

Role of Microfinance Credit on Women Empowerment in Rural Zimbabwean Areas: Case of Gokwe South

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Abstract

Microfinance programs are believed to be playing a crucial role in addressing development issues across the globe. Women have been marginalised in most of these development issues and most of the time, they fail to access credit from banks since most of them do not have collateral security. Women experience considerable disadvantage and discrimination in societies yet they perform more jobs than their male counterparts. They earn meagre wages and have next to nothing of the world's property. In most cases, women poorer in resources and poorly represented in positions of power. Microfinance programs therefore bridge this gap by extending loans to the marginalised people in societies, especially women. This study intends to find out if microfinance institutions in rural Zimbabwe are playing any role in empowering women. It intends to find out if once, they have gotten loans from the microfinance institutions, are they able to make major decisions in the family, the society or even the nation. The study will use primary data to determine the economic status, decision making power and self-worthiness of women participating in these microfinance institutions. This is important since the women will also be able to make decisions without fear of being looked down upon even at national level. This study will use the logit model to find the impact of microfinance loans on women empowerment. Women empowerment will be measured as a dummy variable. Development should encompass all people in the economy, no one should be left behind, so if women have access to loans from microfinance institutions, they may be influential within the family, society and the country at large. Different studies differ in their conclusions to the extent that it is difficult to generalise the results. It is therefore necessary to undertake a study for the Zimbabwean rural areas. If rural women are empowered, then development can be boosted faster from the grassroots level. Results obtained will enable the researcher to come up with recommendations tailor-made for the Zimbabwean rural areas scenario.

Key words: Women Empowerment, Microfinance credit, rural Zimbabwe

Introduction

Microcredit has dominated popular attention among practitioners and scholars who are trying to find ways of improving the economic and social conditions in developing countries. According to Kumar, Hossain and Gope (2013), women constitute about half of the world's population. Their contributions are immense in all sectors of development, yet their position is not the same as that of their male counterparts. Women experience considerable disadvantage and discrimination in societies which then perpetuates gender differentiated structures. Women have inferior status everywhere in all aspects of life that is political, economic and even social. Their access to position of influence and power is limited and their occupation choices are also narrower. Women are not a homogeneous group, their lives vary depending on where they live, their age, social class and religion. Women own almost nothing with regards to the world's property and are everywhere poorer in resources. The bulk of these women resides in rural areas and do not have access to bank loans because they lack collateral security. The value of women is not fully recognised except knowing their reproductive role. It is against this harsh social scenario which therefore calls for women empowerment.

Women empowerment is regarded as the ability of a woman to make influential decisions in the home, society and even the country at large. It is believed that one of the tools

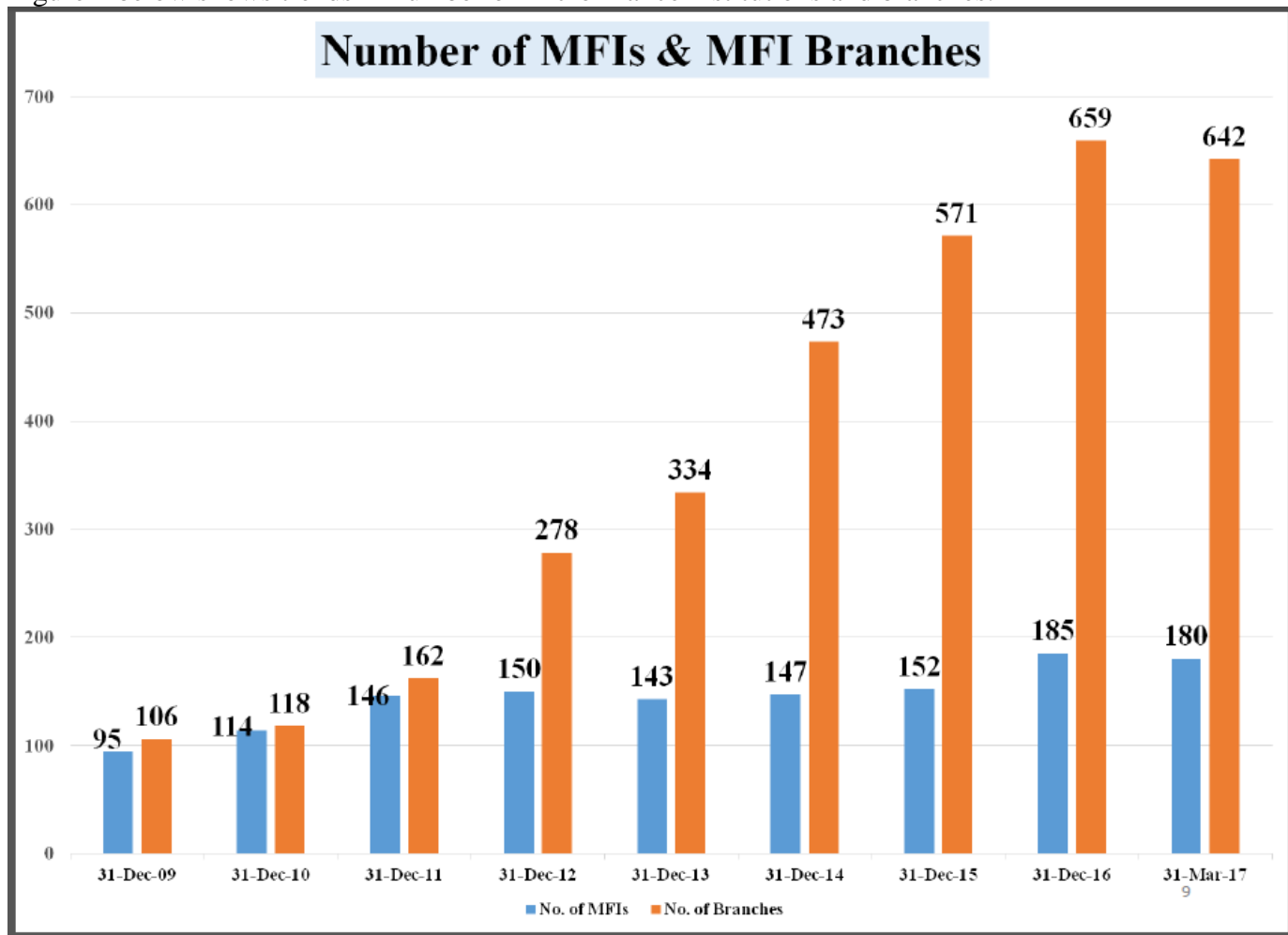
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which can do this is allowing women to access micro-credit from microfinance institutions. According to the Microfinance Institutions Annual Report (2015), microfinance is providing access to financial services including credit which enables the individual to start a business and this will enable them to break the poverty level. The financial services include credit, savings and insurance among others. Microfinance has become an important subsector of the global financial sector. Policy makers worldwide realised the important role of microfinance as an important tool in economic development and poverty alleviation through facilitating access to financial service. The study area is Gokwe South which has poverty levels which are as high as 90.9% according to the Zimbabwe Poverty Atlas (2015). The research also aims to determine whether accessing microfinance loans will lead to women empowerment as alluded to by some researchers

Background of the study

In Sub-Saharan Africa, microfinance has been growing particularly in East Africa. Zimbabwe also witnessed a growth of the microfinance sector as indicated by an expansion in branch outreach, as indicated in figure 1 below. There has been a launch of the National Financial Inclusion Strategy (NFIS) by the Reserve Bank of Zimbabwe in 2016 which intends to include everyone in accessing financial services, low income groups included. Microfinance therefore occupies a prominent role in the NFIS since it is the one making inroads to remote rural areas which have been ignored by formal banks.

Figure 1 below shows trends in number of microfinance institutions and branches.



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Figure 1: Number of microfinance institutions and microfinance institutions branches

Source: Zimbabwe Quarterly Microfinance Report (March 2017)

Figure 1 above shows that in general, microfinance institutions and their branches are increasing from December 2009 to March 2017. The study aims to deduce the link between the microfinance credit and women empowerment. According to the Zimbabwe Poverty Atlas (2015), Gokwe South has a poverty prevalence of about 90.9%. It is ranked as the third district with the highest poverty rates following Lupane (92.9%) and Nkayi (95.6%). The district has a total of 62 345 households and out of these, 57 952 households are poor as cited by the Zimbabwe Poverty Atlas, (2015). Most people in the district depend on subsistence farming for a living. Given such information, it is necessary to find out if microfinance credit has any role to play in empowering women which in turn may improve the statuses of the households.

Problem Statement

As indicated in the background of the study, microfinance institutions have made inroads into the rural areas which have been shunned by the conventional banks. Mainly the researcher is worried about the fact that microfinance institutions are increasing as shown by figure 1 above, poverty rates are still said to be very high (90.9% in Gokwe South). Is microfinance loan helping women in decision making in such an area? It is against this background that the researcher intends to find whether microfinance credit is playing any role in empowering women in Gokwe South.

Objectives of the study

Mainly the study intends to find whether microfinance credit has any role it is playing in women empowerment. We intend to assess the role of microfinance credit on women empowerment. The results found will enable the researcher to formulate policies that are tailor-made for Zimbabwe.

Research Hypotheses

The study intends to test whether microfinance has a role at all in empowering women in rural areas.

- Microfinance credit has no role at all in empowering women.

Literature Review

The Capability Approach (CA) by Sen (1985) highlights that human beings are diverse to the extent that the way they use resources is different. They differ in their ability to convert resources, for instance, converting income into welfare. CA focuses on the quality of life that individuals are actually able to achieve due to expansion of capabilities. In this approach, poverty is understood as deprivation of basic capabilities. Therefore, in this research, we want to find out if women have been empowered after accessing loans from the microfinance institutions.

Academic research has been growing in the fields of economic development and demography. Many of these researches support the view that microcredit is essential as a developing strategy. The issue however, is controversial. Some argue that micro credit has positive impacts on gender equality, women's empowerment and households' well-being. For example, Julia *et al* (2007) and Pronyk *et al* (2008) postulated that microfinance can reduce intimate violence in the household through participation of women in the credit programs and generate social capital for participants. Goertz and Gupta (1996) and Kabeer (2001) have the

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same sentiments as they said that access to credit can enhance women's economic independence leading to women's self esteem and status in the household and community at large. This way of thinking is also considered by Schuler and Hashemi (1994) and Mahmud (2003) who alluded to the fact that women participating in microcredit programs improve their ability to exercise agency in the intra-household processes to increase women's welfare resulting in decreasing male bias in the welfare outcomes in the household.

On the other end of spectrum, microfinance is thought to bring negative impacts for women (Hulme, 2000). This is also supported by Scully (2004) who raised questions on how microcredit would be able to fill the void of formal wage and empower women within the existing patriarchal structures. So the issue of whether accessing loans from microfinance institutions would empower women is highly debatable.

Methodology

This study will be dependent heavily on primary data which will be gathered through a questionnaire. The information will be obtained from members in Gokwe South. It is an exploratory research. Chakraborty and Jayamani (2013) assert that the main aim of microfinance is to empower women. They argue that women in underdeveloped countries have not been participating fully in economic activities. Women empowerment will be the dependent variable for the attainment of the second objective. Empowerment is not directly observable. It is valued differently depending on the subjective views of individuals. In this study, women empowerment is defined as having a role in decision making within the household. That is the starting point, the grass root level. Women empowerment is measured as a binary variable where questions are asked on whether the woman is making any key decisions in the family or not after accessing a loan from the microfinance institution, that is, it is measured by women's decision-making power. The decisions are being able to decide on large purchases such as houses or a piece of land and also on when to have their next child.

The model to be used is specified as follows: $WE = f(edu, age, ml, fs, ms)$,

where WE is women empowerment, a dummy variable, which is binary. A value of 1 is assigned if the woman plays a role decisions made in the family on big issues such as deciding to do large purchases, deciding on when to have the next child, etc, edu is the level of education, it is a continuous variable measured in number of years spent at school, age is a continuous variable, the actual age of the respondent, ml accessing loans from a microfinance, it is a dummy variable 1 if one accesses and 0 otherwise, fs is family size, number of people in the family, ms is marital status, a dummy variable, 1 for someone married and 0 otherwise.

Gokwe south has 62 345 households. According to Morgan and Krejcie (1970)'s sample size determination table, 384 households should be considered as the sample size so the sample size will be 384. These 384 households will be chosen using systematic random sampling technique. In this study there will be personal interviews to the respective chosen households.

Data Analysis

Before undertaking the final regressions, diagnostic tests are undertaken. We shall test for the presence of multicollinearity using the correlation matrix. According to Gujarati (2009), a correlation value of 0.8 or above shows an exact or perfect linear relationship between the two variables. Under such a scenario, one of the variables may be dropped since it may lead to spurious regressions.

The other test is the heteroskedasticity test. It is conducted to see whether there is constant variance between the regressors. The test is carried out under the null hypothesis that there is a constant variance between regressors against the alternative that constant variance

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does not exist. The Breusch-Pagan/Cook-Weisberg test for heteroscedasticity will be used in this study.

Results Presentation and Analysis

The logistic regression model will then be carried out with women empowerment as the dependent variable and the independent variables are education level, age, loans accessed, among others.

Policy Recommendations

Depending on the results that are going to be obtained, recommendations based on findings will be made. Those that are tailor-made for Zimbabwe.

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