612
DIPLOMA	1.571446	1.256525	0.211
PRIMARY	-14.82357	1.71545	0.000
EMPLOY ²	1.064997	.7165812	0.137
MAN ³	1.516622	1.409581	0.282
SERVICE	.0284222	.7802223	0.971

¹ Years of being FINCA customer

² Employed

³ Manufacturing

Table 4: Perceived Effect of Loans on Meeting Customer Demands

Meeting customer demands	Coefficient	Robust std. err.	P> z
AGE	0.0391689	0.0395405	0.322
YEARS ¹	-0.0190583	0.1258818	0.880
DEGREE	0.1562984	0.9007499	0.862
DIPLOMA	-0.1031361	0.5709528	0.857
PRIMARY	-2.220019	1.044198	0.033
EMPLOY ²	-1.079755	0.8134625	0.184
MAN ³	0.8758274	1.005486	0.384
SERVICE	0.3312714	0.5143308	0.520

Table 5: Perceived Effect of Training on Mastery of Business Skills

Mastery of business skills	Coefficient	Robust std. err.	P> z
AGE	0.0378363	0.0533255	0.478
YEARS ¹	0.0134247	0.1367951	0.922
DEGREE	0.9463095	0.8224308	0.250
DIPLOMA	0.7478205	0.65114	0.251
PRIMARY	-1.346481	1.260746	0.286
EMPLOY ²	-0.1077738	0.7014953	0.878
MAN ³	0.7297474	0.8143467	0.370
SERVICE	0.7981201	0.536599	0.137

¹ Years of being FINCA customer

² Employed

³ Manufacturing

Table 6: Perceived Effect of Training on Masterly of Business Skills

Variable	Marginal Effects (Masterly of Business Skills)				Variable	Marginal Effects (No Masterly of Business Skills)			
	Attribute	dy/dx	Std. err.	P> z		Attribute	dy/dx	Std. err.	P> z
TRAIN'G	AGE	-0.0089737	0.01256	0.475	TRAIN'G	AGE	0.008206	0.01169	0.483
	YEARS ¹	-0.003184	0.03248	0.922		YEARS ¹	0.002912	0.02962	0.922
	DEGREE	-0.2305451	0.19764	0.243		DEGREE	0.204581	0.17414	0.240
	DIPLOMA	-0.1776756	0.15275	0.245		DIPLOMA	0.161332	0.14175	0.255
	PRIMARY	0.2629297	0.18358	0.152		PRIMARY	-0.245259	0.17781	0.168
	EMPLOY ²	0.0254286	0.16472	0.877		EMPLOY ²	-0.023285	0.15086	0.877
	MAN ³	-0.1793267	0.19981	0.369		MAN ³	0.159231	0.17687	0.368
	SERVICE	-0.1908722	0.1273	0.134		SERVICE	0.1726377	0.11684	0.140

Wald chi2(8) = 6.45; Prob > chi2 = 0.5967; Pseudo R2 = 0.2532; Log pseudo likelihood = -58.061115

³ Manufacturing

Table 7: Perceived Effect of Training on Motivation

Variable	Motivation Attribute	Coefficient	Robust std. err.	P> z
TRAINIG	AGE	0.0164911	0.0458007	0.719
	YEARS ¹	-0.0376219	0.1408453	0.789
	DEGREE	-0.7461939	0.7432825	0.315
	DIPLOMA	0.0274735	0.6174037	0.965
	PRIMARY	-0.7267526	1.235035	0.556
	EMPLOY ²	-0.100343	0.693253	0.885
	MAN ³	0.4158579	1.024958	0.685
	SERVICE	0.2982028	0.5452031	0.584

¹ Years of being FINCA customer

² Employed

³ Manufacturing

Table 8: Perceived Effect of Training on Motivation

AGREE				DISAGREE			
variable	dy/dx	Std. err.	P> z	variable	dy/dx	Std. err.	P> z
AGE	-0.0040519	0.01127	0.719	AGE	0.0034913	0.0096	0.716
YEARS ¹	0.0092438	0.03464	0.790	YEARS ¹	-0.0079647	0.02961	0.788
DEGREE	0.1742121	0.16121	0.280	DEGREE	-0.1532427	0.14374	0.286
DIPLOMA	-0.006752	0.15178	0.965	DIPLOMA	0.0058162	0.1306	0.964
PRIMARY	0.1673712	0.25755	0.516	PRIMARY	-0.148048	0.23679	0.532
EMPLOY ²	0.0245825	0.16914	0.884	EMPLOY ²	-0.0212331	0.14723	0.885
MAN ³	-0.1033741	0.25495	0.685	MAN ³	0.0867186	0.20584	0.674
SERVICE	-0.0734721	0.13404	0.584	SERVICE	0.0629464	0.11668	0.590
Wald chi2(8) = 2.31; Prob > chi2 = 0.9701; Pseudo R2 = 0.3195; Log pseudo likelihood = -63.79614							

¹ Years of being FINCA customer

² Employed

³ Manufacturing

Table 9: Perceived Effect of Training on Bookkeeping Knowledge

	Coefficient	Robust std. err.	P> z
AGE	-0.038047	0.0426796	0.373
YEARS ¹	0.0160872	0.124547	0.897
DEGREE	0.0864794	0.670914	0.897
DIPLOMA	-0.730851	0.6282329	0.245
PRIMARY	-0.4585949	1.001018	0.647
EMPLOY ²	-0.375743	0.621741	0.546
MAN ³	-0.6602292	1.243507	0.595
SERVICE	0.2970018	0.5129534	0.563

¹ Years of being FINCA customer

² Employed

³ Manufacturing

Table 10: Perceived Effect of Training on Bookkeeping Knowledge

AGREE				DISAGREE			
Variable	dy/dx	Std. err.	P> z	variable	dy/dx	Std. err.	P> z
AGE	0.0094773	0.01062	0.372	AGE	-0.0086527	0.00974	0.375
YEARS ¹	-0.0040072	0.03102	0.897	YEARS ¹	0.0036586	0.02832	0.897
DEGREE	-0.0215682	0.16747	0.898	DEGREE	0.0196464	0.15211	0.897
DIPLOMA	0.1793685	0.1496	0.231	DIPLOMA	-0.1640438	0.14259	0.250
PRIMARY	0.111679	0.23555	0.635	PRIMARY	-0.1032322	0.21997	0.639
EMPLOY ²	0.0927769	0.15146	0.540	EMPLOY ⁸	-0.0851594	0.13971	0.542
MAN ³	0.1575786	0.27592	0.568	MAN ⁹	-0.1463842	0.26398	0.579
SERVICE	-0.0739861	0.12749	0.562	SERVICE	0.0672957	0.116	0.562
Wald chi2(8) = 3.74; Prob > chi2 = 0.8794; Pseudo R2				= 0.2329; Log pseudo likelihood = -61.109618			

¹ Years of being FINCA customer

² Employed

³ Manufacturing

Table 11: Perceived Effect of Training on Marketing Skills

Marketing skills	Coefficient	Robust std. err.	P> z
AGE	-0.0347051	0.0547168	0.526
YEARS ¹	-0.0313522	0.1324445	0.813
DEGREE	0.9552727	1.02434	0.351
DIPLOMA	-0.3821262	0.7753568	0.622
PRIMARY	1.160123	1.041209	0.265
EMPLOY ²	-0.4607661	0.8022888	0.566
MAN ³	0.4669124	0.956309	0.625
SERVICE	-1.554445	0.6780243	0.022

¹ Years of being FINCA customer

² Employed

³ Manufacturing

Table 12: Perceived Effect of Savings on Decision Making

Savings and decision making	Coefficient	Robust std. err.	P> z
AGE	0.0286216	0.0459345	0.533
YEARS ¹	0.1693247	0.1318684	0.199
DEGREE	0.9108923	0.9356543	0.330
DIPLOMA	0.6392147	0.70881	0.367
PRIMARY	-1.841762	1.002041	0.066
EMPLOY ²	-0.6839775	0.8838516	0.439
MAN ³	0.8617571	1.114925	0.440
SERVICE	0.6605442	0.5731737	0.249

¹ Years of being FINCA customer

² Employed

³ Manufacturing

Table 13: Perceived Effect of Savings on Missing Opportunity

Savings and missing opportunity	Coefficient	Robust std. err.	P> z
AGE	-0.0632097	0.0561173	0.260
YEARS ¹	0.0612431	0.1159553	0.597
DEGREE	-0.7475679	1.299212	0.565
DIPLOMA	0.6394127	0.714389	0.371
PRIMARY	1.92264	1.261713	0.128
EMPLOY ²	-0.065531	0.7853242	0.933
MAN ³	-1.306032	0.9389303	0.064
SERVICE	-1.233408	0.8686707	0.056

¹ Years of being FINCA customer

² Employed

³ Manufacturing

Table 14: Perceived Effect of Savings on Business Equipment

Savings and business equipment	Coefficient	Robust std. err.	P> z
AGE	0.0841289	0.0515249	0.103
YEARS ¹	-0.0808448	0.1236352	0.513
DEGREE	-1.159735	0.8246924	0.160
DIPLOMA	-0.273591	0.8057439	0.734
PRIMARY	-2.533942	1.46232	0.083
EMPLOY ²	1.159005	0.7381955	0.116
MAN ³	1.420898	0.8961928	0.113
SERVICE	-0.13961	0.6577633	0.832

¹ Years of being FINCA customer

² Employed

³ Manufacturing

Table 15: Perceived Effect of Savings on Business Growth

Savings and business growth	Coefficient	Robust std. err.	P> z
AGE	-0.1495565	0.0794182	0.060
YEARS ¹	0.253994	0.1826614	0.164
DEGREE	0.7769524	0.9466007	0.412
DIPLOMA	0.7467382	0.7603295	0.326
PRIMARY	3.661032	1.601642	0.022
EMPLOY ²	1.795067	0.855096	0.036
MAN ³	0.6474702	1.060303	0.541
SERVICE	-0.7524013	0.6425903	0.242

¹ Years of being FINCA customer

² Employed

³ Manufacturing