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FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTANCY

THE ROLE OF MICROFINANCE INSTITUTIONS TO RURAL ENTREPRENEURSHIP DEVELOPMENT IN ZIMBABWE. CASE OF ZAMBUKO TRUST.

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APPROVAL FORM

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DEDICATIONS

First and foremost, l want to thank the Almighty God for granting me wisdom, strength, courage and good health to undertake this study. I dedicate this dissertation to my mother who have sacrificed a lot and supported me throughout my academic journey. Your prayers and encouragement have been my pillar of strength and thank you for believing in me.

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ABSTRACT

This study evaluated the role of Micro finance institutions to rural entrepreneurship development in Zimbabwe, using Zambuko Trust as a case study. Microfinances play a crucial role on dropping poverty rates and increasing economic empowerment in rural areas where there is limited access to capital finance. However, there is limited specific role of Zambuko Trust in entrepreneurship development especially in areas such as Bindura district and other areas around Mashonaland Central Province.

The study was guided by research objectives and was underpinned by the theory of Financial Intermediation which was supported by the Resource Based View (RBV) of the firm. The study used a mixed method research design which uses both quantitative and qualitative approaches. Therefore, questionnaire and interviews were used as data collecting tools. The targeted population has a sample of 38 which consist of 17 Zambuko Trust officials and its 21 beneficiaries. A purposive sampling method was used in selecting the respondents. The SPSS tool was used in analyzing data using statistics such as means and standard deviations. The study concludes that Zambuko Trust plays a very important role in shaping or uplifting rural entrepreneurship development. There are challenges faced by Zambuko Trust beneficiaries such as high interest rates and limited time for repayments. This draws recommendations that ZT should reduce the rates and increase time of repayments so as to accommodate the needs of its clients. The study concludes that Zambuko trust is trying to play its role as a microfinance though it cannot wipe away poverty completely.

KEYWORDS: Microfinance institutions, rural entrepreneurship, Zambuko Trust, rural development, financial inclusion and Zimbabwe.

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ABBREVIATIONS

MFIs- Microfinance Institutions

ZT- Zambuko Trust

RBV- Resource based View

SPSS- Statistical Package for Social Sciences

SMEs- Small to Medium Enterp

CHAPTER ONE

INTRODUCTION

1.0 Introduction

In Zimbabwe, sustainable development and economic growth in rural areas have pushed microfinance institutions (MFIs) into interest again. Microfinance plays a key role, especially in undertaking poverty and supporting entrepreneurship. Zambuko Trust is one of the best financial service providers to rural entrepreneurs and increasing economic growth. Microfinances helps in closing the finance gap that is faced by rural business owners and giving them access to capital, flashing innovation and enabling business development. Despite facing challenges like high operating costs and loan defaults, Zambuko Trust has used creative strategies to boost rural development. The aim of this research is to assess the role of microfinance institution on rural entrepreneurship growth.

1.1 Background to the Study

In developed countries such USA microfinance institutions (MFI) have emerged as key agents of rural entrepreneurship. These institutions provide demoted communities with financial services, closing critical gaps in capital (Banerjee et al., 2021). Khandker et al. (2022) added that MFI assist entrepreneurs in improving their livelihoods, and create jobs. Studies across countries in Europe such as Italy, Russia and Belgium have showed that can transform rural areas, raising incomes, strengthening households, and creating economic flexibility (Karlan and Zinman, 2020). Microfinances can also promote social systems and this is by providing credit access, business management training, supporting women empowerment and promoting gender equality, (Ssendi et al., 2023). This really matters particularly in rural locations such as Mexico, Korea and China where women do not have more access to financial capital or business opportunities, (Cull et

al., 2022).

Also, microfinances offer flexible repayment schemes, investments services, and business training, enjoying high repayment interests' rates and fewer negative results, (Karlan and Zinman, 2020). The usage of technology like mobile banking and digital payment reduces transaction costs and drags most rural entrepreneurs to use formal finance (Khandker et al., 2022). However, high interest rates delay business growth and can result in default repayment by borrowers, (Banerjee et al., 2021). MFI may not always be suitable for business owners with limited business experience and knowledge, (Cull et al., 2022). Also, well-made microfinance initiatives empower rural entrepreneurs, unlocking access to financial capital, training, and social network.

Moreover, in the Southern African Developing Countries region, microfinance institutions numbers are increasing and they are playing a very important role in promoting rural entrepreneurship development. Mago and Chitokwindo (2022) indicated that microfinances have made significant progress in upgrading rural growth through servicing marginalized societies and closing the financial capital gap. This results in business development, increase in household revenue and commercial development (Nhundu et al., 2021; Maloka et al., 2023). Microfinances in South Africa have pushed financial inclusion, especially for women and youths who naturally struggle to access financial services (Mago and Chitokwindo, 2022). They support business development and growth by offering finance, business training, and promoting social networks, helping in employing local people and inspire economies (Maloka et al., 2023).

In addition, microfinances also expand financial knowledge and skills, empowering better business management and quality of decisions being made (Mago & Chitokwindo, 2022). However, they face challenges such as high operating costs, regulatory problems, low client literacy, reduced market access, technology breaks, and lack of infrastructure (Maloka et al., 2023; Nhundu et al., 2021). They use advanced approaches such as agent banking and group lending and this helps in reducing costs and expanding financial

access (Mago & Chitokwindo, 2022).

Also in Zimbabwe, poverty, unemployment and inadequate finance are usually found in rural areas. Most rural business owners still depend on informal financial sources and they are risky and expensive (Muzenda et al., 2021). This reduces rural business growth and increase poverty and inequality. Microfinances like Zambuko Trust helps to fill those gaps, providing credit, investments, training and other services. Makina (2020) and Masiyanduma and Chidoko (2023) highlight microfinance's role on dropping poverty and empowering free enterprise in remote parts of Zimbabwe.

Regulatory frameworks are used to ensure transparency and sustainability, also government initiatives like Zim Asset to improve MFI and entrepreneurship development. Microfinances provide access to capital to rural business owners, encourage investments, and improve households' lives. Zambuko Trust offer business management training and programs to ensure entrepreneurs acquire practical skills (RBZ, 2022). Despite the efforts, challenges such as high operational costs, funding shortages, and strict economic conditions increase pressure. Inflation and currency instability make MFIs' work harder. Against this setting, this research seeks to assess the role of microfinance institutions to rural entrepreneurship development in Zimbabwe focusing on the case of Zambuko Trust.

1.2 Problem Statement

MFIs are working aggressively in rural Zimbabwe to argument capital barriers, issues like inaccessible finance, poverty, and unemployment persist (Maloka et al., 2023). MFI in Zimbabwe faces its own set of struggles including poor infrastructure, high cost and limited funding all affect how well it serves rural entrepreneurs (Masiyanduma & Chidoko, 2023). Other stumbling blocks include weak business training and limited market access (Makina, 2020). Many rural entrepreneurs continue to struggle for finance, leading to slow business growth, entrenched poverty, and low economic development. A set of solutions have been forward by government to resolves issues facing MFI in Zimbabwe. However, there is limited knowledge on the role of Zambuko Trust to rural entrepreneurship development in Zimbabwe. Therefore, this research

seeks to assess the role of microfinance institutions to rural entrepreneurship development in Zimbabwe focusing on Zambuko Trust.

1.3 Research Objectives

i. To assess the effect of Zambuko Trust microfinance services on rural entrepreneurship development in Zimbabwe.

ii. To identify the challenges Zambuko Trust faces in offering microfinance to rural entrepreneurs.

iii. To explore strategies to improve Zambuko Trust microfinance services for rural entrepreneurship development.

1.4 Research Questions

i. How Zambuko Trust microfinance services affect rural entrepreneurship development in Zimbabwe?

ii. What challenges does Zambuko Trust encounter in providing microfinance to rural entrepreneurs?

iii. What strategies can improve Zambuko Trust microfinance effectiveness in developing rural entrepreneurship?

1.5 Significance of the Study

This study is significant to the following beneficiaries

1.5.1 To the Researcher

Undertaking study on Zambuko Trust in assessing role in rural entrepreneurship development not only expands the knowledge base on microfinance it sharpens my research skills. Kumbirai and Mashingaidze (2021) mentioned that microfinance research remains vital for academics, policymakers, and experts alike in bringing information that critical for the growth of the sector. A study like this brings practical experience on research design, data gathering, investigation, and understanding (Masiyanduma & Chidoko, 2023).

1.5.2 To Zambuko Trust

In reference to the MFI, this study is an opportunity for Zambuko Trust to get an understanding on ways its microfinance services affect rural entrepreneurs. These insights help the financial institution develop operational practices and tailor its services. The research has a chance of disclosing both strengths and weaknesses, guiding Zambuko Trust in making evidence-based policy and strategic decisions (Muzenda et al., 2021).

1.5.3 To the University

This study helps the university to fulfil its mission in generating knowledge and solving real world problems. Mago and Chitokwindo (2022) understand universities as research tools and practical solutions, and this research fits that purpose by showing MFIs role in rural entrepreneurship. It adds to the university's expertise in finance, entrepreneurship, and rural development, giving students and faculty valuable learning experiences (Masiyanduma & Chidoko, 2023). University profile will be raised through publishing the study and attracts future students, researchers, and funding.

1.6 Assumptions of the Study

This study assumes that Zambuko Trust operations positively impact rural entrepreneurship. In addition, all respondents including rural entrepreneurs and Zambuko Trust staff will provide honest and reliable information, which is crucial for measuring microfinance impact. The study assumes that the sample represents Zimbabwe's rural entrepreneur population for generalization. Furthermore, the questionnaires and interviews will be valid and reliable measures.

1.7 Study Scope

This research narrows its scope to rural areas around mainly Bindura district and other districts in Mashonaland Central Province in Zimbabwe, areas where Zambuko Trust Bindura branch covers. The focus is on Zambuko Trust microfinance role in rural entrepreneurship, not urban business or entrepreneurial intention. Data comes from rural entrepreneurs and ZT officials, including policymakers, community leaders, and other financial institutions could enrich the analysis. The study uses a cross-sectional

approach capturing information at one point rather than tracking changes over time.

1.8 Limitations

The use of case study on ZT though offers detailed information but their results might not be representative to the whole population. In addition, another limitation of this research is the size of the sample biased towards the opinions of rural entrepreneurs and the officials of Zambuko Trust, which could limit the generalization of results as supported by Muzenda et al (2021) alluded that a bigger sample size aids in making research findings reliable and valid.

The limitation of this research is the cross-sectional design. The static nature of this design does not yet account for the dynamic nature of microfinance and rural entrepreneurship development and it might miss very important trends or shifts over time. Makina (2020) argued that longitudinal studies can give useful information on the effects of microfinance over time.

There are also a number of intrinsic biases in respondent reporting, especially as financial data is very sensitive. This will affect the accuracy of the results. As indicated by Chidoko and Masiyanduma (2023), the applicants might give false or inadequate information that disturbs or affect the accuracy and validity of the results of the study.

Moreover, quantitative approach on this study may fail to capture the shades and difficulties of rural entrepreneurship development. This might potentially neglect important contextual factors that influence how microfinance affects the development of entrepreneurship in rural areas. According to Mago and Chitokwindo (2022), mixed-methods research can help us with the more complete understanding of the difficult wonders.

1.9 Definition and significance of important terms

Microfinance encompasses financial services, including micro credit, investments, and insurance that are given to individual or SMEs who are not capable of accessing traditional financial services (Ledgerwood, 2020).

Rural entrepreneurship defines a process of theorizing, setting up, and operating a business organization in a rural area, which is usually undertaken with the motive of providing economic opportunities and a better quality of life to the people (Mkhize, 2022).

Microfinance institutions offer microfinance services to low-income people or small enterprises, usually with a social aim to foster financial inclusion and help to lighten poverty (Mago and Chitokwindo, 2022).

Financial inclusion involves the financial products and services, such as deposit, credit, and insurance that were not accessible to the general public before and now available to them or their businesses (World Bank, 2020).

Entrepreneurship development is the process of building and expanding new businesses, usually through the provision of training, financing and other support services (Makina, 2020).

Rural Development is a process of economic, social, and environmental development of rural communities, typically through rural development programs that favor entrepreneurship, employment opportunities, and access to basic services (Muzenda et al., 2021).

1.10 Chapter Summary

This chapter described the research on the role of microfinance institutions in entrepreneurship development to rural zones in Zimbabwe and in particular Zambuko Trust. The importance of the study to the investigator, organization and university was stated, and the assumptions, boundaries and limitations of the research explained. This research also planned to add to the screen of knowledge on microfinance and entrepreneurship development and also make some findings on the effect of microfinance institution in entrepreneurship development in rural Zimbabwe. Definitions of key terms were described and the scope and focus of the study clearly defined, with a basis for the research enquiry.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The chapter focuses on literature review from different writers and microfinance specialists. This chapter explains the microfinance itself and the benefits that can be obtained from its services. This sector surveys current or past related research journals, commercial information, or business reports that can be used in the projected research. The chapter studies the role of microfinance institutions in the industry and problems the institution can face. The theoretic and empirical components of this literature review will be divided.

2.1 Theoretical Framework

Thie study is directed by the Theory of Financial Intermediation which theorizes that financial institutions exist primarily to bridge the gap between savers and borrowers who face information irregularities and high transaction costs. When microfinance institutions (MFIs) step into this role, they do more than just move money; they act as partners who mitigate the risks inherent in rural ventures, thereby empowering individuals to move beyond mere survival toward sustainable business growth. In the Zimbabwean context, where the human element of trust often formalized through group lending models serves as a social collateral that replaces the traditional, rigid requirements that usually exclude the rural poor. This framework is particularly relevant.

This theory of Financial Intermediation provides the ability to explain reason for rural entrepreneurs remaining underserved despite their high economic potential. In addition, it highlights that cost of lending is not just financial, but also social and informational. The study can better appreciate the human struggle of the rural entrepreneur to navigate complex market barriers, and they can see how MFIs act as essential

facilitators that reduce these frictions through localized knowledge and tailored financial products. Furthermore, this framework is supported by the Resource-Based View (RBV) of the firm, which suggests that access to capital is a critical resource that allows entrepreneurs to bundle their unique skills and local assets into a competitive advantage. A holistic view of how financial support nurtures the human spirit of innovation allowing rural entrepreneurs to transform their small-scale efforts into meaningful contributions to the national economy is complimented by combining these two theories in this current study.

2.2 Conceptual Framework

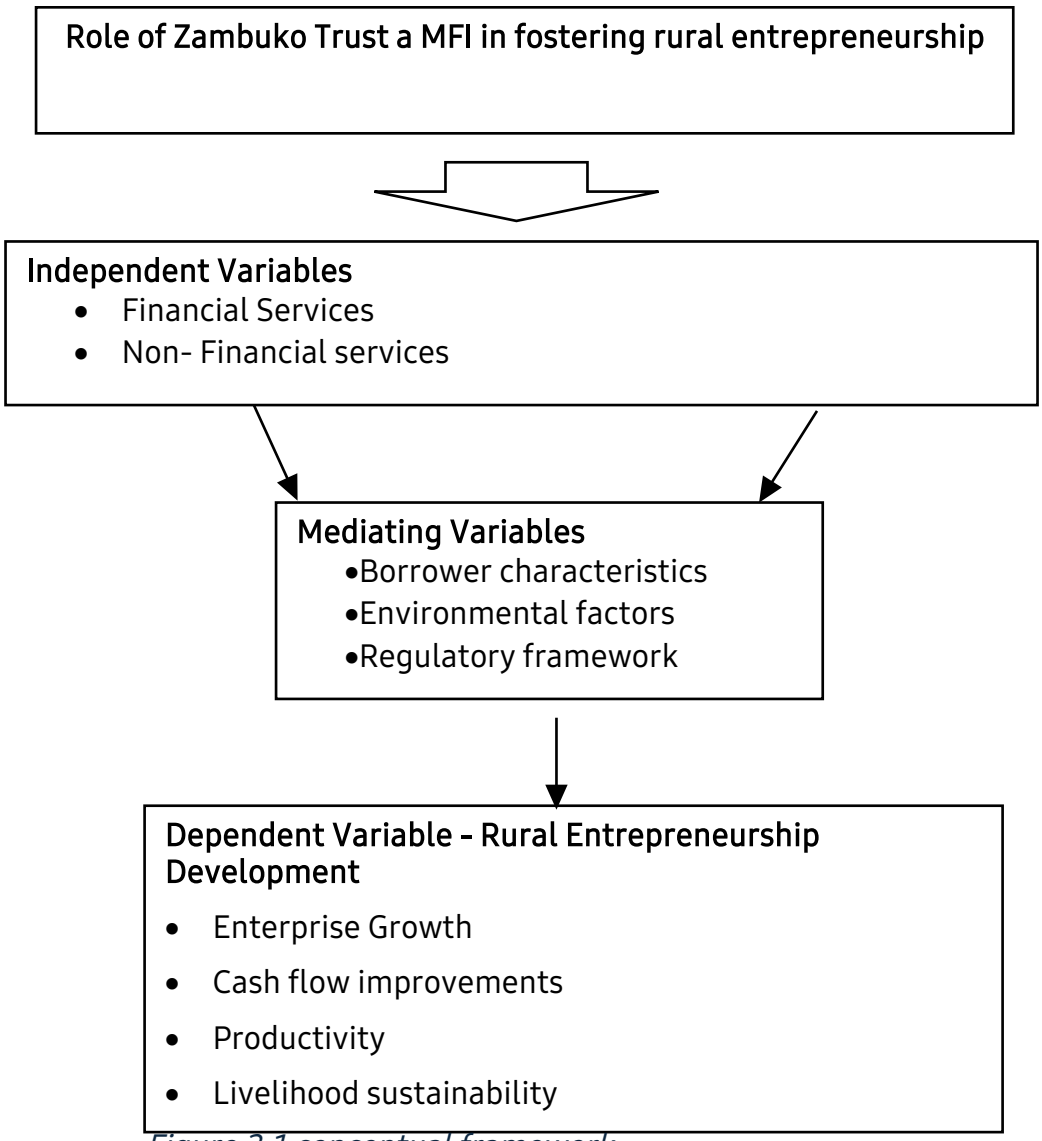


Figure 2.1 conceptual framework

The conceptual framework in Figure 2.1 shows the relationship of MFIs like Zambuko Trust on rural entrepreneurship development in Zimbabwe. It provides credit, savings, and technical training to the economically active poor enables micro-enterprise creation, increases income, and fosters rural economic stability. Though the services of MFI are governed by characteristics of borrowers, environmental factors and regulatory framework. These factors affect enterprise growth, cash flow improvements, productivity and livelihood sustainability.

2.3 Role of Microfinance Services

This section provides the aspect of MFI from international, regional and local viewpoint. It looks on the effect, challenges facing MFI and strategies put forward to uplift the services of MFI

2.3.1 Effect of microfinance services on rural entrepreneurship development

World all over microfinance addresses the general credit gap that traditional banking institutions often ignore making a pivotal instrument for fostering rural entrepreneurship by addressing. In developed and developing economies alike, the establishment of moderate financial services has been shown to empower marginalized populations, particularly in agrarian settings where capital liquidity is historically low including credit, savings, and insurance. Morduch (2022) highlights microfinance roles in USA as a helper in human capital development. This helps entrepreneurs to invest in new technology and sustainable agricultural schemes. In reducing risks associated with rural market volatility, microfinance institutions (MFIs) allow smallholders to transition from subsistence farming to value-added commercial activities, thereby stimulating local economic growth and diversifying rural income streams.

MFI services is increasingly measured through aspect of financial inclusion. Saunders (2021) argue that in France when microfinance is coupled with business training, the impact on entrepreneurial survival rates is significantly higher than when capital is provided in isolation. This multidimensional approach addresses the theory of constraints where the lack of technical and financial literacy regularly acts as a blockage, preventing rural business owners from scaling their operations. Consequently, global policy frameworks now support a holistic mixing of digital financial services,

which have developed access in remote regions by reducing transaction costs and increasing the speed of capital deployment for rural innovators.

Across the African continent, microfinance serves as a critical backbone for the informal sector, which constitutes the majority of rural economic activity in Niger (Odebiyi & Olaoye, 2023). In Kenya, the rapid adoption of mobile money platforms has fundamentally altered the landscape of rural entrepreneurship, allowing MFIs to reach previously unbanked populations with unique efficiency (Schreiner & Colombet, 2022). World Bank (2024) report showed that microfinance in Africa is uniquely positioned to address gender-based differences in entrepreneurship, as women who are often the primary drivers of rural household economies show higher repayment rates and a greater propensity to reinvest profits into community welfare. This reinvestment cycle creates a multiplier effect, enhancing local food security and reducing the reliance on volatile urban-to-rural remittances.

In Zimbabwe, the role of MFI in rural expansion is deeply tangled with the country's exclusive economic course and the determined need for poverty reduction among the bottom of the pyramid population. SEDCO (2022) reports directing on the Matabeleland region indicated that while microfinances deliver the required liquidity for rural SMEs, its success significantly depend on the entrepreneur's existing financial knowledge and access to practical markets. Policy involvements in Zimbabwe have increasingly focused on removing the gap between rural MSMEs and formal financial institutions through the promotion of financial managing teachings.

2.3.2 Challenges faced by MFI in offering microfinance to rural entrepreneurs

Microfinance institutions (MFIs) in China, USA, Canada and other developed countries face significant structural and operational hurdles when attempting to serve entrepreneurs (Ghosh & Tassel, 2020). High cost of service delivery in remote areas is reported as the primary challenge, where infrastructure deficits such as poor road networks and limited digital connectivity increase transaction costs for both the lender and the borrower. Furthermore, the inherent risk profile of rural entrepreneurship, which is often tied to seasonal agricultural cycles and climate volatility, complicates the traditional microfinance model of regular, fixed-interval repayments. Sinha (2019)

noted that the mission drift phenomenon, where MFIs prioritize financial sustainability over social outreach, often leads to the exclusion of the most vulnerable rural populations who require more intensive, non-financial support services like business training and financial literacy education.

In many African nations, the lack of formal credit registries and collateral-based lending systems makes it hard for MFIs to evaluate the wealth of rural entrepreneurs who operate primarily in the informal economy. Idowu (2021) indicated that MFIs in the region struggle with high operational overheads due to the geographic dispersion of clients, which necessitates decentralized branch networks that are often costly to maintain. Additionally, reliance on high interest rates to cover these operational costs often leads to over-indebtedness among rural borrowers, creating a cycle of dependency rather than sustainable economic empowerment. The integration of faith-based or community-led initiatives, as seen in recent parenting and community development models, suggests that social capital is a vital, yet underutilized, asset in overcoming these institutional trust deficits.

In Zimbabwe, MFI face a lot of macroeconomic challenges, such as hyper-inflationary burdens and local currency instabilities, which wear away the actual value of loan sets. Rural business owners in Zimbabwe usually lack formal land leases and this avoids them from providing the required collateral by most formal financial institutions. This effectively blocks them out of traditional borrowing markets (Musona, 2022). Moreover, the regulatory requirements also enforce strict compliance requirements that are hard for smaller, rural-focused microfinances to meet without significant investments.

2.3.3 Strategies to improve MFI services for rural entrepreneurship development

According to World Bank (2022) the integration of mobile money platforms has significantly reduced transaction costs for rural entrepreneurs, allowing for more frequent, smaller-scale capital injections that align with agricultural cycles. Furthermore, global strategies now emphasize gender-transformative microfinance, which addresses the structural barriers women face in rural economies, such as land tenure insecurity and limited mobility, through tailored financial products that include insurance and savings mechanisms. Another strategy is the adoption of AI-driven credit

scoring models is gradually being used to assess the creditworthiness of rural borrowers who lack traditional collateral, expanding the reach of microfinance institutions (MFIs) into previously underserved rural markets.

In the African context, improving microfinance for rural entrepreneurship requires addressing the unique challenges of infrastructure and market volatility. Idowu (2021) affirmed that mixed finance models where public funds de-risk private investments are essential for scaling rural microfinance in sub-Saharan Africa. Strategies have increasingly focused on the value chain finance approach, where micro-loans are linked to specific agricultural outputs, ensuring that rural entrepreneurs have guaranteed markets for their products, which in turn improves repayment rates. Additionally, the professionalization of village savings and loan associations (VSLAs) through digital linkages has proven to be a robust strategy for fostering local capital accumulation, providing a sustainable foundation for rural entrepreneurship that does not rely solely on external liquidity.

In Zimbabwe, the strategy for improving microfinance services is deeply intertwined with macroeconomic balance and the reinforcement of the informal sector. Ngwenya and Ndlovu (2023), put forward that the implementation of agent banking techniques has been a serious strategy to eliminate the gap between urban-centric financial institutions and distant rural businesspeople, effectively distributing service delivery. Also, the application of the National Financial Inclusion Strategy (NFIS) has prioritized the development of micro insurance products particularly planned to keep rural farmers against climate-related surprises, which are a primary cause of repayment defaults. Muranda (2022), detailed that promoting partnerships between microfinance institutions and agricultural cooperatives is a key approach to collective demand for credit, thereby reducing the managerial burden on creditors and providing rural entrepreneurs with the collective bargaining power needed to access larger-scale investment capital.

2.4 Empirical review

Shahidur (2021), surveyed data from about 1200 households in the rural sector of

Nigeria. The survey provided evidence that participating in microfinance services reduces poverty rates approximately by 18% among female beneficiaries. The study captures the strongest effect on women, they acquired both credit and business management skills. This research concluded that gender targeted microfinances with other non-financial help or services contribute a lot in reducing poverty.

Furthermore, Tiwari et al. (2022) defined the impact of microfinances on rural entrepreneurship development in Tunisia. The research undertakes a quantitative survey of 308 rural entrepreneurs. The research was done and it only focused on six districts in the region. The study found that more access to microfinance increases business startup rates. Also, there will be an increase in monthly individual income approximately by 34% in the early months of receiving the loan. This research testified better or upgraded business management by microfinance beneficiaries as compared to non-clients.

Barnes (2010), conducted research investigating Zambuko Trust beneficiaries in Zimbabwe. The study assessed the impact of services being offered by microfinances on households who are living with HIV/AIDS in Zimbabwe. This study focused on Zambuko Trust which is also a microfinance institution. The investigator gathered data which assessed how microfinance activities or services are helping families such as those with chronic illness and HIV/AIDS. The study concluded that access to microfinance services such as loans and business management training helps households to manage adverse economic effects of the diseases

Moreover, Banerjee et al (2015) presented his discoveries from six different controlled trials across India, Morocco, Pakistan, Philippines, Ethiopia and Mexico. The purpose of this study was to collectively capture the effect of microfinances in different areas. The survey indicated that microcredit has a positive effect on business activities. Although, it may fail to reduces a large level of poverty, increasing income, education and women empowerment. The researcher concluded that microfinances are useful but may not be a satisfactory tool for rural entrepreneurship development.

Also, Maviya (2025) assessed the relationship between financial services offered by microfinances and SME performance in rural areas of Shurugwi, Zimbabwe. The findings confirmed that there is a negative relationship between business performance and credit access. The businesses gained short term revenue but in future growth was not sustainable. Also, challenges such as high interest rates and strict repayment terms and period were pointed out. The results challenged the assumptions that microfinances automatically upgrade the lives of rural entrepreneurs.

Mutenheri (2022), conducted research in Zimbabwean rural areas using a mixed method approach in assessing the effectiveness of microfinance intervention to smallholder agricultural businesses. The study results indicated a significant positive correlation between credit access and the implementation of modern farming equipment and inputs, for example drought-resistant seeds and fertilizer, which also increase income household levels by approximately 22% over a period of three years. However, the study also highlighted that the impact was heavily moderated by the timing of loan disbursements; when funds were delayed beyond the planting season, the utility of the capital for entrepreneurship development diminished, often leading to loan diversion for consumption purposes rather than productive investment.

2.5 Research gap

Focusing on the above literature, there is evidence that the research on the subject of the role of MFI on rural entrepreneurship focusing on Zambuko Trust specifically in Bindura in current periods is missing. Therefore, there is need to close this gap by undertaking this current study.

2.6 Chapter summary

This chapter examined literatures on other sections including the roles of MFIs in developed and coming up sections. The chapter presented the conceptual framework for the study. Furthermore, theoretical outline guiding the research was presented. The functions, challenges of MFI and approaches to solve the encounters were presented. This chapter also discussed the empirical evidence of directing the significance of MFI in rural entrepreneurship development. The following chapter describes the methodology

undertaken to gather data, select the study design and data gathering tools used.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter defines the study procedures and the conceptual framework that supports the research. The chapter concentrate on data collecting instruments, processes, breakdown and data arrangement approaches. This chapter also describes research validity, reliability, and ethical characteristics. The chapter offers a complete description of the sampling procedures used to identify the researcher's targeted group and sample.

3.1 Research Design

Collins and Hussey (2003), research design is an organised and logical difficult method that investigates on specific problems or challenges so as to extend the knowledge of the study. Saunders, Lewis and Thornhill (2009) defined it as the process of collecting data and information that can be used to solve problems encountered. Also, it summaries the primary and secondary data wanted to help the applicant in the researching phase. Research design gives a detailed plan of the study (Creswell,2012) confirmed. In this particular study, the student takes on descriptive research design. Also, the applicant classifies the standing situations and desires that permitted the student in comparing of ethics in other literatures and obtain enough knowledge on the role of MFI to rural entrepreneurship development in Zimbabwe taking into account other beneficial activities performed by these microfinance institutions.

A case study was selected as it evidenced to be the utmost suitable study approach. Case study research is detailed research on cases in their ordinary setting and perspectives of applicants (Gall and Borg,2003). The case study method will assist the investigator to identify research problems and as well obtain enough information for the study. This method used does not consume a lot time. The student focused on the case study of Zambuko Trust as it covers a lot of roles or activities performed by other

microfinances. This case study tailored a lot of problems encountered and other activities performed in supporting rural entrepreneurship development

3.1.1 Descriptive Survey Design

The study used descriptive survey design which delivers arithmetical accounts and detailed description of specific events shaping ideas, attitudes and behaviours. This study recognises quantitative and qualitative data on the role of Zambuko Trust to rural entrepreneurship development. The descriptive design was used as a method of empowering the investigator to obtain consistent and effective data that can be used by other researchers.

3.2 Target Population

Target population is defined as a collection of items which has one or more features in common that are required or needed by the researcher. Wegner (2006) reasoned that; target population can be the creation of elements where a sample can be taken. The targeted population in this research consisted of 17 Zambuko Trust officials, which are managers and their 24 active clients who are rural entrepreneurs.

3.3 Sampling Technique

Kapwani (2014), defines sampling technique as a practise of selecting a number of characters or substances from a population so that the selected set has structures which shows the set's features. Therefore, technique is measured as the subset of a statistical population with features being studied.

A purposive sampling approach was used in this study since it was appropriate or suitable for this subject. Purposive sampling is a non-probability technique which includes selecting respondents that fit for a particular study due to their knowledge on problem under study (Kombo and Tromp,2006). The census sample was chosen to select participants from Zambuko Trust and a list of rural entrepreneurs benefitting from Zambuko Trust services was used to purposively select the participants for the study based on years they have been receiving services so that the study can obtain much information on the effect of microfinance services.

3.3.1 Sample size

In this study, the investigator's sample size consisted of 17 officials from Zambuko Trust as well as about 21 registered beneficiaries from Zambuko Trust services who are rural. These potential respondents were picked purposively. The study's 38 respondents completed the model size.

This method can be beneficial by capturing significant demographic structures, using small sample sizes which delivers advanced exactness, lower costs, and ensures that the wanted group in a population is represented by the given sample. Cohen et al (2011), purposive model allows selection of characteristics that fit for the study.

Table 3.1 Sample size

Respondents	Method of data collection	Distribution
Zambuko Trust Officials	Interviews	17
Beneficiaries from ZT	Questionnaires	21
Total		38

Table 3.1Sample size

3.4 Sources of Data

3.4.1 Primary Data

The main benefit of gathering primary data is that the researcher focuses on detailed areas for review. Also, there is high level of data accuracy since the researcher control how the data is being collected. However, data collection was time consuming therefore it required a lot of time management.

3.4.2 Secondary Data

Secondary data is defined as material that has already been gathered and examined by other sources which are already existing (Smithenson, 2010). It enhances the researcher's knowledge on specific areas and the investigator can have a basis for data comparison.

In this study, secondary data will be obtained from sources such as registers from licenced MFIs, interrelated journals and other SMEs reports. Secondary data can be ready to use and therefore it will be less expensive. Mulacho (2013), the investigator extended the depth of the research and this upgraded the research quality.

3.5 Data Collection Research Instruments

William G. Zikmund states that a research instrument is a tool that is used in collecting data from participants in a study. The investigator used interviews and questionnaires as data collection tools

3.5.1 Questionnaires

According to John W. Creswell, a questioner is a researching instrument that is used to collect or obtain data from individuals using same or identical set of questions. Questionnaires were created to cater for all research questions. They contained unstructured and structured set of questions and for structured they were easy to manage since questions are answered in the same way. Also, on unstructured, respondents can reply in their own words given chances to express their feelings The questionnaires were used for ZT beneficiaries since they are many and it was a fast way of collecting data. Questionnaires were distributed online and it allows a lot of beneficiaries to have access to them regardless of where they stay. The procedures of conducting and comparing of data were not difficult since respondents were given same type of questions. Individuals were given enough or adequate time to provide responses to the questions and this improved the accuracy of the data. Therefore, the questionnaire was designed in *Likert-scale measures* and responses characterised as surveys (5) strongly agree (4) agree (3) neutral (2) disagree (1) strongly disagree

Justifications

- They improve consistency whereby all respondents are presented the same questions
- The responses presented were easily examined and interpreted

- The respondents can reply the questions whenever they are free

Demerits

- They do not give a room to ask additional or seek more information
- Respondents could not fully express themselves since some areas were restricted due to structured questions.

3.5.2 Interviews

Interview is a technique of collecting data were an interviewer asks questions and provided with answers by the interviewee or respondent (Zikmund,2003). The investigator directed particular interviews using prearranged questions. In this research the interviews have proved to be more valuable than questionnaires. There were other respondents who were too busy to fill the questioners, therefore interviews resolved that problem. The questions were asked by the interviewer and then answered directly. Interviews were extremely directed to Zambuko Trust officials as specific questions were answered. The roles were purposively selected for those who design, deliver and monitor microfinance services to entrepreneurs. The branch manager, loan officers, credit officers and training officers were interviewed since they interact with customers approving loans as well as train customers on business skills. The interviewer faced some challenges whereby some respondents will have a tight schedule, interrupted by others which delays time. This made the coding and comparing of data very challenging

3.6 Validity and Reliability of Research Instruments

Validity is the level the research instrument can test exactly and measure what it is planned for. The instrument will be effective if it measured what it is supposed to measure (Cooper and Schindler,2005). Reliability refers to the consistency of the instrument. This means that the instrument should produce exact and consistent marks when given a number of questions. Firstly, validity have been applied to determine the helpfulness of questioners. Then the investigator was capable of designing important and simply understood questions The questioner was presented to the supervisor before being distributed to the respondents.

A test was directed on questionnaires so as to assess the effectiveness of questions provided and measure the value of responses from the respondents so that questions will meet the chosen goals. The objective of model testing was to assess the validity of the provided question and reliability of data.

3.7 Data Presentation and Analysis

The data collected from questionnaires was examined, potted, and taken by means of descriptive numerical practises using SPSS V20. The data gathered was investigated using quantitative and qualitative approaches. The findings were presented via charts, figures and tables.

3.8 Chapter Summary

This chapter is a breakdown of research procedures used by the investigator on this study. This chapter outlines the research design, debates the study population, sample, and processes of collecting data. The study population consist of officials from Zambuko Trust and rural entrepreneurs benefitting from ZT services. The chapter labels data assembly procedures, which contain questionnaires and interviews, also data validation, presentation, and examination. The next chapter presents, analyses and discusses the results of the study.

CHAPTER FOUR

PRESENTATION OF RESULTS, ANALYSIS AND DISCUSSION

4.0 Introduction

The chapter presented the results found under the study of the role of Zambuko Trust as a microfinance institution in rural entrepreneurship development in Zimbabwe. The data was gathered using questionnaires directed to 21 beneficiaries of Zambuko Trust and semi-structured interviews directed to 17 Zambuko Trust officials, resulting in a sample size of 38 respondents. The results are presented thematically in line with the three research objectives guiding this study.

4.1 Response Rate

The Table 4.1 below summarises the response rates for both data collection instruments used in the study.

Table 4.1: Response Rate Summary

Respondents	Method	Distributed	Returned/Completed	Response Rate (%)
Zambuko Trust Officials	Interviews	17	16	94.1%
Beneficiaries from ZT	Questionnaires	21	19	91.4%
Total	—	38	35	92.1%

Table 4.1Response rate summary

The overall response rate of 92.1% is considered highly acceptable for academic investigation. According to Mugenda and Mugenda, (2003), indicates that the outcome represents the targeted population and can be relied upon for drawing valid conclusions.

4.2 Section A: Demographic Evidence

4.2.1 Gender of Respondents

The participants from this research were kindly requested to specify their gender. The results in Figure 4.1 presents the distribution.

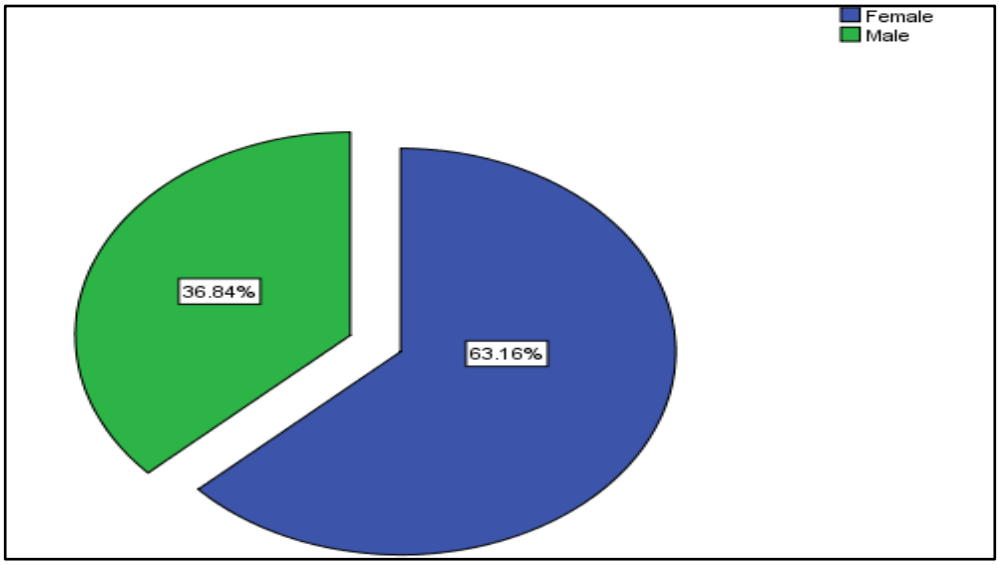


Figure 4.1 Gender of respondents (n=19)

Figure 4.1: Gender Distribution of Questionnaire Respondents (n = 19)

Source: Field Data (2024)

As shown in Figure 4.1, most of beneficiary applicants were female (63%, n=12), while males consisted of only 37% (n=7). This finding is in sync with the global microfinance standard that usually targets women as primary beneficiaries to promote gender equality in economic empowerment (Ledgerwood, 1999). The Zambuko Trust's loaning approach is gender-responsive as shown by high participation of female clients and this aligns with Sustainable Development Goal 5 (Gender Equality). During interviews, one Zambuko Trust official shared *'Our lending strategy deliberately put women first because they are the backbone of household economies in rural Zimbabwe.'* From the 16 interviews conducted, 12 officials stated that Zambuko Trust prefer to offer its services to women and also 14 of them talked about the effectiveness of group lending.

4.3 Age Distribution of Respondents

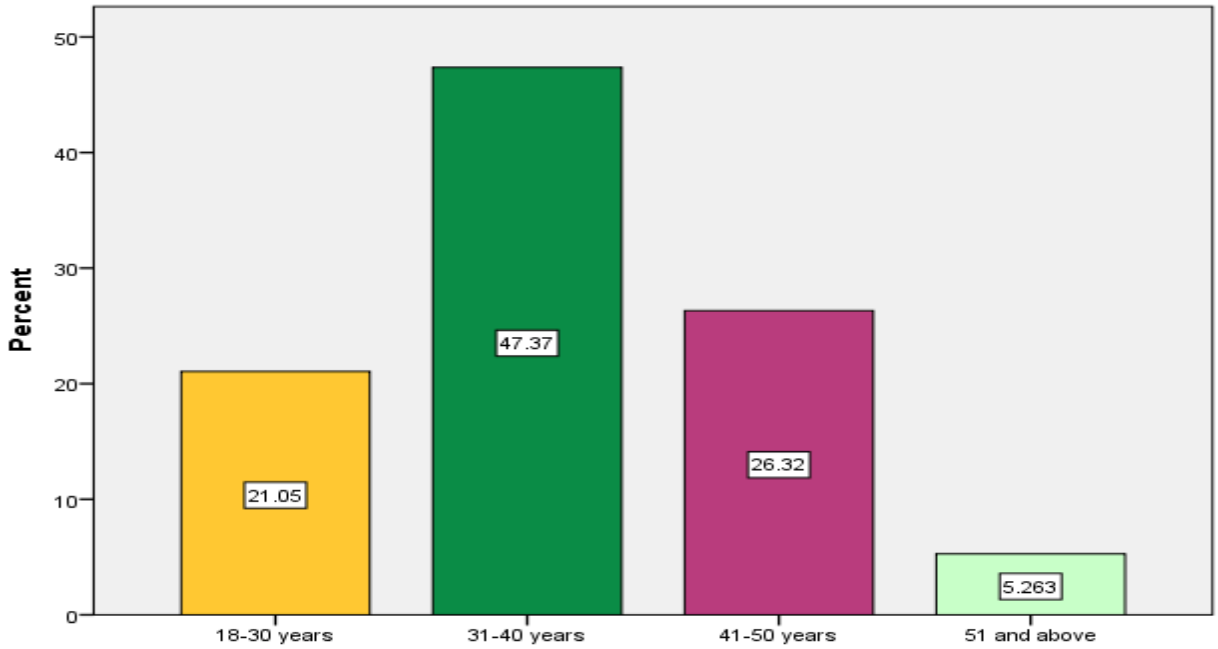


Figure 4.2 Age distribution of respondents

Source: Field Data (2026)

The Figure 4.3 shows that most of the respondents (47%, n=9) fall under 31–40 age bracket, followed by those aged 41–50 years (26%, n=5), 18–30 years (21%, n=4), and 51 years and above (5%, n=1). The power of the 31–40 age unit indicates that Zambuko Trust's microfinance services are most accessible to economically active people in their productive years. The contribution from this age group is most likely to increase the sustainability of business projects.

4.3.1 Level of Education

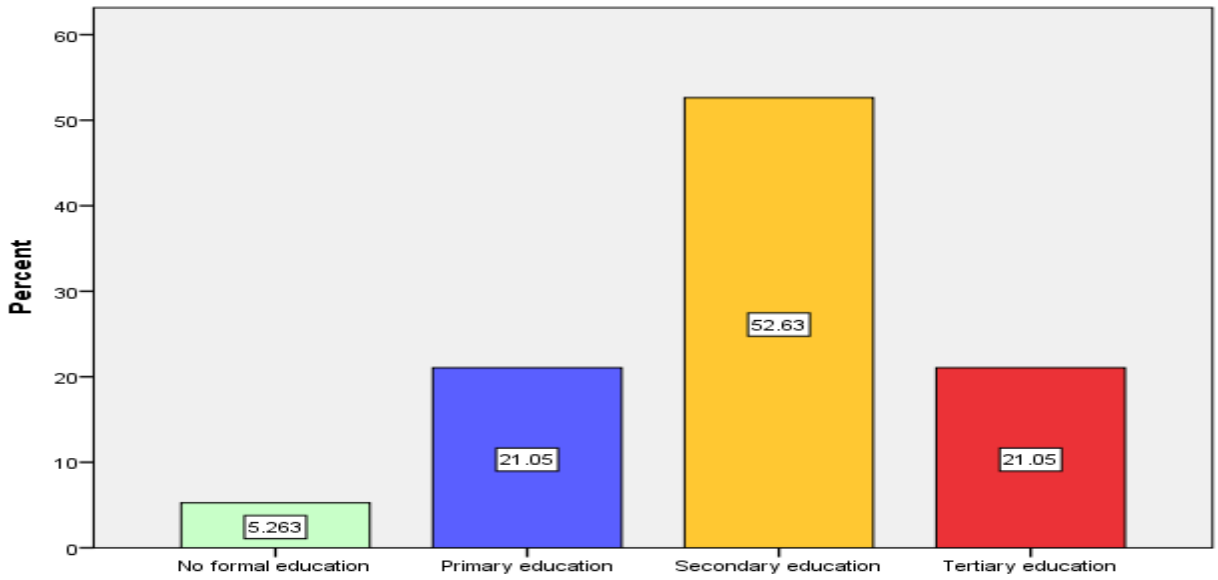


Figure 4.3 highest level of education

Figure 4.3: Highest Level of Education (n = 19)

Source: Field Data (2026)

This research shows that majority of respondents (53%, n=10) had attained secondary education, followed by primary and tertiary education equally at 21% (n=4) each, and 5% (n=1) had no formal education. The high educational achievement among ZT beneficiaries shows that clients have the knowledge required to understand loan agreements and businesses management activities. Despite that, the 5% with no formal education highlights the need for targeted financial knowledge training by Zambuko Trust.

4.3.2 Duration of Receiving Microfinance Services

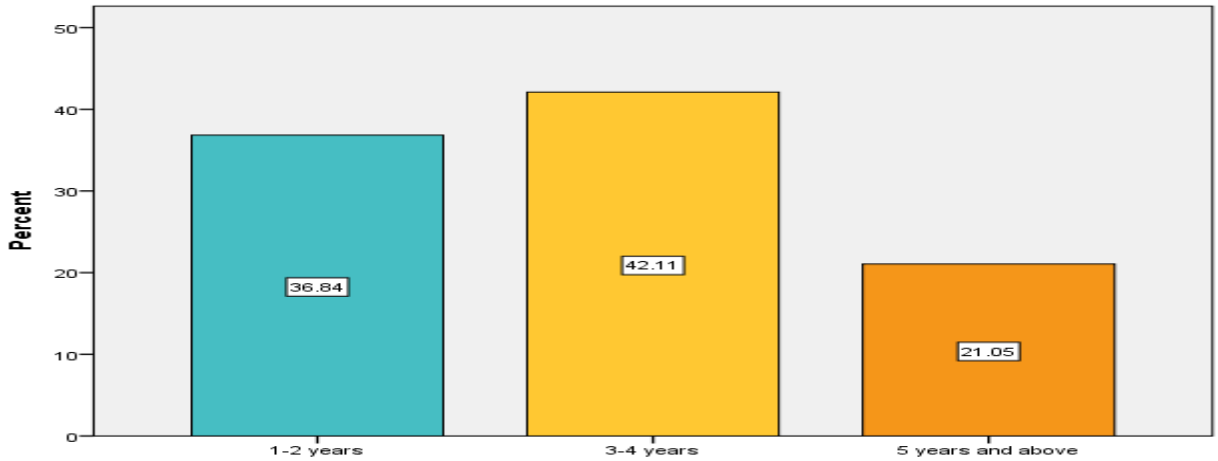


Figure 4.4 duration of receiving Zambuko trust services

Figure 4.4: Duration of Receiving Zambuko Trust Services (n = 19)

Source: Field Data (2026)

The results in Figure 4.4 reveals 42% (n=8) of respondents that have been accessing Zambuko Trust services for 3–4 years, 37% (n=7) for 1–2 years, and 21% (n=4) for 5 years or more. The relatively short to medium period of most beneficiaries (1–4 years) indicates high client turnover, development into formal banking and probable challenges that can be faced. In addition, the long-term clients from 5 years and above represent a loyal division that could help as guides and group leaders.

4.4 Effect of Zambuko Trust Microfinance Services on Rural Entrepreneurship Development

Respondents from the study were asked to rate their level of agreement with the statement on the effect of Zambuko Trust services. Table 4.2 shows the mean and the standard deviations scores from the data collected and analysed by the SPSS.

Table 4.2: Descriptive Statistics – Effect of Microfinance on Rural Entrepreneurship (n = 19)

Statement	Mean	SD	Interpretation
Improved business capital	4.52	0.61	Strongly Agree
Enabled business expansion	4.37	0.72	Strongly Agree
Increased household income	4.21	0.83	Agree

Improved entrepreneurial skills via training	3.89	0.91	Agree
Contributed to job creation in community	3.74	0.98	Agree
Reduced household poverty	4.05	0.87	Agree
Favourable repayment terms	3.42	1.12	Neutral
Financial literacy improved business management	3.95	0.89	Agree
Invested in new technology for business	3.16	1.21	Neutral
Overall positive impact on entrepreneurship	4.32	0.74	Strongly Agree

Table 4.2Discriptive statistics

The results in Table 4.2 shows that participants strongly agreed that Zambuko Trust microfinance services had improved their business capital (M=4.52, SD=0.61) and enabled business expansion (M=4.37, SD=0.72). Overall positive impact was also strongly endorsed (M=4.32, SD=0.74). Respondents agreed that their household incomes had increased (M=4.21) and that poverty had been reduced (M=4.05). Also, neutral scores were documented on repayment terms (M=3.42) and investments in new technology (M=3.16) indicating a room for improvements in such areas. These findings agree with Odebiyi and Olaoye (2023) who argued that MFI serves as a top player for the informal sector, which contribute to the majority of rural commercial activities in Niger.

Also, interview replies from Zambuko Trust representatives strengthened the quantitative results. One official *shared 'We have witnessed clients who started with a single market stall and now employ five or six people in the community. This is the real impact of microfinance.'* Another official interviewed observed that the institution's group lending model had been particularly effective in promoting social capital and peer accountability among rural entrepreneurs.

4.5 Challenges Zambuko Trust Faces in Offering Microfinance to Rural Entrepreneurs

This section presents Table 4.3 showing the mean scores for identified challenges as rated by beneficiary respondents.

Table 4.3: Descriptive Statistics – Challenges in Microfinance Service Delivery (n = 19)

Challenge Statement	Mean	SD	Interpretation
High interest rates are a barrier to loans	4.47	0.69	Strongly Agree
Strict eligibility requirements limit access	4.21	0.84	Agree
Limited outreach to remote rural areas	4.37	0.73	Strongly Agree
Lack of collateral prevents access	4.11	0.92	Agree
Inadequate financial literacy is a challenge	3.84	1.01	Agree
Repayment periods too short for rural biz	4.26	0.78	Agree
Poor infrastructure limits service delivery	4.32	0.81	Strongly Agree
Cultural barriers hinder women's access	3.68	1.14	Agree

Table 4.3 Descriptive statistics-Challenges in microfinance service delivery

The results in Table 4.3 highlights that high interest rates (M=4.47, SD=0.69) and poor rural infrastructure (M=4.32) emerged as the most significant challenges. The results identified lack or limited outreach (M=4.37) and short repayment periods (M=4.26). The results from this investigate aligns with the literature by Musona (2022) who indicated that rural business owners in Zimbabwe usually lack formal land tenure, which affects them in providing the collateral required by many formal financial institutions, effectively preventing them in entering traditional credit markets. Interview data further revealed that Zambuko Trust officials they recognised these as systemic challenges. One Official shared *'The cost of physically reaching clients in remote areas is enormous, and this ultimately affects our pricing structure.'* The cultural barriers despite rated lower (M=3.68) they remain relevant in patriarchal rural societies where women face resistance in business ownership.

4.6 Strategies to Improve Zambuko Trust Microfinance Services

This section present results and findings on beneficiary respondents' ratings of proposed strategies to improve Zambuko Trust services.

Table 4.4: Descriptive Statistics – Strategies for Improvement (n = 19)

Strategy Statement	Mean	SD	Interpretation

Reduce interest rates to attract more clients	4.63	0.58	Strongly Agree
Expand branch network to cover remote areas	4.47	0.69	Strongly Agree
Introduce flexible repayment schedules	4.53	0.61	Strongly Agree
Enhanced financial literacy training	4.26	0.83	Agree
Partner with government and NGOs for funding	4.32	0.77	Strongly Agree
Introduce digital/mobile banking platforms	4.37	0.72	Strongly Agree
Simplify loan application procedures	4.58	0.61	Strongly Agree
Promote group lending for collateral-free access	4.21	0.87	Agree

Table 4.4 Descriptive statistics-Strategies for improvement

The outcomes in Table 4.4 show that respondents strongly agreed that reducing interest rates (M=4.63) and simplifying loan application procedures (M=4.58) were the most critical strategies. Strategies such as flexible repayment schedules (M=4.53) and expansion of the branch network (M=4.47) were also strongly endorsed. In addition, the introduction of digital and mobile banking platforms (M=4.37) received significant support, reflecting awareness of technological solutions among rural entrepreneurs. These findings concur with Muranda (2022) established those fostering partnerships between MFIs and agricultural cooperatives is a key strategy to aggregate demand for credit, thereby reducing the administrative burden on lenders and providing rural entrepreneurs with the collective bargaining power needed to access larger-scale investment capital. During interviews, officials from Zambuko Trust expressed willingness to embrace fintech solutions*: 'The Company is piloting a mobile loan disbursement system that we believe will revolutionise how we reach clients in areas without physical branches.'*

4.7 Discussion of Key Findings

The outcomes and findings of this research reveal a generally positive but nuanced picture of Zambuko Trust's role in rural entrepreneurship development. The

microfinance institution has demonstrably improved access to capital, increased household incomes, and built entrepreneurial capacity among rural clients in Zimbabwe. However, structural challenges in particular high interest rates, collateral requirements, and limited rural infrastructure continue to limit the institution's impact.

The study supports the Theory of Financial Intermediation which theorises that financial institutions exist primarily to bridge the gap between savers and borrowers who face information irregularities and high transaction costs. Zambuko Trust's operations indicates that the institution serves a developmental mandate while operating in an environment of economic volatility and high operational costs. The findings further affirm the Resource-Based View (RBV) of the firm, as group lending models were found to be effective in leveraging community trust and reducing default risk.

Critically, the merging of digital financial services emerges as a transformative opportunity for Zambuko Trust to overcome infrastructural barriers and reach underserved rural populations at reduced cost. Policymakers in Zimbabwe and development partners must support this transition through regulatory frameworks that enable mobile money interoperability and digital credit scoring for informal businesses.

4.8 Chapter Summary

The chapter provided a presentation, examination, and argument on results and findings from 19 questionnaire respondents where 91.4% response rate was realised. These results and findings demonstrated that Zambuko Trust has an important helpful effect on rural entrepreneurship development through capital provision, income enhancement, and skills training. However, problems such as high interest charges, poor infrastructure, and limited outreach remain major constraints. Key strategies identified from the study include interest rate reduction, flexible repayment, digital banking, and strategic partnerships. The following chapter 5 presents the summary, conclusions, and recommendations of the study.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter indicates the key results of the study and formulate substantive conclusions grounded in the research objectives and empirical evidence, and offers practical recommendations to stakeholders. In addition, it also identifies limitations of the study and suggests areas for future research.

5.1 Summary of the Study

The current research investigated on the role of Zambuko Trust as a microfinance institution in rural entrepreneurship development in Zimbabwe. The study was directed by three detailed objectives that include assessing the effect of Zambuko Trust microfinance services on rural entrepreneurship development; identify the challenges Zambuko Trust faces in offering microfinance to rural entrepreneurs and explore strategies to improve Zambuko Trust microfinance services for rural entrepreneurship development. This study was guided by the Theory of Financial Intermediation which theorizes that financial institutions exist primarily to bridge the gap between savers and borrowers who face information irregularities and high transaction costs. It was supported by the Resource-Based View (RBV) of the firm, which suggests that access to capital is a critical resource that allows entrepreneurs to bundle their unique skills and local assets into a competitive advantage.

The research used a mixed-method research design which consist of quantitative data from questionnaires administered to 21 Zambuko Trust beneficiaries and qualitative data from semi-structured interviews with 17 Zambuko Trust officials. The overall response rate was 92.1%, with 91.4% and 94.1% for questionnaire and interviews respectively.

The results shows that Zambuko Trust's microfinance services have significantly

upgraded business capital (M=4.52), enabled business expansion (M=4.37), and increased household income (M=4.21) among rural entrepreneurs. The study found out that training programmes were established and have strengthened entrepreneurial skills, while the overall positive impact of Zambuko Trust's interventions was strongly suggested (M=4.32).

Also, the study found out that higher interests' rates (M=4.47), restricted outreach to isolated areas (M=4.37), poor rural infrastructure (M=4.32), and poor repayment schedules (M=4.26) are the most serious challenges hindering Zambuko Trust's effectiveness. Strict collateral requirements and cultural barriers are affecting women's access and are significant limitations.

In relation to strategies, respondents and officials strongly recommended reducing interest rates (M=4.63), shortening loan procedures (M=4.58), introducing flexible repayment schedules (M=4.53), and leveraging mobile/digital banking platforms (M=4.37) to enhance service delivery. Strategic partnerships with government and development organisations were also proffered as critical enablers.

5.2 Conclusions

5.2.1 Effect of Microfinance on Rural Entrepreneurship

The study concludes that Zambuko Trust microfinance services practically and positively affect rural entrepreneurship development in Zimbabwe. The disbursement of loans has enabled rural entrepreneurs to capitalise their businesses, expand operations, and increase household incomes. The ZT lending model and financial literacy training have further contributed to building sustainable enterprises. These results confirm that microfinance services, when properly distributed, remains an effective tool for economic development in rural Zimbabwe, consistent with the microcredit idea advanced by Grameen Bank and other global growth microfinance institutions.

5.2.2 Challenges in Microfinance Delivery

The study concludes that Zambuko Trust faces institutional, infrastructural, and socio-cultural challenges in serving rural entrepreneurs. Challenge such as high interest rates driven by elevated transaction costs in remote areas are the most prominent barrier, undermining the affordability and reach of microfinance services. Issues like poor road

infrastructure, limited mobile connectivity, and cultural gender norms compound the challenge. The conclusion made is that without addressing these structural constraints, the transformative potential of microfinance in rural Zimbabwe will remain limited. The challenges engulfing Zambuko Trust's is not merely operational but deeply rooted in the macroeconomic and developmental context of rural Zimbabwe.

5.2.3 Strategies for Improvement

The research concludes that a multi-pronged and maintainable approach is required to improve Zambuko Trust's service delivery to rural development. Interest rate reduction, procedural simplification, and flexible product design are actions needing immediate attention and would have the most direct impact on client welfare. The consideration of digital financial technologies presents a transformational opportunity to reduce operational costs, extend geographic reach, and improve client experience. Synergies with government ministries and agencies, NGOs, and development finance institutions are essential to mobilise the capital and capacity required to implement these strategies sustainably.

5.4 Recommendations

5.4.1 Recommendations for Zambuko Trust

i. The study recommends Zambuko Trust to explore mechanisms to reduce interest rates through cost efficiency, economies of scale, and access to concessional funding from development finance institutions. By carrying out a phased reduction in interest rates would improve affordability and attract a larger client base.

ii. Zambuko Trust should redesign its services in order to incorporate grace periods, periodic repayments schedules, and step-up loans that accommodates the cash flow trends of rural business owners, especially those who dependent on agricultural seasons.

iii. Zambuko Trust management should enhance their investment in mobile loan disbursement and repayment schemes. It should also partner with mobile network operators such as Econet and NetOne to influence mobile money infrastructure such as EcoCash and One Money and this significantly reduces the expenses of reaching remote clients.

iv. The institution should also launch satellites service points or agent banking systems in rural areas which improves physical accessibility and reduce the travelling problems to rural clients.

v. Zambuko Trust's staff and management should offer mandatory business training programmes as a requirement for loan disbursement, incorporating modules on record-keeping, business planning, and digital financial services.

vi. The institution should implement deliberate gender mainstreaming strategies including women-only group lending schemes, female officer deployment in male-controlled communities, and awareness campaigns that challenges cultural barriers to women's empowerment.

5.4.2 Recommendations to Policymakers and Government

i. Zimbabwean government should provide a favourable regulatory setting for microfinance institutions by revising the Microfinance Act to allow for covered interest rates, long loan tenures, and mandatory client protection frameworks.

ii. Investments in rural infrastructures such as road creation and electricity are significantly helping in reducing operational costs of microfinance institutions in providing services to remote communities.

iii. There is need for the government to establish a Rural Entrepreneurship Development Fund to provide subsidised lending capital to microfinance institutions operating in underserved rural areas.

5.4.3 Recommendations for Future Research

Future research should focus on a comparative study examining multiple microfinance institutions in Zimbabwe to provide broader insights into sector-wide best practices and challenges. This study was limited to Zambuko Trust which resulted in a small sample size and could not capture data across all sections.

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BINDURA UNIVERSITY OF SCIENCE EDUCATION



FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTANCY

APPENDICES

Appendix 1: Letter of Consent

LETTER OF INTRODUCTION AND SEEKING OF PARTCIPANTS CONSENT

My name is Esther Chisvinga. I am a student at Bindura University of Science education studying toward a degree in Bachelors of Accountancy. In partial fulfillment of this program, I am doing research with the tittle, '**The role of microfinance institutions to**

rural entrepreneurship development in Zimbabwe. A case of Zambuko Trust". You are generously asked to participate on this research by answering the following questions. Also, there is no need of writing your name on the questioner.

In the event you need my details regarding this research or questioner, kindly contact me on: 0776788996

: estherchisvinga@gmail.com

Thank you

May you friendly direct your autonomous promise to contribute to the study by ticking in the box below

Appendix 2: Research Questionnaire

Study Title: The Role of Microfinance Institutions to Rural Entrepreneurship Development in Zimbabwe: Case of Zambuko Trust

Valued Respondents,

The questionnaire is drafted for gathering data for academic study purposes only. You are kindly requested to complete it as honestly as possible. Your replies will be preserved with the severest confidentiality and anonymity. Participation is entirely voluntary.

SECTION A: Demographic Information

Instruction: Tick (✓) in the appropriate box.

1. What is your gender?

☐ Male

☐ Female

2. What is your age?

- ☐ 18–30 years
- ☐ 31–40 years
- ☐ 41–50 years
- ☐ 51 and above

3. Highest level of education:

- ☐ No formal education
- ☐ Primary education
- ☐ Secondary education
- ☐ Tertiary education

4. How long have you been receiving microfinance services from Zambuko Trust?

- ☐ 1–2 years
- ☐ 3–4 years
- ☐ 5 years and above

5. Type of business you operate:

_____

SECTION B: Effect of Zambuko Trust Microfinance Services on Rural Entrepreneurship Development

Instructions: May you specify your level of agreement with each statement by ticking (✓) the appropriate box.

Key: SA = Strongly Agree (5) | A = Agree (4) | N = Neutral (3) | D = Disagree (2) | SD = Strongly Disagree (1)

Statement	SA (5)	A (4)	N (3)	D (2)	SD (1)
Zambuko Trust services have upgraded my business growth.					
Zambuko Trust loans have helped me in expanding my business operations.					
My household income has increased due to Zambuko Trust's microfinance services.					
My entrepreneurial skills and knowledge have increased due to					

training offered by Zambuko Trust.					
Zambuko Trust has helped in creating jobs in local communities.					
Poverty has been reduced due to credit access provided by Zambuko Trust.					
Zambuko Trust offers favourable repayment schedules to rural entrepreneurs.					
Zambuko Trust's financial literacy programmes have improved my business management skills.					
Microfinance services have helped me to invest in new technology for my business.					
Overall, Zambuko Trust have significantly improved my entrepreneurship development.					

SECTION C: Challenges Faced by Zambuko Trust in Providing Microfinance Services to Rural Entrepreneurs

Instruction: Tick (✓) to indicate your level of agreement.

Statement	SA (5)	A (4)	N (3)	D (2)	SD (1)
Zambuko Trust charges high interests' rates which is a barrier in accessing loans.					
Strict credit worthiness requirements make it difficult to access microfinance services.					
Limited outreach to remote rural areas affects access to Zambuko Trust services.					
Rural entrepreneurs lack collateral which prevents them from accessing microfinance services.					
Inadequate financial knowledge among rural beneficiaries is a challenge for Zambuko Trust.					
Loan repayment schedules are too short for rural entrepreneurs to produce sufficient returns.					
Lack of infrastructure in remote societies affects Zambuko Trust's					

service delivery.					
Cultural and social barriers delay women clients in accessing microfinance services.					

SECTION D: Strategies to Improve Services offered by Zambuko Trust Microfinance

Instruction: Tick (✓) to indicate your level of agreement.

Statement	SA (5)	A (4)	N (3)	D (2)	SD (1)
Zambuko Trust should reduce its interest rates to attract more rural entrepreneurs.					
There is need to expand branch network to cover more remote rural areas.					
Zambuko Trust should offer flexible repayment schedules made for seasonal businesses.					
Improved financial knowledge training should be offered to all service beneficiaries.					
Zambuko Trust should have partnerships with government and NGOs in order to increase funding.					
Zambuko Trust should introduce digital and mobile banking platforms to improve service delivery.					
Zambuko Trust should make application procedures simple to avoid bureaucracy.					
Group lending models should be promoted to help clients without collateral access loans.					

Thank you for your valuable participation.

Appendix 3: Interview Guide for Zambuko Trust Officials

Study Title: The Role of Microfinance Institutions to Rural Entrepreneurship Development in Zimbabwe: Case of Zambuko Trust

Dear Respondents,

This interview guide is designed to collect qualitative data for an academic study. The interview will take approximately 30–45 minutes. Your answers will be treated as confidential and will be used for study purposes only. You are allowed not to answer questions you are not comfortable with.

Part 1: Background Information

1.1 What is your position or role within Zambuko Trust?

1.2 How long have you been working in Zambuko Trust institution?

1.3 What is the geographical coverage area of Zambuko Trust's operations in Zimbabwe?

Part 2: Effect of Zambuko Trust Microfinance Services on Rural Entrepreneurship Development

2.1 How would you define the effect of Zambuko Trust's services to rural entrepreneurs in your operational areas?

2.2 What nature of microfinance services does Zambuko Trust provide to rural business owners, and their effectiveness?

2.3 Due to your experience, how have Zambuko Trust services contributed to sustainability and business growth in rural areas?

2.4 What evidence do you have that shows Zambuko Trust services have significantly benefited rural entrepreneurs?

2.5 How does Zambuko Trust assess the level of development impacted by its microfinance services to rural entrepreneurship?

Part 3: Challenges in Offering Microfinance to Rural Entrepreneurs

3.1 What are the most significant challenges faced by Zambuko Trust in offering microfinance services to rural business owners?

3.2 How does the lack of collateral among rural clients affect Zambuko Trust's ability to disburse loans?

3.3 What operational and logistical challenges does ZT come across in accessing remote rural areas?

3.4 How does institution’ sustainability is affected by issues such as low client financial literacy, high transaction costs and loan defaults?

3.5 Are there policies or regulatory challenges that affects Zambuko Trust's activities or operations in rural areas of Zimbabwe? Please explain.

3.6 How does the economic environment such as inflation, currency volatility affect Zambuko Trust's ability to provide affordable microfinance?

Part 4: Strategies to Improve MF Services for Rural Entrepreneurship Development

4.1 What approaches has ZT adopted or is planning to implement to improve its

microfinance service delivery to rural business owners?

4.2 How can Zambuko Trust improve its financial services so as accommodate the needs and cashflow trends of rural entrepreneurs?

4.3 How does technology (e.g., mobile banking, digital loans) helps in expanding ZT's reach to rural communities?

4.4 How can Zambuko Trust strengthen partnership with NGOs, government and development agencies to improve rural entrepreneurship development?

4.5 What capacity-building and financial literacy initiatives do you think would most benefit rural business owners receiving ZT services?

4.6 What recommendations would you give to policy makers in creating an empowering environment for microfinances supporting rural entrepreneurship in Zimbabwe?

Thank you for your time and cooperation.