THE EFFECTIVENESS OF MICROFINANCE INSTITUTIONS IN THE ECONOMIC EMPOWERMENT OF WOMEN IN ZIMBABWE.

A CASE STUDY WOMEN DEVELOPMENT SAVINGS AND CREDIT UNION, HARARE

BY

MAKOMBORERO L BONDOKOTO

(B0923854)

A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS OF THE BACHELOR OF ACCOUNTANCY (HONORS) DEGREE OF BINDURA UNIVERSITY OF SCIENCE EDUCATION

OCTOBER 2012
Abstract

The effectiveness of microfinance institutions in Zimbabwe has raised eyebrows in the lives of many individuals and thus a research has been carried out to answer questions asked. Microfinance was introduced as a poverty alleviation tool which later was discovered that it leads to economic empowerment. The study then aims to identify the effectiveness of microfinance towards women’s economic empowerment. The objectives of the study were to find out whether increased revenues lead to economic empowerment and to identify challenges faced by women in their attempt to access finance. Microfinance has benefited women through increased incomes, increased services to the poor, promotion of gender equality and women empowerment. A case study was conducted at WDSCU Harare. The information used to compile this research was collected from primary and secondary sources. Simple random sampling was used in selecting respondents and close-ended questionnaires were hand delivered to a sample size of 100, sampled from a population of over 3000 women borrowers. Information gathered was analysed using SPSS version 16.0 and was presented through the use of tables and bar graphs. Relationship between chosen variables was tested using chi-squared test of independence. The results showed an association between start up capital, age and increase in income levels. However no relationship was found between repayment periods and increase in income levels. MFIs expect women borrowers to pledge security to be able to access loans. The loan repayment periods are too short for the borrowers and interest rates charged on loans are not favourable for women entrepreneurs. However, despite these challenges, women borrowers are experiencing an increase in their income levels and a change for the better, in their living conditions. In conclusion, microfinance has a positive impact on women lives and towards poverty alleviation. The MFIs need to reconsider the repayment periods they offer to women and the interest rates. Even the criteria used in approving the loans need to be revisited. A study can then be carried on how men reconfigure their masculinities when their wives become income earners and financial contributors in the family.