

**MICROFINANCE CREDIT TERMS AND THE PERFORMANCE OF
WOMEN-OWNED ENTERPRISES IN OBONGI DISTRICT**

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21/U/3105/MBA/PS



**A DISSERTATION SUBMITTED TO THE FACULTY OF BUSINESS
AND DEVELOPMENTAL STUDIES IN PARTIAL FULLFILMENT OF
THE REQUIREMENTS FOR THE AWARD OF MASTER OF
BUSINESS ADMINISTRATION DEGREE OF GULU UNIVERSITY**

APRIL, 2024

DECLARATION

This is to declare that, this piece of work is original and has not been submitted to any other institution for academic or any other award.

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APPROVAL

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ACKNOWLEDEMENT

I would like to dedicate this piece of work to each and every one who has supported me in one way or the other throughout my journey in undertaking this course. Specifically I acknowledge the support of my supervisors Dr. Paul Onyango-Delewa, CPA, PhD, Mr. Ocaya Patrick and my Colleague Edama Richard Drachiri , my family and course mates. Without your support in one way or the other , I would not reach this far and may the Almighty Allah bless all of you abundantly.

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LIST OF ABBREVIATIONS AND ACRONYMS

BRAC:	Bangladesh Rural Advanced Committee
CIDA:	Canadian International Development Agency
COBE:	Census of Business Establishments
DRDIP:	Development Response to Displacement Impact Projects
FAULU:	A Swahili word meaning Success
FINCA:	Foundation for International Community Assistance
GDP:	Gross Domestic product
HDI:	Human Development Indicators
MDI:	Microfinance Deposit Taking Institutions
MFI:	Microfinance Institutions
MFCT:	Microfinance Credit Terms
MFPE:	Ministry of Finance Planning and Economic Development
NGO:	Non-Government Organization
NSDS:	National Service Delivery survey
PRIDE:	Promotion of Rural Initiative Development Enterprises
ROSCAs:	Rotating Savings and Credit Associations
SACCOS:	Savings and credit cooperative organization
UDHS:	Uganda Demographic Household survey
UNHS:	Uganda National Household Survey
UWEP:	Uganda Women Empowerment Program
WOCCU:	World Council of Credit Unions
WOES:	Women Owned Enterprises
WOUGNET:	Women of Uganda Net Work

ABSTRACT

The study investigated the effect of Microfinance Credit Terms on the Performance of Women – Owned Enterprises in Obongi District, West Nile Region, Uganda . Specifically, the study objectives were, to examine the microfinance credit terms issued to women-owned enterprises, to examine the status of performance of women- owned enterprises, to investigate the relationship between credit terms and performance of women-owned enterprises, to determine the relationship between management policy and performance of Women-owned enterprises. The study adopted a descriptive and cross sectional study design supported by qualitative and quantitative approaches. Sample size of 133 respondents was considered. Questionnaire was used to generate data which was analyzed and presented using SPSS. Qualitative data was analyzed using thematic analysis Results show that Performance of women-owned enterprises in Obongi District was average. The qualitative analysis revealed that the overall performance of women-owned ventures in the district is not exceptional. This suggests that there is room for improvement and intervention to enhance the performance of these enterprises. Furthermore, Micro-finance credit terms are stringent and unfavorable: The qualitative findings indicate that the current micro-finance credit terms are perceived as stringent and unfavorable for women-owned enterprises. This suggests that the existing credit terms may pose challenges and constraints for these businesses in accessing and utilizing financial resources effectively. The study recommends that Microfinance Institutions should review and revise microfinance credit terms. This is so because the study indicates that the current credit terms are stringent and unfavorable for women-owned enterprises. It is recommended to review and revise these terms to make them more favorable and accommodating for women entrepreneurs. This may involve considering lower interest rates, flexible repayment periods, and other terms that better align with the specific needs and constraints of women-owned businesses. The study concludes that an emphasis should be put on interventions and policy changes to improve the performance of women-owned enterprises in Obongi District. This includes revising micro-finance credit terms, addressing high interest rates, promoting flexible repayment periods, and implementing supportive management policies. These measures can contribute to creating a more enabling environment for women entrepreneurs and enhance the overall performance and sustainability of their ventures.

CHAPTER ONE

INTRODUCTION

1.1-Introduction

In the contemporary business environment, there has been increasing recognition of the significant role played by women-owned enterprises in driving economic growth, fostering innovation, and promoting social development. Despite facing numerous challenges, women entrepreneurs have been making substantial contributions to various sectors of the economy, both in developed and developing countries.

Women-owned enterprises play a vital role in poverty alleviation and economic empowerment, particularly in regions with high gender disparities. Women-owned businesses have the potential to create millions of jobs and significantly contribute to GDP growth in emerging economies (International Finance Corporation, 2020). Promoting women-owned enterprises aligns with the agenda for sustainable and inclusive economic development. By providing women with access to entrepreneurship opportunities, education, and resources, societies can address gender inequality, promote social inclusion, and foster long-term prosperity (United Nations, 2015).

Much as studies on microfinance credit terms have been conducted, limited studies have investigated its effect on performance of women owned enterprises. However, microfinance credit terms is a factor commonly indicated in related literature as critical as far as enterprise performance is concerned especially those in Africa (Oluwatayo, et al 2017). Management policy is also another factor some scholars claim that is critical in performance of this institutions (Durmic, & Poturak 2020). This research therefore focused on investigating the effect of microfinance credit terms on the performance of women –owned enterprises in Obongi district (West Nile Region) of Uganda as a case study. Management policy was also investigated as a possible moderating factor between microfinance credit terms and performance.

This Chapter presents the study back ground, problem statement, purpose of the study, study objectives ,research questions, scope of the study, significance of the study and the conceptual framework.

1.2-Background of the Study

Microfinance, particularly targeted towards women, has a rich history that spans global perspectives and has evolved over time to address the unique financial needs of women entrepreneurs and households. Microfinance, in its modern form, traces its origins back to the 1970s, with the pioneering work of Dr. Muhammad Yunus in Bangladesh. Dr. Yunus founded the Grameen Bank in 1976, which provided small loans to impoverished individuals, primarily women, to start or expand small businesses. This initiative, known as microcredit, aimed to alleviate poverty by empowering women and fostering entrepreneurship at the grassroots level (Yunus, 1998).

The success of microfinance initiatives like the Grameen Bank led to the expansion and globalization of microcredit programs, with organizations such as Accion, FINCA International, and BRAC replicating the model in various countries across Asia, Africa, and Latin America. These programs targeted women as key beneficiaries, recognizing their role as effective borrowers and agents of change within their communities (Ledgerwood, 2009). Microfinance became increasingly recognized for its potential to empower women, enhance their economic independence, and improve household welfare. Studies showed that women borrowers were more likely to invest their earnings in their families' education, health, and nutrition, leading to positive social outcomes and poverty reduction (Duflo, 2013).

The study by Luitel and Maharjan (2021) examined the impact of microfinance on poverty reduction in Nepal using panel data analysis. The findings indicated that microfinance has a significant positive impact on poverty reduction in Nepal. Specifically, the study found that microfinance has a

significant effect on reducing the poverty headcount ratio and poverty gap index, indicating its potential as a tool for poverty reduction in developing countries.

A study by Rahman (2018) in Bangladesh found that while microfinance credit terms can have a positive impact on the growth and profitability of women-owned enterprises, it can also lead to over-indebtedness and financial vulnerability. The study found that women entrepreneurs who received multiple loans from different microfinance institutions were more likely to experience financial stress and default on their loans.

Khandker (2020) investigated the impact of microcredit on rural poverty reduction in Bangladesh using survey data from 2010. The findings indicated that microcredit has played a significant role in reducing poverty in rural areas of Bangladesh. Specifically, the study found that microcredit has helped increase the income and consumption of poor households, which in turn has contributed to poverty reduction. The study also found that microcredit has had a more significant impact on reducing poverty among female-headed households and those with less education, highlighting the importance of microcredit in promoting gender equality and education in developing countries.

De Luca and Zizzamia (2020) conducted a study on microfinance and rural non-farm development in Ethiopia. The study provides evidence that microfinance positively affects rural non-farm development, particularly in terms of increasing household income, diversification of income sources, and promoting entrepreneurship. The authors argue that microfinance institutions can play a crucial role in reducing poverty in rural areas by providing access to financial services, which can support the growth and development of rural non-farm enterprises.

Studies done Steel and Webster, (1991) indicate that women owned businesses have a variety of problems among which inadequate capital features most and yet capital is very crucial in expanding and improving incomes in Uganda. Most formal credit policies discriminate against small businesses because of the high transactions and supervision costs and lack of collateral. This has widened the

intermediary gap between small businesses and financial institutions. To close the intermediary gap, there has been the emergence of MFIs. MFIs are now seen as one of the promising financial institutions to such small businesses .

A study by Kabeer and Mahmud (2009) found that the terms of microfinance credit can significantly affect the success of women-owned enterprises. The study, which was conducted in Bangladesh, found that women entrepreneurs who received larger loans and longer repayment periods were more likely to be successful in their businesses. The study also found that women who received loans without collateral were more likely to invest in their businesses and generate higher profits.

Similarly, a study by Nwachukwu and Ezejiofor (2017) in Nigeria found that microfinance credit terms, such as interest rates and repayment periods, have a significant impact on the profitability of women-owned enterprises. The study found that women who received loans with longer repayment periods and lower interest rates were more likely to generate higher profits.

In Uganda, microfinance programs targeting women began to gain traction in the 1990s, spurred by the government's efforts to promote financial inclusion and poverty reduction. Organizations such as Uganda Women's Effort to Save Orphans (UWESO), Uganda Women Finance Trust (UWFT), and BRAC Uganda Microfinance Limited (BRAC Uganda) implemented microcredit initiatives aimed at empowering women entrepreneurs and improving their access to financial services (Kasekende, 2006). Women-focused microfinance programs in Uganda have demonstrated positive impacts on women's economic empowerment, household welfare, and community development. However, challenges such as limited access to capital, inadequate financial literacy, and gender-based constraints persist, hindering the full realization of women's entrepreneurial potential (Matovu, 2015).

In Uganda, micro and small enterprises contribute about 20% to the GDP and employs about 90 percent of non-farm economically active population (MFPED, 2018). Currently women own about 40% of the private enterprises in Uganda, mostly small informal enterprises and at micro enterprise level; they provide about 48 percent of the employment (MFPED, 2014).

MFI's specialize in providing financial loans to economically active business people. MFIs are organizations that provide savings/credit facilities to micro, small and medium businesses including women-owned that have experienced difficulties in obtaining these loans from most formal financial institutions like banks because business and credit needs are small.

According to a study by Kizza and Abaho (2018), access to microfinance has a positive effect on the performance of women-owned enterprises in Uganda. The study found that access to credit helped women entrepreneurs to expand their businesses, increase production, and generate more income, leading to poverty reduction and increased economic growth.

Another study by Bwire and Mwesigye (2019) found that lack of access to credit was one of the major challenges facing women-owned enterprises in Uganda. The study recommended the need for microfinance institutions to design financial products that are specifically tailored to the needs of women entrepreneurs, such as flexible repayment schedules and collateral-free loans.

Additionally, a study by Ninsiima et al. (2019) revealed that training and mentorship provided by microfinance institutions had a positive impact on the performance of women-owned enterprises in Uganda. The study found that women entrepreneurs who received training and mentorship were able to acquire business skills, expand their markets, and improve their profitability.

In the context of the Obongi district, there is limited literature on the impact of microfinance credit terms on the performance of women-owned enterprises. However, a study by Asimwe, Muwanga, and Okumu (2019) in Uganda provides some insights into the broader national context. The study

found that while microfinance credit terms has played an important role in promoting women entrepreneurship and economic development in Uganda, there are still significant challenges that need to be addressed.

1.3-Statement of the Problem

Despite the Government of Uganda's concerted effort through the Ministry of Trade, Industry and Cooperatives (MTIC), Uganda Microfinance Regulatory Authority(UMRA) and Bank of Uganda (BOU) to emphasize on provision of microfinance credit with better credit terms to women-owned enterprises, the performance of women-owned enterprises is still faced with a lot of challenges, which has as a result affected their growth in the enterprise asset growth, sales volume, and profitability (Kasekende and Kasekende 2020)

The performance of women owned enterprises has remained below expectations coupled with a number of enterprises that do not last for more than a year and those that survived reported low sales with limited scope of profitability (UIA 2020 and MFPED 2021). Favourable micro-finance credit terms has been louded as pivotal in the performance of enterprises. Limited studies have examined the effect of micro-finance credit terms on the performance of women owned enterprises. This study focused on addressing this gap.

1.4-Purpose of the Study

The purpose of the study was to investigate the effect of MFCT on performance of women-owned enterprises in Obongi District.

1.4.1-Study Objectives

1. To examine the nature of microfinance credit terms from the perspectives of women owned enterprises in Obongi District.
2. To examine the of performance of women- owned enterprises in Obongi District.

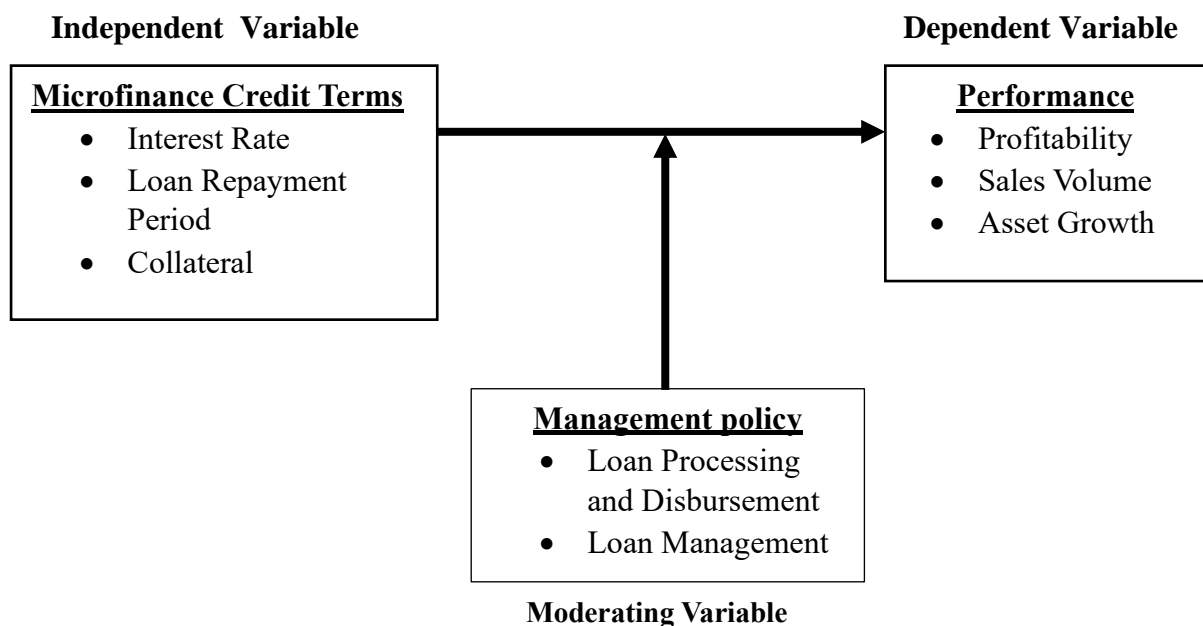
- 3.To investigate the relationship between credit terms and performance of women-owned enterprises
- 4.To determine the relationship between management policy and performance of Women-owned enterprises.

1.5-Research Questions

1. What is is the extent of adherence to credit terms by women -owned enterprises?
2. What is the performance of women owned enterpriess in Obongi District?
3. What is the relationship between credit terms and performance of women -owned enterprises?
4. What is the relationship between management policy and performance of Women-owned enterprises?

1.6-Conceptual Framework

Just like any other research, this study was guided by a systematic conceptual framework. This structure highlighted how the various variables of the study related with each other.The Conceptual Framework of this research was given in the Figure 1.1



Source : Bananuka & Nkote (2018) with modification by the Researcher

Figure 1.1 Conceptual Framework

1.6.1-Notes to the Conceptual Framework

Performance of women owned enterprises has been conceptualized as the dependent variable in the research and it is measured by profitability, Sales volume and Asset growth. Microfinance credit terms is conceptualised to be the independent variable of the study and its constructs are interest rate, loan repayment period and collateral. Management policy was conceptualized to be the moderating variable of the study.

1.7-Scope of the Study

The scope of the study covered the content scope, geographical scope and the time scope respectively.

1.7.1 -Content Scope

The study only focused on relationship between microfinance credits terms and performance of women owned enterprises. The moderating role of management policy was also investigated under this scope of the study.

1.7.2-Geographical Scope

In geographical terms the research was carried out amongst women –owned enterprises operating in Obongi District, West Nile region of Uganda and East Africa.

1.7.3-Time Scope

In terms of time scope, this investigation focused on activities of selected women-owned enterprises in the district from 2017 to 2022 in which research indicated the performance problem has been widely reported.

1.8-Significance of the Study

The study findings provided government information on how microfinance credit terms are facilitating women empowerment. The access to credit and its sustainability by the poor women came into light. This information was directed through the department of trade industry and local economic development and also through Commercial Officer's Forums.

The study further helped government in creating and facilitating favourable credit policies for women owned enterprises provided by microfinance institutions, if information about credit policies employed by different microfinance institutions was availed to the government then harmonization of policies becomes easy hence favourable credit policies could be developed by the government and implemented by the MFIs.

The research also provided information to the microfinance institutions. This acted as a basis upon which their services impacted on the performance of women-owned enterprises. Hence strategizing in improving quality of services to the target enterprises.

The findings of the research also informed microfinance institutions to provide services in a way that will improve the performance of women-owned enterprises. Through developing products that can favour and enhance performance of women-owned enterprises.

The research also provided valuable information to academics regarding micro financial sector and hence contributing to the general body of academic resources knowledge and form basis for further research .

CHAPTER TWO

LITERATURE REVIEW

2.1-Introduction

The area of performance of women-owned enterprises especially in Africa has been widely investigated. This means that there is a lot of literature surrounding it especially how it is connected to microfinance credit terms and management policy. The research therefore reviewed the literature and presented it accordingly.

2.2-Theoretical Framework:

The theoretical framework that underpins the relationship between microfinance credit terms and the performance of women-owned enterprises can be drawn from agency theory and transaction cost theory.

2.2.1-Trade-off theory

The trade-off theory was introduced in the year 1976. It was first presented by Michael C. Jensen and William H. Meckling in their influential paper titled "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure". Jensen and Meckling introduced the trade-off theory as part of their seminal work on the theory of the firm. They argue that firms face a trade-off between the benefits of debt financing, such as tax shields and increased leverage, and the costs associated with financial distress and agency conflicts.

Smith and Warner (2015) examined the role of debt contracts and covenants in mitigating agency conflicts between shareholders and bondholders. Their research highlights the trade-off between protecting bondholders through restrictive covenants and maintaining flexibility for the firm.

Furthermore, Rajan and Zingales (2013) investigated the determinants of capital structure, including the trade-off theory. They find empirical evidence supporting the theory's prediction that firms with higher bankruptcy costs are more likely to use less debt financing. In addition, Frank and Goyal (2008) examined the pecking order theory, which incorporates elements of the trade-off theory. They

find that firms prioritize internal financing and exhibit a preference for debt over equity when external financing is required, supporting the notion of a trade-off between debt and equity issuance.

Titman and Wessels (2011) investigated the factors influencing capital structure decisions of firms. They find that the trade-off theory's prediction of a positive relationship between firm value and debt ratio is supported in their sample of U.S. corporations.

Therefore, according to the trade-off theory, credit terms can impact enterprise performance by balancing the costs and benefits associated with offering credit to customers. By offering favorable credit terms, such as longer payment periods or lower interest rates, a company may attract more customers and increase sales. However, this comes with the risk of late payments or defaults, which can negatively impact the company's cash flow and profitability. The trade-off theory suggests that companies need to find an optimal balance between offering competitive credit terms and mitigating the risks associated with credit sales to maximize their overall performance.

2.2.2-Agency Theory

The term "agency theory" was coined in the 1970s. The foundational paper that introduced and formalized the concept of agency theory is "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure" by Michael C. Jensen and William H. Meckling, published in the Journal of Financial Economics in 1976. This paper is widely recognized as the seminal work that established agency theory as a distinct field of study within economics and finance. It laid the groundwork for understanding the conflicts of interest and agency problems that arise in relationships between principals (e.g., shareholders) and agents (e.g., managers). Since then, agency theory has been further developed and applied in various domains, becoming a fundamental framework for analyzing and addressing principal-agent relationships.

Agency theory provides insights into how credit terms and enterprise performance are connected by examining the relationship between lenders (principal) and borrowers (agents) and the associated agency problems. The theory explains this relationship in the following ways:

Information asymmetry whereby; Agency theory recognizes that lenders have less information about the borrower's creditworthiness and ability to repay the loan than the borrowers themselves. This information asymmetry creates a principal-agent problem where borrowers may have incentives to misrepresent their creditworthiness or engage in opportunistic behavior (Eugene, 2009).

The theory further posits adverse selection in which lenders face the challenge of adverse selection, where borrowers with higher risk profiles are more likely to seek credit. To mitigate this problem, lenders may employ various mechanisms such as credit scoring, collateral requirements, and extensive documentation to screen and select borrowers with lower risk (Bengt, 2014).

According to agency theory, in response to agency problems, lenders can use credit terms as a mechanism to align the interests of borrowers with their own and improve enterprise performance. For example, lenders may impose stricter repayment schedules, higher interest rates, or require collateral as a way to mitigate moral hazard and reduce the risk of default. These terms create incentives for borrowers to perform well and meet their obligations (Gibbons, 2016).

In summary, agency theory suggests that credit terms, such as interest rates, repayment schedules, and collateral requirements, are designed to mitigate the agency problems inherent in lending relationships. By aligning the interests of lenders and borrowers and reducing information asymmetry, credit terms can contribute to improved enterprise performance by reducing default risk, promoting responsible behavior, and fostering a better relationship between lenders and borrowers.

2.3 -Microfinance Credit Terms

Microfinance has been increasingly recognized as a tool for poverty alleviation and economic development, particularly in developing countries. Microfinance Institutions (MFIs) offer financial

services to individuals who are typically excluded from traditional banking systems due to lack of collateral or credit history.

The history of microfinance can be traced back to the 1970s when Professor Muhammad Yunus of Bangladesh established the Grameen Bank to provide small loans to poor individuals who lacked access to formal banking services. Since then, microfinance has grown to become a global phenomenon, with millions of poor individuals accessing microfinance services from various microfinance institutions (MFIs) worldwide.

In the Ugandan perspective, the history of microfinance can be traced back to the early 1980s when various NGOs started providing small loans to poor individuals to support their income-generating activities. However, it was not until the early 1990s that the Ugandan government started to recognize the importance of microfinance in poverty reduction and established the Uganda Microfinance Program (UMFP) to provide support to various MFIs in the country. The UMFP was later replaced by the Microfinance Support Centre (MSC), which continues to provide support to various MFIs in Uganda.

MFIs operate under the supervision of the Bank of Uganda and are regulated by the Microfinance Deposit-Taking Institutions Act of 2003. These institutions provide various financial services, including small loans, savings, and insurance, to poor individuals who lack access to formal banking services. The loans are usually provided without collateral and are intended to support income-generating activities such as farming, small business enterprises, and trade.

The Institutions offer a wide range of financial services to their clients, including small loans, savings accounts, and insurance products. These institutions provide these services to poor individuals who lack access to formal banking services and are unable to meet the collateral requirements of traditional banks. The loans provided by microfinance institutions are usually small, ranging from

as low as UGX 50,000 to UGX 10 million, and are intended to support income-generating activities such as farming, small business enterprises, and trade.

The Microfinance Deposit-Taking Institutions Act of 2003 regulates microfinance institutions in Uganda, and the Bank of Uganda is responsible for supervising their operations. The Act requires the institutions to be registered with the Bank of Uganda and to comply with the minimum capital requirements and other regulations set by the Bank. The Act also requires microfinance institutions to report regularly to the Bank of Uganda on their financial performance and to maintain adequate reserves to cover potential loan losses.

MFIs in Uganda use a variety of lending methodologies to provide loans to their clients. The most common lending methodology is group lending, where loans are provided to groups of borrowers who guarantee each other's loans. This approach helps to reduce the risk of default and allows microfinance institutions to provide loans without collateral. Other lending methodologies used by microfinance institutions in Uganda include individual lending, where loans are provided to individual borrowers, and village banking, where loans are provided to groups of borrowers who live in the same village.

MFIs have been identified as a crucial driver of financial inclusion and SME development. Women-owned enterprises are a significant target group for microfinance services in Uganda, with several MFIs offering specialized products for women entrepreneurs.

Various studies have been conducted to assess the effectiveness of microfinance in Uganda, with most studies reporting positive impacts on the livelihoods of poor individuals. Ogen and Okurut (2017) reported that microfinance has contributed significantly to the reduction of poverty and unemployment in Uganda. Similarly, Okurut and Olorunleke (2018) also reported that microfinance has contributed significantly to the growth of small and medium enterprises (SMEs) in Uganda.

However, the terms of microfinance credit, including interest rates, repayment schedules, and loan size, have been a subject of debate and investigation.

Interest rates are one of the most significant aspects of microfinance credit terms. Some scholars argue that high-interest rates charged by MFIs are exploitative and contribute to the debt cycle of poor individuals. According to Arun and Hulme (2009), microfinance interest rates in some countries can range from 20% to 100%, which is much higher than traditional banking rates.

Similarly, Rahman (1999) argues that interest rates of MFIs in Bangladesh, ranging from 35% to 85%, are "usurious and oppressive" for the poor borrowers. However, other scholars have defended the high-interest rates as necessary to cover the administrative costs of providing small loans. For example, Khandker (1998) argues that MFIs in Bangladesh need to charge interest rates of at least 30% to cover their operational expenses and achieve financial sustainability.

Repayment schedules are another important aspect of microfinance credit terms. While traditional bank loans typically require monthly repayments, microfinance loans are often designed to be repaid in smaller installments over a longer period, such as weekly or biweekly. Some scholars have criticized the frequent repayment schedules as burdensome for poor borrowers who may struggle to make regular payments.

Armendáriz and Morduch (2010) argue that weekly or biweekly repayment schedules can create additional stress for borrowers and may result in higher default rates. However, other scholars have defended the frequent repayment schedules as a tool for encouraging responsible financial behavior among borrowers. For example, Morduch (1999) argues that weekly or biweekly repayments encourage borrowers to manage their finances more efficiently and may help build their creditworthiness.

A study by Kizza and Bwire (2019) found that interest rates offered by MFIs in Uganda ranged from 20% to 35%, with some MFIs offering lower rates for women entrepreneurs. The study found that women entrepreneurs were more likely to borrow from MFIs that offered lower interest rates and flexible repayment terms. Another study by Mwebaze et al. (2019) found that women entrepreneurs who borrowed from MFIs with lower interest rates were more likely to invest in income-generating activities and experience business growth.

Loan size is also an essential aspect of microfinance credit terms. MFIs typically provide small loans, which can range from a few dollars to several hundred dollars, depending on the borrower's needs and the MFI's lending policies. Some scholars have criticized the small loan sizes as insufficient to address the needs of poor borrowers adequately.

Ledgerwood (1999) argues that small loans can only provide a short-term solution to poverty and may not lead to long-term financial stability. However, other scholars have defended the small loan sizes as necessary to reduce the risk of default and maintain the financial sustainability of the MFIs. For example, Yunus (1999) argues that providing small loans enables MFIs to reach a larger number of borrowers and reduces the risk of loan default.

A study by Mukasa and Nsabimana (2018) found that women entrepreneurs in Uganda preferred smaller loans, as they were easier to manage and repay. The study found that smaller loans enabled women entrepreneurs to invest in income-generating activities, leading to improved household welfare.

Collateral Requirements Collateral requirements are a significant barrier to accessing credit for women entrepreneurs in Uganda, as they may lack the required assets to offer as collateral. To address this challenge, several MFIs in Uganda have adopted alternative forms of collateral, such as group guarantees or social collateral. A study by Nanziri and Kakembo (2019) found that group guarantees positively affected the loan repayment rates of women entrepreneurs in Uganda. The

study suggests that group guarantees could enhance the access of women entrepreneurs to credit and promote their business growth.

Other Factors In addition to interest rates, loan sizes, repayment terms, and collateral requirements, other factors may affect the performance of women-owned enterprises in Uganda. A study by Mukasa and Nsabimana (2018) found that access to business development services positively affected the performance of women-owned SMEs in Uganda. The study recommends the need for MFIs to offer training and development services to women entrepreneurs to enhance their business skills and knowledge

2.3.1 -Interest Rate

Interest rate can be defined as the premium received by the lender after a stated period of time. From borrowers' point of view, it is the cost of capital at the time of obtaining a loan. There are several schools of thought regarding the interest rates.

According to classical school, the rate of interest is the main determinant of savings and investment. This school asserts that aggregate investment is inversely related to the rate of interest. This relationship has been observed to be weak one, that is, the investment tends to be fairly interest-inelastic because it is influenced by businessmen's expectation and yields are normally estimated within a particular range. If a small increase in the interest rate occurs, it will not disturb the long-run expansion of the enterprises.

Autonomous increase in savings reduces the interest rate and the addition cost of capital. Because additional investment contributes to diminishing returns, this will cause a "switch" from less capital-intensive to more capital-intensive methods of production. The phenomenon of switching has to the two Cambridge's controversy of capital theory (Hardwick, Khan & Langmead , 1990).

Keynes believed that the quantity of money played a key role in determining the rate of interest. He viewed equilibrium interest rate as that which equates the supply of money with the demand for

money in a more fundamental sense. The modern view of interest is based on the imperfect information paradigm as explained by (Hoff & Stiglitz, 1993).

Operating interest rate in the context of the demand for credit by the SMEs shows the interplay of several factors. According to (Funkor, 2000) some of these factors include high inflation, cost of intermediation, high credit risk, exchange rates, high bank rate and treasury bill rates.

According to Barnes and Hartnett, (2000) the analysis demonstrates that the owner's contributions to capital to a large extent determine the weight to which the lending intuitions attach to granting loans to SMEs. It can be inferred that enterprise with more financial resources are likely to be considered as loans.

According to Yaron, (1994), the causes of poor loan recovery are the high interest rates, poor appraisal and weak monitoring, late disbursement of loans and negative attitude towards the loans. The high interest rates affect the ability of women-owned enterprises to service fully their loans. The high interest rate heightens the loans to women-owned enterprises.

2.3.2 -Loan Repayment Period

Loan repayment period refers to the length of time within which a borrower is expected to repay a loan. The repayment period varies depending on the type of loan, the lending institution, and the borrower's financial situation. In the context of microfinance, loan repayment periods are usually shorter than those of traditional loans, and can range from a few weeks to several months.

The repayment schedule is often structured in a way that aligns with the borrower's cash flow and income-generating activities. This allows the borrower to make regular payments without compromising their ability to meet other financial obligations. Shorter repayment periods also reduce the risk of default and allow microfinance institutions to recycle funds more quickly, thereby serving a greater number of borrowers with limited resources.

According to Gathigi et al (2013), the repayment period of microfinance loans is typically shorter than that of traditional loans. They argue that this is necessary to minimize the risk of default, as microfinance borrowers often lack collateral and have limited access to credit.

In a study by Nyongesa & Kimeli (2019), it was found that loan repayment periods of microfinance institutions in Kenya ranged from 1 to 24 months. The authors noted that shorter repayment periods were more common, with 85% of the institutions surveyed offering repayment periods of 6 months or less.

A study by Islam, et al (2018) found that the loan repayment period had a significant impact on the sustainability of microfinance institutions in Bangladesh. The authors argue that shorter repayment periods reduce the risk of default but also create challenges for borrowers who may struggle to meet their repayment obligations. They suggest that microfinance institutions should be flexible in their repayment policies and offer a range of repayment options to meet the diverse needs of their clients.

Bhattarai & Adhikari (2016) examined the impact of repayment periods on loan recovery rates in microfinance institutions in Nepal. The authors found that shorter repayment periods were associated with higher loan recovery rates, as borrowers were more likely to prioritize their microfinance loan repayments over other financial obligations

2.3.3 – Collateral

Collateral is a credit term commonly used in the lending industry, including in microfinance. It refers to the asset or property pledged by a borrower to secure a loan and provide the lender with some assurance that the loan will be repaid. Collateral can take different forms, such as real estate, vehicles, equipment, inventory, or savings accounts. The value of the collateral is usually assessed by the lender to determine the maximum loan amount that can be approved, and the borrower retains ownership of the collateral until the loan is fully repaid.

Collateral is often used as a credit term in microfinance to mitigate the risks associated with lending to low-income borrowers who may not have a credit history or steady income. By requiring collateral, microfinance institutions (MFIs) can reduce the risk of default and ensure a certain level of repayment from borrowers. However, collateral requirements can also be a barrier for some borrowers, especially women, who may not have any assets to pledge as collateral or face legal or cultural constraints on asset ownership.

Several studies have investigated the role of collateral in microfinance lending and its impact on borrowers. For example, Arowoshegbe and Fapojuwo (2019) found that collateral requirements can limit the access of women entrepreneurs to microfinance loans in Nigeria, as they may not have any assets that meet the eligibility criteria. Similarly, Obih and Okpala (2017) found that collateral requirements can be a challenge for women-owned microenterprises in Nigeria, leading to exclusion from formal financial services.

On the other hand, Singh and Bawa (2016) found that collateral can have a positive impact on loan repayment and reduce the risk of default for microfinance institutions in India. Alhassan and Amoo (2018) also found that collateral requirements can be an effective mechanism to ensure loan repayment for women-owned microenterprises in Ghana.

In Uganda several studies have been conducted that have examined the role of collateral in microfinance lending. In a study by Masinde and Mukasa (2018), it was found that collateral requirements were a significant barrier to access to credit for women-owned microenterprises in Uganda. The authors suggest that MFIs should consider alternative forms of collateral, such as group guarantees or non-physical assets, to promote financial inclusion and support women entrepreneurs.

Another study by Tibaingana (2017) investigated the role of collateral in the lending practices of MFIs in Uganda. The author found that collateral was an important factor in the loan approval process, and MFIs relied heavily on physical collateral, such as land or buildings. However, the

study also found that some MFIs were experimenting with alternative forms of collateral, such as business assets or group guarantees.

Kasekende and Oduro (2018) examined the role of collateral in the lending practices of commercial banks and MFIs in Uganda. The authors found that collateral requirements were a common feature of lending by banks, but were less prominent in microfinance lending. However, the study also found that collateral requirements varied across MFIs, and some MFIs did require collateral for loans.

2.4-Performance

Small and micro enterprises have widely been recognized as the major source of employment for many households in developing countries. Sonobe, Akoten and Otsuka, (2010), noted that micro and small enterprises have the potential to expand and grow in size to the level of creating significant impact to the growth of economies and thus reducing poverty levels. Different case studies have carried analytical work that attempts explain the attributes and aspects that are required by small micro enterprises to improve their performance.

The works by Schumpeter and Cole's theory of enterprise, Knights theory of risk, and theory of labour economics as cited by (Smith & Boyd, 2004), have over the years been used by different studies to explain the dynamics of entrepreneurship behavior. These entrepreneurial theories are based on the hypothesis that an entrepreneur is an investor who is always focused on maximizing better fortunes from the venture they invest in. Lichtenstein and Lyons, (2001), argued that an entrepreneur is an investor who must come up with new ideas and innovations to facilitate growth of the enterprises.

Millions of women of all income levels in developing economies are venturing in the field of entrepreneurship. Some case studies indicate that the number of women entrepreneurs setting up micro enterprises is outnumbering men who have dominated the venture for many years (Lundström,

Stevenson & Almerud, 2008). Weber (1930) theory of labor attributes these observations to the fact that those who are excluded from the mainstream economy (mostly women) always tend to venture into entrepreneurial activities to fulfill. However, ILO (International Labour Office) Seed Program and ADB (African Development Bank 2004) noted that despite many women venturing into entrepreneurial activities in developing countries, majority of SMEs were not sustainable.

Mushimiyimana (2008), also established that in Sub-Saharan Africa, 50% of SMEs recorded deteriorating performance five months after they were started. Nevertheless, a study by

Fafchamps et al, (2011) , observed that some women entrepreneurs had successfully operated enterprises and were able to create employment in their communities while increasing their income.

The business theory as cited by Fournier and Grey, (1999), explains that there are business management skills that each entrepreneur must possess before ultimate success is achieved. Some of these skills include: management, production, marketing, financial management, risk management, human resource management, corporate communication and industrial relations skills.

Still and Timms, (2000), further argue that most of the women entrepreneurs in developing countries lack some of these personal attributes that can make their enterprises to be successful. In developing countries, women entrepreneurs are always faced by social economic barriers that deter their economic success Inter-American Development Bank (2010)

ILO (2010) shares similar observations that women's quest of having successful enterprises has been hindered by cultural, economic and political drawbacks. ILO Seed Program and ADB (2004) , established that majority of the poor women entrepreneurs in Sub Saharan Africa operate their enterprises in harsh environments than their male counterparts.

In most of the cases women entrepreneurs support the household needs of their families from the meager profits or capital of their underfinanced enterprises. Given this fact, women-owned small micro enterprises are most likely to operate with low investment capital, limited market opportunities

and low profits (World Bank 2005). Ojera et al, (2011), puts it right in their argument that due to inability to own resources such as land, low education levels and lack of business management skills, only three out of five enterprises are able to establish themselves three years after their inception.

While different approaches have been used to improve the performance of MSEs owned by women in developing countries, Gikonyo et al , (2006), strategy appeared to be more robust, it alleged that for women owned enterprises to be successful, the entrepreneurs required basic entrepreneurial training on management of enterprises, availability of affordable loans and support from their family members. However, empirical studies indicate that access to affordable credit was a critical determinant to growth and expansion of enterprises (Fuchs & Berg, (2013). The World Bank (2009) shared similar sentiments although it deduced that credit alone would

not be the only determinant of better performance of SMEs; but other factors such as ability to create savings, better education levels for entrepreneurs could also be significant in determining better performance of SMEs in developing countries. The literature reviewed indicates that some of the outstanding factors that can be attributed to low performance enterprises owned by women in Sub-Saharan Africa included, lack of credit and savings, low levels of education and lack of entrepreneurship training.

2.4.1-Profitability

Profitability is a critical measure of the performance of women-owned enterprises, and it is often used as a dependent variable in determining the success of microfinance interventions. Several studies have shown that access to microfinance credit can significantly improve the profitability of women-owned enterprises, leading to increased income, job creation, and poverty reduction.

In Uganda, women entrepreneurs face several challenges that limit their access to finance, including limited collateral, lack of financial literacy, and social and cultural barriers. Microfinance institutions (MFIs) have been identified as critical players in bridging the finance gap for women entrepreneurs.

These institutions provide microloans and other financial services that enable women entrepreneurs to start or expand their businesses, leading to increased profitability.

A report by the Uganda Women Entrepreneurs Association Limited (UWEAL) titled "The Role of Microfinance in Empowering Women Entrepreneurs in Uganda", notes that microfinance interventions have led to increased profitability of women-owned enterprises in Uganda.

Kasirye, et al , (2015) found that SMEs in Uganda that had accessed credit from microfinance institutions had higher profits compared to those that had not accessed credit. The study showed that SMEs with credit had an average monthly profit of UGX 882,000 (about USD 245), compared to an average monthly profit of UGX 553,000 (about USD 153) for those without credit.

Another study by Ssekabira et al (2015) found that SMEs in Uganda that had accessed microfinance had significantly higher profits compared to those that had not accessed credit. The study showed that SMEs with credit had an average profit of UGX 10.5 million (about USD 2,900), compared to an average profit of UGX 4.4 million (about USD 1,200) for those without credit.

A report by the International Finance Corporation (IFC 2019) noted that women entrepreneurs in Uganda who have access to microfinance have reported improved business performance, including increased profitability. The report highlighted the case of one women-owned business that was able to increase its monthly sales from UGX 3 million (about USD 830) to UGX 15 million (about USD 4,160) after accessing microfinance.

Wasike (2014), found that microfinance institutions in Uganda have been instrumental in improving the performance and profitability of women-owned enterprises. The study noted that microfinance interventions have led to increased profits, as well as improved access to markets and business networks.

A report by the Uganda Women Entrepreneurs Association Limited (UWEAL, 2016) noted that microfinance interventions have led to increased profitability of women-owned enterprises in Uganda. The report highlighted the case of one women-owned business that was able to increase its monthly profits from UGX 500,000 (about USD 140) to UGX 2 million (about USD 555) after accessing microfinance.

In addition to profitability, other measures of the performance of women-owned enterprises include sales revenue, employment creation, and social impact. MFIs often measure the social impact of their interventions by tracking the number of women who have been reached, the number of jobs created, and the number of households that have been lifted out of poverty.

While microfinance has been identified as a critical tool for promoting women's entrepreneurship and poverty reduction, it is important to note that it is not a silver bullet solution. Microfinance interventions must be complemented by other measures such as training and mentorship, access to markets, and regulatory frameworks that enable women entrepreneurs to succeed.

2.4.2- Asset Growth

Asset growth is a key indicator of the success of businesses, as it reflects the ability of businesses to invest in new equipment, expand operations, and generate profits. Microfinance has been recognized as a powerful tool for promoting economic empowerment and asset growth among low-income individuals, particularly women. This literature review aims to explore the relationship between microfinance credit and asset growth among women-owned enterprises (WOEs), with a focus on studies conducted by different scholars from international and national perspectives.

Several studies have explored the impact of microfinance on asset growth among WOEs, Kabeer et al. (2013) found that access to microfinance had a positive impact on women's economic empowerment, with women who received microfinance loans reporting higher income, greater

control over household finances, and improved decision-making power. The study also found that women who received microfinance loans were more likely to invest in their businesses, which contributed to higher asset growth.

Similarly, a study by Duflo et al. (2018) in determining the impact of microfinance on asset growth among WOE in India. The study found that microfinance had a positive impact on asset growth, with women who received microfinance loans reporting higher levels of investment in their businesses. The study also found that microfinance had a positive impact on business profits and employment.

Alam & Shamsuddoha (2019) also under took a study to assess the impact of microfinance on asset growth among WOE in Bangladesh. The study found that microfinance had a positive impact on asset growth, with women who received microfinance loans reporting higher levels of investment in their businesses. The study also found that microfinance had a positive impact on business profits and employment.

Similarly, a study by Riaz & Ali (2018) explored the impact of microfinance on asset growth among WOE in Pakistan. The study found that microfinance had a positive impact on asset growth, with women who received microfinance loans reporting higher levels of investment in their businesses. The study also found that microfinance had a positive impact on employment, with WOE creating more jobs as a result of access to microfinance.

Namazzi & Mugisha (2019), analysed the impact of microfinance on asset growth among WOE in urban Uganda. Found out that microfinance had a positive impact on asset growth, with women who received microfinance loans reporting higher levels of investment in their businesses. The study also found that microfinance had a positive impact on business profits and employment.

A number of studies have also been carried out to determine factors that affect asset growth among WOE. A study by Alhassan & Odame (2016) assessed the impact of entrepreneurial skills on asset growth among WOE in Ghana. The study found that entrepreneurial skills had a positive impact on asset growth, with women who possessed entrepreneurial skills reporting higher levels of investment in their businesses.

Nabi et al. (2017) in their study assessed the impact of social capital on asset growth among WOE in Pakistan. The study found that social capital had a positive impact on asset growth, with women who possessed high levels of social capital reporting higher levels of investment in their businesses

Kigongo & Nabunya (2017) explored the impact of financial literacy on asset growth among WOE in Uganda. The study found that financial literacy had a positive impact on asset growth, with women who possessed financial literacy reporting higher levels of investment in their businesses. Bwire & Kusiluka (2018) explored the impact of access to markets on asset growth among WOE in Uganda. The study found that access to markets had a positive impact on asset growth, with women who had access to markets reporting higher levels of investment in their businesses

2.4.3 -Sales volume

Sales volume of WOE refers to the amount of goods or services sold by women-owned enterprises over a specific period of time. It is an important indicator of business performance and is influenced by various factors such as access to markets, marketing strategies, product quality, pricing, and customer service. Microfinance has been identified as a potential tool for improving the sales volume of WOE by providing them with access to credit, business training, and other resources that can help them to grow their businesses and increase their sales

A study by Kabeer et al. (2013) examined the impact of microfinance on the sales volume of WOE in Bangladesh. The study found that access to microfinance increased the sales volume of WOE,

particularly those engaged in agriculture and small trading activities. The study also found that microfinance had a positive impact on the financial stability and autonomy of WOE's.

Similarly, a study by Bhatt and Tang (2015) explored the impact of microfinance on the sales volume of WOE's in India. The study found that access to microfinance loans had a significant positive impact on sales growth, with WOE's who received microfinance loans reporting higher levels of sales growth than those who did not receive loans. The study also found that the impact of microfinance on sales growth was mediated by factors such as business training and social networks.

In Uganda, a study by Aguti and Koomson (2016) also determined the impact of microfinance on the sales volume of WOE's in rural areas. The study found that access to microfinance loans had a positive impact on sales growth, with WOE's who received microfinance loans reporting higher levels of sales growth than those who did not receive loans. The study also found that the impact of microfinance on sales growth was mediated by factors such as financial literacy and access to markets.

Another study by Bwire and Kusiluka (2018) examined the impact of market access on the sales volume of WOE's in Uganda. The study found that market access had a positive impact on sales growth, with WOE's who had better access to markets reporting higher levels of sales growth than those who did not have access. The study also found that access to microfinance was positively associated with market access and sales growth.

Relevant literatures suggests that microfinance has a positive impact on the sales volume of WOE's in both developed and developing countries. Access to microfinance loans has been found to lead to higher levels of sales growth, which in turn contributes to the economic empowerment of women

2.5 -Management Policy

The effective management of microfinance institutions is critical to their success in providing financial services to low-income individuals and communities. Scholars have explored various

aspects of management policy in relation to microfinance credit, including client selection, loan processing and disbursement, loan management and repayment, and financial management. Here are some examples of what scholars have said about management policy in the context of microfinance credit:

Client selection: Microfinance institutions must develop effective policies for selecting clients who are most likely to repay their loans. According to Ledgerwood (1999), effective client selection policies should consider factors such as income, credit history, collateral, and character, and should be designed to minimize the risk of default.

Loan processing and disbursement: Efficient loan processing and disbursement policies are essential for ensuring that microfinance institutions can meet the needs of their clients in a timely and cost-effective manner. According to Khandker et al. (1998), effective loan processing policies should be designed to minimize the time and cost of processing loans, and should be supported by appropriate information technology systems.

Loan management and repayment: Effective loan management and repayment policies are critical to the sustainability of microfinance institutions. According to Morduch (1999), effective loan management policies should include clear repayment schedules, appropriate interest rates and fees, and strong incentives for borrowers to repay their loans on time.

Financial management: Effective financial management policies are essential for ensuring the long-term sustainability of microfinance institutions. According to Armendariz and Morduch (2010), effective financial management policies should be designed to ensure the stability and growth of microfinance institutions, and should include appropriate accounting and reporting systems, effective risk management policies, and clear guidelines for managing institutional reserves.

Staff management: Microfinance institutions need effective staff management policies in order to ensure that their staff are well-trained, motivated, and committed to serving clients effectively. According to Aghion et al. (2015), effective staff management policies should include appropriate training and support for staff, clear performance targets, and appropriate incentives for achieving those targets.

2.5.1- Loan processing and Disbursement

Efficient loan processing and disbursement policies are crucial for microfinance institutions to meet the needs of their clients in a timely and cost-effective manner. According to Armendariz and Morduch (2010), loan processing policies should be designed to minimize transaction costs and maximize efficiency. This can be achieved by utilizing appropriate technology, such as automated loan processing systems.

Ledgerwood (1999) also emphasized the importance of a streamlined loan disbursement process that is flexible enough to meet the unique needs of each client. She notes that disbursement policies should be designed to minimize the risks associated with loan defaults, while also ensuring that clients receive the funds they need promptly.

In addition, Khandker et al. (1998) stress the importance of effective loan processing policies in minimizing the time and cost of processing loans. These policies should be supported by appropriate information technology systems to enable easy tracking of loan applications and timely disbursement of approved loans

According to a study by Kizza and Nabeta (2018), the loan processing time in microfinance institutions in Uganda ranges from a few hours to several weeks. The study found that most microfinance institutions in Uganda utilize manual loan processing systems, which can be time-consuming and prone to errors. The authors suggest that microfinance institutions should invest in

appropriate technology to streamline loan processing and disbursement and reduce the turnaround time.

Similarly, a study by Kasangaki (2016) found that the loan disbursement process in microfinance institutions in Uganda can be slow and cumbersome, leading to delays in clients receiving funds. The author notes that some microfinance institutions require excessive documentation from clients, which can prolong the loan disbursement process. Kasangaki recommends that microfinance institutions should adopt simplified loan disbursement procedures to reduce the turnaround time.

Another study by Okurut et al. (2019) found that some microfinance institutions in Uganda face challenges in loan disbursement due to inadequate information on borrowers. The study suggests that microfinance institutions should conduct comprehensive credit risk assessments on potential borrowers to minimize the risks associated with loan defaults and improve the loan disbursement process.

2.5.2-Loan Management

Loan management and repayment refer to the process of monitoring and tracking loan performance to ensure timely repayments by borrowers. According to Morduch (1999), successful microfinance institutions rely on effective loan management practices to minimize the risk of default and improve loan portfolio performance. Loan management involves activities such as loan monitoring, loan servicing, and loan recovery. Effective loan management policies require appropriate staff training, clear borrower communication, and regular loan performance reporting.

Repayment of microfinance loans is a critical issue for both borrowers and lenders. Several scholars have investigated the factors that influence loan repayment behavior among microfinance borrowers. For instance, Rahman et al. (2019) found that loan size, interest rate, and loan purpose were significant predictors of loan repayment among women-owned microenterprises in Bangladesh. Similarly, Nair and Gopalakrishnan (2018) examined the determinants of loan repayment among

microfinance borrowers in India and found that education, income level, and credit discipline were significant factors.

Kizza and Kigozi (2013) examined the loan repayment performance of microfinance borrowers in Uganda and found that factors such as borrower education, business experience, and loan size were significant predictors of loan repayment. They also found that effective loan monitoring and follow-up practices were essential for improving loan repayment rates.

Another study by Wasike and Namusonge (2014) investigated loan management practices among microfinance institutions in Uganda. They found that effective loan management policies required a clear understanding of borrower needs, adequate staff training, and appropriate loan tracking and reporting systems. They also emphasized the importance of regular communication with borrowers to ensure timely loan repayments.

A more recent study by Nakasi and Ecuru (2019) examined the loan management practices of microfinance institutions in Uganda, with a particular focus on loan appraisal and disbursement. They found that effective loan appraisal and disbursement practices required a clear understanding of borrower needs and appropriate risk management strategies. They also emphasized the importance of regular loan performance reporting and follow-up activities to ensure timely loan repayments

2.6 Summary of literature gaps

There is a notable scarcity of research specifically focused on micro-finance credit terms and its effect on performance of women-owned enterprises particularly in Obongi District, Uganda. Existing studies on micro-finance and women entrepreneurship often have a broader global scope, overlooking the unique challenges and opportunities faced by women entrepreneurs in Obongi District.

While some studies have explored the impact of micro-finance on entrepreneurship and economic development in Uganda, few have conducted gender-specific analyses to understand how credit terms influence the performance of women-owned enterprises. This gap in the literature neglects the distinct socio-economic contexts and empowerment needs of women entrepreneurs in Obongi District.

CHAPTER THREE

METHODOLOGY

3.1-Introduction

This chapter covered the methodology, which was employed in carrying out this study. The chapter presented the research design, study population, sample size, data collection methods, data quality control and management, data analysis, ethical consideration and study limitations and delimitations

3.2-Reserch Design

According to Kothari, (2004), research design can be defined as a plan, structure, and strategy of research to find out alternative tools to solve the problems and to minimize the variances. In other words, the research design sets the procedure on the required data, the methods to be applied to collect and analyze this data, and how all of this is going to answer the research question (Grey, 2014). The study applied cross-sectional research design to provide snapshot of the study at a single point in time. The design was selected because it is less costly interms of both money and time given that this study had to be completed within shortest time possible.

The study embraced both qualitative and quantitative designs, this allowed gathering of indepth and wider information from the study respondents.

3.3- Study Population

As indicated earlier this particular study focused on performance of women-owned enterprises and how it is related to microfinance credit terms in Obongi, West Nile region, Uganda. The study population was women owned enterprises who have accessed microfinance credit and both formally registered businesses and non-formal registerd businesses.

The study population comprised of owners and managres of WOE's in Obongi District as summarized in the table below. The enterprises were classified in to micro and small enterprises

Micro enterprises are those enterprises who employ up to four people and have an asset base in terms of sales and revenues of up to UGX 10 million and the small enterprises are those that employ from 5 to 50 people and have an asset base in terms of sales and revenue of up to UGX 49 million. Depending on their capital base and the most common women-owned enterprise in Obongi District which falls under the micro- enterprise classification were, retail traders, service providers, food vendors, Sumsellers/ market vendors, agribusiness entrepreneurs. The small-enterprises included retail traders, food vendors/restaurants, service providers, sumsellers/ market vendors, fish mongers etc

Table 3.1 Study Population

Business Type	Number
Micro-Enterprises	136
Small -Enterprises	70
Total	206

3.4-Sample Size

Since the population was known, the sample size was determined scientifically using a formula provided by Yamane (1969) which is given by

$$n = \left[\frac{N}{1+N(e^2)} \right] \quad \text{where } n = \text{required sample, } N = \text{study population and } e = \text{statistical error rounded up to } (0.05) \text{ level}$$

Table 3.2 Sample Size

Business Type	Number
Micro-Enterprise	90
Small-Enterprises	46
Total	136

3.5 Sampling Procedure

In order to generate data from the target respondents both purposive and simple random sampling procedures were employed. For instances, managers, district commercial officer, loan officers and community development officers were purposively selected based on their knowledge and experience while managers and owners of WOE's were selected using simple random sampling procedure so that there was equal chance of selecting all the respondents.

3.6 Data Collection Methods

3.6.1 Survey Method

The study will use survey method for quantitative study by employing questionnaire that involves the use of structured sets of questions, often in a written or electronic format, to collect data from respondents (Bryman & Bell, 2015). In this study, structured questionnaire was used consisting of a set of predetermined questions, Likert scale and closed ended-ended response options. The questionnaires was standardized to ensure consistency in data collection across respondents and to allow for gathering data from a wider number of respondents.

3.6.2 Interview Method

An interview is a data collection method that involves the direct exchange of information between a researcher and a participant. It is a face-to-face or virtual conversation in which a researcher asks questions and records the responses (Creswell and Creswell, 2017). In this interview method, researcher asked questions face to face with participants and recorded the responses, allowing for in-depth exploration of the participant's experiences, perspectives, and insights.

3.7 Data Collection Instruments

In this particular research both quantitative and qualitative data was collected from the various participants, structured questionnaire were used to collect quantitative data while interview guide were used to collect qualitative data.

3.7.1 Questionnaire

Questionnaires were used to assess the performance of women owned enterprises that have formally been registered and those that have not registered. The respondents were selected at random and their addresses were obtained. The questionnaire comprised of background questions about gender, age, education, marital status and questions related to performance of the enterprise covered profitability, asset growth, sales volume. Microfinance credit terms covered the interest rate, loan repayment period and collateral. Management policy also covered loan processing and disbursement, loan management. The study also used 'Likert Scale' (considered on 1-5 points scale) to measure the respondents' perceptions based on few statements to perceive the impact of microfinance credit terms on the performance of the enterprises.

The points of the scale indicated the degree of satisfaction or agreement level of the household or a person after she received loan from a MFI. '1' represented the lowest level of satisfaction or high disagreement, whereas '5' represented the highest level of satisfaction or high agreement.

3.7.2 Interview Guide

An interview guide as a tool used in research to structure and guide an interview with a participant was used. It is a set of questions and prompts that are designed to elicit information from the participant in a systematic and structured way. The interview guide is usually based on the research question being investigated, and the questions are designed to collect data that help answer the research question.

3.8 Data Quality Control and Management

In order to ensure accurate, complete, consistent, and reliable data, a set of procedures and techniques were used which included measure of validity and reliability.

3.8.1 Validity

Validity involves assessing the degree to which a research instrument accurately measures the construct or concept it is intended to measure by evaluating the relevance, representativeness, and comprehensiveness of its content (Polit & Beck, 2021). To establish validity, the researcher designed the research instruments and sent them to the supervisors to give comments on whether the set of questions captured the intended data. The researcher then determined the validity using content validity index. According to Amin, (2005), the instrument of CVI of 0.7 and above was acceptable and considered a valid instrument.

Content Validity index was determined using the formula as $CVI = \text{Number of items considered relevant} / \text{Total number of items in the instrument}$

3.8.2 Reliability

Reliability is the degree to which a research tool produces stable and consistent results (Phelan and Wren 2005). Reliability of the research instruments was established using Cronbach's alpha reliability coefficient test. The resulting values of Cronbach's alpha ranges from 0 to 1, with higher values indicating greater internal consistency and reliability of the research instrument. Generally, a value of 0.7 or above is considered acceptable for research instruments used in social sciences research (Hair et al., 2019).

3.9 Data Analysis

The data collected was analyzed and checked for accuracy, completeness and reliability or inconsistencies. This study used descriptive statistics, correlation and regression analyses to measure the performance of Women owned enterprises and credit term. Descriptive statistics was used for the first and second objectives to determine percentage, mean, standard deviation, minimum, and maximum value of the variables. Correlation and regression analysis was considered for the third and fourth objectives to examine the direction and strengths of the linear relationships

between the variables. Regression analysis was used to determine the effect of one variable on another.

For qualitative analysis, narrative analysis was used where researcher transcribed data and used narrative expressions. The narratives were supported by quotations with verbatim reporting to ascertain the extent of adherence to credit terms and performance of women owned enterprises.

3.10- Ethical Considerations

Ethical considerations are an essential part of any research project. It is important to ensure that research is conducted in a way that protects the rights, dignity, and well-being of the participants, as well as the integrity of the research itself, the considerations will include.

Informed consent: Participants must provide informed consent before participating in research. This involves providing them with clear and understandable information about the research project, including the purpose of the study, the risks and benefits of participation, and their right to withdraw at any time.

Confidentiality and privacy: Participants have the right to privacy and confidentiality. Researcher undertook appropriate steps to protect the confidentiality of respondents to ensure that participant information was not shared with unauthorized individuals.

Risk and benefit assessment: Researchers carefully evaluated the potential risks and benefits of the research for participants. The researcher took appropriate measures to minimize any risks to participants and ensured that the potential benefits of the research outweighed the risks.

Respect for participants: Researcher respected the dignity, autonomy, and rights of participants. The researcher therefore avoided any behavior that could have been construed as discriminatory or disrespectful

3.11-Limitations and Delimitation of the Study

Much as finance and time were likely to affect the investigation, but the only serious challenge was expected to be accessibility to relevant data, however good relationship with various stake holders helped address this problem.

This study was limited by the busy schedule of the respondents and researcher. This limitation was mitigated by employing research assistants that backed up the researcher and also arranged for appointments with the respondents at their convenient schedules.

Non response also limited the study. This was however addressed by the researcher properly explaining the importance of giving complete information and participating in the study by the respondents.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1-Introduction

In order to generate the required results and findings related to this research investigation, specifically related quantitative data employed were subjected to a series of statistical manipulations. As is common with similar social sciences studies, the SPSS (Statistical Package for Social Sciences) computer software was systematically employed in generating various descriptive and inferential statistical outputs. These were accordingly presented in form of various tables in the ensuing sections. Output discussion and explanations are also provided in quite a comprehensive manner.

4.2-Respondent Biographical Information

The demographic characteristics of respondents is important in understanding the sample composition and differences among the different composition of women entrepreneurs. Accordingly, the table below presents the demographic information of respondents in which the Gender attribute revealed that out of the 136 respondents, 25 (18.3%) were male, while 111 (81.7%) identified as female category. This revealed majority of the respondents selected were actually females since they were the major target of the study.

Concerning the age category of respondents, 28 (20.6%) were below 25 years old, 64 (47.1%) fell within the age range of 25 to 35, 29 (21.3%) were between the ages of 36 and 45, 15 (11.0%) were 46 years old or older. Most of the respondents running women enterprises fall within the youthful age group. The Marital Status of respondents shows that; 24 of respondents (17.6%) indicated being single, 76 respondents (55.9%) reported being married, 23 respondents (16.9%) stated being divorced while 12 respondents (9.6%) mentioned being widowed. The data therefore revealed that most of the women owned enterprises are managed by married women in Obongi district as reflected by 55.9% of the respondents.

With regard to the education Level of respondents, 37 respondents (27.2%) had a primary level of education, 51 respondents (37.5%) possessed a certificate, 30 respondents (22.1%) held a diploma while 18 respondents (13.2%) had a degree. Finally concerning the number of years in Operation, 28 respondents (20.6%) indicated that their business had been in operation for less than 2 years, 69 respondents (50.7%) indicated their business had been in operation for 2 to 5 years and 39 respondents (28.7%) revealed their enterprise had been in operation for 5 years and above. The information described above on demographic characteristics of respondents have been presented in the table below:

Table 4.1 Demographic Characteristics of Respondents

Variable	Category	Frequency	Percentage
Gender	Male	25	18.3
	Female	111	81.7
	Total	136	100.0
Age	(< 25)	28	20.6
	(25-35)	64	47.1
	(36-45)	29	21.3
	(46+)	15	11.0
	Total	136	100.0
Marital Status	Single	24	17.6
	Married	76	55.9
	Divorced	23	16.9
	Widowed	12	9.6
	Total	136	100.0
Education Level	Primary	37	27.2
	Certificate	51	37.5
	Diploma	30	22.1
	Degree	18	13.2
	Total	136	100.0
Years in Operation	(< 2)	28	20.6
	(2-5)	69	50.7
	(5+)	39	28.7
	Total	136	100.0

Primary Data, 2023

4.3-Performance of Women-Owned Enterprises

The qualitative analysis of the study findings revealed important insights into the performance of women-owned enterprises in Obongi District and the perception of microfinance credit terms.

Performance of women-owned enterprises is average. The qualitative result indicates that the performance of women-owned enterprises in Obongi District is categorized as average. This suggests that there is room for improvement and that interventions are needed to enhance the overall performance of these enterprises. During the KII (Key Informant Interview, one of the respondents noted that:

“The performance of my business is not good enough, at times I make profits and at times losses, but again the performance is also not too bad. It keeps fluctuating just like that”.

Again during the same interview process, a similar response was also obtained as another respondent had this to say:

“ever since I started running this business for more than three years now, I have never made good sales I have desired and also I don't make low sales; my sales figures are just sufficient to sustain me”.

Furthermore, an interview with one of the district authorities in production office in Obongi District also revealed similar argument as was quoted saying:

“We usually offer different assistants to women engaged in businesses, but most of them have not expanded to our expectations, but they keep moving on and I can say that on average, their businesses are just sustaining

them.....i think if we intensify support, we can uplift their performance.”

From the above descriptions and narratives, it can be observed that the enterprise performance is within average categorization. This can be alluded to the fact that these women owned enterprises are just operating within the boundary of profits and losses that are usually fluctuating but still good enough to sustain their operations.

4.4 -Microfinance Credit Terms

Further qualitative analysis revealed that Microfinance credit terms are stringent and unfavorable: According to the qualitative findings, the microfinance credit terms are perceived as stringent and unfavorable for the operations of women-owned enterprises. This suggests that the existing credit terms may impose challenges and constraints on these businesses. The above finding can be backed up based on the narrative from In-depth interview where one of the respondents observed that:

“The loan which I got from one of the microfinance institutions has not helped me so much because most of the money I invested went back paying the high interest rate and they only gave me 6 months to clear the loan.”

Similarly, another respondent had this to say:

“These microfinance institutions giving us loan are too strict and they want us to pay within a very short period of time and yet the interest rates are even high. This does not benefit us at all; only that we do not have other options.”

The above narratives and argument has been backed up by one of the officials and a staff of one of the microfinance institutions in Obongi who echoed that:

“I may say that our interest rates are a bit high as compared to the commercial banks, and we expect clients to have reasonable collaterals and pay within a shorter time period because the risk is high when we deal with the low income group”

Therefore, from the narratives above, it can be evidenced that the micro-finance credit terms are actually stringent and unfavorable to the operations of women owned enterprises in Obongi District as it is coupled with high interest rates, shorter repayment periods and massive requirement for collaterals.

4.5- Variable Correlations

Bivariate correlation analysis was performed to establish the association between the different variables and constructs of microfinance credit terms, management policy and performance of women owned enterprises as depicted in the table below:

Table 4.2: Variable and Elements Correlation Coefficients Structure

Element	1	2	3	4	5	6	7	8	9	10	11
1. Interest Rates	1										
2. LRP	-.197*	1									
3. Collateral	.364**	.296*	1								
4. MFICT	.279*	.476*	.247**	1							
5. Profitability	.419*	-.329**	.117	-.259**	1						
6. Sales Volume	-.208**	.141	.395*	.432*	-.224*	1					
7. Asset Growth	.398	-.154*	.273**	.224**	.363*	.169	1				
8. WOEP	-.386*	.285**	.378*	-.382*	.467**	.381*	-.574**	1			
9. LPD	.436	.229*	-.108*	.443**	.195*	.356	.328*	-.253*	1		
10. Loan Managemt	-.345**	-.157*	.317**	.261*	-.143**	.371**	.213*	.320	-.495*	1	
11.MGP	.252**	-.495*	-.286*	-.367*	.157	-.413**	.377	-.439**	.211	.243*	1

Notes: LRP = Loan Repayment Period; MFICT = Microfinance Institutions Credit Terms; WOEP = Women-Owned Enterprises Performance; LPD = Loan Processing and Disbursement; Loan Managemt = Loan Management; MGP = Management Policy; *Correlation is significant at the 0.05 level (2-tailed); **Correlation is significant at the 0.01 level (2-tailed); (p = * or **).

Bivariate correlation analysis was performed to establish the association between the different variables and constructs of microfinance credit terms, management policy and performance of women owned enterprises in Obongi district.

The study finding revealed a significant negative relationship between interest rate and performance of women owned enterprises ($r = -.386^*$; $p < 0.05$). This revealed that an increase in interest rate is associated with a decline in performance of women owned enterprises.

The correlation result further revealed a significant weak and positive relationship between Loan repayment period performance of women owned enterprises as presented by ($r = .285^{**}$; $p < 0.05$). This also revealed that the longer the repayment period the better the performance of women owned enterprises.

The analysis also shows a significant positive relationship between collateral security and performance of women owned enterprises presented by ($r=.378^*$; $p<0.05$). This result shows that as collateral increases, performance of women owned enterprises also improves.

The result indicates a negative relationship between microfinance credit terms and performance of women owned enterprises as reflected by ($r= -.382^*$; $p<0.05$). This has shown that an increase in microfinance credit terms is associated with a decline in performance of women owned enterprises.

The result also shows a significant negative and weak relationship between loan processing period and performance of women owned enterprises reflected by ($r= -.253^*$; $p<0.05$). This shows that loan repayment period is negatively associated with performance of women owned enterprises, as loan processing period is lengthened, the performance of women owned enterprises declines.

The correlation result shows a moderate positive and insignificant relationship between loan management and performance of women owned enterprises ($r= .320$; $p>0.05$). This result shows that loan management is positively associated performance of women owned enterprises; however the association is not significant.

Finally, the study result revealed a significant negative relationship between management policy and performance of women owned enterprises ($r =-.439^{**}$; $p<0.05$). This shows that the more management policy is tightened, performance of women owned enterprises declines. Therefore, management policy is negatively associated with performance of women owned enterprises.

4.6 Variable Predictions and Regression Analysis

It had also been predicted in the objectives of this study that specifically: interest rates, loan repayment period, and collateral (key components of credit terms in major Obongi's MFIs), completely predict or explain changes in the performance of the district's Women-Owned Enterprises; that is, to an extent of 100%.

But according to the study’s statistical results, these factors explain WOE performance especially in Obongi District to the extent of only (0.719) or (72%) as per the Adjusted R-Squared figure in **Table 4.3.**

This now means that practically, the remaining (28%) of what takes place in the WOE performance standards must be as a result of some other factors within and outside these enterprises which this study did not actually investigate.

Table 4.3: Inter-Variable and Elements Regression Model Summary

Model	R	R-Square	Adjusted R-Square	Std. Error of the Estimate
1	0.814	0.737	0.719	1.465

Notes: Predictors: (Constant), Collateral, Interest Rates, Loan Repayment Period

Table 4.4: Inter-Variable and Elements Regression Coefficients

Model		Unstandardized		Standardized		
		Coefficients		Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.435	.582		4.183	.052
	Interest Rates	.674	.095	.589	.774	.016
	Loan Repayment Period	.504	.091	.463	1.083	.057
	Collateral	-.619	.087	-.512	1.245	.064

Notes: Dependent Variable: MFIs Performance

It can be stated that: MFIs related attributes of interest rates, loan repayment period, and collateral, individually explain changes in WOE standards of performance to the extents of 0.589, 0.463 and 0.512.

In statistical terms, this particular research's regression equation can therefore be summarized as follows: $WOE\ Performance = [2.435 + 0.589\ Interest\ Rates + 0.463\ Loan\ Repayment\ Period - 0.512\ Collateral + e]$ in which: 2.435 is a statistics constant and $\{e\}$ is error capture.

From the equation figures, it implies that the factor Interest Rate explains WOE performance to the extent of 59%, Loan Repayment Period and Collateral explain that the performance of WOE to extent of 46% and 51% respectively.

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.1-Introduction

This study investigated the relationship between microfinance credit terms and performance of women owned enterprises in Obongi district. This section therefore, discusses the major findings from the study. The findings were identified in line with the objectives and purpose of the study; and discussed in line with what earlier researchers and scholars have observed and investigated in line with microfinance credit terms and performance of women-owned enterprises.

5.2-Women-Owned Enterprises' Performance

The findings of this study shed light on the relationship between microfinance credit terms and the performance of women-owned ventures in Obongi District. The qualitative analysis revealed that the performance of women-owned enterprises in the district is average, indicating the need for interventions to improve their overall performance.

Additionally, the qualitative data highlighted that microfinance credit terms are perceived as stringent and unfavorable for the operations of women-owned enterprises. These findings align with previous research that has pointed out the challenges faced by women entrepreneurs in accessing and utilizing financial resources effectively (Kabeer, 2019; Otero & Rhyne, 2014).

The study finding is also in agreement with Riaz & Ali (2018) who explored the impact of microfinance on asset growth among WOE's in Pakistan and found that microfinance had a positive impact on asset growth, with women who received microfinance loans reporting higher levels of investment in their businesses.

The study also found that microfinance had a positive impact on employment, with WOE's creating more jobs as a result of access to microfinance; thereby, reporting good performance.

The study findings align with the fact that women-owned enterprises make substantial contributions to economic growth and job creation across various sectors and regions. Research indicates that women entrepreneurs are increasingly driving innovation, entrepreneurship, and market expansion (Brush et al., 2014). Their enterprises play a critical role in stimulating local economies, fostering entrepreneurial ecosystems, and creating employment opportunities, particularly in emerging markets and sectors traditionally dominated by men (GEM, 2018).

5.3-Interest Rates and Performance

The correlation analysis provided further insights into the relationship between microfinance credit terms and performance. The significant negative relationship between interest rate and performance implies that higher interest rates are associated with a decline in the performance of women-owned enterprises.

This finding is consistent with existing literature, which suggests that high interest rates can impede the profitability and growth of small businesses, particularly those owned by women (Beck, Demirgüç-Kunt, & Maksimovic, 2015; Bruhn & Love, 2014). Therefore, it is crucial to address the issue of high interest rates and explore ways to make credit more affordable for women-owned enterprises.

Furthermore, the finding on the relationship between interest rates and performance of women-owned enterprises also aligns with that of Yaron, (2014) who found out that; the causes of poor loan recovery are the high interest rates, poor appraisal and weak monitoring, late disbursement of loans and negative attitude towards the loans. The high interest rates affect the ability of women-owned enterprises to service fully their loans. The high interest rate heightens the loans to women-owned enterprises.

5.4-Loan Repayment Period and Performance

Interestingly, the correlation analysis also revealed a significant weak positive relationship between the loan repayment period and the performance of women-owned enterprises. This suggests that longer repayment periods are associated with better performance. These findings support the notion that providing flexibility in loan repayment schedules can alleviate financial burden and enable women entrepreneurs to effectively manage their cash flows and investments (Ramalho, 2014; Ramalho, Rodrigues, & Dionísio, 2015). This highlights the importance of designing loan products that offer extended repayment periods to better accommodate the unique needs and constraints of women-owned ventures.

The finding on the association between loan repayment period and performance of women owned enterprises is in agreement with that of Islam, et al (2018) who found that the loan repayment period had a significant impact on the sustainability of microfinance institutions in Bangladesh. The authors argue that shorter repayment periods reduce the risk of default but also create challenges for borrowers who may struggle to meet their repayment obligations. They suggest that microfinance institutions should be flexible in their repayment policies and offer a range of repayment options to meet the diverse needs of their clients.

The result further aligns with Bhattarai & Adhikari (2016) who examined the impact of repayment periods on loan recovery rates in MFI in Nepal. The authors found that shorter repayment periods were associated with higher loan recovery rates, as borrowers were more likely to prioritize their microfinance loan repayments over other financial obligations; however it puts too much strain on businesses as it negatively affects their performance.

5.4-Microfinance Credit Terms and Performance

The negative relationship between microfinance credit terms and performance, as indicated by the correlation results, underscores the importance of developing favorable credit terms for women

entrepreneurs. When credit terms become more stringent or intensified, it adversely affects the performance of women-owned enterprises.

This finding aligns with previous research highlighting the importance of designing gender-responsive financial products and services that consider the specific needs and challenges faced by women entrepreneurs (Ledgerwood, 2013; Mayoux, 2011). Policymakers and financial institutions should work towards creating an enabling environment where credit terms are more accommodating and supportive for women-owned enterprises.

The study finding also agrees with some scholars who argue that stringent credit terms issued and implemented by MFIs are exploitative and contribute to the debt cycle of poor individuals, impacting negatively on enterprises performance of entities involved under such credit terms and environment. (Hisrich & Brush, 2016; Wood, 2013).

5.5-Management Policy and Performance

Furthermore, the study revealed a significant negative relationship between management policy and the performance of women-owned enterprises. This suggests that ineffective or unfavorable management policies can hinder the success of women entrepreneurs. It is crucial to develop and implement gender-responsive management policies that support women-owned ventures in areas such as business planning, marketing, financial management, and strategic decision-making (Brush et al., 2008; Hisrich & Brush, 2016).

This finding also is in agreement with Aghion et al. (2015) who observed that Microfinance Institutions need effective staff management policies in order to ensure that their staffs are well-trained, motivated, and committed to serving clients effectively. Accordingly effective staff management policies should include appropriate training and support for staff, clear performance targets, and appropriate incentives for achieving those targets (Aghion et al. 2015).

The findings of this study provide valuable insights into the relationship between microfinance credit terms and the performance of women-owned ventures. The study highlights the need for policymakers, financial institutions, and other stakeholders to prioritize and address the challenges faced by women entrepreneurs in accessing favorable credit terms and developing supportive management policies. By implementing gender-responsive strategies and interventions, it is possible to create an enabling environment that promotes the success and sustainability of women-owned enterprises.

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1-Introduction

This section presents the conclusion, recommendation and areas for further research. The conclusion summarizes the results derived from the study on microfinance credit terms and performance of women owned ventures. It is based on the questions answered by the study, purpose of the study and draws this in light with the objectives. The recommendations present the possible solutions based on the findings of the study. Lastly, this section ends with areas of further research.

6.2-Findings Summary

The purpose of the study was to examine the relationship between microfinance credit terms and the performance of women owned enterprises in Obongi District. Data analysis and interpretation of results from the study revealed the following:

The qualitative result revealed that performance of women owned enterprises is average and that microfinance credit terms are stringent and unfavorable for the operations of women owned enterprises. Furthermore, the correlation result revealed a significant negative relationship between interest rate and performance of women owned enterprises, associating an increase in interest rate with a decline in performance of women owned enterprises.

The correlation result further revealed a significant weak and positive relationship between Loan repayment period and performance of women owned enterprises, showing that the longer the repayment period the better the performance of women owned enterprises.

The result indicates a negative relationship between microfinance credit terms and performance of women owned enterprises, showing that an increase or intensification of microfinance credit terms is associated with a decline in performance of women owned enterprises.

Finally, the study result revealed a significant negative relationship between management policy and performance of women owned enterprises.

6.3 -Study Conclusion

Based on the findings of the study particularly on microfinance credit terms and performance of women owned enterprises in Obongi, the following conclusions can be drawn:

Performance of women-owned enterprises in Obongi District is average. The qualitative analysis revealed that the overall performance of women-owned ventures in the district is not exceptional. This suggests that there is room for improvement and intervention to enhance the performance of these enterprises.

Furthermore, Microfinance credit terms are stringent and unfavorable. The qualitative findings indicate that the current microfinance credit terms are perceived as stringent and unfavorable for women-owned enterprises. This suggests that the existing credit terms may pose challenges and constraints for these businesses in accessing and utilizing financial resources effectively.

The study demonstrated a negative relationship between interest rate and performance; the correlation analysis demonstrated a significant negative relationship between interest rates and the performance of women-owned enterprises. An increase in interest rates was associated with a decline in performance. This implies that high interest rates can have a detrimental effect on the profitability and sustainability of women-owned ventures.

The study also further concludes that there is a positive relationship between loan repayment period and performance. This suggests that longer repayment periods are associated with better performance. It can be concluded that flexible and extended repayment periods can contribute to the financial stability and success of these ventures.

The study further concludes that there is a negative relationship between management policy and performance: This suggests that ineffective or unfavorable management policies can have a negative impact on the performance of these businesses. It underscores the importance of developing sound management practices and policies that support the growth and success of women-owned ventures.

In summary, the study findings emphasize the need for interventions and policy changes to improve the performance of women-owned enterprises in Obongi District. This includes revising micro-finance credit terms, addressing high interest rates, promoting flexible repayment periods, and implementing supportive management policies. These measures can contribute to creating a more enabling environment for women entrepreneurs and enhance the overall performance and sustainability of their ventures.

6.4- Recommendations

In light of the study findings and conclusion drawn from the above findings, the following recommendations are worth taking into consideration to improve on the performance of women owned enterprises:

Microfinance Institutions should review and revise microfinance credit terms. This is so because the study indicates that the current credit terms are stringent and unfavorable for women-owned enterprises. It is recommended to review and revise these terms to make them more favorable and accommodating for women entrepreneurs. This may involve considering lower interest rates, flexible repayment periods, and other terms that better align with the specific needs and constraints of women-owned businesses.

Microfinance Institutions and other key stakeholders should provide financial literacy and business management training. Since the study revealed an average level of performance of women owned enterprises, it is important to enhance the business management skills of women entrepreneurs. Providing financial literacy training and business management education can help women

understand and navigate the challenges of running their ventures effectively and this can help improve performance.

Women entrepreneurs should advocate for policy and regulatory changes: Based on the study's findings, it is important to advocate for policy and regulatory changes that promote an enabling environment for women-owned enterprises. This may involve advocating for favorable interest rate policies, supportive loan repayment periods, and gender-inclusive policies that address the unique needs and challenges faced by women entrepreneurs.

Microfinance Institutions should revise interest rates since it particularly has a significant effect on performance of women owned enterprises. This will ensure that the profit margin obtained from operation does not go entirely in financing the huge interest rates charged but rather reinvested to ensure growth of women owned enterprises.

The study found a negative relationship between microfinance credit terms and the performance of women-owned enterprises. This implies that when credit terms become more stringent or intensified, there is a decline in the performance of these businesses. It highlights the importance of ensuring that credit terms are favorable, accommodating, and aligned with the specific needs and characteristics of women-owned ventures.

6.5-Areas of further Studies

Since this study was cross-sectional, the researcher proposes a similar study that can be conducted which is a longitudinal study. This can provide a deeper understanding of how the relationship between micro-finance credit terms and performance of women owned enterprises evolves over time. By examining changes in credit terms and performance indicators of women-owned enterprises over an extended period, researchers can assess the long-term impact of credit terms on business performance and identify potential trends or patterns

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APPENDICES

APPENDIX 1

QUESTIONNAIRE

Microfinance Credit Terms and Performance of Women-Owned Enterprises

in Obongi District

Questionnaire

Dear sir /Madam

I am Abdullai Sebbi Ajagason an MBA student of Gulu University carrying out a study on Microfinance Credit Terms and Performance of Women-Owned Enterprises .

You have been identified a key resource person for the study, in a view of your expertise, skills and experience in entrepreneurship. This is therefore being to request your invaluable input when provided may significantly contribute to the success of enquiry.

All options will be kept highly secret and confidential and the results of the investigations can be availed if you express interest. Thank you in advance for your time, support and cooperation

Abdullai Sebbi Ajagason

Telephone :0785409303

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Response Guide

Please tick the appropriate Box

Section A: Biographical Data

1. Gender Male Female

2. Age Bracket in years (a)(Less than 25) (b) (25-35) (c) (35-45)

(d)(above 45)

3. Marital Status (a) Single (b) Married (c) Divorced (d) widowed

4. Level of Education (a) Primary (b) certificate (c) diploma (d) degree

5. Period in Business (years) (a)(Less than 2) (b) (2 to 5) (c) (more than 5)

Section B: Microfinance Credit Terms

For each of the questions from Section B you are requested to tick the most appropriate item as provided.

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

	1	2	3	4	5
B1: Interest Rate					
1. I am aware of the interest rate of the microfinance credit before applying for it.					
2. Interest rate of the microfinance credit is affordable and reasonable for my business needs.					
3. It is easy for me to pay the interest charged by MFIs					
4. I appreciate the interest rate offered by MFIs					
5. I am satisfied with the interest rates offered by my current loan provider.					
B2: Loan Repayment Period					
1. MFI provided a flexible repayment period for my business.					
2. MFI offers a suitable repayment period for loan offered.					
3. I face no difficulty making in paying my loan within scheduled period					
4. Loan repayment period is good for my business cash inflow					
5. The length of a loan repayment period is an important factor in my decision to take out a loan.					
B3: Collateral					
1. MFI require collateral before offering loan.					
2. Collateral requirement of MFIs are affordable					
3. I find no challenges in providing collateral.					
4. Collateral requirement of MFI doesn't limit the amount of loan to be offered.					
5. I am aware of the risks associated with providing collateral for a loan					

Section C: Performance

For each of the questions from Section C you are requested to tick the most appropriate item as provided.

1	2	3	4	5
Strongly Disagre	Disagree	Neutral	Aagree	Strongly Agree

	1	2	3	4	5
C1: Profitability					
1.The profitability position of my business has improved.					
2.The revenue generated by my business is above my operational expenses.					
3. The amount of generated by my business is sufficient to meet my business financial needs					
4. The cash flow position of my enterprise is good enough to meet the business needs.					
5 My business is able to save some money from the revenue generated.					
C2: Sales Volume					
1. My market reach has expanded					
2. My Sales operations have increased					
3. Number of customers served by ny business has increased					
4.Restocking level of my business has increased					
5.The sales volume of my business has increased considerably.					
C3:Asset Growth					
1. My business has acquired new assets (physical such as (machinery and property).					
2. I have been able to invest in business assets					
3. The quantity and quality of my inventory has improved					
4. My business has expanded to new locations or areas					
5. The human assets of my business has grown over time.					

Section D: Management Policy

For each of the questions from Section D, you are requested to tick the most appropriate item as provided.

1	2	3	4	5
Strongly Disagre	Disagree	Neutral	Aagree	Strongly Agree

	1	2	3	4	5
D1: Loan Processing and Disburseent					
1. The loan application process is straightforward..					
2.I received clear and timely communication on loan processing and disbursement.					
3. The loan processing time is reasonable.					
4. The disbursement process is smooth.					
5 I am satisfied with the overall loan experience.					
C2: Loan Management					
1. The loan repayment schedule is easy to understand.					
2. I am able to make my loan payments on time.					
3.I have never faced any issues with loan repayment.					
4. I receive prompt and accurate information on my account.					
5. I am satisfied with the customer service for loan queries.					

Thank you very much

APPENDIX II

INTERVIEW GUIDE

My name is Abdullai Sebbi Ajagason a student of Gulu University under taking research on “**Microfinance Credit Terms and Performance of Women-Owned Enterprise** “ The Case of Obongi District. I kindly request you to spare a few minutes of your time to provide information that will be useful for this study. The information you provide will purely be used for academic purposes.

Interview Questions

- 1 Can you describe the growth trajectory of your business
- 2 How has your business performed financially over the past year?
- 3 How has accessing microfinance impacted your business operations?
- 4 Can you describe your experience with accessing microfinance loans for your business?
- 5 What factors did you consider when choosing a microfinance institution to obtain a loan from?
- 6 How do you rate the credit terms of MFIs?
- 7 Were there any collateral requirements or other conditions attached to the loan, and how did these impact your ability to access financing?
- 8 How has microfinance credit terms affected your business performance
- 9 How has the following terms affected your enterprise performance ?
Interest rate
Collateral
Loan repayment period

End of Interview