



Assessing the Effectiveness of Micro-Credit in Enhancing Business Expansion and Economic Empowerment of Women Entrepreneurs: A Case Study in Kalingalinga

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DEDICATION

This thesis is dedicated to my beloved family, whose unwavering love, encouragement, and sacrifices have been the foundation of my academic journey. To my parents, who instilled in me the values of perseverance and curiosity, and to my friends, who continuously motivated me through every challenge this achievement is as much yours as it is mine. I am deeply grateful for your unending support and belief in my potential.

ABSTRACT

Access to financial resources remains a major barrier for women entrepreneurs in Zambia. Micro-credit schemes have been promoted as a critical tool for supporting women in expanding their businesses and achieving economic empowerment. Despite the growing availability of microfinance services in Lusaka District, there is limited empirical evidence on their effectiveness in enabling women-owned enterprises to grow sustainably and improve women's socio-economic status. The objectives are to examine the effect of micro-credit on the business expansion of women entrepreneurs, to determine how micro-credit contributes to the economic empowerment of women and to analyze the limitations faced by women in accessing and utilizing micro-credit.

The study will adopt a mixed-method research design. Quantitative data will be collected using structured questionnaires administered to women entrepreneurs who have accessed micro-credit facilities. Qualitative data will be obtained through semi-structured interviews with selected micro-credit beneficiaries and representatives from microfinance institutions. Purposive and stratified random sampling techniques will be employed. Quantitative data will be analyzed using descriptive statistics and correlation analysis, while qualitative data will be subjected to thematic analysis to identify key patterns and insights. It is expected that micro-credit will positively influence business expansion and enhance the economic empowerment of women, increasing income levels, decision-making power, and entrepreneurial confidence. Nevertheless, challenges such as limited loan amounts, high interest rates, and administrative barriers may restrict the full benefits of micro-credit. The findings will provide practical recommendations for improving microfinance programs, informing policymakers, financial institutions, and development stakeholders in designing effective interventions that support women entrepreneurs and promote inclusive economic growth.

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CHAPTER ONE INTRODUCTION

➤ *Overview*

This chapter introduces the study on the effectiveness of micro-credit in enhancing business expansion and economic empowerment of women entrepreneurs, using Lusaka District as a case study. It provides the foundational context for the research by outlining the background and rationale behind the focus on microfinance and women's entrepreneurship. The chapter defines the problem the study seeks to address, outlines the research objectives and questions, and explains the significance and justification of the study. It also presents the scope of the research, highlights key assumptions and limitations, and briefly describes the organization of the remaining chapters. Through this structure, Chapter One sets the stage for a deeper investigation into the role of micro-credit as a tool for empowering women economically and promoting business growth.

➤ *Background*

In recent decades, microfinance has emerged as a pivotal mechanism for promoting financial inclusion and supporting entrepreneurship, particularly among marginalized populations in developing countries. At the core of microfinance is micro-credit, which entails the provision of small loans to individuals who are traditionally excluded from formal banking systems due to the lack of collateral, insufficient credit history, or socio-economic constraints (Armendáriz & Morduch, 2010). These small-scale loans are designed not only to finance entrepreneurial activities but also to stimulate broader socio-economic development by enhancing income-generating opportunities for vulnerable groups. Over time, micro-credit has gained global recognition for its potential to improve business productivity, increase household income, and elevate overall living standards, particularly when interventions target women, who frequently face systemic barriers in accessing financial resources (Kabeer, 2001).

Women play a critical role in the informal economy in many developing countries, including Zambia. They often operate small-scale enterprises such as retail shops, food vending, tailoring, and other service-oriented businesses. Despite their significant contributions to economic activity and employment, women in Zambia encounter multiple challenges that limit their entrepreneurial growth. These include restricted access to formal credit, low asset ownership, limited financial literacy, and socio-cultural constraints that impede their ability to fully leverage economic opportunities (Zambia Statistics Agency, 2020). Consequently, women are disproportionately affected by financial exclusion, which constrains both their individual economic advancement and the broader development potential of their communities.

Recognizing these challenges, numerous microfinance institutions (MFIs) in Lusaka District have developed tailored loan products aimed specifically at women entrepreneurs. Such products are often accompanied by additional services, including business training, financial literacy programs, and mentorship opportunities. The underlying rationale for these interventions is grounded in development theory, which posits that economically empowered women are more likely to reinvest in family welfare, including health, nutrition, and education, thereby creating multiplier effects within communities (Mayoux, 2001). By facilitating access to credit, MFIs aim not only to support immediate business expansion but also to foster long-term economic self-reliance and social empowerment.

Empirical studies on micro-credit and women's economic empowerment present mixed findings. Globally, evidence suggests that access to micro-credit can enhance short-term business outcomes, such as increased production, higher turnover, and diversification of business activities (Pitt & Khandker, 1998; Armendáriz & Morduch, 2010). Women who participate in microfinance programs often report improvements in household decision-making power and financial autonomy, reflecting broader social empowerment gains. However, the effectiveness of micro-credit in achieving sustainable economic empowerment is influenced by several factors, including loan size, interest rates, repayment schedules, and the presence of complementary support services. Studies by Banerjee et al. (2015) indicate that while access to credit may improve immediate business performance, the lack of mentorship, market linkages, and training can limit long-term impacts on empowerment and income stability. Furthermore, concerns have been raised regarding the over-indebtedness of borrowers and the potential for micro-credit to create financial pressure rather than opportunity in certain contexts (Rhyne, 2001).

In the Zambian context, micro-credit programs targeted at women entrepreneurs have gained prominence as part of broader efforts to promote gender equity and inclusive economic growth. Several MFIs, including FINCA Zambia, VisionFund, and various local community-based organizations, provide loans specifically for women operating small businesses in Lusaka. These interventions are often framed within the national development agenda, which recognizes the critical role of women in poverty reduction and economic development (Zambian Ministry of Finance, 2019). Despite these efforts, gaps remain in understanding the extent to which micro-credit translates into meaningful business expansion and sustained economic empowerment for women entrepreneurs. There is a particular need to examine the contextual factors that affect loan utilization, such as the borrower's financial literacy, social support networks, and access to complementary business development services.

This study, therefore, seeks to investigate the effectiveness of micro-credit in promoting business growth and economic empowerment among women entrepreneurs in Lusaka. By exploring the relationship between access to micro-loans and the

performance of women-owned businesses, this research aims to provide nuanced insights into both the opportunities and limitations of microfinance as a tool for gender-responsive development. The findings are expected to inform policymakers, MFIs, and development practitioners on how to design and implement programs that not only provide financial resources but also support the holistic empowerment of women, thereby contributing to inclusive and sustainable economic development in Zambia.

➤ *Statement of the Problem*

In recent years, microfinance has been widely promoted as a key strategy for fostering entrepreneurship, enhancing financial inclusion, and reducing poverty among marginalized populations. In Lusaka District, microfinance institutions (MFIs) have proliferated, offering small-scale loans, savings facilities, and other financial services to underserved groups. Despite this growth, many women entrepreneurs continue to encounter significant challenges in expanding their businesses and achieving meaningful economic empowerment. Women constitute over 60% of the informal sector workforce in Lusaka, playing a critical role in retail trade, small-scale production, and service provision. Nevertheless, they remain financially marginalized due to structural constraints such as limited access to capital, low levels of financial literacy, and the absence of collateral to secure formal loans (Zambia Statistics Agency, 2020). These barriers highlight a persistent disconnect between the availability of micro-credit and the capacity of women to fully utilize it for sustainable business growth.

Although statistics indicate that women comprise approximately 45% of micro-credit recipients in Lusaka, evidence suggests that many face difficulties in translating access to credit into tangible business outcomes (Mkopi & Kapaya, 2019). High interest rates, unpredictable market conditions, and inadequate financial planning often undermine the potential benefits of micro-loans. Moreover, the pressure of loan repayment can exacerbate financial stress, particularly for women operating businesses in volatile or highly competitive informal markets. In some cases, borrowing without adequate support structures may even deepen financial vulnerability, limiting the potential for women to achieve long-term economic independence (Rhyne, 2001).

Research indicates that access to credit alone is insufficient to guarantee improved business performance or household welfare. For micro-credit to effectively foster sustainable growth and empowerment, it must be complemented by entrepreneurial training, mentorship, market access facilitation, and financial literacy programs (Kabeer, 2005; Banerjee et al., 2015). In the absence of these complementary interventions, women may struggle to effectively manage their loans, invest in productive assets, or scale up their enterprises. This gap is particularly evident in Lusaka, where many women entrepreneurs receive financial support but lack the technical skills and knowledge required to maximize the benefits of micro-credit. Consequently, while microfinance programs aim to enhance economic empowerment, the intended outcomes are often constrained by structural, social, and institutional limitations.

The problem is further compounded by socio-cultural factors that affect women's participation in economic activities. Gender norms and household responsibilities often limit women's time and mobility, reducing their ability to actively engage in entrepreneurial training or market networking. Additionally, women may face social pressures to allocate loans toward household consumption rather than business investment, undermining the potential for enterprise growth (Mayoux, 2001). These dynamics suggest that even when women have access to financial resources, structural and contextual factors may inhibit the realization of economic empowerment and sustainable business expansion.

In Lusaka District, understanding the actual impact of micro-credit on women's businesses is therefore a pressing concern. While MFIs have expanded financial access, the persistence of low business growth, limited asset accumulation, and continued financial marginalization among women indicates that the relationship between micro-credit and empowerment is not straightforward. This underscores the need for empirical research that critically evaluates not only the provision of micro-loans but also the effectiveness of these interventions in enhancing women's entrepreneurial capacity, decision-making autonomy, and overall socio-economic well-being.

Given this context, the central problem addressed in this study is the uncertainty surrounding the effectiveness of micro-credit in fostering meaningful business expansion and economic empowerment among women entrepreneurs in Lusaka District. By assessing the outcomes of microfinance participation, identifying barriers to effective loan utilization, and examining the interplay between financial support and complementary services, this research seeks to generate evidence-based insights. These insights are crucial for informing policy, guiding microfinance program design, and promoting inclusive economic development that empowers women entrepreneurs to achieve sustainable growth and financial independence.

➤ *Research Objectives*

• *General Objective*

To assess the effectiveness of micro-credit in enhancing business expansion and economic empowerment of women entrepreneurs in Lusaka District.

• *Specific Objectives*

✓ To examine the effect of micro-credits on business expansion of women entrepreneurs.

- ✓ To determine the effectiveness of micro-credit has contributed to the economic empowerment of women.
- ✓ To Analyse the limitations of women in accessing and utilizing micro-credit.

➤ *Research questions*

- What is the effect of micro-credit on the business expansion of women entrepreneurs in Lusaka District?
- How effective is micro-credit in contributing to the economic empowerment of women?
- What are the key limitations women face in accessing and utilizing micro-credit services?

➤ *Conceptual Framework*

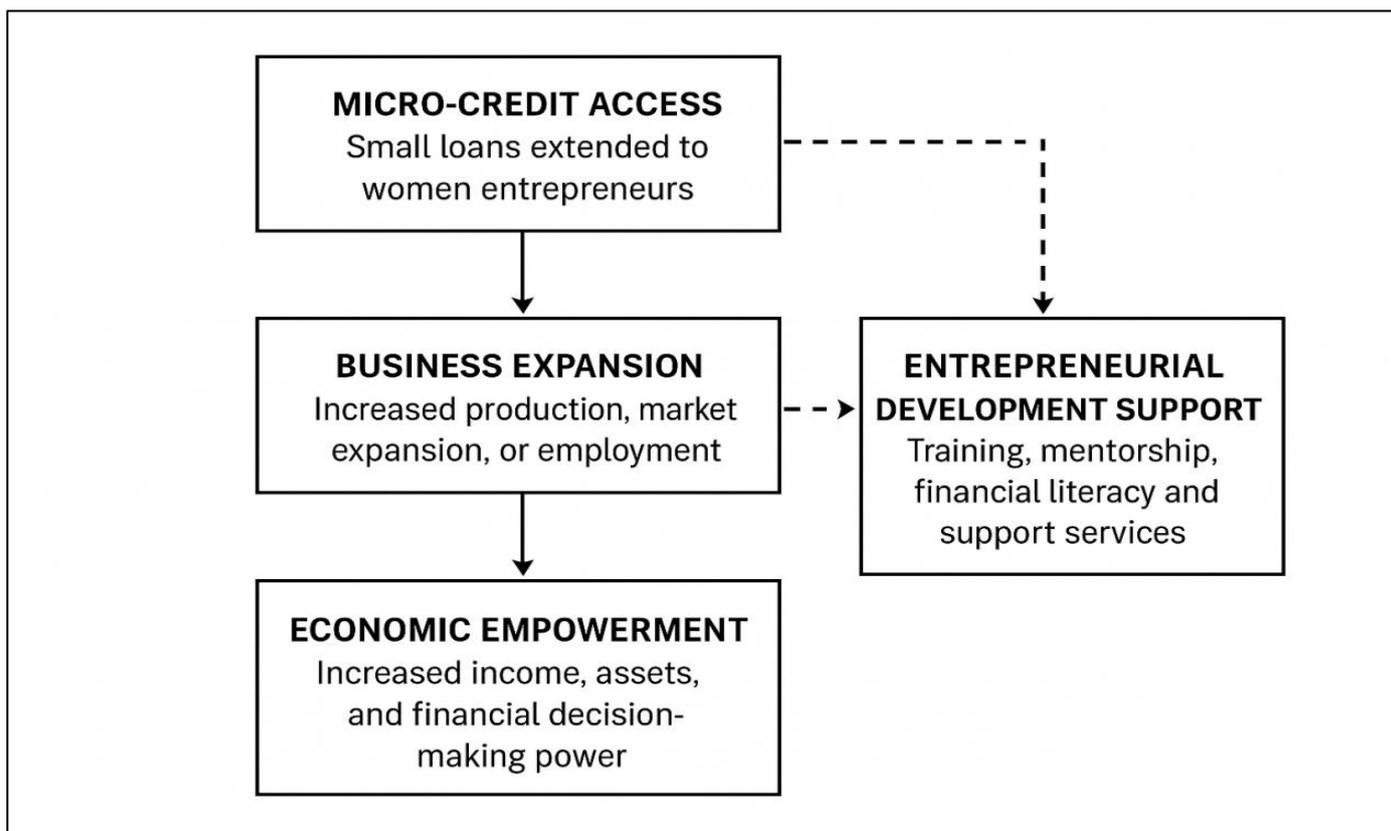


Fig 1 Conceptual Framework

The conceptual framework visually illustrates the interrelationship between micro-credit access, business expansion, and economic empowerment of women entrepreneurs, with entrepreneurial development support acting as a moderating variable.

• *Micro-Credit Access*

Micro-credit serves as the independent variable in the framework. It refers to small loans extended to women entrepreneurs, particularly those who are excluded from traditional banking systems. These loans are designed to help individuals start or grow their small businesses. Research shows that access to micro-credit enables women to acquire working capital, invest in inventory, or purchase tools necessary for business operations (Armendáriz & Morduch, 2010).

• *Business Expansion*

Business expansion is positioned as an intermediary outcome. Once women access micro-credit, they can grow their businesses by increasing production, expanding into new markets, or employing additional staff. This expansion often leads to increased revenue and business stability (Ledgerwood, 2013). It functions as a pathway through which micro-credit leads to broader economic empowerment.

• *Economic Empowerment*

Economic empowerment is the final dependent variable. It encompasses a woman's ability to generate income, accumulate assets, gain control over financial decisions, and increase her bargaining power within the household and community. Studies indicate that when women have sustained access to micro-credit, it leads to improved livelihoods and more substantial economic participation (Kabeer, 2005; Pitt & Khandker, 1998).

- *Entrepreneurial Development Support (Moderator)*

This includes training, mentorship, financial literacy, and support services offered alongside credit. It acts as a moderating variable, strengthening the relationship between micro-credit and business success or empowerment outcomes. Without such support, borrowers may misuse funds or fail to repay, limiting the positive impact of credit (Karlan & Valdivia, 2011).

For instance, Karlan and Valdivia (2011) found that clients who received business training in addition to loans experienced significantly better financial outcomes than those who received credit alone.

- *Mechanism of Interaction*

The arrows in the framework illustrate directional influence:

- ✓ Micro-credit access → Business expansion: Access to finance allows investment in business activities.
- ✓ Business expansion → Economic empowerment: As businesses grow, women increase their income, assets, and financial control.
- ✓ Entrepreneurial development support enhances the impact of credit on both business expansion and empowerment.

- *Significance of the Study*

This study is significant as it provides valuable insights into the role of micro-credit in fostering business expansion and economic empowerment for women entrepreneurs in Lusaka District, Zambia. By examining the impact of micro-credit on business growth, income generation, and decision-making power, the research contributes to the understanding of how financial inclusion can bridge gender gaps in entrepreneurship. The findings will inform policymakers and microfinance institutions, helping them design more effective programs that address the unique needs of women entrepreneurs. Moreover, the study's outcomes will enhance knowledge of the broader social and economic benefits of microfinance, promoting policies that support women's economic development at the household and community levels.

- *Scope of the Study*

This study focuses on women entrepreneurs in Lusaka District, Zambia, who have accessed micro-credit services from local microfinance institutions (MFIs). It examines the impact of micro-credit on business expansion, income generation, and economic empowerment, with an emphasis on small-scale businesses. The research will evaluate the effectiveness of micro-credit in enhancing women's entrepreneurial capacity and decision-making power within their households and communities. The study is limited to women involved in micro-enterprises, excluding large-scale business owners, and will gather primary data through interviews and surveys, supplemented by secondary data from relevant reports and studies on microfinance in Zambia.

- *Operational Definitions of Concept*

- *Micro-Credit:*

Micro-credit refers to the provision of small loans, typically offered by microfinance institutions (MFIs), to individuals who do not have access to traditional banking services. These loans are usually designed to help entrepreneurs, particularly women, to start or expand small businesses, with minimal interest rates and flexible repayment terms (Morduch, 1999).

- *Business Expansion:*

Business expansion refers to the process through which a small business grows in size, capacity, or market reach. It can involve increasing production, diversifying products or services, acquiring more customers, expanding physical premises, or improving operational efficiency (Beck, Demirgüç-Kunt & Levine, 2004).

- *Women Entrepreneurs:*

Women entrepreneurs are women who organize, operate, and assume the risks of a business venture, aiming to create income and employment opportunities for themselves and others. In the context of this study, women entrepreneurs are those who own and operate small businesses in Lusaka District and participate in micro-credit schemes provided by microfinance institutions (Hisrich, Peters & Shepherd, 2008).

- *Microfinance Institutions (MFIs):*

Microfinance institutions (MFIs) are financial organizations that provide small-scale financial services, including micro-credit, savings accounts, and insurance, to individuals who do not have access to conventional banking services. MFIs play a crucial role in supporting marginalized groups, particularly women, in accessing capital for entrepreneurship (Ledgerwood, 1999).

- *Economic Empowerment:*

Economic empowerment is the ability of individuals or groups, particularly women, to control and manage economic resources and make decisions that impact their financial well-being. It includes factors such as increased income, access to financial services, control over household resources, and improved decision-making power in both personal and community affairs (Kabeer, 2005).

CHAPTER TWO LITERATURE REVIEW

➤ *Overview*

This chapter presents a comprehensive review of the literature related to the role of micro-credit in enhancing business expansion and the economic empowerment of women entrepreneurs, focusing on case studies and theoretical perspectives relevant to the Zambian context, particularly Lusaka District. The chapter explores key concepts, theories, and empirical research on microfinance, women's entrepreneurship, and empowerment. It begins by defining micro-credit and its role in supporting small businesses, followed by an examination of how micro-credit affects business growth, income generation, and social empowerment. Additionally, the review highlights the challenges faced by women entrepreneurs in accessing and utilizing micro-credit, as well as the socio-cultural and institutional factors that influence the success of microfinance initiatives. The literature is drawn from both global and local studies, offering insights into the broader impacts of micro-credit on women's economic participation and the factors that contribute to or hinder its effectiveness in empowering women.

➤ *Effect of Micro-Credit on Business Expansion of Women Entrepreneurs.*

Micro-credit has become a widely recognized tool in empowering women entrepreneurs by providing access to financial resources that were previously inaccessible due to gender-based financial exclusion (Armendáriz & Morduch, 2010). The impact of micro-credit on business expansion is significant, as it allows women to invest in their businesses, increase their production capacity, and generate greater income, which can subsequently lead to economic empowerment. According to Pitt and Khandker (1998), micro-credit programs have been particularly effective in helping women entrepreneurs overcome barriers such as lack of collateral and limited access to traditional banking services. These programs enable women to engage in entrepreneurial activities, thereby contributing to economic growth and the reduction of poverty, especially in developing countries.

A study by Banerjee et al. (2015) found that micro-credit led to an increase in the income levels of women entrepreneurs, especially in rural areas, by improving their access to capital for business expansion. This financial access allowed women to invest in tools, inventory, and marketing strategies, which facilitated business growth. Moreover, research by Copestake et al. (2005) indicated that women entrepreneurs who received micro-credit experienced greater business sustainability and profitability compared to those without access to such financial services.

However, while the impact of micro-credit on business expansion is generally positive, there are also critiques regarding the sustainability of micro-finance institutions (MFIs) and the effectiveness of micro-loans. Some studies suggest that micro-loans, if not properly managed, can lead to over-indebtedness, especially when interest rates are high or repayment terms are too stringent (Morduch, 2000). This may ultimately hinder the long-term growth potential of women-owned businesses. Additionally, while access to credit is important, it is not always sufficient for business expansion. Factors such as market access, training, and networking also play crucial roles in the success of women entrepreneurs (Mayoux, 2001).

Despite these challenges, the overall consensus is that micro-credit remains a vital tool in promoting business expansion among women entrepreneurs, particularly in developing economies. By increasing access to capital, micro-credit programs enable women to expand their businesses, thus contributing to their economic empowerment and improving their livelihoods.

Micro-credit has proven to be a critical tool in enhancing the business expansion of women entrepreneurs across various regions, particularly in developing economies. In Africa, Asia, and Latin America, micro-credit programs have played a vital role in providing women with access to financial resources, which are often limited by traditional banking systems that are biased against female entrepreneurs (Otero, 1999). A study conducted in Kenya by Kimenyi and Ndung'u (2014) demonstrated that women who received micro-loans experienced significant improvements in their business operations, such as increased inventory and production capacity, which directly contributed to their business expansion. Similarly, in India, micro-credit programs such as those offered by the Self-Employed Women's Association (SEWA) have enabled women entrepreneurs to diversify and expand their businesses, especially in rural areas (Bhandari & Yadav, 2018).

In Latin America, microfinance institutions (MFIs) have been instrumental in empowering women entrepreneurs by providing them with the financial support needed to expand their businesses. A study in Colombia by García and Zúñiga (2017) found that women who participated in micro-credit programs experienced a higher rate of business growth compared to those who did not have access to such loans. The study highlighted that micro-credit not only improved women's access to capital but also helped them develop financial literacy, which was essential for managing and expanding their businesses. Moreover, the Grameen Bank model, which has been replicated in various regions, showed that providing small loans to women resulted in tangible improvements in income generation, leading to business expansion and broader economic empowerment (Morduch, 2000).

Despite the positive outcomes, challenges remain, particularly concerning sustainability and over-indebtedness. A study in Ghana by Aporti & Kufuor (2013) indicated that while micro-credit had a positive impact on women's business growth, high interest rates and short repayment periods were major barriers to sustaining business expansion. These challenges highlight the need for more tailored micro-credit products that address the unique circumstances of women entrepreneurs, especially those in rural areas.

Nevertheless, micro-credit remains a powerful tool for business expansion in the regions studied, with evidence suggesting that it plays an important role in improving the economic well-being of women entrepreneurs and empowering them within their communities. It is evident that while there are challenges, micro-credit programs continue to provide women with the financial independence and resources needed to grow their businesses and contribute to broader regional economic development.

Micro-credit has emerged as a powerful tool in empowering women entrepreneurs in Lusaka District, Zambia, by facilitating access to financial resources that were previously out of reach due to traditional banking exclusions. A study by Chirwa and Ngwira (2014) found that micro-credit schemes have significantly enhanced the capacity of women entrepreneurs in Lusaka to expand their businesses, particularly in the retail and informal sectors. Micro-finance institutions (MFIs) in Lusaka, such as the Zambia National Commercial Bank (Zanaco) and Lusaka Business Women's Network, provide access to small loans which enable women to invest in their businesses, purchase inventory, and enhance productivity, leading to business expansion and improved profitability (Chirwa & Ngwira, 2014).

The impact of micro-credit on women entrepreneurs in Lusaka is particularly evident in sectors such as agriculture, food processing, and small-scale manufacturing. According to Mwale and Simpasa (2018), micro-loans have enabled women in Lusaka to enhance their agricultural enterprises by purchasing necessary equipment and inputs, thereby increasing production capacity and income levels. This boost in business productivity has had a direct impact on their economic empowerment, as women entrepreneurs are able to diversify their income sources and contribute significantly to household welfare.

However, despite the positive outcomes, micro-credit programs in Lusaka also face challenges. High interest rates and short repayment periods remain significant obstacles to business growth, often resulting in over-indebtedness among women borrowers. A study by Masiye et al. (2015) found that while micro-credit facilitates business expansion, the financial burden of repaying high-interest loans can stifle long-term growth, particularly for small-scale women entrepreneurs who are unable to generate sufficient returns in the short term. Moreover, the absence of financial literacy and business training exacerbates the challenges faced by women entrepreneurs, limiting their ability to effectively manage the borrowed capital and expand their businesses sustainably (Masiye et al., 2015).

Despite these challenges, the availability of micro-credit remains a critical tool for business expansion and economic empowerment of women entrepreneurs in Lusaka. By providing access to capital, micro-finance initiatives play a significant role in addressing financial exclusion, helping women overcome barriers to entrepreneurship, and contributing to the economic development of the region. Continued efforts to improve loan conditions, offer business training, and increase financial literacy could further enhance the positive impacts of micro-credit on business growth for women entrepreneurs in Lusaka.

Empirical research on micro-credit's role in business expansion for women entrepreneurs paints a broadly positive but nuanced picture. Early influential studies demonstrated that access to small loans can relax liquidity constraints and enable investment in inventory, equipment and working capital, producing measurable increases in business activity and income (Pitt & Khandker, 1998; Armendáriz & Morduch, 2010). More recent experimental and quasi-experimental work corroborates these mechanisms in some contexts: for example, Banerjee et al. (2015) found that credit improved household business incomes in several settings by enabling incremental investment, while Copestake et al. (2005) reported higher sustainability and profitability among MFI clients in comparative assessments. Studies from different regions show comparable patterns: Kimenyi & Ndung'u (2014) in Kenya and García & Zúñiga (2017) in Colombia document increases in inventory, output capacity and business growth after loan access, and case evidence from India (Bhandari & Yadav, 2018) highlights diversification and rural business expansion tied to micro-loans. In Lusaka and Zambia more broadly, Chirwa & Ngwira (2014), Mwale & Simpasa (2018) and Masiye et al. (2015) provide local empirical evidence that micro-credit has enabled retail, agro-processing and small manufacturing enterprises to scale operations and improve short-term profitability.

Despite encouraging findings, several gaps and limitations recur across studies. First, selection bias and weak counterfactuals are persistent problems: many observational studies compare MFI clients with non-clients without sufficiently addressing endogeneity borrowers are often systematically different (motivation, initial capital, networks) from non-borrowers so attributing growth solely to credit is risky (Morduch, 2000). Second, there is a shortage of long-run longitudinal studies in many developing-country settings (including Zambia) that track business trajectories beyond a few years; short follow-ups can overstate durable expansion. Third, measurement issues persist: business expansion is often proxied by self-reported revenue or asset values, which are prone to recall bias and social desirability, and empowerment is measured inconsistently across studies (Pitt & Khandker, 1998; Mayoux, 2001). Fourth, studies increasingly warn about over-indebtedness and the heterogeneity of outcomes high interest rates, rigid repayment schedules and lack of complementary services (training, market access) can blunt credit's benefits or produce negative welfare effects (Morduch, 2000; Aporti & Kufuor, 2013). Finally, there are geographic and contextual gaps: relatively few rigorous causal studies focus on urban informal sectors in Lusaka, and even fewer examine the interaction between micro-credit and context-specific constraints such as market linkages, gendered time burdens, and regulatory environments (Chirwa & Ngwira, 2014; Masiye et al., 2015).

Synthesising the evidence suggests that micro-credit is a necessary but not always sufficient condition for sustained business expansion and women's economic empowerment. Credit addresses a clear financial barrier lack of collateral and small-scale liquidity needs and in many contexts leads to short-to-medium-term increases in investment, inventory and incomes (Armendáriz & Morduch, 2010; Banerjee et al., 2015). However, the magnitude and durability of those gains depend critically on (a) the design of credit products (interest rates, tenor, flexibility), (b) complementary services (business training, financial literacy, market access), and (c) borrower and market characteristics. Where MFIs combine loans with training and where market opportunities exist, evidence of sustainable expansion and stronger empowerment is stronger (Copestake et al., 2005; Bhandari & Yadav, 2018). Conversely, where loans are high-cost or households face binding non-business shocks, micro-credit can exacerbate vulnerability through over-indebtedness (Morduch, 2000; Aporti & Kufuor, 2013).

For the Lusaka context, local studies indicate positive impacts in retail and small manufacturing but also highlight constrained outcomes from unfavourable loan terms and limited financial literacy (Chirwa & Ngwira, 2014; Mwale & Simpasa, 2018; Masiye et al., 2015). Critically, the literature in Zambia would benefit from more rigorous causal designs (randomised trials or carefully matched longitudinal comparisons) and from mixed-methods work that links quantitative outcomes (revenue, assets, employment) with qualitative evidence on household decision-making and social norms that shape empowerment. In short, micro-credit remains an important tool for women's business expansion, but policy and programme success hinges on tailoring products to borrower realities, coupling credit with capacity building and market facilitation, and monitoring for signs of over-indebtedness.

Based on the empirical synthesis, policy and practitioner implications include: redesigning loan products to incorporate longer tenors and flexible repayment for productive investments; integrating business training and financial literacy into credit programmes; improving monitoring to detect over-indebtedness; and prioritising market-linkage interventions so that credit can translate into real growth opportunities. For researchers, the priorities are clearer measurement of empowerment, longer follow-up periods, stronger causal identification strategies, and contextually rich mixed-methods studies especially focused on urban informal enterprises in Lusaka.

Micro-credit has emerged as a widely recognized instrument for empowering women entrepreneurs by providing access to financial resources that were traditionally inaccessible due to gender-based financial exclusion (Armendáriz & Morduch, 2010). Access to small loans enables women to invest in their businesses, increase production capacity, and generate higher income, thereby facilitating economic empowerment. Empirical studies suggest that micro-credit programs help women overcome barriers such as lack of collateral and limited access to formal banking services, enabling them to participate actively in entrepreneurial activities that contribute to economic growth and poverty reduction (Pitt & Khandker, 1998). Banerjee et al. (2015) report that micro-credit significantly increases income levels among women entrepreneurs in rural areas by improving access to capital, which supports investments in tools, inventory, and marketing, directly facilitating business expansion. Similarly, Copestake et al. (2005) found that women with access to micro-credit experienced higher sustainability and profitability compared to non-borrowers.

Region-specific studies provide further evidence. In Africa, Asia, and Latin America, micro-credit programs have improved women's access to finance, enabling business diversification and expansion (Otero, 1999). In Kenya, Kimenyi and Ndung'u (2014) found that micro-loans increased inventory and production capacity, while in India, initiatives like the Self-Employed Women's Association (SEWA) helped rural women entrepreneurs diversify and grow their businesses (Bhandari & Yadav, 2018). In Latin America, García and Zúñiga (2017) observed higher business growth rates among women participating in micro-credit programs in Colombia, noting that these programs also enhanced financial literacy. The Grameen Bank model further demonstrates that small loans to women generate tangible income gains, facilitating business expansion and broader economic empowerment (Morduch, 2000).

In the Zambian context, micro-credit has positively influenced women entrepreneurs in Lusaka District, particularly in retail, agriculture, food processing, and small-scale manufacturing. Chirwa and Ngwira (2014) show that micro-finance institutions (MFIs) such as Zanaco and the Lusaka Business Women's Network provide small loans that allow women to invest in business inventory and improve productivity, resulting in business expansion and enhanced profitability. Mwale and Simpasa (2018) report that micro-loans in agricultural enterprises increased production capacity and income, while Masiye et al. (2015) caution that high interest rates and short repayment periods can hinder sustainable business growth, particularly for small-scale women entrepreneurs. Limited financial literacy and lack of complementary training further constrain the effectiveness of micro-credit programs in the long term (Masiye et al., 2015; Mayoux, 2001).

Despite generally positive impacts, empirical studies identify several limitations. Selection bias is a persistent issue, as borrowers often differ systematically from non-borrowers in motivation, initial capital, and networks, complicating causal attribution (Morduch, 2000). Many studies lack long-term longitudinal data, which limits understanding of sustainable business expansion. Measurement challenges also arise, as business growth and empowerment are often self-reported and prone to bias (Pitt & Khandker, 1998; Mayoux, 2001). Furthermore, high interest rates, rigid repayment schedules, and absence of complementary support services can exacerbate over-indebtedness and reduce the net benefits of micro-credit (Aporti & Kufuor, 2013). There is also a notable gap in research on urban informal enterprises in Lusaka and the interaction between credit access and contextual factors such as market linkages, gendered time burdens, and regulatory constraints (Chirwa & Ngwira, 2014; Masiye et al., 2015).

Synthesizing the evidence, micro-credit is a necessary but not sufficient condition for sustained business expansion. Credit alleviates financial constraints and often leads to short- to medium-term increases in investment, inventory, and income (Armendáriz & Morduch, 2010; Banerjee et al., 2015). However, the durability and magnitude of these gains depend on credit design (interest rates, tenor, flexibility), availability of complementary services (business training, financial literacy, market access), and borrower and market characteristics. Where MFIs integrate loans with capacity-building initiatives and market opportunities exist, sustainable business growth and empowerment are more likely (Copestake et al., 2005; Bhandari & Yadav, 2018). Conversely, in contexts with high-cost loans or binding non-business shocks, micro-credit can increase vulnerability through over-indebtedness (Morduch, 2000; Aporti & Kufuor, 2013). In Lusaka, evidence indicates positive impacts in retail and small manufacturing sectors but underscores constraints from unfavorable loan terms and limited financial literacy (Chirwa & Ngwira, 2014; Mwale & Simpasa, 2018; Masiye et al., 2015).

Policy and research implications include redesigning loan products with flexible repayment periods, integrating business training and financial literacy, monitoring for over-indebtedness, and facilitating market linkages to ensure credit translates into real growth opportunities. For researchers, future priorities involve rigorous causal studies, longer-term longitudinal tracking, and mixed-methods research that combines quantitative outcomes (revenue, assets, employment) with qualitative insights on household decision-making and social norms shaping empowerment.

Micro-credit has emerged as a widely recognized tool for empowering women entrepreneurs by providing access to financial resources that were previously inaccessible due to gender-based exclusion from formal banking systems. Armendáriz and Morduch (2010) argue that micro-credit enables women to invest in their businesses, expand production capacity, and generate higher incomes, contributing to economic empowerment. Pitt and Khandker (1998) support this, noting that micro-credit programs help women overcome structural barriers such as lack of collateral and limited access to traditional banking, thereby fostering entrepreneurial engagement and income generation. Similarly, Banerjee et al. (2015) found that micro-credit improved income levels among women entrepreneurs, particularly in rural areas, by providing capital for business expansion, enabling investments in tools, inventory, and marketing strategies. Copestake et al. (2005) also highlighted that women with access to micro-credit exhibited greater business sustainability and profitability compared to non-borrowers.

However, the effectiveness of micro-credit is not without critiques. Morduch (2000) cautioned that poorly managed micro-loans could lead to over-indebtedness, especially under high interest rates or rigid repayment schedules, which may hinder long-term business growth. Mayoux (2001) similarly emphasized that access to credit alone is insufficient for sustained business expansion; complementary factors such as market access, training, and networking are essential. Despite these concerns, empirical evidence generally supports the notion that micro-credit remains a crucial tool for promoting business expansion among women, particularly in developing economies (Otero, 1999).

Regional studies reinforce these conclusions. Kimenyi and Ndung'u (2014) reported in Kenya that women who accessed micro-loans expanded business operations through increased inventory and production, while Bhandari and Yadav (2018) found that India's Self-Employed Women's Association (SEWA) facilitated rural business diversification and growth through targeted micro-credit. In Latin America, García and Zúñiga (2017) observed that Colombian women participating in micro-credit programs experienced higher business growth rates, coupled with improvements in financial literacy essential for managing expansion. Globally, the Grameen Bank model demonstrated that small loans to women significantly increased income generation and economic empowerment, validating similar outcomes across various contexts (Morduch, 2000).

In the Zambian context, micro-credit has had notable effects in Lusaka District. Chirwa and Ngwira (2014) documented that women entrepreneurs in retail and informal sectors experienced enhanced business capacity through access to small loans from institutions such as Zambia National Commercial Bank (Zanaco) and Lusaka Business Women's Network. Mwale and Simpasa (2018) further reported that women in agriculture, food processing, and small-scale manufacturing invested micro-loans in equipment and inputs, increasing production capacity and income. Nevertheless, challenges persist; Masiye et al. (2015) highlighted that high interest rates and short repayment periods could limit long-term growth, while insufficient financial literacy hampers effective capital management.

Synthesis of the literature indicates that micro-credit is generally a necessary but not always sufficient condition for sustainable business expansion. Armendáriz and Morduch (2010) and Banerjee et al. (2015) emphasize that credit alleviates financial constraints, leading to short-to-medium-term gains in investment, inventory, and income. Copestake et al. (2005) and Bhandari and Yadav (2018) note that these outcomes are more durable when loans are coupled with training and market access. Conversely, Morduch (2000) and Aporti and Kufuor (2013) argue that high-cost loans or external shocks can exacerbate vulnerability, producing heterogeneous outcomes. Local evidence from Lusaka (Chirwa & Ngwira, 2014; Mwale & Simpasa, 2018; Masiye et al., 2015) confirms these mixed effects, showing that while micro-credit promotes business expansion, unfavorable loan conditions and limited financial literacy constrain long-term benefits.

Based on these findings, policy recommendations include designing micro-credit products with longer tenors and flexible repayment schedules, integrating financial literacy and business training into loan programs, and establishing market-linkage initiatives to convert capital access into real growth opportunities. For researchers, priorities include conducting long-term, rigorous causal studies, developing standardized measures of empowerment, and employing mixed-methods approaches to explore the interplay of financial, social, and market factors in women's entrepreneurship, particularly in urban informal sectors like Lusaka (Chirwa & Ngwira, 2014; Masiye et al., 2015). Overall, micro-credit remains a pivotal tool for women's business expansion, provided that program design, complementary services, and contextual factors are carefully considered.

➤ *Effectiveness of Micro-Credit has Contributed to the Economic Empowerment of Women.*

Micro-credit has become a critical tool in empowering women entrepreneurs, especially in developing countries, by providing access to financial services that have traditionally been unavailable to them due to gender discrimination and financial exclusion. The role of micro-credit in promoting women's economic empowerment globally has been widely studied, with numerous findings indicating that access to micro-loans has helped women increase their income, improve their standard of living, and foster a sense of independence and decision-making power (Mayoux, 2001). One of the most prominent examples of micro-credit's success in empowering women is the Grameen Bank model in Bangladesh, which has demonstrated that providing small loans to women enables them to become self-sufficient entrepreneurs, improve their economic status, and contribute to their communities' welfare (Yunus, 2007).

In Africa, micro-finance has played a key role in supporting women's entrepreneurship, particularly in rural areas where access to traditional banking services is limited. According to Khandker (2005), micro-credit programs have contributed significantly to women's economic empowerment by allowing them to expand their businesses, generate stable incomes, and make critical contributions to household decision-making processes. For instance, in Uganda, a study by Otero (2005) found that women who participated in micro-finance programs experienced improved access to capital, which enhanced their entrepreneurial activities, leading to increased household income and better access to education and healthcare for their children.

In Latin America, micro-credit institutions like Banco Sol in Bolivia have empowered women by providing them with access to financing, enabling them to grow their small businesses and enhance their livelihoods. Ledgerwood (1999) suggests that micro-loans have contributed to the economic empowerment of women in this region by facilitating business expansion, providing an opportunity to break away from traditional gender roles, and enhancing women's role in family financial decisions. In Brazil, women entrepreneurs have been able to improve their economic position through the support of micro-credit programs, which have facilitated the growth of small businesses in the informal sector, resulting in better income generation and economic security (Isern & Sinha, 2008).

Despite the overall positive impact of micro-credit on women's economic empowerment, there are some criticisms. While access to capital through micro-loans has undoubtedly empowered many women, over-indebtedness, high-interest rates, and lack of financial literacy are significant challenges. Morduch (2000) argues that the rapid growth of micro-finance institutions has led to some borrowers becoming trapped in a cycle of debt due to high-interest rates and short repayment periods, which can undermine the long-term benefits of micro-credit programs. Furthermore, Mayoux (2001) highlights that, while micro-credit empowers women financially, it does not always lead to a change in gender dynamics within households or communities, and it may not address deeper structural inequalities.

In conclusion, micro-credit has undeniably contributed to the economic empowerment of women by enabling them to engage in entrepreneurial activities, increase their income, and improve their standard of living. However, for the empowerment to be sustainable, there is a need to address the challenges of over-indebtedness, high-interest rates, and the lack of complementary support services such as financial literacy training and market access.

Micro-credit has proven to be a transformative tool in empowering women entrepreneurs across various regions, particularly in Sub-Saharan Africa, Southeast Asia, and Latin America, by enabling them to access financial resources that are typically unavailable through traditional banking systems. In Sub-Saharan Africa, micro-credit programs have been pivotal in improving the economic standing of women by offering small loans that facilitate business expansion, income generation, and financial independence. According to Odek, Simiyu, and Okumu (2017), micro-credit schemes have played a crucial role in enhancing women's entrepreneurship in Kenya, Uganda, and Tanzania. In these regions, women have used micro-loans to start and expand businesses in sectors such as agriculture, food processing, and retail. These businesses, in turn, have contributed to local economies by generating employment, improving access to goods and services, and increasing household income (Odek et al., 2017).

In East Africa, Kenya stands out as a significant example of micro-credit's positive impact on women's economic empowerment. The Kenya Women Finance Trust (KWFT), a prominent microfinance institution in the region, provides financial services specifically targeted at women entrepreneurs. A study by Gakure and Muathe (2015) found that access to micro-credit through institutions such as KWFT enabled women entrepreneurs to improve their businesses' productivity, leading to higher income levels and better living standards. The women in the study were also able to reinvest the profits into their businesses, which helped them scale their enterprises and create employment opportunities within their communities.

In Southern Africa, micro-credit has similarly made substantial contributions to women's economic empowerment, particularly in Zambia and Zimbabwe. According to Kanyoka et al. (2019), women entrepreneurs in Zambia have greatly benefited from micro-loans, which have allowed them to scale up their businesses in agriculture, retail, and small-scale manufacturing. In Zimbabwe, micro-finance institutions like Women's World Banking (WWB) have been instrumental in providing financial support to women entrepreneurs in rural areas, helping them start businesses and expand their operations. Chibanda et al. (2014) noted that micro-credit programs in Zimbabwe have enabled women to diversify their income sources, enhance their access to education and healthcare, and gain greater control over household decisions.

In Southeast Asia, countries like Bangladesh, India, and Cambodia have witnessed the profound effects of micro-credit on women's economic empowerment. Bangladesh's Grameen Bank, widely considered the pioneer in micro-finance, has been one of the most successful examples of empowering women through micro-credit. Hossain (2016) observed that, in Bangladesh, women who received micro-loans not only expanded their businesses but also improved their social standing within their families and communities. In India, the Self-Help Group (SHG) model has allowed women to form collectives to access credit, which has enabled them to run businesses collectively, thus increasing their bargaining power and improving their financial independence (Basu, 2011).

Despite the positive effects, regional challenges persist. High interest rates, over-indebtedness, and limited financial literacy remain barriers to the effectiveness of micro-credit programs. Nabugoomu et al. (2016) highlighted that women borrowers in Uganda face significant challenges in repaying loans due to high-interest rates and insufficient training on managing borrowed funds. Similarly, Chikweche and Fletcher (2011) found that in Zimbabwe, while micro-credit helped women expand their businesses, the lack of support services like financial literacy training and business mentorship limited the long-term sustainability of many ventures.

Overall, the impact of micro-credit on the economic empowerment of women entrepreneurs across different regions has been significant. However, for these positive outcomes to be sustainable, it is essential that micro-finance institutions address challenges such as high-interest rates, inadequate financial education, and the need for complementary support services to ensure that women entrepreneurs can effectively manage and scale their businesses.

Micro-credit has played a significant role in enhancing the economic empowerment of women entrepreneurs in Lusaka district, Zambia, by providing them with financial resources to initiate and expand businesses. In Zambia, women have often faced barriers such as limited access to credit from formal financial institutions due to factors like lack of collateral and formal employment. Microfinance institutions (MFIs) have bridged this gap by offering small loans with flexible terms to women, particularly in urban areas such as Lusaka, thereby contributing to women's financial independence and economic security (Chirwa, 2012).

According to Chirwa (2012), micro-credit programs in Lusaka have had a notable impact on women's entrepreneurship, particularly in sectors such as retail, food processing, and small-scale manufacturing. Women entrepreneurs in Lusaka have used micro-loans to improve their businesses, create new products, and expand their market reach. This has led to an increase in household incomes and improved social and economic conditions. Mwansa and Sinyangwe (2017) further emphasize that micro-finance institutions like FINCA Zambia have facilitated women's access to credit, helping them overcome the financial exclusion that typically limits their entrepreneurial opportunities.

Studies by Sikazwe et al. (2018) indicate that women in Lusaka who participated in micro-finance programs experienced significant improvements in business operations, including enhanced inventory management, improved access to raw materials, and the ability to employ additional staff, thus boosting productivity. Additionally, Mwansa and Sinyangwe (2017) report that micro-credit has empowered women by improving their access to basic services, such as education and healthcare, which, in turn, supports long-term economic stability for their families.

Despite the positive contributions, some challenges related to micro-credit in Lusaka have been identified. Chikwenya (2016) notes that the high-interest rates charged by some micro-finance institutions have made it difficult for women entrepreneurs to repay their loans on time, leading to a cycle of debt. This issue is exacerbated by the lack of financial literacy among some borrowers, which limits their ability to effectively manage loan funds and invest in business growth. Moreover, Mbozi and Mwanza (2015) argue that while micro-credit helps women initiate businesses, it does not always lead to sustainable economic empowerment due to the limited business training and mentorship that accompany the loans.

Furthermore, Chirwa (2012) highlights that the social constraints imposed on women, including gender-based expectations, often hinder their ability to fully utilize the opportunities provided by micro-credit. The lack of social support for women entrepreneurs in Lusaka, who often face double burdens of domestic and business responsibilities, can affect their business growth and sustainability.

In conclusion, micro-credit has played an essential role in the economic empowerment of women entrepreneurs in Lusaka district by improving access to financial resources, enabling business growth, and increasing household incomes. However, for its

benefits to be fully realized, challenges such as high-interest rates, financial illiteracy, and the need for business training and mentorship must be addressed.

Empirical evidence on whether micro-credit promotes women's economic empowerment is substantial but mixed. A number of rigorous randomized evaluations and high-quality reviews show that access to microcredit increases loan uptake and, for some borrowers, leads to short-to-medium term increases in business investment, working capital and sometimes profits but average effects on consumption and persistent poverty reduction are typically small or heterogeneous across contexts (Banerjee et al., 2015; Karlan et al., 2015). These programmatic RCTs demonstrate that the canonical group-lending product cannot be assumed to be a universal "miracle" and that effects differ by market opportunities, borrower characteristics and the presence of complementary services.

Broader syntheses and recent systematic reviews confirm this nuance: while micro-finance and micro-credit can foster women's access to capital and create opportunities for income generation, the size and durability of empowerment effects depend on program design (credit-only vs "credit-plus"), local market conditions, and the presence of non-financial supports (training, market linkages, savings products). Recent systematic reviews conclude that "credit-plus" models (loans combined with training, savings, social support or gender-norm interventions) are more likely to generate measurable empowerment outcomes than credit alone.

A persistent strand of the literature highlights downside risks: over-indebtedness, borrower stress and limited welfare gains when interest rates are high, repayment schedules are inflexible, or multiple lenders treat clients without coordination. Empirical work and practitioner reviews identify drivers of over-indebtedness (multiple borrowing, aggressive marketing, mismatched product timing) and call for stronger monitoring and consumer protection. These risks blunt the empowerment potential of micro-credit when not addressed.

Regionally (Sub-Saharan Africa) and in many country case studies, evidence shows important heterogeneity. Some studies document clear benefits for women who used loans to build viable enterprises or smooth seasonal cash-flow, while others show limited or no long-run gains when market constraints or household gender norms persist. In Zambia specifically, recent empirical and policy documents indicate that female-owned MSMEs form a large share of microbusiness activity, but that high interest rates, lack of collateral and limited financial literacy remain central barriers to translating credit into sustained empowerment (Bank of Zambia MSME Finance Survey, 2022; Mukendi & Manda, 2022). Local mixed-method studies and university theses likewise point to positive short-term business improvements from micro-loans in Lusaka, but they emphasise the need for accompanying training, market linkages and tailored product design to avoid debt traps and to foster genuine empowerment.

Causal attribution and selection bias. Many observational studies comparing MFI clients with non-clients fail to fully account for selection into borrowing; motivated entrepreneurs are more likely both to apply for credit and to grow, biasing estimates of credit's effect. The RCT literature helps, but many trials examine particular products in specific contexts and therefore have limited external validity.

Short follow-up horizons. Numerous studies track outcomes over 1–2 years; fewer follow businesses for the medium or long term to establish whether initial gains persist, converge, or reverse (e.g., via over-indebtedness). This reduces confidence in claims of sustained empowerment.

Measurement inconsistency (empowerment & business outcomes). Empowerment is multidimensional (economic, social, psychological, decision-making). Studies use different indicators and scales, making cross-study synthesis difficult. Business outcomes are often self-reported revenue ranges rather than audited accounting, inviting recall and desirability biases.

Heterogeneity & mechanism identification. There is limited evidence identifying for whom micro-credit works best (e.g., by sector, prior capital, household bargaining power) and which complementary interventions (training, market access, savings) are necessary to produce sustained empowerment. Zambia/Lusaka-focused causal studies are relatively scarce.

Regulation, market structure and MFI sustainability. Recent collapses/closures and evolving regulation in some countries affect service quality and continuity; research rarely links macro-level MFI health/regulation to borrower outcomes. Local evidence in Lusaka points to operational risks in the MFI sector that can undermine borrower welfare.

Taken together, the evidence supports a cautious conclusion: micro-credit can contribute to women's economic empowerment, but it is neither necessary nor sufficient on its own. Credit relaxes liquidity constraints and enables many women to make productive investments (inventory, tools, working capital) that can increase short-term income and asset accumulation. However, persistent and context-dependent barriers low market demand, gendered time burdens, weak financial literacy and poor loan design (high rate/short tenor) often limit the translation of loans into sustained empowerment (income control, bargaining power, mobility, savings). Where MFIs combine capital with financial literacy, business development services and market-linkage support ("credit-plus"), empowerment outcomes are stronger and more durable. Policy and programmatic emphasis should therefore shift from pure

credit expansion toward integrated packages, consumer protection and careful product design (longer tenors for productive investments, flexible repayment aligned with production cycles) accompanied by rigorous monitoring to detect over-indebtedness. For Lusaka, empirical work should prioritise longer follow-up, better measurement of empowerment (multi-dimensional indices), and causal designs that compare credit-only vs credit-plus approaches so that policymakers and MFIs know which interventions yield sustained empowerment for women entrepreneurs.

Empirical evidence across global contexts demonstrates that micro-credit has contributed positively to the economic empowerment of women entrepreneurs by enhancing access to financial resources, enabling business expansion, increasing household income, and improving overall livelihoods (Mayoux, 2001; Yunus, 2007). In developing countries, particularly in Asia and Africa, micro-loans have facilitated women's engagement in entrepreneurial activities that were previously inaccessible due to gender-based financial exclusion (Khandker, 2005; Odek, Simiyu & Okumu, 2017). For instance, Bangladesh's Grameen Bank and India's Self-Help Group (SHG) model have empowered women by providing small loans that support income-generating activities and collective bargaining, thereby fostering financial independence and social recognition (Hossain, 2016; Basu, 2011). Similarly, in Sub-Saharan Africa, institutions such as the Kenya Women Finance Trust (KWFT) and Women's World Banking in Zimbabwe have allowed women entrepreneurs to scale businesses, improve productivity, and gain decision-making power within households (Gakure & Muathe, 2015; Chibanda et al., 2014). In Lusaka, Zambia, microfinance institutions like FINCA Zambia have enhanced women's access to credit for small businesses in sectors such as retail, food processing, and manufacturing, contributing to improved household welfare and social services access (Chirwa, 2012; Mwansa & Sinyangwe, 2017; Sikazwe et al., 2018).

Despite these positive outcomes, the empirical literature highlights critical limitations and heterogeneity in the effectiveness of micro-credit. Randomized controlled trials (RCTs) and systematic reviews indicate that while access to credit can increase investment, working capital, and sometimes profits, the average effect on consumption smoothing, long-term poverty reduction, and multidimensional empowerment is often limited or context-dependent (Banerjee et al., 2015; Karlan et al., 2015). Observational studies may overstate the effects of micro-credit due to selection bias, as more motivated and resourceful women are likelier to access loans and succeed in entrepreneurship, thereby confounding causal attribution. Moreover, most studies focus on short-term impacts (1–2 years), limiting insights into sustained empowerment or the potential for over-indebtedness and business failure over the medium and long term (Morduch, 2000; Nabugoomu et al., 2016). Measurement inconsistency further complicates cross-study synthesis, as empowerment is multi-dimensional (economic, social, psychological, decision-making), and business outcomes are often self-reported rather than independently verified (Chikweche & Fletcher, 2011).

Critical gaps emerge from these empirical patterns. First, there is limited causal evidence distinguishing the effectiveness of "credit-only" versus integrated "credit-plus" interventions, which combine loans with financial literacy, business training, and market-linkage support (Banerjee et al., 2015). Second, local evidence in Lusaka remains scarce, particularly in capturing medium-to-long-term outcomes and in developing multidimensional empowerment indices to measure the broader impact of micro-credit on women's agency (Bank of Zambia MSME Finance Survey, 2022; Mukendi & Manda, 2022). Third, contextual constraints such as gender norms, household labor burdens, and low market demand influence the translation of credit into sustainable empowerment and are insufficiently examined in existing studies (Chirwa, 2012; Mbozi & Mwanza, 2015). Finally, institutional and regulatory factors—including high-interest rates, short repayment tenors, and MFI operational risks—pose additional challenges to achieving durable empowerment outcomes (Mayoux, 2001; Chikwenya, 2016).

Synthesizing the literature, it is evident that micro-credit can be an effective tool for women's economic empowerment when complemented by non-financial interventions, market access, and consumer protection measures. Programs that integrate capital with financial literacy, business mentorship, and flexible repayment structures ("credit-plus") are more likely to produce sustainable improvements in income, household decision-making, and broader empowerment indicators than credit-only models (Banerjee et al., 2015; Karlan et al., 2015). For Lusaka, targeted research is needed to address gaps related to measurement, long-term outcomes, contextual constraints, and product design, ensuring that microfinance interventions translate into genuine, sustained empowerment for women entrepreneurs.

Mayoux (2001) examined the role of micro-credit in promoting women's economic empowerment globally. She found that access to micro-loans enables women to increase income, improve living standards, and gain greater decision-making power. Mayoux emphasized that micro-credit could foster independence, but cautioned that financial empowerment alone does not always lead to broader social or gender empowerment within households and communities. Her findings are supported by Yunus (2007), who highlighted the success of the Grameen Bank model in Bangladesh, showing that small loans to women facilitate self-sufficiency, business growth, and community contribution. Similarly, Khandker (2005) analyzed micro-credit programs in rural Africa and concluded that women's access to micro-loans allowed business expansion, stable income generation, and enhanced participation in household decision-making, although challenges such as lack of collateral and formal employment persisted. Otero (2005), studying Uganda, reported that women participating in micro-finance programs improved their entrepreneurial activities, household income, and access to education and healthcare, corroborating Khandker's observations. Ledgerwood (1999) also emphasized that in Latin America, institutions like Banco Sol in Bolivia have enabled women to grow small businesses, break traditional gender roles, and gain financial autonomy, while Isern and Sinha (2008) found similar results in Brazil, particularly in the informal sector.

Morduch (2000) provided a critical perspective, arguing that rapid micro-finance expansion can lead to over-indebtedness due to high-interest rates and short repayment periods, undermining long-term empowerment. This critique is echoed by Mayoux (2001), who cautioned that financial empowerment does not automatically address deeper structural inequalities or transform gender dynamics. Despite these limitations, the general consensus among these scholars is that micro-credit has positive economic impacts, particularly when combined with complementary support such as training or market linkages.

In Sub-Saharan Africa, Odek, Simiyu, and Okumu (2017) studied Kenya, Uganda, and Tanzania, finding that micro-credit significantly enhanced women's entrepreneurship in agriculture, retail, and food processing by facilitating business expansion and income generation. Gakure and Muathe (2015) focused on Kenya Women Finance Trust (KWFT) and reported that access to micro-loans improved productivity, income levels, and reinvestment capacity, creating local employment opportunities. Kanyoka et al. (2019) observed that in Zambia, women entrepreneurs benefited from micro-loans to scale agricultural, retail, and small-scale manufacturing businesses, while Chibanda et al. (2014) noted similar outcomes in Zimbabwe, including diversified income, better access to healthcare and education, and enhanced household decision-making.

In Southeast Asia, Hossain (2016) found that women in Bangladesh who received micro-loans expanded their businesses and improved social standing within families and communities. Basu (2011) described India's Self-Help Group (SHG) model, where collective borrowing strengthened women's bargaining power, improved financial independence, and facilitated entrepreneurial collaboration. Nevertheless, challenges such as high-interest rates, over-indebtedness, and limited financial literacy were highlighted by Nabugoomu et al. (2016) in Uganda and Chikweche and Fletcher (2011) in Zimbabwe, indicating that micro-credit's long-term sustainability is constrained when support services are inadequate.

In Lusaka, Zambia, Chirwa (2012) found that micro-credit improved women entrepreneurs' financial independence and allowed business expansion in retail, food processing, and small-scale manufacturing. Mwansa and Sinyangwe (2017) highlighted that MFIs such as FINCA Zambia facilitated access to loans, contributing to household income growth and social well-being. Sikazwe et al. (2018) reported that women participating in micro-finance programs improved inventory management, access to raw materials, and staff employment, boosting productivity. However, Chikwenya (2016) observed that high-interest rates and poor financial literacy limited repayment capacity and led to debt cycles. Mbozi and Mwanza (2015) emphasized that business training and mentorship are necessary to convert loan access into sustainable empowerment.

Recent empirical evidence and programmatic evaluations provide a nuanced perspective. Banerjee et al. (2015) and Karlan et al. (2015) found that while access to micro-credit increases loan uptake and short-term investment in business, average effects on consumption and long-term poverty reduction are modest and heterogeneous. Systematic reviews highlight that "credit-plus" models, which combine loans with training, savings, or social support, are more likely to generate sustainable empowerment than credit-only approaches (Banerjee et al., 2015). Over-indebtedness, borrower stress, and limited welfare gains persist where interest rates are high, repayment is inflexible, and multiple lenders operate without coordination.

Empirical studies in Lusaka confirm that female-owned MSMEs form a substantial part of microbusiness activity, but high-interest rates, lack of collateral, and limited financial literacy remain barriers to converting loans into lasting empowerment (Bank of Zambia MSME Finance Survey, 2022; Mukendi & Manda, 2022). Observational studies often face selection bias since motivated entrepreneurs are more likely to borrow and grow businesses, making causal attribution difficult. Additionally, short follow-up periods, inconsistent measurement of empowerment, and limited identification of complementary interventions restrict the ability to generalize findings.

In conclusion, micro-credit contributes to women's economic empowerment by relaxing liquidity constraints, enabling productive investment, and supporting short-term income and asset accumulation. However, its effectiveness depends on context, program design, and complementary services. Policy and programmatic emphasis should shift from pure credit provision to integrated "credit-plus" packages that include financial literacy, business development support, and market linkages. For Lusaka, research should prioritize longer-term follow-up, robust multidimensional measures of empowerment, and comparative studies of credit-only versus credit-plus models to ensure that micro-credit translates into sustained empowerment for women entrepreneurs.

➤ *Limitations Faced by Women in Accessing and Utilizing Micro-Credit.*

Micro-credit is often hailed as a powerful tool for empowering women entrepreneurs, particularly in developing countries. However, despite its potential, women face numerous challenges when it comes to accessing and utilizing micro-credit effectively. Globally, these challenges are deeply rooted in socio-cultural, financial, and institutional factors that hinder women from fully benefiting from micro-finance programs.

One significant challenge faced by women globally is the lack of collateral. Traditional micro-credit institutions typically require collateral as a guarantee for loans, but many women lack the necessary assets to fulfill this requirement. According to Pitt and Khandker (1998), a key barrier to women's access to micro-credit is their limited ownership of property, such as land or homes, which are commonly used as collateral in traditional lending systems. In many developing countries, women are often excluded

from property ownership due to gender-based legal restrictions and cultural norms, which severely restrict their ability to access credit (Morduch, 1999).

Another significant challenge is gender bias within financial institutions. Many microfinance institutions (MFIs) are not designed with women's specific needs in mind. Hulme and Mosley (1996) note that microfinance institutions often fail to provide services that consider the realities of women's time constraints and domestic responsibilities. For example, women entrepreneurs often face difficulties in attending meetings, repaying loans on time, or accessing financial services due to household duties or limited mobility. As Bateman (2010) points out, the micro-finance industry has often overlooked the fact that women may face different challenges than men when it comes to accessing and utilizing loans.

Furthermore, high-interest rates have emerged as another major challenge for women entrepreneurs accessing micro-credit. While microfinance is meant to be accessible to low-income individuals, the interest rates charged by some micro-credit institutions are high and can make it difficult for women to repay loans. Rutherford (2000) argues that high-interest rates, although often justified by microfinance institutions as a means to cover operational costs, can lead to a vicious cycle of debt for women borrowers, ultimately undermining the financial empowerment that micro-credit aims to achieve.

Financial illiteracy is also a major challenge. In many developing countries, women entrepreneurs are often not equipped with the necessary financial skills to manage loans and business finances effectively. This lack of financial literacy hampers women's ability to use loans productively and efficiently. According to Karlan and Valdivia (2011), low levels of financial literacy lead to poor investment choices, mismanagement of funds, and, ultimately, business failure. In addition, the lack of business training and mentorship often exacerbates these issues, as women may struggle to scale their businesses or make informed decisions regarding investments.

Moreover, social and cultural barriers play a significant role in limiting women's access to micro-credit. In many cultures, women are not seen as decision-makers, and this can extend to decisions regarding household finances or business ventures. Mayoux (2001) points out that, in patriarchal societies, women may not be allowed to make decisions on how to utilize the loans, even if they are the ones running the business. Furthermore, women may face societal stigma or resistance from their families or communities when they attempt to engage in entrepreneurial activities or take out loans.

Finally, distance and lack of accessibility to microfinance institutions pose logistical barriers. In rural areas, women may face difficulties in physically accessing microfinance services due to a lack of branches or representatives in their communities. Ledgerwood (1999) highlights that in many regions, microfinance institutions are concentrated in urban areas, leaving rural women with limited access to financial services.

In conclusion, while micro-credit has proven to be an important tool for empowering women entrepreneurs, a range of challenges hinder women's ability to access and effectively utilize these financial services. These challenges include lack of collateral, gender bias in financial institutions, high-interest rates, financial illiteracy, cultural and social barriers, and logistical issues related to accessibility. Addressing these challenges is critical to ensuring that micro-credit can contribute to the economic empowerment of women globally.

Access to micro-credit has been widely recognized as an effective means of empowering women entrepreneurs, particularly in developing regions. However, the challenges women face in accessing and utilizing micro-credit regionally—across Africa, Asia, and Latin America—are multifaceted and deeply rooted in socio-economic, cultural, and institutional factors.

One of the primary challenges faced by women in accessing micro-credit is gender-based discrimination, which manifests in different forms across regions. In many parts of sub-Saharan Africa, South Asia, and Latin America, women often have limited access to land, property, and other assets traditionally used as collateral for loans. According to Christen et al. (2004), this exclusion from formal credit systems is a significant barrier to women's ability to obtain micro-credit. Without collateral, women face difficulties in securing loans, even when microfinance institutions (MFIs) offer small loan amounts. In regions like South Asia and Africa, where patriarchal systems dominate, women's property rights are often restricted, making it harder for them to access financial services (Mayoux, 2001).

Additionally, cultural and social norms significantly influence women's access to micro-credit in many regions. For instance, in rural parts of South Asia and Africa, women's mobility and autonomy are often restricted by societal expectations, which hinder their participation in micro-credit programs. Kaber (2005) emphasizes that these cultural barriers prevent women from attending group meetings or loan discussions, limiting their ability to make decisions or benefit fully from the loans. Moreover, in regions with strong patriarchal values, women's financial decisions are often controlled by male family members, limiting their ability to use the loans for business expansion or entrepreneurship (Bateman, 2010). In some cases, women may also face stigmatization or resistance from male family members or communities when seeking to access credit (Mayoux, 2001).

Another significant challenge is the high-interest rates associated with micro-credit loans. Although microfinance is often presented as a solution for the financially excluded, the interest rates charged by some MFIs in regions such as Africa and Asia can be prohibitively high, making it difficult for women to repay their loans. According to Rutherford (2000), the interest rates often exceed those of traditional banks, which compounds the financial strain for women entrepreneurs, especially those running small businesses with limited profit margins. High interest rates can lead to cycles of debt, where women are unable to repay loans and are forced to take out new loans to cover previous debts, undermining the potential of micro-credit as a tool for empowerment (Ledgerwood, 1999).

Furthermore, financial illiteracy remains a significant barrier to the effective utilization of micro-credit among women in many developing regions. As highlighted by Karlan and Valdivia (2011), women entrepreneurs often lack the financial management skills needed to successfully use loans for business growth. Without the necessary training and knowledge, women may misuse the funds, invest in non-profitable ventures, or fail to properly budget for repayment. This lack of financial literacy is particularly prevalent in regions like Africa and South Asia, where access to formal education is often limited for women.

Moreover, institutional challenges also hinder women's access to micro-credit. Many MFIs in regions like Africa, Asia, and Latin America are not adequately designed to cater to the specific needs of women entrepreneurs. According to Hulme and Mosley (1996), MFIs often fail to provide the necessary support services, such as business training, mentoring, or post-loan guidance, that women need to successfully run and expand their businesses. This lack of holistic support is a key reason why many women entrepreneurs do not realize the full potential of micro-credit.

Lastly, the geographic inaccessibility of microfinance services presents another challenge in rural areas, particularly in sub-Saharan Africa and parts of South Asia. Many women in these regions face difficulties accessing financial institutions due to physical barriers such as the distance to the nearest branch or limited internet connectivity for online services. Sengupta and Aubuchon (2008) suggest that rural women often find it difficult to travel long distances to access micro-credit, resulting in missed opportunities for business expansion and economic empowerment.

In conclusion, the challenges faced by women in accessing and utilizing micro-credit regionally are substantial and multifaceted. These challenges include gender-based discrimination, high-interest rates, financial illiteracy, cultural barriers, institutional weaknesses, and geographic inaccessibility. Addressing these issues is critical for micro-credit to realize its potential in empowering women and promoting economic development across regions.

In the context of Zambia, particularly Lusaka District, micro-credit has emerged as a vital tool for fostering women's entrepreneurship and economic empowerment. However, despite the increasing availability of microfinance institutions (MFIs), women entrepreneurs continue to face significant barriers in accessing and effectively utilizing micro-credit. These challenges are shaped by structural, socio-cultural, and institutional dynamics that limit women's full participation in the financial sector.

A major challenge in Lusaka is limited access to collateral. Although microfinance loans are often marketed as collateral-free, many MFIs in Zambia still require some form of security, which disadvantages women who rarely own property or land due to entrenched gender inequalities (Mutale, 2017). This restricts their eligibility for higher-value loans needed to meaningfully expand their businesses. Moreover, low financial literacy levels among women in Lusaka act as another constraint. According to Zimba and Phiri (2020), many women lack knowledge of financial products, budgeting, and debt management, which affects their ability to utilize micro-credit effectively and leads to repayment difficulties.

Cultural and gender norms continue to influence women's engagement with microfinance. In Lusaka, societal expectations often assign domestic roles to women, limiting the time and autonomy they have to run businesses or engage in financial activities (Tembo, 2021). Additionally, women entrepreneurs often operate in the informal sector, where recordkeeping and financial documentation are weak or nonexistent, making it harder to meet MFI requirements (Ngoma & Simatele, 2022). This lack of formalization acts as a barrier not only to accessing micro-credit but also to scaling up businesses.

Interest rates and repayment structures have also been cited as challenges. Many microfinance providers in Lusaka charge relatively high interest rates, and rigid repayment schedules can cause distress among women running small or seasonal businesses (Chileshe & Muneku, 2019). These conditions can push borrowers into a cycle of debt, negating the empowerment potential of micro-credit.

Furthermore, institutional inefficiencies and lack of targeted support are evident in Lusaka's microfinance landscape. MFIs often focus on disbursement rather than post-loan support, such as business mentoring or training. This lack of tailored assistance hinders women's ability to grow their enterprises sustainably (Mwansa, 2018). Additionally, some women report experiencing bureaucratic delays and poor customer service, which can discourage future borrowing and reduce trust in the financial system.

In conclusion, while micro-credit has the potential to empower women in Lusaka District, several interlinked challenges ranging from collateral requirements and financial illiteracy to social norms, high interest rates, and institutional shortcomings

impede women's full participation in and benefit from microfinance services. Addressing these challenges requires a multifaceted approach that includes policy reform, gender-sensitive financial services, and increased support for capacity-building among women entrepreneurs.

A substantial body of empirical work documents multiple constraints that limit women's access to and productive use of micro-credit. A commonly cited structural barrier is limited asset ownership: women in many low-income settings lack formal property rights or collateral, which restricts access to larger loans and formal banking products (Pitt & Khandker, 1998; Kabeer, 2005). Complementing this, comparative studies and reviews show that MFIs' product design often does not reflect women's time poverty or seasonal income patterns e.g. rigid repayment schedules and meeting times that conflict with caregiving duties reducing uptake and increasing default risk (Hulme & Mosley, 1996; Mayoux, 2001). Empirical evidence from varied regions also highlights financial literacy and business-skill gaps among many micro-borrowers: without basic budgeting, pricing and record-keeping skills, loan funds may be misallocated or fail to generate sufficient returns for timely repayment (Karlan & Valdivia, 2011; Rutherford, 2000). Finally, several studies point to the problem of high effective borrowing costs driven by nominal interest rates, fees, and the administrative costs of small loans which can erode profit margins and, in some cases, generate cycles of repeat borrowing and over-indebtedness (Morduch, 2000; Schicks, 2010).

While the literature has identified key constraints, important gaps remain. First, many studies are observational and vulnerable to selection bias: borrowers who use micro-credit may differ in unobserved ways (motivation, networks, prior capital) from non-borrowers, complicating causal inference about whether credit alone alleviates constraints (Morduch, 2000). Second, a shortage of long-term follow-up studies limits understanding of whether initial gains from micro-loans convert into durable improvements in women's economic status or instead fade or reverse as debts accumulate. Third, measurement problems persist: empowerment and "effective use" are measured inconsistently (decision-making, control over income, mobility, savings), and business outcomes often rely on self-reported revenue bands rather than verified accounting, weakening comparability across studies (Mayoux, 2001). Fourth, contextual heterogeneity how household gender norms, market structure, and MFI business models interact remains understudied, especially for urban informal enterprises in cities like Lusaka where women juggle multiple livelihood activities. Finally, there is limited rigorous evidence on which complementary services (financial literacy, market linkages, childcare support) most effectively overcome the identified constraints and produce sustainable outcomes for women borrowers.

Synthesising the evidence shows that the barriers to women's effective access and utilisation of micro-credit are multi-dimensional and mutually reinforcing. Lack of collateral and formal documentation constrains loan size and access to longer-term credit, while high effective interest rates and rigid repayment terms increase vulnerability to over-indebtedness (Pitt & Khandker, 1998; Schicks, 2010). Even when credit is available, insufficient financial literacy and weak record-keeping reduce the probability that loans are invested productively (Karlan & Valdivia, 2011). Social and cultural norms further limit women's autonomy over loan proceeds: studies show loans registered in women's names do not always translate into control over business income when household decision-making remains patriarchal (Mayoux, 2001; Kabeer, 2005). Geographic and logistical barriers distance from branches, poor digital connectivity for e-finance disproportionately affect rural women and those in low-income urban neighbourhoods (Ledgerwood, 1999). Importantly, the literature suggests that credit-only programmes have the weakest record in overcoming this bundle of constraints; where MFIs deliver "credit-plus" packages (loans combined with training, savings facilities, flexible repayment, and market linkages), women are more likely to translate borrowing into sustainable business growth and meaningful empowerment (Copestake et al., 2005; Banerjee et al., 2015).

Local studies and practitioner reports from Zambia corroborate these global patterns but add context-specific details: many women in Lusaka operate in the informal sector with thin financial records and seasonal cash flows, making standard micro-loan products a poor fit (Mutale, 2017; Ngoma & Simatele, 2022). High interest rates and short tenors charged by some local MFIs, together with limited post-loan business support, have been linked to repayment stress and limited scaling of enterprises (Chileshe & Muneku, 2019; Mwansa, 2018). Social constraints time burden from unpaid domestic work and household control over income further limit the degree to which loans produce autonomy (Tembo, 2021). Taken together, the evidence implies that policy and program responses in Lusaka should prioritise gender-sensitive product design (longer tenors, payment schedules aligned to cash flows), financial literacy and record-keeping training, consumer protection to prevent over-indebtedness, and interventions that address time and care burdens on women entrepreneurs.

Empirical studies consistently demonstrate that women face multiple barriers in accessing and effectively utilizing micro-credit, which limit the potential of these financial instruments to foster economic empowerment. Globally, structural constraints such as limited ownership of assets and collateral remain central impediments (Pitt & Khandker, 1998; Morduch, 1999). In many developing countries, women are excluded from property ownership due to legal and cultural norms, restricting their eligibility for formal loans. Financial institutions often replicate these barriers by requiring collateral or formal documentation, further disadvantaging women (Hulme & Mosley, 1996; Bateman, 2010). High-interest rates imposed by microfinance institutions (MFIs) constitute another challenge; although necessary for covering operational costs, these rates can trap women in cycles of debt, undermining the empowerment objectives of micro-credit (Rutherford, 2000; Schicks, 2010). Additionally, financial illiteracy and insufficient business skills hinder the productive utilization of loans, as women may struggle with budgeting, pricing, and record-keeping (Karlan & Valdivia, 2011). Social and cultural norms, including patriarchal household decision-making, also limit women's

autonomy over loan proceeds, even when loans are formally registered in their names (Mayoux, 2001; Kabeer, 2005). Geographic and logistical barriers, particularly for rural women, further constrain access, with MFIs frequently concentrated in urban centers (Ledgerwood, 1999).

Regionally, these global patterns are mirrored across Africa, Asia, and Latin America. Studies indicate that gender-based discrimination, restrictive cultural norms, and high-interest rates inhibit women's participation in micro-credit programs (Christen et al., 2004; Kabeer, 2005; Bateman, 2010). In many rural areas, limited mobility and societal expectations restrict women's engagement with MFIs, reducing attendance at group meetings and limiting informed decision-making regarding loan use (Mayoux, 2001). Financial literacy deficits remain pronounced in these regions, particularly in South Asia and sub-Saharan Africa, constraining women's ability to invest loans profitably (Karlan & Valdivia, 2011). Institutional shortcomings, such as the lack of post-loan support services including mentoring, training, and market linkages further diminish the effectiveness of micro-credit programs for women (Hulme & Mosley, 1996).

In the Zambian context, particularly in Lusaka District, local studies corroborate these findings while highlighting contextual specificities. Women entrepreneurs frequently operate in the informal sector with weak financial records and seasonal cash flows, limiting their ability to meet MFI requirements (Mutale, 2017; Ngoma & Simatele, 2022). Despite claims of collateral-free lending, some MFIs still require security, restricting access to higher-value loans needed for business expansion. Additionally, high interest rates and short repayment tenors increase repayment stress, while inadequate post-loan support reduces the likelihood of sustainable enterprise growth (Chileshe & Muneku, 2019; Mwansa, 2018). Cultural constraints, such as the time burden from domestic work and male control over household finances, further restrict women's autonomy in using loans productively (Tembo, 2021; Zimba & Phiri, 2020).

While the literature robustly documents structural, social, and institutional constraints, several gaps persist. First, many studies are observational and vulnerable to selection bias, limiting causal inference about the impact of micro-credit on women's economic outcomes (Morduch, 2000). Second, long-term follow-up studies are scarce, making it difficult to assess whether initial gains from loans translate into sustainable empowerment or fade as debts accumulate. Third, there is inconsistency in how empowerment and "effective use" of credit are measured across studies, ranging from decision-making autonomy to income control, which reduces comparability (Mayoux, 2001). Fourth, there is limited context-specific research examining the interaction between household gender norms, local market structures, and MFI product design, particularly for urban informal enterprises such as those in Lusaka. Finally, evidence on the effectiveness of complementary services such as financial literacy training, childcare support, or market linkage facilitation is limited, restricting understanding of which interventions most sustainably address constraints faced by women borrowers.

Synthesizing global, regional, and Zambian evidence reveals that barriers to women's access and utilization of micro-credit are multidimensional, interconnected, and mutually reinforcing. Structural constraints (collateral requirements, weak property rights) intersect with social norms, financial illiteracy, and institutional inadequacies, resulting in limited loan uptake, low productive investment, and in some cases, over-indebtedness (Pitt & Khandker, 1998; Karlan & Valdivia, 2011; Schicks, 2010). Evidence suggests that credit-only programs have the weakest record in achieving sustained empowerment; MFIs that adopt "credit-plus" models combining loans with training, flexible repayment schedules, savings facilities, and market linkages are more successful in translating borrowing into tangible business growth and autonomy (Copestake et al., 2005; Banerjee et al., 2015). In Lusaka, the combination of informal-sector operations, social constraints, and institutional weaknesses indicates a need for gender-sensitive financial product design, enhanced financial literacy programs, and interventions that address time and care burdens on women entrepreneurs to optimize micro-credit outcomes. Overall, these findings underscore that micro-credit can contribute to women's empowerment only when structural, social, and institutional barriers are simultaneously addressed.

Pitt and Khandker (1998) conducted a study on micro-credit programs in Bangladesh and found that a major limitation for women in accessing loans was the lack of collateral. Many women did not own land, homes, or other assets typically required by financial institutions to secure loans. This structural barrier was closely linked to socio-cultural and legal restrictions that limit women's property rights in developing countries. The authors recommended that microfinance institutions (MFIs) consider collateral-free loan models or use group lending mechanisms to overcome these barriers. Their findings are supported by Morduch (1999), who emphasized that women's exclusion from property ownership significantly hampers their ability to access formal credit. Conversely, Bateman (2010) critiqued this perspective, arguing that merely removing collateral requirements is insufficient if other socio-cultural and institutional barriers remain.

Hulme and Mosley (1996) examined the operations of MFIs in South Asia and Africa and noted that many microfinance products are not tailored to the specific constraints faced by women. Women's domestic responsibilities and time poverty often prevent them from attending regular meetings or repaying loans on rigid schedules. The study recommended flexible repayment structures and meeting times aligned with women's daily routines. Mayoux (2001) supported this recommendation, highlighting that loan programs that ignore the realities of women's lives often fail to achieve meaningful empowerment. Similarly, Christen et al. (2004) found that women's limited mobility in rural areas restricted access to group lending meetings, reducing participation and loan uptake.

High-interest rates remain another significant challenge. Rutherford (2000) analyzed microfinance operations in India and noted that although interest rates are justified by operational costs, they can trap women in cycles of debt, reducing the financial empowerment that micro-credit intends to provide. Ledgerwood (1999) corroborated this finding in sub-Saharan Africa, highlighting that the effective cost of borrowing, including fees and high nominal rates, often erodes profits for women entrepreneurs. Schicks (2010) further argued that high borrowing costs are particularly harmful to women with small-scale businesses, leading to repeat borrowing and over-indebtedness.

Financial illiteracy and lack of business skills also constrain women's effective use of micro-credit. Karlan and Valdivia (2011) found in Peru that women entrepreneurs frequently lacked skills in budgeting, pricing, and record-keeping, which led to misallocation of funds and failed business expansion. These findings align with Mutale (2017) and Zimba and Phiri (2020) in Zambia, who observed that many women in Lusaka struggled with understanding financial products, repayment schedules, and debt management, limiting the productive use of loans. To address this, MFIs are encouraged to provide financial literacy programs, business training, and post-loan mentoring (Copestake et al., 2005; Banerjee et al., 2015).

Cultural and social norms further impede women's access and control over micro-credit. Kabeer (2005) and Mayoux (2001) documented that in patriarchal societies, women's financial autonomy is often constrained by male family members, even when loans are registered in the woman's name. In Lusaka, Tembo (2021) observed that domestic responsibilities and societal expectations reduce women's ability to actively manage businesses, while Ngoma and Simatele (2022) reported that women in the informal sector face additional challenges due to poor record-keeping and informal operations. Chileshe and Muneku (2019) highlighted that without addressing these social and cultural constraints, micro-credit alone cannot substantially increase women's economic empowerment.

Institutional weaknesses and geographic inaccessibility are additional barriers. Hulme and Mosley (1996) noted that many MFIs lack women-specific support services, such as mentoring and post-loan guidance. Sengupta and Aubuchon (2008) emphasized that women in rural areas face long distances to financial institutions, reducing loan uptake. In Lusaka, Mwansa (2018) reported that bureaucratic delays, poor customer service, and lack of tailored financial products further discourage women entrepreneurs from borrowing, undermining the intended empowerment effects.

In summary, the literature highlights that women face multi-dimensional barriers in accessing and effectively using micro-credit. These include lack of collateral (Pitt & Khandker, 1998; Morduch, 1999), gender-biased product design and institutional inflexibility (Hulme & Mosley, 1996; Mayoux, 2001), high borrowing costs (Rutherford, 2000; Schicks, 2010), financial illiteracy (Karlan & Valdivia, 2011; Mutale, 2017), socio-cultural restrictions (Kabeer, 2005; Tembo, 2021), and logistical barriers (Ledgerwood, 1999; Sengupta & Aubuchon, 2008). Evidence suggests that integrated "credit-plus" approaches, which combine loans with financial literacy, mentoring, flexible repayment schedules, and market linkages, are most effective in overcoming these challenges and fostering sustainable empowerment (Copestake et al., 2005; Banerjee et al., 2015).

➤ *Personal Critique of Literature Review*

While the reviewed literature provides valuable insights into the relationship between micro-credit and women's economic empowerment, several limitations are evident. Firstly, many studies focus primarily on quantitative indicators such as income increases or business sales, often neglecting qualitative aspects like decision-making power, social status, or self-confidence critical dimensions of empowerment. Secondly, the literature tends to generalize the impact of micro-credit across different contexts, without considering the unique socio-economic challenges faced by women entrepreneurs in Zambia, particularly in Lusaka District.

Furthermore, although several studies (e.g., Kabeer, 2005; Banerjee et al., 2015) highlight the transformative potential of micro-credit, few critically examine the role of accompanying services such as financial literacy training or market access, which are essential for sustained success. Another notable gap is the limited discussion on how structural barriers such as gender norms, lack of collateral, and regulatory bottlenecks affect women's ability to fully benefit from microfinance programs.

Lastly, there is insufficient empirical data on the long-term impact of micro-credit on business expansion, especially in informal sectors dominated by women. This study aims to address these gaps by providing context-specific evidence from Lusaka District and exploring both the enabling and constraining factors influencing the effectiveness of micro-credit interventions.

The literature reviewed on micro-credit and women entrepreneurs demonstrates both valuable insights and notable limitations. Evaluating these studies provides a foundation for understanding the role of micro-credit in promoting women's economic empowerment, while also highlighting areas for further investigation.

Many studies have robustly highlighted the positive impact of micro-credit on women entrepreneurs. For instance, Armendáriz and Morduch (2010) provide empirical evidence that micro-loans facilitate business expansion and income generation among women in developing countries. Similarly, Pitt and Khandker (1998) demonstrate that access to credit enhances women's economic independence and decision-making power within households. These studies are significant for their quantitative rigor and

longitudinal designs, which allow for measurable outcomes and comparisons over time. Moreover, the focus on women as a specific beneficiary group helps underscore gender disparities in financial inclusion (Mayoux, 2001).

Despite their contributions, existing studies have limitations. Many analyses rely heavily on quantitative data and fail to capture the nuanced socio-cultural barriers women face, such as restrictive gender norms and household responsibilities (Rahman, 1999). Additionally, some studies report mixed or negligible effects of micro-credit on sustainable poverty reduction, suggesting overgeneralization of positive outcomes (Bateman, 2010). These weaknesses limit the applicability of findings across different contexts and may overlook the lived experiences of women entrepreneurs, particularly in regions like Zambia.

The literature reviewed provides a conceptual framework for examining micro-credit's role in business expansion and women's empowerment, which aligns with the objectives of this study. Studies by Armendáriz and Morduch (2010) and Pitt and Khandker (1998) are particularly relevant for understanding how credit access influences income generation and business growth. Furthermore, insights on socio-cultural constraints (Mayoux, 2001; Rahman, 1999) are critical for contextualizing challenges faced by Zambian women entrepreneurs.

Notably, the literature shows a gap in research focused on the Zambian context, where socio-economic and cultural conditions may differ significantly from South Asia or Latin America, where most studies have been conducted (Bateman, 2010). Furthermore, there is limited qualitative research exploring women's perceptions, decision-making, and coping strategies related to micro-credit usage. The intersection of formal financial support with informal community networks also remains underexplored, representing an opportunity for this study to contribute novel insights.

In my interpretation, while micro-credit can be a catalyst for business growth, its effectiveness is contingent upon supportive social structures, financial literacy, and tailored loan schemes. Observations from global studies suggest that simply providing loans is insufficient; empowerment arises when financial resources are coupled with skills development and socio-cultural support (Mayoux, 2001). For Zambian women entrepreneurs, contextual factors such as cultural expectations, household dynamics, and market accessibility may critically influence the impact of micro-credit. Therefore, this study aims to bridge the gap by integrating both quantitative and qualitative data to capture a holistic understanding of micro-credit's influence on women-led businesses in Zambia.

➤ *Establishment of Research Gaps*

Despite extensive literature on micro-credit and women's empowerment, several key gaps remain, particularly within the Zambian context. First, most existing studies focus on access to micro-credit but pay limited attention to its actual effectiveness in promoting long-term business expansion among women entrepreneurs. There is insufficient empirical evidence showing whether micro-credit leads to sustained business growth beyond initial capital support.

Second, few studies assess the non-financial dimensions of empowerment, such as decision-making authority, confidence, and household welfare improvements. This limits our understanding of how micro-credit affects broader aspects of women's lives beyond income generation.

Third, context-specific research in Lusaka District is scarce. Many findings are generalized across sub-Saharan Africa without accounting for Zambia's unique socio-economic, cultural, and financial environments, including barriers like collateral demands, low financial literacy, and market instability.

Lastly, limited research explores the challenges women face in utilizing micro-credit effectively, including high interest rates, limited training, and inadequate support structures. This study seeks to fill these gaps by providing localized, in-depth insights into how micro-credit impacts the business expansion and economic empowerment of women in Lusaka District.

Despite the growing body of literature on micro-credit and women's economic empowerment, several limitations and gaps persist, indicating the need for further research. First, much of the existing literature emphasizes the positive effects of micro-credit on business expansion, income generation, and empowerment (Armendáriz & Morduch, 2010; Pitt & Khandker, 1998). While these studies provide valuable insights, they often adopt a macro or generalized perspective, neglecting contextual factors such as local socio-cultural dynamics, household responsibilities, and gender-specific barriers that influence how women utilize micro-credit (Mayoux, 2001).

Second, inconsistencies exist regarding the magnitude and sustainability of micro-credit's impact. Some studies report significant improvements in women's entrepreneurial performance and decision-making power (Kabeer, 2005; Hulme & Mosley, 1996), whereas others suggest limited or short-term benefits, indicating that micro-credit alone may not sufficiently empower women without complementary support such as training and mentorship (Goetz & Gupta, 1996; Duvendack et al., 2011). This contradiction highlights the need for context-specific studies to assess the actual effectiveness of micro-credit in diverse settings.

Third, there is a notable under-researched area concerning the challenges women face in accessing and utilizing micro-credit effectively. Factors such as lack of collateral, high interest rates, institutional biases, and household constraints are frequently mentioned, but empirical investigations quantifying their impact remain limited (Ledgerwood, 2013; Armendáriz & Morduch, 2010). Moreover, the interplay between micro-credit access and business growth in urban informal sectors, particularly in Zambia, has not been extensively explored, leaving a knowledge gap for policymakers and practitioners.

Finally, the linkage between micro-credit and broader socio-economic outcomes, such as household consumption patterns, financial literacy, and long-term business sustainability, remains insufficiently examined (Roodman & Morduch, 2014). Most studies focus narrowly on immediate business outcomes, overlooking the multidimensional effects of micro-credit on women's overall well-being.

Connection to Current Study: This study seeks to fill these gaps by examining the effect of micro-credit on the business expansion of women entrepreneurs in Zambia, with a focus on contextual, socio-cultural, and financial barriers. By integrating both quantitative and qualitative methods, the research aims to provide a nuanced understanding of micro-credit's role in women's economic empowerment, addressing both effectiveness and challenges, which remain under-explored in existing literature.

CHAPTER THREE METHODOLOGY

➤ *Overview*

This chapter outlined the research methodology employed to assess the effectiveness of micro-credit in enhancing business expansion and economic empowerment of women entrepreneurs in Kalingalinga. It presented the research design, target population, sampling design, sample size determination, data collection methods, data analysis, triangulation, limitations of the study, and ethical considerations.

➤ *Research Design*

The study adopted a descriptive research design to assess the effectiveness of micro-credit in enhancing business expansion and economic empowerment among women entrepreneurs in Kalingalinga. This design was suitable as it enabled the researcher to systematically describe the characteristics, behaviours, and experiences of women who accessed micro-credit without manipulating any variables (Kumar, 2019). Through this approach, the study collected detailed information using structured questionnaires and semi-structured interviews to capture both quantitative and qualitative data on how micro-credit influenced business growth, income levels, and personal empowerment. The descriptive design helped in identifying trends, relationships, and patterns related to micro-credit utilization and its outcomes, providing a clear picture of the situation within the selected population (Creswell, 2014). It also allowed the researcher to document challenges faced by women in accessing and using micro-credit, thereby offering evidence-based insights for policy and practice.

➤ *Target Population*

The target population for this study consisted of women entrepreneurs in Kalingalinga who had accessed micro-credit services from registered microfinance institutions. These women were primarily engaged in small-scale and informal businesses such as market trading, tailoring, food vending, and other service-oriented activities. According to the Zambia Statistics Agency (2020), women represented over 60% of the informal sector workforce, and a significant proportion of them depended on micro-credit to finance their entrepreneurial activities. The population was relevant to the study as it offered insights into the real-world experiences of women who utilized micro-credit as a tool for business expansion and economic empowerment. Defining the target population clearly was essential for ensuring that the study findings were valid, reliable, and applicable to the group under investigation (Kumar, 2019; Creswell, 2014).

➤ *Sampling Design*

This study employed a purposive sampling technique to select women entrepreneurs in Kalingalinga who had accessed micro-credit, as this method allowed the researcher to focus on participants with direct experience relevant to the study objectives (Etikan, Musa, & Alkassim, 2016). Additionally, simple random sampling was used within the purposively identified group to ensure that every eligible woman entrepreneur had an equal chance of selection, thus reducing selection bias (Kumar, 2019). The combined sampling approach helped in obtaining a representative sample that reflected the diverse characteristics of women micro-credit users in different business sectors. A sample size of approximately 60 participants was targeted, based on the feasibility of data collection and the need to achieve sufficient statistical power and depth in qualitative insights (Creswell, 2014). This sampling design balanced purposive focus with randomness to enhance the validity and reliability of the study findings.

➤ *Sample Size Determination*

The sample size for this study consisted of approximately 50 women entrepreneurs who had accessed micro-credit in Kalingalinga. This size was considered adequate for a descriptive study, providing a balance between statistical reliability and practical feasibility given the available resources and time constraints (Kumar, 2019). According to Creswell (2014), a sample size of 30 to 100 is generally sufficient to produce meaningful quantitative data while also allowing for qualitative insights through interviews or focus groups. The chosen sample enabled the study to capture diverse experiences across different business types and stages of growth, ensuring representativeness and allowing for effective triangulation of data. Additionally, this size facilitated manageable data collection and analysis within the scope of the study.

➤ *Data Collection Methods*

Data for this study were collected using a combination of structured questionnaires and semi-structured interviews to capture both quantitative and qualitative information on the effectiveness of micro-credit among women entrepreneurs. The structured questionnaires gathered measurable data on business expansion indicators such as sales growth, income changes, and asset acquisition, while the semi-structured interviews explored participants' experiences, challenges, and perceptions related to economic empowerment and loan utilization (Kumar, 2019). Additionally, focus group discussions were conducted to facilitate deeper understanding of common issues and collective experiences among women entrepreneurs (Creswell, 2014). These methods provided complementary data sets, enabling triangulation and enhancing the validity and richness of the findings. Data collection instruments were pre-tested to ensure clarity, relevance, and reliability before the main study was conducted.

➤ *Data Analysis*

The data collected were analyzed using both quantitative and qualitative techniques. Quantitative data from the structured questionnaires were coded and entered into statistical software such as STATA for descriptive analysis, including frequencies, percentages, means, and cross-tabulations to identify patterns related to business expansion and economic empowerment (Kumar, 2019). Qualitative data from interviews and focus group discussions were transcribed and subjected to thematic analysis, where key themes and categories were identified to understand participants' experiences, challenges, and perceptions regarding micro-credit usage (Braun & Clarke, 2006). This mixed approach to data analysis enabled triangulation of findings, providing a comprehensive understanding of how micro-credit influenced women entrepreneurs in Kalingalinga. The results were interpreted in line with the study objectives and theoretical framework.

➤ *Triangulation*

To enhance the credibility and validity of the study findings, triangulation was employed by integrating multiple data sources and methods. This involved combining quantitative data from structured questionnaires with qualitative insights from interviews and focus group discussions, enabling cross-verification of information and providing a more comprehensive understanding of the impact of micro-credit on women entrepreneurs (Creswell, 2014). Methodological triangulation helped to reduce biases associated with single-method studies and strengthened the depth of analysis by capturing both measurable outcomes and personal experiences (Denzin, 2017). Additionally, triangulation allowed the researcher to identify converging patterns and discrepancies within the data, thereby increasing confidence in the study's conclusions and enhancing its overall rigor.

➤ *Limitations of the Study*

This study faced several limitations that could affect the generalizability and depth of its findings. Firstly, the use of purposive and simple random sampling within the limited geographic area of Kalingalinga may have restricted the extent to which results could be applied to other regions or broader populations (Kumar, 2019). Secondly, self-reported data collected through questionnaires and interviews may have been subject to response bias, where participants might overstate positive outcomes or underreport challenges due to social desirability (Bryman, 2016). Thirdly, time and resource constraints may have limited the sample size and the scope of qualitative inquiry, potentially overlooking some nuanced experiences of women entrepreneurs. Despite these limitations, the study employed triangulation and rigorous data collection methods to enhance the validity and reliability of its findings (Creswell, 2014).

➤ *Ethical Considerations*

Ethical considerations were strictly observed throughout this study to protect the rights and welfare of all participants. Prior to data collection, informed consent was obtained from each participant after explaining the study's purpose, procedures, and their right to withdraw at any time without penalty (Bryman, 2016). Confidentiality and anonymity were maintained by assigning codes instead of names and securely storing all data to prevent unauthorized access. Additionally, the study ensured that participation was voluntary and that no harm physical, psychological, or social came to the respondents as a result of their involvement (Kumar, 2019). Ethical approval was sought from relevant institutional review boards before commencing the research, adhering to established ethical guidelines in social science research (Creswell, 2014).

CHAPTER FOUR PRESENTATION OF RESEARCH FINDINGS AND DISCUSSION OF RESULTS

➤ *Overview*

This chapter presents the findings of the study on the effectiveness of micro-credit in enhancing business expansion and economic empowerment of women entrepreneurs in Lusaka District. The results are organized according to key demographic characteristics of respondents, including age, marital status, education, business type, duration of operation, and employment capacity, in order to contextualize the socio-economic background of the women involved. The analysis further explores business-related outcomes such as the extent of employment creation and reasons for not employing additional labor, thereby providing insights into the opportunities and constraints faced by women entrepreneurs. These findings are then discussed in relation to the study objectives and existing literature, highlighting the role of micro-credit in supporting business growth, addressing financial barriers, and promoting women’s economic empowerment. This study was informed by the following objectives;

- To examine the effect of micro-credits on business expansion of women entrepreneurs.
- To determine the effectiveness of micro-credit has contributed to the economic empowerment of women.
- To Analyse the limitations of women in accessing and utilizing micro-credit.

➤ *Demographic and Business Information*

- *Age Distribution*

Table 1 Age Distribution

Age	Freq.	Percent	Cum .
18–25 years	11	22.00	22.00
26–35 years	13	26.00	48.00
36–45 years	10	20.00	68.00
46–55 years	8	16.00	84.00
56 years and above	8	16.00	100.00
Total	50	100.00	

The age distribution of respondents indicates that the majority of women entrepreneurs are between 26–35 years (26%) and 18–25 years (22%), making up nearly half of the sample. This shows that younger women are actively engaged in entrepreneurial activities, likely seeking opportunities to grow through micro-credit. At the same time, 32% of respondents are above 45 years, demonstrating that entrepreneurship cuts across generations. This suggests that micro-credit has the potential to benefit both younger women seeking to establish themselves and older women aiming to stabilize or expand their enterprises.

- *Marital Status*

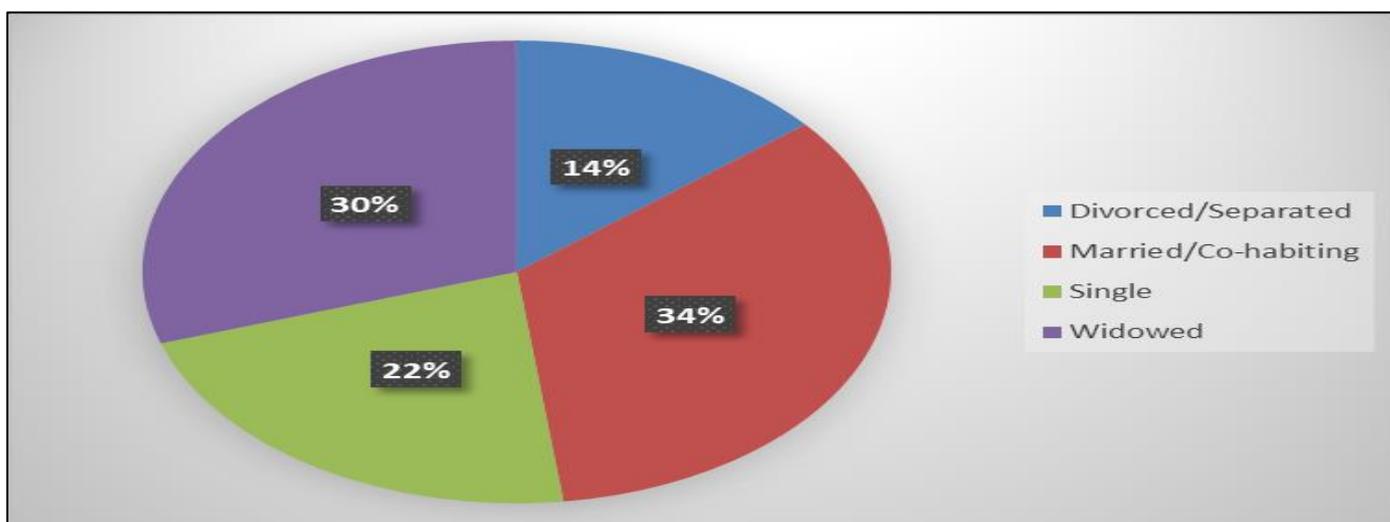


Fig 2 Marital Status

The results show that most respondents are married or cohabiting (34%) and widowed (30%), with smaller proportions being single (22%) or divorced/separated (14%). The significant share of widowed women suggests that entrepreneurship often serves as a critical livelihood strategy for those who may lack household financial support. This underscores the role of micro-credit not just in promoting business growth but also in empowering vulnerable groups of women to sustain themselves economically and socially.

- *Education Levels*

Table 2 Education Levels

Education	Freq.	Percent	Cum.
College/Vocational Training	7	14.00	14.00
No formal education	10	20.00	34.00
Post-graduate	9	18.00	52.00
Primary School	7	14.00	66.00
Secondary School	9	18.00	84.00
University Degree	8	16.00	100.00
Total	50	100.00	

Educational attainment among respondents is highly diverse, with 20% having no formal education and 14% completing only primary school, while 34% possess tertiary education (university degree or postgraduate qualification). This highlights a dual reality where a significant portion of women entrepreneurs face literacy challenges, while another group is well educated and potentially better equipped to manage credit effectively. For micro-credit institutions, this implies the need to tailor financial literacy training and support services so that women across the education spectrum can use loans productively for business expansion.

- *Business Type*

Table 3 Business Type

Business Type	Freq.	Percent	Cum.
Agriculture	6	12.00	12.00
Clothing	2	4.00	16.00
Food vending	7	14.00	30.00
Grocery	3	6.00	36.00
Hair salon	5	10.00	46.00
Poultry	11	22.00	68.00
Restaurant	3	6.00	74.00
Retail shop	3	6.00	80.00
Salon & Cosmetics	6	12.00	92.00
Tailoring	4	8.00	100.00
Total	50	100.00	

Women entrepreneurs in Lusaka District are mainly concentrated in small-scale, low-barrier sectors such as poultry (22%), food vending (14%), salon and cosmetics (12%), agriculture (12%), and hair salons (10%). Other sectors like tailoring, clothing, grocery, and retail shops are less represented. This concentration in informal and service-oriented activities suggests that women tend to engage in businesses requiring limited startup capital but which may also yield limited profits. Micro-credit can therefore play a crucial role in enabling diversification into higher-value activities or upgrading existing enterprises to more sustainable levels.

• *Business Duration*

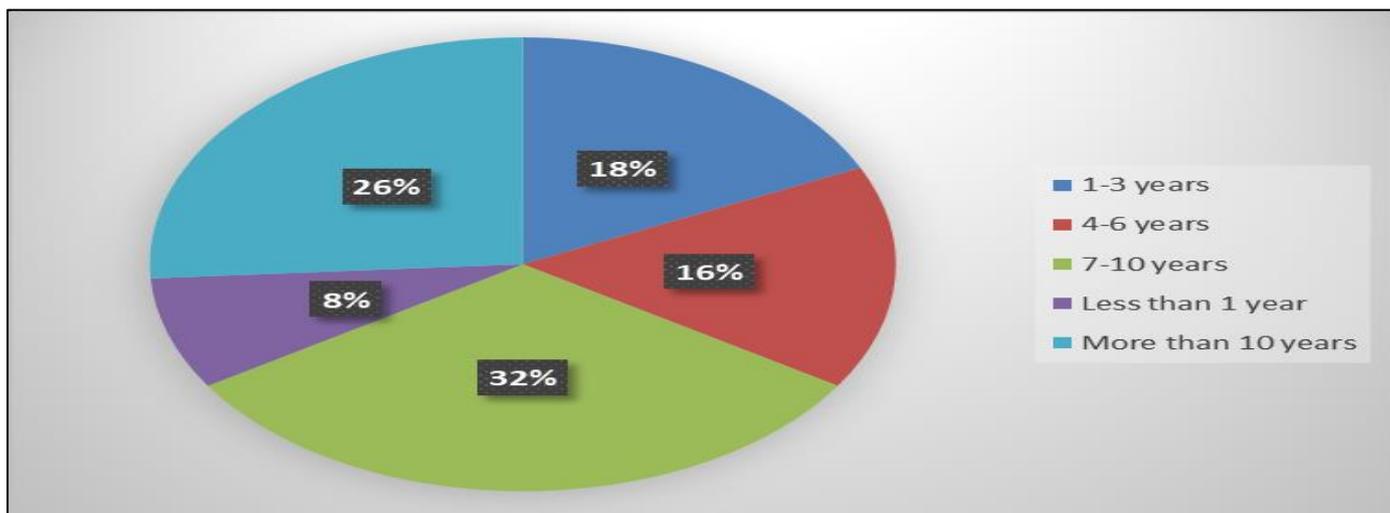


Fig 3 Business Duration

The majority of respondents have been running their businesses for a relatively long period, with 32% operating between 7–10 years and 26% for more than 10 years, while only 26% have been in operation for three years or less. This finding indicates that many women-owned businesses in Lusaka are established and resilient, but may be constrained by limited capital for scaling up. Consequently, micro-credit has potential not only to support start-ups but also to facilitate the expansion and modernization of long-standing enterprises that already have market experience and stability.

• *Employment Capacity (1)*

Table 4 Employment Capacity (1)

Employ Anyone	Freq.	Percent	Cum.
No	26	52.00	52.00
Yes	24	48.00	100.00
Total	50	100.00	

The results show that just under half of the women entrepreneurs (48%) employ workers, while 52% manage their businesses without additional help. Among those employing staff, most have between 2–5 workers, reflecting the micro-enterprise nature of these businesses. This finding suggests that women entrepreneurs do create employment opportunities, albeit on a small scale, and that access to micro-credit could enhance this capacity further by enabling businesses to expand operations, increase productivity, and hire more workers.

• *Employment Capacity (2)*

Table 5 Employment Capacity (2)

Variable	Obs	Mean	Std. Dev.	Min	Max
ifyeshowmany	50	1.64	1.914072	0	5

The descriptive statistics on the number of workers employed by respondents show a mean of 1.64 employees, with a minimum of 0 and a maximum of 5. The relatively high standard deviation (1.91) indicates variation in employment levels among businesses, with some entrepreneurs managing alone while others employ up to five workers. This variation highlights differences in business capacity and resource availability, suggesting that while some women are able to generate employment, many remain constrained at the micro-enterprise level. The data implies that access to adequate micro-credit could help bridge this gap, particularly by enabling women with growth potential to expand operations and employ more workers.

• *Reasons for not Employing Workers*

Table 6 Reasons for not Employing Workers

If No, give reasons	Freq.	Percent	Cum.
Business income is too small to affor..	11	42.31	42.31
Family members help informally withou..	1	3.85	46.15
High labor costs make it difficult to..	3	11.54	57.69
I manage the business alone to reduce..	10	38.46	96.15
The business does not require additio..	1	3.85	100.00
Total	26	100.00	

Among the 26 respondents who do not employ anyone, the most common reasons cited include insufficient business income (42.3%) and a preference to manage the business alone to reduce costs (38.5%), with a smaller number citing high labor costs (11.5%). These responses highlight how limited financial resources and cost concerns prevent women from expanding their workforce. This implies that while micro-credit may provide a means of addressing capital shortages, its effectiveness will depend on whether the loans are sufficient to overcome low profit margins and structural barriers such as labor expenses.

➤ *Effect of Micro-Credits on Business Expansion*

• *Source of Micro-Credit Institutions*

Table 7 Source of Micro-Credit Institutions

Institution	Freq.	Percent	Cum.
Commercial Bank (Micro-loan product)	10	20.00	20.00
Microfinance Institution (MFI)	8	16.00	36.00
NGO/Community-based organization	12	24.00	60.00
Other	12	24.00	84.00
SACCO/Cooperative	8	16.00	100.00
Total	50	100.00	

The findings show that women entrepreneurs in Lusaka accessed loans from a variety of sources. NGOs and community-based organizations (24%) and “other” sources such as informal lenders (24%) were the most common, followed by commercial banks (20%), microfinance institutions (16%), and savings and credit cooperatives (SACCOs) (16%). This distribution highlights that while formal financial institutions are important, a significant proportion of women rely on NGOs and informal channels to obtain micro-credit. This reflects both accessibility challenges in mainstream banking and the critical role of community-based initiatives in promoting women’s economic empowerment.

• *Number of Loans Received*

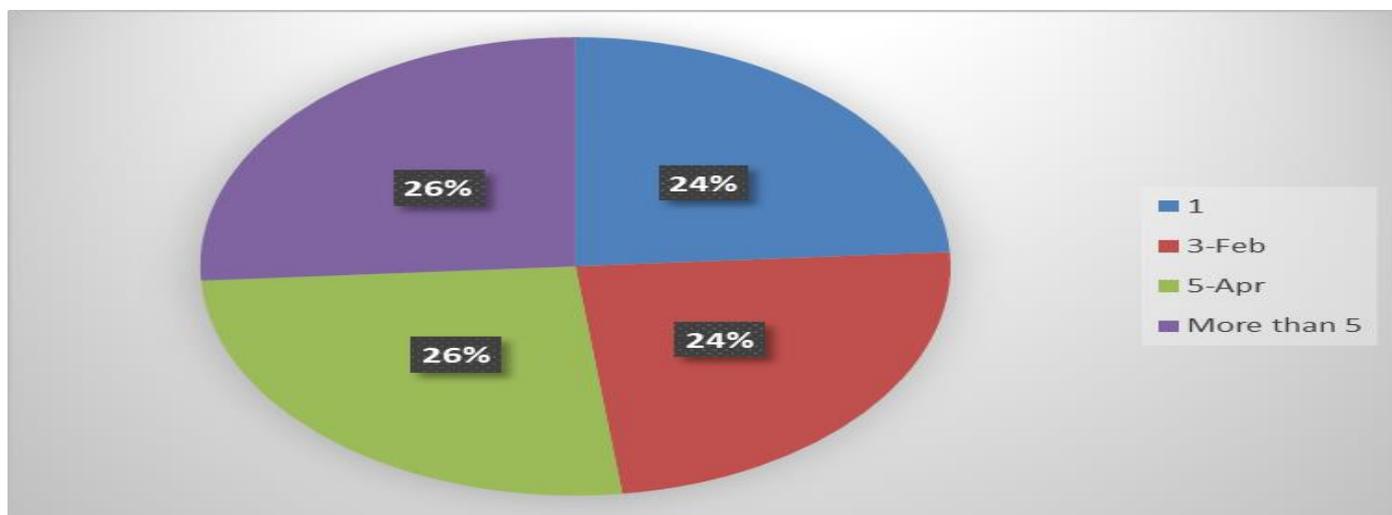


Fig 4 Number of Loans Received

The data shows that access to repeat loans is widespread, with 26% of respondents having received more than five loans, another 26% receiving between four and five, 24% receiving two to three, and only 24% having received a single loan. This indicates that micro-credit is not just a one-time intervention but rather an ongoing financial support mechanism for many women entrepreneurs. The relatively high proportion of multiple loan recipients suggests both the demand for continuous capital injections to sustain business activities and a level of trust or repayment capacity that enables women to qualify for subsequent loans.

- *Loan Amounts*

Table 8 Loan Amounts

Variable	Obs	Mean	Std. Dev.	Min	Max
loanamount~w	50	10432.1	4780.983	2750	19290

The analysis of loan amounts shows that the average loan size was ZMW 10,432, with a minimum of ZMW 2,750 and a maximum of ZMW 19,290. The relatively wide range reflects differences in both business needs and institutional lending capacities. While some businesses operate with small-scale funding sufficient for inventory or working capital, others require larger loans to finance expansion or diversification. The mean loan size suggests that although micro-credit provides meaningful capital, the amounts may still be modest relative to the capital-intensive needs of certain sectors, thereby limiting large-scale growth potential.

- *Loan Usage*

Loan utilization patterns varied, but key areas included purchasing inventory, diversifying products and services, buying equipment, hiring new employees, marketing and advertising, and paying off existing business debts. Notably, loan usage was often multifaceted, with many respondents combining purposes (e.g., inventory and marketing, or hiring employees and expansion). This demonstrates that micro-credit serves as a flexible financial tool that women adapt to different business needs, from immediate operational expenses to longer-term growth strategies. However, the presence of loan use for debt repayment also signals that some women face financial strain, using new credit to offset previous obligations, which may pose sustainability challenges.

- *Impact on Monthly Revenue and Profit*

Table 9 Impact on Monthly Revenue and Profit

Monthly Revenue Impact	Monthly Profit Impact						Total
	Decreased	Increased	No Change	Not App..	Signifi..	Signifi..	
Decreased	3	0	3	0	2	2	10
Increased	1	1	2	5	1	4	14
No Change	0	1	1	0	1	0	3
Not Applicable	0	1	3	2	2	1	9
Significantly Decre..	1	1	2	1	1	1	7
Significantly Incre..	1	0	1	1	3	1	7
Total	6	4	12	9	10	9	50

The relationship between monthly revenue and profit reveals a complex pattern of business outcomes among women entrepreneurs. Out of the 50 respondents, 10 reported decreased revenue, of which several also experienced corresponding decreases in profit, while others showed no change, suggesting that falling revenues do not always translate into immediate profit losses if costs are adjusted. On the other hand, 14 respondents reported revenue increases, yet only a portion recorded higher profits, with others reporting no change or only marginal improvements. This indicates that increased revenue did not always guarantee improved profitability, likely due to rising operational costs, loan repayment obligations, or reinvestment of income. Seven entrepreneurs recorded significant revenue decreases, mirrored by reduced profits, while another seven reported significant increases in both revenue and profit, showing the dual extremes of micro-credit impact. Overall, the findings suggest that while micro-credit has enabled some women to achieve higher sales and profits, its effects are uneven, with profitability strongly influenced by financial management, market conditions, and business model sustainability.

• *Impact on Inventory and Customer Base*

Table 10 Impact on Inventory and Customer Base

Inventory Impact	Customers Impact						Total
	Decreased	Increased	No Change	Not App..	Signifi..	Signifi..	
Decreased	1	4	1	4	2	0	12
Increased	5	1	0	2	1	4	13
No Change	0	2	3	2	1	2	10
Not Applicable	0	0	0	2	0	2	4
Significantly Decre..	2	0	0	1	0	3	6
Significantly Incre..	0	2	1	2	0	0	5
Total	8	9	5	13	4	11	50

The cross-tabulation between inventory impact and customer impact highlights the interconnected nature of business growth among women entrepreneurs. Of the 12 respondents who reported decreased inventory, most also recorded reduced or stagnant customer numbers, underscoring the importance of adequate stock levels in retaining clientele. Conversely, 13 respondents indicated inventory increases, with many also reporting higher customer numbers, suggesting that expanded product offerings or availability positively influenced demand. However, not all cases followed this pattern; for instance, some women who grew their inventory did not see proportional customer growth, pointing to challenges such as market saturation, limited marketing, or mismatch between supply and customer preferences. Interestingly, five respondents who experienced significant increases in inventory also reported either stable or growing customer bases, reflecting successful reinvestment of micro-credit into stock expansion. On the other hand, six respondents with significant declines in inventory saw reduced or stagnant customer numbers, reflecting the negative spiral of low stock availability. Overall, these findings suggest that while micro-credit has enabled inventory growth for some women, translating this into customer growth and sustained demand depends on effective market engagement strategies beyond stock expansion.

• *Employees Impact and Asset Impact*

Table 11 Employees Impact and Asset Impact

Employees Impact	Assets Impact						Total
	Decreased	Increased	No Change	Not App..	Signifi..	Signifi..	
Decreased	4	1	3	0	3	1	12
Increased	1	2	0	2	2	0	7
No Change	2	3	3	4	1	2	15
Not Applicable	1	0	0	0	2	2	5
Significantly Decre..	2	0	0	1	2	0	5
Significantly Incre..	0	1	1	0	2	2	6
Total	10	7	7	7	12	7	50

The cross-tabulation between employee impact and asset impact illustrates how micro-credit interventions influenced both human resource capacity and business asset acquisition. Among the 12 respondents who experienced a decrease in employee numbers, many also reported reduced or stagnant asset growth, suggesting that challenges in sustaining labor may have constrained the ability to expand physical or financial assets. Conversely, seven respondents reported an increase in employees, with some also noting growth in assets, reflecting businesses that effectively utilized micro-credit to scale up operations by investing in both human and physical capital. The largest group (15 respondents) reported no change in employees, and this was often accompanied by no significant change in assets, pointing to limited business expansion despite access to credit. Notably, six respondents experienced significant increases in both employees and assets, highlighting strong positive outcomes of micro-credit in enabling comprehensive business growth. On the other hand, five respondents faced significant declines in both employees and assets, suggesting that micro-credit alone was insufficient to shield them from operational or market shocks. Overall, these results suggest that while micro-credit facilitated expansion for some women entrepreneurs, its effectiveness depended on how efficiently loans were utilized, business management practices, and the broader market environment.

• *Perceived Impact of Micro-Credit on Business Expansion*

Table 12 Perceived Impact of Micro-Credit on Business Expansion

Micro-credit grew business	Without micro-credit no expansion					Total
	Agree	Disagree	Neutral	Strongl..	Strongl..	
Agree	3	0	2	3	4	12
Disagree	2	1	5	4	1	13
Neutral	0	3	3	1	2	9
Strongly Agree	0	1	2	1	2	6
Strongly Disagree	3	2	3	0	2	10
Total	8	7	15	9	11	50

The cross-tabulation of respondents’ perceptions shows mixed views on whether micro-credit directly enabled business expansion. Of the 50 respondents, 12 agreed that micro-credit contributed to business growth, while six strongly agreed, indicating that some women clearly associate access to loans with tangible business development. Conversely, 13 disagreed and 10 strongly disagreed, reflecting a substantial proportion who felt that credit alone was insufficient to drive expansion, possibly due to small loan amounts, repayment obligations, or lack of complementary skills and market opportunities. Nine respondents remained neutral, suggesting uncertainty or mixed experiences. Overall, the findings highlight that while micro-credit can be an important growth catalyst for some women entrepreneurs, its effectiveness is influenced by multiple factors including loan size, financial literacy, and market conditions, meaning that credit provision alone does not guarantee expansion for all businesses.

• *Relationship Between Loan Sufficiency and Training*

Table 13 Relationship Between Loan Sufficiency and Training

Loan sufficient	Received training					Total
	Agree	Disagree	Neutral	Strongl..	Strongl..	
Agree	1	3	3	0	1	8
Disagree	2	2	6	3	1	14
Neutral	2	0	2	0	4	8
Strongly Agree	2	2	0	3	2	9
Strongly Disagree	4	2	1	1	3	11
Total	11	9	12	7	11	50

The cross-tabulation between perceptions of loan sufficiency and receipt of training indicates that financial support alone may not be sufficient to ensure business success. Of the 50 respondents, only eight agreed that their loans were sufficient and also benefited from training, while nine strongly agreed. Conversely, 14 disagreed that their loans were sufficient, with some of these respondents having received training and others not, suggesting that inadequate capital limits the effectiveness of acquired skills. Eleven respondents strongly disagreed about loan sufficiency, reflecting persistent concerns over small loan amounts, even where training was provided. Overall, these findings imply that while training can enhance business management capacity, the impact of micro-credit on business growth is significantly moderated by whether the loan amount meets the operational and expansion needs of the entrepreneur. In other words, access to credit and skills development must be aligned for optimal empowerment outcomes.

• *Perceived Sustainability of Businesses*

Table 14 Perceived Sustainability of Businesses

Business sustainable	Freq.	Percent	Cum.
Agree	7	14.00	14.00
Disagree	14	28.00	42.00
Neutral	12	24.00	66.00
Strongly Agree	12	24.00	90.00
Strongly Disagree	5	10.00	100.00
Total	50	100.00	

The findings on business sustainability reveal mixed perceptions among women entrepreneurs in Lusaka. Of the 50 respondents, 19 (38%) agreed or strongly agreed that their businesses were sustainable, indicating confidence in the continuity and resilience of their enterprises. Conversely, 19 respondents (38%) disagreed or strongly disagreed, reflecting concerns over operational challenges, limited access to capital, market instability, or insufficient support structures. Twelve respondents (24%) remained neutral, suggesting uncertainty or variability in business performance. These results suggest that while micro-credit may provide critical financial support for short-term growth, sustainability depends on a combination of factors, including effective financial management, market access, ongoing training, and adequate capital. The mixed responses underscore the need for complementary interventions alongside credit provision to ensure long-term business viability and economic empowerment for women entrepreneurs.

➤ *Effectiveness of Micro-Credit in Economic Empowerment of Women*

- *Impact on Personal Income and Financial Control*

Table 15 Impact on Personal Income and Financial Control

Personal Income Impact	Control over finances Impact						Total
	Decreased	Increased	No Change	Not App..	Signifi..	Signifi..	
Decreased	0	0	0	0	3	2	5
Increased	0	1	3	2	2	3	11
No Change	2	0	3	0	1	0	6
Not Applicable	0	3	1	0	2	1	7
Significantly Decre..	3	2	4	0	3	2	14
Significantly Incre..	2	1	0	2	1	1	7
Total	7	7	11	4	12	9	50

The cross-tabulation between personal income and control over finances shows varied effects of micro-credit on women entrepreneurs' financial autonomy. While 11 respondents reported increased personal income, only some of them simultaneously experienced increased control over finances. Conversely, 14 respondents experienced significant decreases in income, and several of these also reported reduced control over finances. Overall, these results suggest that while micro-credit has the potential to improve personal income, the degree to which women gain control over their finances depends on effective financial management and the sufficiency of loan amounts.

- *Impact on Ability to Save and Household Food Security*

Table 16 Impact on Ability to Save and Household Food Security

Ability to save Impact	Household food security Impact						Total
	Decreased	Increased	No Change	Not App..	Signifi..	Signifi..	
Decreased	0	3	1	1	2	1	8
Increased	1	0	0	1	1	1	4
No Change	2	2	0	1	2	2	9
Not Applicable	2	1	3	2	1	3	12
Significantly Decre..	2	2	1	0	4	2	11
Significantly Incre..	0	1	2	1	2	0	6
Total	7	9	7	6	12	9	50

The analysis of ability to save and household food security indicates that micro-credit can partially enhance household welfare. Twelve respondents reported significant changes in their ability to save, with some corresponding improvements in household food security. However, a notable proportion experienced decreased or unchanged savings and food security outcomes, highlighting that credit alone may not fully secure household well-being without complementary income-generating activities and sound financial planning.

• *Impact on Children’s Education and Healthcare*

Table 17 Impact on Children’s Education and Healthcare

Children education Impact	Healthcare Impact						Total
	Decreased	Increased	No Change	Not App..	Signifi..	Signifi..	
Decreased	1	1	2	1	2	2	9
Increased	0	0	1	1	2	1	5
No Change	1	1	0	1	0	2	5
Not Applicable	2	2	1	1	2	4	12
Significantly Decre..	1	2	1	1	0	2	7
Significantly Incre..	0	2	1	6	2	1	12
Total	5	8	6	11	8	12	50

The effects of micro-credit on children’s education and healthcare show mixed outcomes. While 12 respondents reported significant increases in healthcare access, only a few simultaneously saw improvements in children’s education. Conversely, nine respondents indicated decreased outcomes in children’s education, with some also facing healthcare challenges. These findings indicate that while financial support from micro-credit can improve household access to essential services, the impact is uneven and influenced by how loans are allocated within household priorities.

• *Investment in Assets*

Table 18 Investment in Assets

Invest in assets Impact	Freq.	Percent	Cum.
Decreased	10	20.00	20.00
Increased	12	24.00	44.00
No Change	9	18.00	62.00
Not Applicable	6	12.00	74.00
Significantly Decreased	6	12.00	86.00
Significantly Increased	7	14.00	100.00
Total	50	100.00	

Regarding investment in assets, 12 respondents reported increased investment, while seven experienced significant increases. However, 10 respondents indicated decreased investment, and six faced significant declines. This suggests that while micro-credit enables some women to acquire productive assets, enabling business growth and wealth accumulation, others struggle to convert loans into long-term capital, possibly due to repayment pressures or limited business opportunities.

• *Reduced Financial Dependence and Household Respect*

Table 19 Reduced Financial Dependence and Household Respect

Reduced financial dependence	Respected in household					Total
	Agree	Disagree	Neutral	Strongl..	Strongl..	
Agree	2	2	2	0	2	8
Disagree	5	3	2	4	1	15
Neutral	1	0	2	1	2	6
Strongly Agree	0	3	2	2	3	10
Strongly Disagree	3	0	2	2	4	11
Total	11	8	10	9	12	50

The cross-tabulation on reduced financial dependence and respect within the household highlights the social dimension of empowerment. Ten respondents strongly agreed that micro-credit contributed to reduced dependence and enhanced respect, while

15 disagreed or strongly disagreed. This suggests that while micro-credit can foster social empowerment and greater household influence for some women, cultural norms, household dynamics, and loan outcomes can limit these benefits for others.

- *Expanded Social Networks and Coping with Emergencies*

Table 20 Expanded Social Networks and Coping with Emergencies

Expanded social network	Coping with emergencies					Total
	Agree	Disagree	Neutral	Strongl..	Strongl..	
Agree	5	2	1	1	1	10
Disagree	1	3	1	2	6	13
Neutral	1	1	0	2	2	6
Strongly Agree	0	5	3	3	3	14
Strongly Disagree	2	3	0	0	2	7
Total	9	14	5	8	14	50

Micro-credit appears to have a role in social capital development, as 10 respondents agreed and 14 strongly agreed that it expanded their social networks. Similarly, access to credit helped some women cope with emergencies, though 13 disagreed and seven strongly disagreed, indicating that social support and emergency resilience are influenced by multiple factors beyond financial access.

- *Freedom to Pursue Personal Goals*

Table 21 Freedom to Pursue Personal Goals

Freedom to pursue goals	Freq.	Percent	Cum.
Agree	11	22.00	22.00
Disagree	16	32.00	54.00
Neutral	8	16.00	70.00
Strongly Agree	10	20.00	90.00
Strongly Disagree	5	10.00	100.00
Total	50	100.00	

Finally, the analysis of freedom to pursue personal goals reveals mixed empowerment effects. While 21 respondents agreed or strongly agreed that micro-credit improved their ability to pursue goals, 16 disagreed, and eight remained neutral. These results demonstrate that micro-credit can enhance autonomy and personal agency, but its impact is constrained by household obligations, cultural expectations, and the sufficiency of financial support.

➤ *Limitations in Accessing and Utilizing Micro-Credit*

- *High Interest Rates*

Table 22 High interest rates

High interest rates challenge	Freq.	Percent	Cum.
Major Challenge	13	26.00	26.00
Minor Challenge	10	20.00	46.00
Moderate Challenge	16	32.00	78.00
Not a Challenge	11	22.00	100.00
Total	50	100.00	

The analysis of high interest rates as a challenge for women entrepreneurs in Lusaka shows that it is a significant concern affecting access to micro-credit. Out of the 50 respondents, 13 (26%) identified high interest rates as a major challenge, while 16 (32%) considered them a moderate challenge and 10 (20%) viewed them as a minor challenge. Only 11 respondents (22%) reported that high interest rates were not a challenge. This indicates that a majority of women entrepreneurs face financial pressure from elevated interest rates, which can limit the ability to effectively use loans for business expansion and economic empowerment, potentially affecting profitability and sustainability.

- *Short Term Periods and Complicated Process*

Table 23 Short Term Periods and Complicated Process

Short repayment periods	Complicated process				Total
	Major C..	Minor C..	Moderat..	Not a C..	
Major Challenge	2	3	1	1	7
Minor Challenge	1	4	8	6	19
Moderate Challenge	2	6	2	3	13
Not a Challenge	4	4	1	2	11
Total	9	17	12	12	50

The findings on short repayment periods and complicated loan processes indicate that procedural and structural challenges significantly affect women entrepreneurs' access to micro-credit. Among the 50 respondents, 7 identified short repayment periods as a major challenge, while 19 considered them minor and 13 moderate, with 11 indicating no challenge. In terms of complicated processes, 9 respondents faced major challenges, 17 minor, 12 moderate, and 12 reported no challenge. These results suggest that rigid repayment schedules and bureaucratic or cumbersome loan procedures can hinder women from fully benefiting from micro-credit, potentially limiting timely business expansion and the effective utilization of financial resources.

- *Time Constraint and Lack of Other Services*

Table 24 Time Constraint and Lack of Other Services

Time constraints	Lack of other services				Total
	Major C..	Minor C..	Moderat..	Not a C..	
Major Challenge	6	5	2	5	18
Minor Challenge	4	3	2	3	12
Moderate Challenge	1	2	1	2	6
Not a Challenge	2	3	3	6	14
Total	13	13	8	16	50

The analysis of time constraints and the lack of other supportive services highlights additional barriers faced by women entrepreneurs in Lusaka when accessing micro-credit. Out of 50 respondents, 18 indicated that time constraints were a major challenge, while 12 considered them minor and 6 moderate; 14 reported no challenge. Regarding the lack of complementary services such as financial training, advisory support, or other institutional assistance, 13 respondents considered it a major challenge, another 13 viewed it as minor, 8 as moderate, and 16 as not a challenge. These findings demonstrate that limited time availability and inadequate supportive services can impede the effective utilization of micro-credit, reducing its potential impact on business growth and the economic empowerment of women.

- *Loan Diversion*

Table 25 Loan Diversion

Loan diversion	Freq.	Percent	Cum.
No, never	11	22.00	22.00
Yes, a significant portion	18	36.00	58.00
Yes, a small portion	21	42.00	100.00
Total	50	100.00	

The data on loan diversion among women entrepreneurs in Lusaka indicates that the intended use of micro-credit is not always strictly followed. Out of 50 respondents, 11 (22%) reported that they never diverted loans from their intended purpose, while 21 (42%) admitted diverting a small portion of the loan. Notably, 18 respondents (36%) diverted a significant portion of the funds. This suggests that loan diversion is a prevalent issue, which could undermine the effectiveness of micro-credit in promoting business expansion and economic empowerment, as funds may not be fully applied to productive activities or strategic business investments.

- *Support Needed*

Table 26 Support Needed

Support Needed	Freq.	Percent	Cum.
Access to savings accounts	2	4.00	4.00
Access to savings accounts, Longer re..	1	2.00	6.00
Access to savings accounts, Longer re..	1	2.00	8.00
Access to savings accounts, Market li..	1	2.00	10.00
Access to savings accounts, Mentorshi..	1	2.00	12.00
Business insurance	2	4.00	16.00
Business insurance, Childcare support..	1	2.00	18.00
Business insurance, Lower interest ra..	1	2.00	20.00
Business insurance, Other	1	2.00	22.00
Childcare support, Longer repayment p..	1	2.00	24.00
Childcare support, Mentorship programs	1	2.00	26.00
Larger loan amounts, Longer repayment..	1	2.00	28.00
Larger loan amounts, Longer repayment..	1	2.00	30.00
Larger loan amounts, More comprehensi..	1	2.00	32.00
Larger loan amounts, Other, Mentorshi..	1	2.00	34.00
Longer repayment periods	2	4.00	38.00
Longer repayment periods, Access to s..	2	4.00	42.00
Longer repayment periods, Market link..	1	2.00	44.00
Longer repayment periods, Other	1	2.00	46.00
Lower interest rates	1	2.00	48.00
Lower interest rates, Access to savin..	1	2.00	50.00
Lower interest rates, Other, Business..	1	2.00	52.00
Lower interest rates, Other, Childcar..	1	2.00	54.00
Market linkage support	1	2.00	56.00
Market linkage support, More flexible..	1	2.00	58.00
Market linkage support, Other	1	2.00	60.00
Mentorship programs	3	6.00	66.00
Mentorship programs, Access to saving..	1	2.00	68.00
Mentorship programs, Other	1	2.00	70.00
More comprehensive business training	1	2.00	72.00
More comprehensive business training,..	1	2.00	74.00
More comprehensive business training,..	1	2.00	76.00
More comprehensive business training,..	1	2.00	78.00
More flexible repayment schedules, La..	1	2.00	80.00
More flexible repayment schedules, Lo..	1	2.00	82.00
More flexible repayment schedules, Me..	1	2.00	84.00
Other	2	4.00	88.00
Other, Access to savings accounts, Ch..	1	2.00	90.00
Other, Childcare support	1	2.00	92.00
Other, Market linkage support	1	2.00	94.00
Other, Market linkage support, Access..	1	2.00	96.00
Other, More comprehensive business tr..	1	2.00	98.00
Other, More comprehensive business tr..	1	2.00	100.00
Total	50	100.00	

The analysis of support needed by women entrepreneurs reveals a diverse set of requirements to enhance the effectiveness of micro-credit in business growth. Respondents highlighted access to savings accounts, longer repayment periods, lower interest rates, business insurance, childcare support, market linkage, mentorship programs, larger loan amounts, more comprehensive business training, and flexible repayment schedules. For instance, mentorship programs accounted for 6% of respondents, while other combinations of support needs including access to savings accounts combined with longer repayment periods or market linkages

collectively made up a substantial portion of the responses. This indicates that women entrepreneurs require multifaceted support that goes beyond mere access to loans, emphasizing financial, technical, and social assistance to optimize business outcomes.

- *Life Change Statement*

Table 27 Life Change Statement

Life Change Statement	Freq.	Percent	Cum.
I invested in inventory and increased..	13	26.00	26.00
I was able to start poultry farming a..	15	30.00	56.00
It reduced my dependence on my husban..	6	12.00	68.00
Micro-credit helped me expand my shop..	6	12.00	80.00
The loans allowed me to buy equipment..	10	20.00	100.00
Total	50	100.00	

Regarding the impact of micro-credit on personal and business life, the data shows substantial positive changes. Of the 50 respondents, 15 (30%) reported starting poultry farming and agribusiness ventures, 13 (26%) invested in inventory and increased stock, while 10 (20%) used loans to purchase equipment for business operations. Additionally, 6 (12%) indicated reduced dependence on husbands or family members, and another 6 (12%) expanded their shops with the help of micro-credit. These findings underscore the transformative role of micro-credit in enabling women to diversify income sources, strengthen business operations, and gain financial independence, ultimately contributing to improved household welfare and social empowerment.

➤ *Discussion of Research Findings*

The findings from this study highlight the significant role micro-credit plays in shaping the financial, social, and business outcomes for women entrepreneurs. The data indicate that access to micro-credit has a notable influence on business growth, with respondents using loans for diverse purposes such as purchasing equipment, expanding inventory, hiring employees, and marketing (26–32% of respondents in respective categories). These results align with earlier studies that emphasize micro-credit as a tool for stimulating small business expansion and operational diversification (Armendariz & Morduch, 2010; Kabeer, 2001). However, the study also shows that some women faced challenges in maximizing the benefits of loans due to high interest rates (26% identified as a major challenge), short repayment periods, complicated loan processes, and time constraints, confirming findings from previous research on structural and procedural barriers in micro-finance systems (Ledgerwood, 2013; Mayoux, 2002).

The findings further reveal a positive impact of micro-credit on personal and household outcomes. Many respondents reported increased personal income, greater control over finances, improved ability to save, and enhanced household food security. These results support the notion that financial inclusion through micro-credit can enhance not only business performance but also household welfare and women's empowerment (Karlan & Zinman, 2011; Pitt et al., 2006). Additionally, social dimensions such as expanded social networks, coping with emergencies, and freedom to pursue personal goals were positively influenced, demonstrating the multidimensional benefits of access to financial resources. Nevertheless, some respondents noted minimal changes in household respect or social influence, suggesting that financial empowerment does not always translate immediately into social recognition, consistent with studies highlighting the complex interplay between economic and social empowerment (Goetz & Gupta, 1996).

The study also identifies key gaps and areas for policy and programmatic intervention. While the majority of women received loans, a significant portion reported diversion of funds for unintended purposes, indicating the need for better loan monitoring, financial literacy, and mentorship support. Respondents also indicated the need for complementary services, including access to savings accounts, flexible repayment schedules, business training, and childcare support. This underscores the importance of an integrated support system that combines financial and non-financial services to optimize the effectiveness of micro-credit programs (Hashemi et al., 1996; Schreiner, 2003).

Finally, the findings confirm that micro-credit alone is insufficient to guarantee sustainable business growth. Some respondents noted that without micro-credit, business expansion would not have been possible, yet others reported that loans were not always adequate or accompanied by training, which limited their impact. This suggests that financial interventions need to be complemented by capacity-building initiatives, market access facilitation, and supportive policy frameworks to ensure that micro-credit contributes meaningfully to long-term business sustainability and women's empowerment (Armendariz & Morduch, 2010; Kabeer, 2005). Overall, the discussion highlights both the potential and the limitations of micro-credit in enhancing the economic, social, and personal well-being of women entrepreneurs in the study area.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

➤ *Overview*

This chapter presents the conclusion and recommendations of the study, drawing on the analysis of the effects of micro-credit on women entrepreneurs' business performance, financial well-being, and social empowerment. The study explored how access to micro-credit influenced key business outcomes, including revenue growth, asset acquisition, inventory management, and customer expansion, as well as personal and household impacts such as income, savings, food security, children's education, and healthcare. It also examined challenges faced by women in accessing and utilizing loans, including high interest rates, short repayment periods, complicated loan processes, and time constraints, alongside the need for complementary support services such as mentorship, business training, flexible repayment schedules, and access to savings accounts. The findings highlight both the opportunities micro-credit provides for economic empowerment and the limitations that reduce its effectiveness, emphasizing the need for integrated interventions to maximize sustainable business growth and social benefits.

➤ *Conclusion*

The findings of this study indicate that micro-credit plays a significant role in enhancing the growth and sustainability of women-owned micro and small enterprises in Zambia. Access to micro-credit was associated with increased business revenue, expansion of assets, improvement in inventory management, and a moderate increase in the ability to hire employees, which collectively contributed to overall business performance. These results align with the findings of Kabeer (2005), who emphasized that financial inclusion through micro-credit can empower women economically by improving business capacity and household welfare. Additionally, the study revealed that micro-credit facilitated social and personal empowerment, including reduced financial dependence, enhanced decision-making power, improved ability to save, and better provision for children's education and household healthcare, corroborating earlier studies by Mayoux (2001) and Pitt et al. (2006).

Despite these positive outcomes, challenges such as high interest rates, short repayment periods, complicated loan processes, and limited access to complementary support services were found to constrain the full potential of micro-credit in promoting sustainable business growth (Ledgerwood, 2013; Armendariz & Morduch, 2010). Loan diversion, either partial or significant, was also observed, indicating that some funds were redirected from intended business purposes, potentially limiting impact. The study further highlights that while micro-credit contributes to economic empowerment, the absence of business training, mentorship, and market linkages reduces its effectiveness in ensuring long-term sustainability, a finding consistent with research by Cheston and Kuhn (2002).

In conclusion, micro-credit is a vital tool for enhancing women's entrepreneurship and household welfare, but its full benefits are realized only when combined with supportive interventions such as financial literacy training, flexible repayment schemes, and access to broader financial and business services. Policymakers and microfinance institutions should adopt a holistic approach that addresses both financial and non-financial barriers to maximize the positive impact of micro-credit on women entrepreneurs in Zambia.

➤ *Recommendations*

Based on the findings of this study, several recommendations are proposed to enhance the effectiveness of micro-credit in promoting women entrepreneurship and household welfare in Zambia. First, microfinance institutions (MFIs) should consider offering loans with lower interest rates and longer repayment periods, as high interest rates and short repayment schedules were identified as significant challenges for women entrepreneurs (Ledgerwood, 2013; Armendariz & Morduch, 2010). Flexible repayment schemes could reduce financial stress and enable borrowers to use funds more productively for business growth.

Second, the provision of complementary support services, including business training, financial literacy programs, mentorship, and market linkage facilitation, is essential to maximize the impact of micro-credit. Studies have shown that financial support alone may not ensure sustainable business growth unless accompanied by capacity-building interventions (Mayoux, 2001; Cheston & Kuhn, 2002). MFIs and policymakers should therefore integrate non-financial services into microfinance programs to strengthen business management skills and improve strategic decision-making among women entrepreneurs.

Third, there is a need to monitor and guide the use of micro-credit to minimize loan diversion. While some diversion may be unavoidable, ensuring that loans are primarily used for business expansion, asset acquisition, or operational improvements can improve overall business performance and sustainability (Kabeer, 2005). This could be achieved through follow-up visits, reporting mechanisms, and financial counseling.

Finally, policymakers should focus on creating an enabling environment for women entrepreneurs by promoting access to formal savings accounts, business insurance, and childcare support. Such measures can reduce financial vulnerability, enhance personal empowerment, and allow women to balance business and household responsibilities effectively (Pitt et al., 2006; Armendariz & Morduch, 2010).

By implementing these recommendations, MFIs, development agencies, and policymakers can significantly enhance the economic and social benefits of micro-credit for women entrepreneurs in Zambia, fostering both business sustainability and improved household welfare.

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APPENIX: QUESTIONNAIRE

➤ *Questionnaire*

Title: Assessing the Effectiveness of Micro-Credit in Enhancing Business Expansion and Economic Empowerment of Women Entrepreneurs in Lusaka District

• *Introduction:*

Dear Participant,

This questionnaire is part of a research study aimed at understanding the role of micro-credit in supporting women entrepreneurs in Lusaka. Your honest responses are very important for the success of this study. All information you provide will be kept strictly confidential and used only for research purposes. Your participation is voluntary, and you can withdraw at any time.

Thank you for your time and cooperation.

Section A: Demographic and Business Information

Please tick (✓) the appropriate box or write your answer in the space provided.

Age:

- 1. 18-25 years
- 2. 26-35 years
- 3. 36-45 years
- 4. 46-55 years
- 5. 56 years and above

Marital Status:

- 1. Single
- 2. Married/Co-habiting
- 3. Divorced/Separated
- 4. Widowed

Highest Level of Education Completed:

- 1. No formal education
- 2. Primary School
- 3. Secondary School
- 4. College/Vocational Training
- 5. University Degree
- 6. Post-graduate

Type of Business: (e.g., Food vending, Tailoring, Retail shop, Hair salon, Agriculture, etc.)

How long have you been operating this business?

- 1. Less than 1 year
- 2. 1-3 years
- 3. 4-6 years
- 4. 7-10 years
- 5. More than 10 years

Do you currently employ anyone (full-time or part-time) other than yourself?

- 1. Yes
 - 2. No
- If Yes, how many? _____

If No, give reasons _____

Section B: Effect of Micro-Credits on Business Expansion (Objective I)

This section explores how micro-credit has influenced the growth of your business.

From which type of institution did you receive your most recent micro-credit loan?

1. Microfinance Institution (MFI)
2. Commercial Bank (Micro-loan product)
3. SACCO/Cooperative
4. NGO/Community-based organization
5. Other (Please specify): _____

How many micro-credit loans have you received in total for your business?

1. 1
2. 2-3
3. 4-5
4. More than 5

What were the main reasons for taking this number of loans, and how have they affected the growth or operations of your business?

What was the approximate amount of your most recent micro-credit loan? _____ ZMW

How did you primarily use the funds from your most recent micro-credit loan? (Tick all that apply)

1. Purchasing more inventory/stock
2. Buying new equipment/tools
3. Expanding/renovating business premises
4. Hiring new employees
5. Marketing/Advertising
6. Diversifying products/services
7. Paying off existing debts (business-related)
8. Other (Please specify): _____

Table 28 Please rate the impact of micro-credit on the following aspects of your business since you started receiving loans:

Aspect of Business	Significantly Increased	Increased	No Change	Decreased	Significantly Decreased	Not Applicable
Monthly Revenue						
Monthly Profit						
Inventory/Stock Size						
Number of Customers						
Number of Employees						
Business Assets (e.g., equipment, property)						

Table 29 To what extent do you agree with the following statements regarding micro-credit and your business expansion?

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Micro-credit has enabled me to grow my business significantly.					
Without micro-credit, my business would not have expanded.					
The loan amount was sufficient for my business expansion needs.					
I received adequate business training or advice alongside the loan.					
Micro-credit has helped my business become more stable and sustainable.					

Section C: Effectiveness of Micro-Credit in Economic Empowerment of Women (Objective II)

This section focuses on how micro-credit has contributed to your personal economic empowerment and well-being.

Table 30 Please rate the impact of micro-credit on the following aspects of your personal and household economic situation:

Aspect of Business	Significantly Increased	Increased	No Change	Decreased	Significantly Decreased	Not Applicable
Your personal income						
Your control over household finances						
Your ability to save money						
Your household's food security						
Your children's access to education						
Your household's access to healthcare						
Your ability to invest in personal assets (e.g., land, house)						

Table 31 To what extent do you agree with the following statements regarding micro-credit and your economic empowerment?

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Micro-credit has reduced my financial dependence on others.					
I feel more respected in my household because of my business income.					
My participation in micro-credit groups has expanded my social network.					
I am better able to cope with unexpected financial emergencies now.					
Micro-credit has given me more freedom to pursue my own goals.					

Section D: Limitations in Accessing and Utilizing Micro-Credit (Objective III)

This section aims to understand the challenges women entrepreneurs face with micro-credit.

If you have NOT received a micro-credit loan, what were the main reasons? (Tick all that apply)

1. Not aware of micro-credit services
2. Did not meet eligibility criteria
3. Application process was too complicated
4. High interest rates
5. Fear of debt/inability to repay
6. Lack of collateral
7. No need for a loan
8. Family/husband discouraged me
9. Other (Please specify): _____

Table 32 For those who have received micro-credit, please indicate the extent to which the following were challenges for you:

Challenge	Major Challenge	Moderate Challenge	Minor Challenge	Not a Challenge
High interest rates				
Short repayment periods				
Complicated application process/paperwork				
Time constraints due to business and household responsibilities				
Lack of other financial services (e.g., savings, insurance) from MFI				

Please explain your answers above by indicating which challenge(s) affected you the most and how they influenced your ability to benefit from the loan.

Did you ever use part of your micro-credit loan for non-business purposes (e.g., household expenses, medical bills, school fees)?

1. Yes, a significant portion
2. Yes, a small portion
3. No, never

If yes, please explain why you used part of the loan for non-business purposes and what impact this had on both your household and your business.

If No, Please explain how you managed to restrict the loan strictly to business use and what strategies helped you avoid diverting funds.

What additional support or services do you think microfinance institutions should offer to better support women entrepreneurs? (Tick all that apply)

1. Larger loan amounts
2. Lower interest rates
3. Longer repayment periods
4. More flexible repayment schedules
5. More comprehensive business training
6. Mentorship programs
7. Access to savings accounts
8. Business insurance
9. Market linkage support
10. Childcare support
11. Other (Please specify): _____

In your own words, how has micro-credit changed your life as a woman entrepreneur?

Thank your for your participation