FACTORS AFFECTING LOAN REPAYMENT BY WOMEN ENTREPRENEURS IN RURAL COMMUNITIES. A CASE OF WOMEN DEVELOPMENT FUND SUPPORT IN MIDLANDS PROVINCE (2010-2018)

A study by

B1544411

A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF THE BACHELOR OF COMMERCE HONOURS DEGREE IN BANKING AND FINANCE
Release form

Name of Student: Makwinye Lloyd


Degree Programme: Banking and Finance

Year of completion: 2019

Permission is hereby granted to Bindura University of science education library to produce single copies of this dissertation, lend or sell such copies for private, Scholarly or Scientific research purpose only. The Author reserves the publication rights. Neither the dissertation nor extensive extracts from it may be printed or otherwise reproduced without the Author’s permission.

Signed…………………………..

Date……………………………

Contact Number…………………………..
Approval form

The undersigned give their certification on reading and recommending to Bindura University for acceptance: A research entitled, Factors affecting loan repayment by women entrepreneurs in rural communities’, submitted by Lloyd Makwinye (B1544411) as a Partial Fulfillment of the requirement of Bachelor of Commerce Honors Degree in Banking and Finance with Bindura University.

...........................................                                                                         ...........................................

Student                                                                 Date

...........................................                                                                         ...........................................

Supervisor                                                                 Date

...........................................                                                                         ...........................................

Chairperson                                                                 Date

...........................................                                                                         ...........................................

External examiner                                                                 Date
Dedication

I dedicate this project to my parents Mr. and Mrs. Makwinye who inspired me from the early stages of my life.
This paper presents a study of the factors affecting loan repayment by women entrepreneurs in rural communities. The use of credit has been envisaged as one way of promoting women entrepreneurs in Zimbabwe to effectively increase their production. To have a financial institutions which are viable, loan repayment is of paramount importance. The Ministry of Women Affairs, Gender and Community Development extended credit facilities to the marginalized women entrepreneurs in rural areas through POSB for the improvement of inputs that will increase production and productivity. However, there is a serious loan repayment problem in Midlands Province which is now discouraging the Ministry to keep on extending credit. The government recorded a 45% arrear ratio that means it is being owed more than USD1 million, therefore, the objectives of this study is to assess the impact of procedures used to identify those who are creditworthy, to determine the extent to which lenders and borrowers factors affect loan repayment and to determine the macroeconomic factors affecting loan repayment among women entrepreneurs in rural communities. The researcher used descriptive research design and a sample size of 39 respondents was drawn which consisted of POSB account relationship manager, loans officers and the customers. Data was collected using self-administered questionnaires. Excel was used to analyze the data and statistical description techniques were also used in data presentation such as tables, graphs and charts. The findings reviewed that borrower’s character, loan duration, poor credit analysis, location, value of collateral security, age, level of education, inflation and interest rates were the major causes of non-performing loans. The study recommends that there is need for effective credit risk management, loan portfolio diversification, training and support as well as the use of perking order theory.
ACKNOWLEDGEMENTS

My deepest gratitude goes to Bindura University of Science Education which provided me with this valueless opportunity to undergo a four year study of Bachelor of Commerce, Honors Degree in Banking and Finance under the mentorship of highly qualified lectures and teaching assistant staff. I have gained great knowledge in the Banking and Finance field to the extent that I’m ready to engage my services with any financial institution. Profound appreciation goes to Mrs. Mauchi, my mentor throughout this research project, whose relentless effort, endurance, care and commitment proved to be valueless for the completion of this project.

I would like to express my gratitude to POSB account relationship managers, loans officers and customers who managed to respond to my questionnaires.

I would like also to thank my parents, sisters, brothers and my friends for their continued support towards my education. Their resilient support and everlasting love helped me to pull through the hard time.

My utmost gratitude goes to the Almighty for without his Grace, nothing would have been succeeded.
CONTENTS
Release form........................................................................................................................i
Approval form........................................................................................................................ii
Dedication...............................................................................................................................iii
ABSTRACT..............................................................................................................................iv
ACKNOWLEDGEMENTS........................................................................................................v
List of tables ..........................................................................................................................x
List of figures ........................................................................................................................xi
List of appendices ..................................................................................................................xii
List of abbreviations ............................................................................................................xiii
CHAPTER 1............................................................................................................................1
INTRODUCTION....................................................................................................................1

1.0 Introduction .....................................................................................................................1
1.1 Background of the study ...............................................................................................1
1.2 Statement of the problem ............................................................................................3
1.3 Objectives .......................................................................................................................3
1.3.1 Specific objectives .....................................................................................................3
1.4 Research questions .......................................................................................................4
1.5 Significance of the study .............................................................................................4
1.5.1 To other researchers ...............................................................................................4
1.5.2 To the Ministry of Woman Affairs, Gender and Community Development ........4
1.5.3 To the researcher ......................................................................................................4
1.6 Assumptions ...................................................................................................................5
1.7 Delimitations of the study ...........................................................................................5
1.8 Limitations .......................................................................................................................5
1.9 Definition of terms and abbreviations .........................................................................5
1.10 Chapter summary .........................................................................................................6
CHAPTER II...........................................................................................................................7
LITERATURE REVIEW .........................................................................................................7

2.0 Introduction .....................................................................................................................7
2.1 Conceptual framework ...............................................................................................7
2.1.1 Entrepreneur ...........................................................................................................7
2.1.2 Small to Medium Enterprises ..............................................................................8
3.3 Sample ................................................................................................................. 26
3.4 Sampling methods ............................................................................................... 26
3.5 Source of Data .................................................................................................... 26
3.5.1 Primary data .................................................................................................. 26
3.6 Data collection instrument .................................................................................. 26
3.6.1 Questionnaire ............................................................................................... 26
3.6.2 Advantage of Questionnaires .......................................................................... 27
3.6.3 Disadvantages of questionnaire ...................................................................... 27
3.6.4 Justification for using questionnaire .............................................................. 27
3.6.5 Reliability and validity .................................................................................. 27
3.7 Data collection procedure ................................................................................... 28
3.8 Chapter Summary ............................................................................................... 28

CHAPTER IV ............................................................................................................. 29
DATA PRESENTATION, ANALYSIS AND DISCUSSION ........................................ 29
4.0 Introduction .......................................................................................................... 29
4.1 Response rate analysis ....................................................................................... 29
4.1.1 Questionnaire response rate for staff ........................................................... 29
4.1.2 Questionnaire response rate for customers .................................................. 29
4.2 Demographic information ................................................................................... 30
4.2.1 Demographic information for staff ............................................................... 30
4.2.2 Demographic information for women entrepreneurs ................................... 32
4.3 ANALYSIS OF RESEARCH OBJECTIVES ..................................................... 34
4.3.1 Procedures to identify borrowers’ creditworthiness .................................... 34
4.4 Lenders factors .................................................................................................. 36
4.5 Borrowers factors and the extent to which they affect loan repayment .......... 37
4.6 Macroeconomic factors ...................................................................................... 39
4.7 Chapter summary ............................................................................................... 40

CHAPTER V .............................................................................................................. 41
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS ................................. 41
5.0 Introduction .......................................................................................................... 41
5.1 Summary of findings ......................................................................................... 41
5.1.1 Procedures to identify borrowers’ creditworthiness .................................... 41
5.1.2 Lenders factors affecting loan repayment ................................................... 41
5.1.3 Borrower factors affecting loan repayment .................................................. 42
5.1.4 Macroeconomic variables affecting loan repayment .................................... 42
5.2 Conclusions ....................................................................................................... 42
5.3 Recommendations ........................................................................................................43
5.3.1 To Women Entrepreneurs........................................................................................43
5.3.2 To the Banks ............................................................................................................43
5.3.3 To the Ministry of Women Affairs, Gender and Community Development .......44
5.4 Area of further study....................................................................................................44
References .......................................................................................................................45
Appendix A......................................................................................................................48
Appendix B......................................................................................................................49
Appendix C......................................................................................................................52
List of tables

Table 2.1 SME support institutions in Zimbabwe........................................................8

Table 4.1 Questionnaire response rate for staff..........................................................29
Table 4.2 Response rate for customers.......................................................................30
Table 4.3 Impact of these procedures on loan repayment .........................................35
Table 4.4 Bank factors affecting loan repayment......................................................36
Table 4.5 The extent to which Lenders factors affect loan repayment.................37
Table 4.6 Major borrower factors........................................................................38
Table 4.7 Specific macroeconomic factors.............................................................39
List of figures

Figure 4.1 Position at work ................................................................. 31
Figure 4.2 Duration of service ............................................................... 31
Figure 4.3 Analysing age of respondents ............................................. 32
Figure 4.4 Level of education ................................................................. 33
Figure 4.5 Duration of business operation ......................................... 33
Figure 4.6 Borrowers factors affect loan repayment ............................ 39
List of appendices

Appendix A .........................................................................................................................48
Appendix B .........................................................................................................................49
Appendix C .........................................................................................................................52
List of abbreviations

MWAGCD - Ministry of Women Affairs, Gender and Community Development

POSB - Post Office Servings Bank

WDF - Women Development Fund

NGO - Non Governmental Organization

NPL’s - Non Performing Loans

UNIFEM - United Nations Development Fund for Women
CHAPTER 1

INTRODUCTION

1.0 Introduction

The main objectives of this investigation is to scrutinise the support that is being given to women in the rural areas through Women Development Fund. This chapter aims at giving a brief insight to the reader by highlighting the background of the study, problem statement and purpose. It also stated the research objectives, research questions and spellsout the significance of the study, delimitations and limitations encountered in carrying out the research. Definition of terms are stated right at the end of the chapter. Of large concern are the factors affecting loan repayment by women entrepreneurs in rural communities.

1.1 Background of the study

Women empowerment remained the foremost goal which the Zimbabwean government hurngers to achieve. Through the Ministry of Women Affairs, Gender and Community Development, government is trying to develop the economic state of women. This goal of empowering women was implemented in 2010 when they introduced the Women Development Fund and its obligation was to help downgraded women in Zimbabwe who could not qualify for funds from banks and microfinance companies because of lacking collateral security.

Banks required strong collateral security to disburse loans so the Zimbabwean government realised the marginalized group and started granting loans for their projects. Since the Ministry could get its coffers from Treasury budgetary allocation on annual basis, it decided then to grant loans enabling an amplified women involvement in all economic sectors consequently increasing their real supremacy over economic verdicts that has a greater influence in their lives and to the community as a
whole. This was to be accomplished through equal access and control over resources and the eradication of structural gender inequalities in labour market.

The Ministry also brings about another way of loan disbursement to women in rural communities through the use of group lending. Grameen bank in Malaysia, started this methodology of group lending which was then adopted by the Ministry. According to (Wamalwa, 2016), these marginalized women could then be granted loans without collateral security of tangible goods or property but only the trust from those formed groups in different provinces. These groups had a minimum number of three players and at most eight women. They all were jointly liable to the loan that they should make efforts in reimbursement. The motive behind these group lending was to promote loan repayment and to circumvent unnecessary defaults.

Women Affairs has its training campuses which are located in different provinces such as the Jamaica Inn which is in Marondera. This was established in trying to help women with the knowledge on how best they can effectively manage their businesses. Business experts are sent from the headquarters to conduct workshops and teach those women on a regular basis. Some of the women who are privileged will be helped attaining different courses and degrees so that they use the governments funds to commence productive projects and reduce risk of failure thereby promoting repayment of the amount granted.

Out of ten provinces, WDF disbursed about 3million dollars between the year 2010 and 2019. The total sum of US$ 500 000 was granted to the marginalized women in the year 2010 and 2011. According to WDF Report (2017), US$ 245 000 was also allocated in 2013 and there was an increase of loan disbursement in the year 2014 to US$ 350 000. The government also allocated US$ 300 000 in the year 2016 and also allocated another US$ 600 000 in the year 2017 but it was not released. As pointed out in the seminar which was held at Ministry of Women Affairs, Gender and Community Development headoffice, the women were not performing well when it comes to repaying their loans since they noted a gradual decrease in loan returns to all the districts which were supplied. Early November 2017, they published a report which depicted the arrears ratio of loans disbursed in Midlands province which was increasing at an increasing rate since 2010. The researcher aims to investigate the factors that negatively influenced loan
repayment by women entrepreneurs in rural communities from the year 2010 to the year 2018.

1.2 Statement of the problem

From the introduction of women empowerment which was brought by Zimbabwean government, there was an increase in loans which were disbursed by the WDF to the marginalised group of women to support their projects. As postulated by the Women Development Fund financial report (2017), most of the loans that were being disbursed by WDF were defaulted and it was proved that fewer individuals benefited economically and socially from these loans, meaning to say, the desire of WDF of sustainable development and women empowerment could not be accomplished. There was a rapid and huge decrease in the percentage of loan repayment from 62% to 25% and they even continued defaulting the assisted funds even if the conditions were little bit relaxed. The government has recorded 45% arrear ratio which is owed by women in rural communities. Despite this good initiative, there was nothing much which was done in order to assess the factors that is hindering loan repayment. Although the government is playing a pivotal role in empowering women, little is being achieved on the ground hence this study seeks to assess the factors affecting loan repayment by women entrepreneurs in rural community.

1.3 Objectives

The general objective of this study is to analyse the factors affecting loan repayment by women entrepreneurs in rural communities.

1.3.1 Specific objectives

1. To assess the impact of procedures used to identify those who are creditworthy on loan repayment performance among women entrepreneurs in rural areas.

2. To determine the extent to which lenders’ factors affect loan repayment performance among women entrepreneurs in rural communities.

3. To find out the extent to which borrowers’ factors affect loan repayment among women entrepreneurs in rural communities.

4. To determine the macroeconomic factors affecting loan repayment among women entrepreneurs in rural areas.
1.4 Research questions

The study attempts to answer the following questions;

- What impact do the procedures used to select those who are creditworthy have on loan repayment performance among women entrepreneurs in rural communities?
- To what extent do lenders’ factors affect loan repayments among women entrepreneurs in rural communities?
- To what extent do borrowers’ factors affect loan repayment among women entrepreneurs in rural communities?
- What are the macroeconomic factors affecting loan repayment among women entrepreneurs in rural communities?

1.5 Significance of the study

This study is aimed at benefiting a number of Stakeholders directly and indirectly as explained below.

1.5.1 To other researchers

This study is designed to add value to different stakeholders either directly or indirectly. It is going to add literature in the university library thereby adding to the pool of knowledge already available for future references to the students as well as other staff members carrying out researches in the same field.

1.5.2 To the Ministry of Woman Affairs, Gender and Community Development

It is also of paramount importance to the MWAGCD since it stresses the factors that are affecting loan repayment and it is going to help in easing the high non-performing loan problem. The researcher also gave the recommendations that the ministry could adopt to secure its funds.

1.5.3 To the researcher

This information is going to help those banks like POSB which helped the Ministry in disbursing the funds. It will clearly articulate the factors which affect loan repayment thereby improving their lending and default follow up skills.
1.6 Assumptions

- Respondents will cooperate positively and will provide answers in utmost good faith.
- Women Development Fund is negatively affected by factors triggering Non Performing Loans.
- Data obtained will be accurate.
- The information gathered will be used solely for learning purposes and treated with confidentiality.

1.7 Delimitations of the study

This study is delimited to the factors that are affecting loan repayment by women entrepreneurs in rural communities. It is delimited to those funds disbursed by the MWAGCD with the help of POSB. The study was confined to eight year period from 2010 to 2018 since it is the period where the government was active in disbursing loans. The respondents which were targeted include POSB credit department, MWAGCD and those women in rural communities. The research was carried out in Midlands Province where there was a greater quantity of NPL’s.

1.8 Limitations

A number of drawbacks were taken into cognisance while carrying out the research. These encounters affected the objectivity as well as the credibility of the topic under research. The questionnaire response rate was low since some respondents chose not even to complete them and some were misplaced. This limited data quantity made it very difficult for the researcher to draw reasonable conclusions. High administration costs were incurred such as travelling costs and questionnaire printing costs. Some data was difficult to collect as they regard it as too sensitive such as government tax policy.

1.9 Definition of terms and abbreviations

MWAGCD – Ministry of Women Affairs, Gender and Community Development

POSB – Post Office Servings Bank

WDF – Women Development Fund

NPL’s – Non Performing Loans
Loans - is just the money lent on interest. It refers to the process of lending money by organisations or individuals to other people.

Non-performing loans refers to those loans which are in default or that have been granted but not repaid. In this case, the borrower will not be likely to pay any amount even the interest component.

In duplum rule – States that the interest charged should not exceed the amount borrowed. According to (Kawonde, 2003), ‘the in duplum rule states that interest, however regarded, stops to run once what has accumulated equals the amount of capital borrowed or outstanding’.

Entrepreneur – this refers to any person who commences businesses in hope of making profits. According to (Stanlake, 2000), an entrepreneur is a person who start his or her business and they are risk bearer.

1.10 Chapter summary
The chapter focused on the introduction, background of the study, statement of the problem, the research question, research objectives, assumptions and limitations of the study. It then gave the definitions of terms as well as abbreviations and this marks the foundation of the study. Chapter two is the review of literature which is relevant to the study.
CHAPTER II

LITERATURE REVIEW

2.0 Introduction

This chapter is to explore the factors that influence repayment of government funded loans by women entrepreneurs. It also answers the research questions by reviewing the conceptual, empirical and theoretical literature on the support which was given to women in rural areas and the mechanism used in the disbursement of loans. Literature review is defined as the process of researching and also evaluation of the knowledge that was already published. It also involves the materials that can provide information in the study being undertaken, synthesize the information as well as how it links with other sources, thus, evaluating sources. In line with the above, the researcher pointed out other scholars view on the factors influencing loan repayment.

2.1 Conceptual framework

According to Mugenda and Mugenda (2003), conceptual framework was defined as the evidence which is required for the development of awareness and understanding of the topic which is being studied. These are concepts that have link to the study under scrutiny. To add on, ideas which depicts the relationship which exist between the variables under study will be involved in this framework and it can be diagrammatically presented.

2.1.1 Entrepreneur

According to Khoo-lattimore (2015), entrepreneur is a person who starts a new business or an organisation. They are commonly viewed as innovators and bring in new ideas. Successful entrepreneurs will tend to employ workers, taking risks of startups hence increasing profits.
2.1.2 Small to Medium Enterprises
As proposed by Khoo-lattimore (2015), was referred to as that company which does not employ more than 100 workers and its turnover per year should be above $800 000. According to (Dalberg Global Advisors, 2011), small to medium enterprises was defined as the organisation that employs 10-250 workers with a high turnover of more than 10 million Euros.

2.1.3 SME support institutions in Zimbabwe
As postulated by the Fin Scope Survey (2012), SMEs are important in Zimbabwe through their contribution to employment creation, poverty alleviation and sustainable development. One of the major challenges mentioned by Fin Scope Survey (2012) is limited access to affordable finance. The following are playing a pivotal role in SME financial support and trying to bridge gaps in the SME sector:

Table 2.1 SME support institutions in Zimbabwe

<table>
<thead>
<tr>
<th>Name</th>
<th>Service provider</th>
<th>Name of institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confederation of Zimbabwe industry</td>
<td>• Financial support</td>
<td>Association</td>
</tr>
<tr>
<td></td>
<td>• Market information</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Advocacy</td>
<td></td>
</tr>
<tr>
<td>Indigenous women’s organization</td>
<td>• Financial support</td>
<td>NGO</td>
</tr>
<tr>
<td></td>
<td>• Information</td>
<td></td>
</tr>
<tr>
<td>Small enterprise development corporation</td>
<td>• Credit</td>
<td>Public</td>
</tr>
<tr>
<td></td>
<td>• Market information</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Skills and management training</td>
<td></td>
</tr>
</tbody>
</table>

Source: Fin Scope Survey 2012:14
2.1.4 Women Development Fund

Oak Foundation (2012) was of the view that, the women funds were established in early 1970s as the mainstream generous funding which specifically targeted women entrepreneurs. Women created channels to amend the imbalanced funding as well as to provide new gender lens. There is a Fund for Gender Equality operating globally and was established in 2009 with an intention of advancing women empowerment by providing grants to increase their access and control to resources and assets. Global Fund for Women, UNIFEM which, according to Buckley (2009), was launched in 1988. This department invests in women’s groups in order to advance the human rights inclusive of girls and the promotion of their participation in the economy. (Buckley 2009) noted that UNIFEM was globally acknowledged as the women fund organisation tasked with the promotion of gender equality through provision of funds internationally, nationally and regionally according to the agenda so to empower women. In 2001 The African Union member states with an intention of empowering women, launched African Women Development Fund which finances local, regional and sub regional organisations. According to (Buckley 2014) In 2007 NEPAD Spanish Fund for African Women Empowerment was tasked to empower the women of Africa financially, unlocking their potential economically and ensuring wealth creation. This fund has a provision of grants aimed at the empowering of African women and promotion of gender equality. Establishment of Women Development Funds globally is evidence of the support by countries to achieve empowerment of women and gender equality through providing funds of which Zimbabwe is not an exception.

2.2 Procedures used in ascertaining entrepreneurs who qualify for loans

As proposed by Gutu et al (2017), there are factors that banks should consider before granting loans to individuals or entrepreneurs such as customers banking history, Character, Ability, Margin, Purpose, Amount, Repayment abilities and Insurance which can be abbreviated as CAMPARI. These points are going to be fully articulated below.

2.2.1 Character

Character refers to distinguishing feature which makes up an individual and this should be closely monitored in terms of the borrowers’ loan history, honesty and integrity
(Aliija and Muhangi, 2017). All banks should at least be able to gain their customers trust and be confident in their repayment character. This implies that banks have to collect information related to the borrowers such as the repayment history where they could verify the past repayment performance and whether the borrower ever defaulted. The account conduct as well as honesty and integrity of the borrower will also be observed before loans were granted. According to Amen-rabi (2011), loans should be granted to those borrowers who proved to be reliable with a very convincing track record as this will reduce loan default rate.

2.2.2 Ability
According to Modigliani and Miller (2016), ability refers to the state of being able for example, if one has the capacity of doing something then he will be said to be able. In this context, the lender should make sure that borrowers are capable of repaying the amount loaned by assessing the viability of their business. According to Felix et al (2018), the management should have skills to assess the repayment ability of any borrower. The management should include the technical capability of workers and the quality of the products being produced by the company should be researched by the lender in order to find out if the product is marketable and profitable in order for the company to repay the loan. According to the Central Bank of Tanzania (2013), competitive advantage of the borrower should not be overlooked so as to understand the company’s profitability, growth and survival in the market as the company’s viability in the market will determine its ability to pay back the loan. Hence the financial stability of an organisation should be considered before a loan agreement is signed. According to Makorere (2014), a company’s debt to equity should be brought into consideration in assessing the ability of a firm to repay the disbursed loan. This is due to the fact that a company which has a high debt ratio may fail to repay the lender. Also the bargaining power of suppliers and availability of substitutes should be taken into consideration as they affect loan repayment.

2.2.3 Purpose
Purpose refers to the reason or intentions of doing something. For loans to yield positive results the borrower should seriously consider and investigate the reasons as to why the borrower is in need of the loan. The MWAGCD and POSB were disadvantaged due to failure to recognise the purpose of a borrower’s loan application. As proposed by Sileshi
et al (2012), banks should ensure that the loan application of a company is in line with the country’s legality context. As stated in Financial (2018), a bank should ensure that an organisation attaches all legal documents to the loan application, such as the Memorandum and Articles of Association as this will legally tie the borrower to borrow against their business activity. Knowledge of the nature of activity of a borrower will help the bank determine the size of the loan to be granted to the borrower.

2.2.4 Amount
As stipulated by Kenneth (2011), amount in finance refers to the aggregate money borrowed. According to Financial (2018), it was noted that banks should disburse loans which reckon with the purpose of the loan. Loaning any amount at the request of the borrower could disadvantage the bank as the borrower may fail to repay the amount borrowed. According to Nawai and Shariff (2012), banks should consider the organogram of a company, its financial status as well as the business turnover. The lender should consider the contribution that the borrower has already made and the supporters towards the project and the expected outcome to specifically calculate the possible maximum amount to be granted.

2.2.5 Repayment
Repayment is just a process of giving back what has been lent to you. Chairman and Managing Director of National Bank of commerce (2013) repeatedly noted that investigations into the borrower’s background on debt should be done to determine whether the borrower will be able to repay the loan. Conclusion on the ability of a borrower to repay a loan should only be determined after the following considerations; whether their products are marketable, the performance of the economy at the time of borrowing and the type of product being offered. Investigations should be made in order to find out whether the organisation is still viable or financially unstable. Financial stability of an organisation has to be investigated so the bank knows whether the loan will be paid from profits made by the borrower, furthermore the bank should have knowledge of whether the company has assets that can be sold after default. It is important for the bank to also understand the value of the asset on the market. According to Kenneth (2011), a borrower should have the ability to repay a loan, as this will assist banks in avoiding lending money to a potential defaulter. If one defaults it is difficult for a bank to recover balance of the loan owing.
2.2.6 Banking History

Refers to the financial information of one’s background on the deposits and loan repayments made. According to Nawai and Shariff (2012), information on one’s credit history can be collected through an interview with the borrower. Banks should make the borrower aware that any misleading information may lead to a negative response from the bank. Officers holding the interviews should have great experience so as to determine whether to lend or reject the application. It therefore important to investigate the borrower’s history before signing any loan agreement with them.

2.3 Bank factors affecting loan repayment

As proposed by Felix et al (2018), there are three areas that should be considered when looking at the non-performing loans. These apparently are the causes of non-performing loans. The first cause is about the borrowers’ characteristics as well as the nature of the business he runs which triggers loan defaults. The characteristics of the lender as well as the stableness of loan to borrowers is also another cause of loan repayment. Lastly but not least, Felix et al (2018) talks about the systematic risk which emanates from the external forces such as Political, Economic, social and the business environment.

As proposed by Velusamy (2018), financial institutions considers certain important factors before disbursing loans to the individuals and institutions. This information includes background of the firm, market share, firms’ cash flow, history of the company about its operation, as well as the firms’ ability to get debt finance from different sources apart from that it obtains from the bank. In other cases, the banks would require firms to apply for loan by submitting a loan proposal which includes the information on their business plan as well as the information on their yearly financial statements. This information will be thoroughly assessed considering many factors before the loan is disbursed so it positively affects loan repayment. A good example is when the banks use the credit rating system and the 5C’s to be sure if the firm really qualify for the loan there by avoiding loan defaults. The banks also have to dig deep on how the business is being run and managed, the effectiveness of the business projects and also the capital structure of that firm.
2.3.1 Insider lending
According to Cull et al (2006), related insider lending refers to a situation where by banks will be providing loans to the workers, friends and even relatives. This can also be the situation where by the firms which own shares in the bank is granted loans in a little bit relaxed terms which are not standard. Looting theory by Choi (2015) can best explain the insider lending, whereby there will be no transparency in the loans disbursed to the directors and those senior management. They will be taking advantage of banks resources to enrich themselves and adding value to their companies. This practice has a greater impact on loan repayment and it depicts poor corporate governance, banking supervision and it is said to be caused by the economic crisis (Diamond 2011).

2.3.2 Poor credit analysis
According to Cull et al (2006), postulated that credit analysis refers to the process of determining debtors’ credit worthiness and it involves credit risk assessment which is done before loan disbursement. Poor credit analysis will result in high risk of loan default. Credit analysis requires effective gathering of borrowers’ information to be able to determine the amount of loan that should be disbursed. According to Nawai and Shariff (2012), credit analysts should take into consideration the 5Cs which are used for loan appraisal in trying to determine the creditworthiness of a company or an individual. These include borrowers’ character, contribution, collateral, capacity and condition.

Loan conditions takes into consideration the external factors such as political, economic, social and legal factors. These factors for example as the economic situation in Zimbabwe getting too tough, thus, as we are experiencing economic downturn, it will give the lender a sign of high default risk which could befall some borrowers. To cater for the default risk, Bassett et al (2012) was of the view that, credit scoring models should be efficiently used in assessing borrower’s creditworthiness as it determines the risk class of borrowers.

2.3.3 Technical incompetence
Technical incompetence referred to as the inability of possessing knowledge and skills required for accomplishing business objective. Unskilled work force specifically those in credit department has great impact on the loan repayment determination. They have to possess technical kills on assessing clients’ financial statements, and make viable decisions on the amount each client should get proportionate to the net profit being
realised. The customers will send their loan proposals which should be thoroughly appraised by the loans officers. As proposed by Bassett et al (2012), those banks which have unskilled credit analysts and unknowledgeable workforce will suffer from greater losses emanating from default risk. Default risk is described as the risk which arises when a debtor fail to pay back the granted principal amount as well as the accumulated interest. Bassett et al (2012) further explained that technical incompetence can also be depicted with the way loan portfolios are being monitored, its documentation and administered. On the other hand, Makorere (2014) raised an argument that loan defaults are as a result of competent management which tend to require higher salaries and wages forcing the companies to indirectly shift the burden to consumers through charging of higher interest rates as a way to recover the costs.

2.3.4 Fraud and Corruption
According to Makorere (2014), corruption was defined in the context of banking industry whereby loan officers tend to abuse their responsibilities by approving higher amount of loan proposed by the applicant which does not tally with the requirements. This is mostly done due to the monetary or non-monetary benefits which will be promised to be given after the deal is done by the applicant. This can be done through destruction of data whereby loans officers manipulate it accidentally or deliberately for the agreed monetary compensation by the borrower. As stated by De-Silas (2010), high degree of corruption is associated with high default risk since some borrowers will not provide required collateral security, poor screening methods will be employed therefore unworthy clients will be granted loans.

2.4 Borrower factors affecting loan repayment
2.4.1 Unwillingness to repay the loan
As at the study that was carried out by Gutu et al (2017) on the factors that affect borrower’s loan repayment, non-performing loans are being caused by individuals who are not willing and able to pay back the borrowed funds. Gutu et al (2017) proposed that, the banks should device a plan whereby they will be selecting good borrowers and separate those from bad borrowers so that they will only concentrate will few that pays back. This process is of paramount importance due to the fact that it reduces default rate to its minimum level but on the other side of the coin, it will tend to reduce returns. A
suggestion made by Werema and Opanga (2016) was to first have an assessment of borrower’s history as well as the economic prospects to be sure and able to determine borrower’s ability to repay funded loan. Also he suggested the use of capital, capacity, and collateral security in determining borrower’s ability to repay the loan.

2.4.2 Access to cheap finance
According to Fofack (2015), borrower’s repayment ability is determined by access to other sources of cheap finance available. From the study carried out by Touny and Shehab (2015) in some Arab countries, analysing the factors that affect loan repayment, the concluded that a vast number of NGO members who had some other alternatives to get cheap funds had high rate of failing to repay loans. To add on, they also postulated that repayment is directly linked with level of education and qualifications he possesses, the place where business is being undertaken and economic conditions. This means that there is a positive relationship between loan repayment and level of education. A well-educated borrower has low risk of default, that is, high loan performance. In this study, the loan size was not considered as an important reason for loan default but the membership period was found with the significant impact.

2.5 Macroeconomic factors affecting loan repayment
According to Mileris (2014), macroeconomic variables refers to the major factors that have an influence in the economy for example inflation, GDP, interest rate, exchange rate. As proposed by Touny and Shehab (2015), macroeconomics was described as the branch of economics which takes into account the structure, behaviour, performance and making decisions of the whole economy. Macroeconomics is mainly concerned with the behaviour of aggregate indicators in the economy such as employment volume in the economy as a whole. According to Beardshaw (2006), many models were developed in trying to explain the relationship that exist between these variables and the policies both in long-run and short run period. The changes that exist in macroeconomic variables will tend to determine loan portfolio quality. As was determined by Touny and Shehab (2015) in Arab banking industry, non-performing loans were triggered by macroeconomic variables these fundamentals can be used also to explain loan quality. These variables are going to be fully elucidated below.
2.5.1 Inflation

According to Touny and Shehab (2015), inflation refers to the rapid increase in prices of all the goods and services that are being produced in the economy. The increase in the price of only one product does not mean inflation. Inflation rate can be measured using the retail price index and consumer price index, that is, the basket of goods that a consumer could buy in the base year compared to the goods that can be bought in the current year given same amount of services and commodities. Cost push inflation is caused by the increase in production cost forcing price increases and Demand pull inflation is when aggregate demand is greater than the output being produced, (Beardshaw 2006). An increase in the rate of inflation will result in high rate of non-performing loans due to decrease in the real income of borrowers. As inflation is realised, banks tend to increase interest rates which will result in an increased amount of the funds which a borrower is supposed to repay. As proposed by Fofack (2015), most of the loans which are disbursed during the hyper inflationary era have high probability of being defaulted.

2.5.2 Interest rates

Interest rate is defined as the cost of borrowing. It can also be defined as the rate which is charged on every cent lend and can normally be expressed as annual terms in banking sector though there are other interests which can be charged on daily or monthly basis. According to Bank Supervision Annual report (2013), interest rate is the rate charged by banks to borrow its funds or in other ways, the rate which is paid by the banks to the savers for keeping money into their account. Borrowers struggle to repay the loans due to increase in interest rates. As propounded by Metaxas (2010), increase in interest rates means increase in cost of borrowing which increases borrowers burden on loan repayment. This means that there is a positive relationship which exists between interest rates and non-performing loans. Miller (2009) was of the view that, the lenders will charge real rate of interest which is the nominal interest rate minus expected inflation rate as shown below

\[
\text{Real interest rate} = \text{Nominal interest rate} - \text{expected inflation rate}
\]

According to Metaxas (2010), the nominal interest rate will be specified in advance though the real interest rate will not be known since it is determined by the inflation rate at that particular time. One cannot be able to determine the inflation rate before year.
end so in actual sense, the loans will be disbursed during the year without the knowledge of actual real rate of interest therefore they decide the amount to be disbursed basing on the expected inflation rate.

2.5.3 Unemployment
According to Mileris (2014), unemployment refers to the number of people who are actively seeking for jobs but cannot find them and it can be measured using claimant count method or survey method. As stipulated by (Stanlake, 2000), unemployment rate is the percentage of those who are not employed. As proposed by Beardshaw (2006, 566), “The unemployed, although not actually officially working, are said to be economically active because they are actively seeking work...” Rapid increase in the unemployment rate will reduce borrower’s income level and increases their loan repayment burden. According to Touny and Shehab (2015), unemployment has an impact on aggregate demand of the products, for example, if the loan borrower is running a business in an economy with high unemployment rate, the product demand will reduce leading to reduced profits hence causing loan defaults.

2.6 The support mechanism available for entrepreneurs
2.6.1 Women entrepreneur training
Women entrepreneur training varies from primary education, professional training and management training. Many women in developing countries have limited access to technical training. It was noted that most of the women are facing challenges in education access to better their foundation (Khoo-lattimore, 2015). In Africa as a whole, there is less numbers of women who are being enrolled for education as compared to the rate men are being enrolled for technical courses. The results to this is the disadvantages women have as compared to men. In Zimbabwe, gender inequality has deteriorated especially in primary education and secondary level but still a challenge when approaching tertiary level. Small to Medium Enterprises (SMEs) require both technical skills and practical skills.

2.6.2 Mentoring entrepreneur
According to Okonkwo et al (2018), monitoring is a management process which involves administering the use of funds which are loaned out to entrepreneurs by identification of faults, inform of duty as well as giving advice and instructions where possible. This is a situation where one who has more knowledge in business helps the
ones who have less knowledge to understand how the business is managed effectively. Most of the funds which are being granted will probably be used ‘not’ for the purpose they were applied for. One can apply a loan claiming to increase capital but tend to use that money for luxury or to cover their debts. Given this situation, a mentor is found to be of paramount importance and according to Sileshi, Nyikal and Wangia (2012), they should encourage women entrepreneurs and be their role model. These mentors should act as an inspirational or motivational phenomenon to the entrepreneurs by giving them fresh ideas and solutions to the problems.

2.7 Theoretical framework
There are three theories which are going to be expounded, that is, the portfolio theory, the pricing theory and lastly the theory of finance. Capital gain became the zeal of every lender who disburses loans to creditors. They charge interests on the principal amount, which is the initial amount borrowed, to make profit. This means that the lender have to carefully appraise the borrowers credit worthiness before advancing a loan. The administration of non-performing loans as well as the bases of disbursing loans will be scrupulously explained using these three aforementioned theories.

2.7.1 Portfolio theory
Banks have applied for the modern portfolio theory (MPT) so that they market their risk since late 1980's. According to Margrabe (2007), many financial institutions use the value at risk model in order to manage the rate of interest as well as exposures to market risk. However, Margrabe (2007) postulated that, despite the fact that credit risk is the focal risk that has a greater impact to the financial institutions, the practical of modern portfolio theory to credit risk has lagged. Every financial institution appreciates the impact of credit risk in their performance therefore most of the banks are now considering the quantitative approach when measuring the credit risk though there remains an obstacle, which is, data problem. At the moment, they are still trying to find out and developing a tool that will be able to simply measure this risk in a portfolio context. Credit derivatives are at one point of time being used in transferring the credit risk at the same time preserving the relationship with clienteles. Over the previous years, the use of these two developments have triggered massively and enhanced the improvement in credit risk management as in the portfolio perspective.
Previously, banks usually engaged into asset-by-asset method to effectively manage credit risk which involved the assessment of quality of loans that are being disbursed whereby they will be applying the ratings to each portfolio in order to have a clear view on the expected losses it is exposed to. This is actually an internal system which banks used for credit rating purposes and it also helped them to review changes in portfolio movements at a certain period of time. The results from the asset-by-asset approach could as well help banks in identification of problems and make necessary changes in their disbursement strategies.

Now at this point, the loan disbursement decisions will lie in the hands of loans officers who will use his own judgement and skills by weighing the ratings and creditworthiness of an individual or an institution. This is usually done after the verification of ‘5C’s’ which are; character, capacity, capital, credibility and condition. Not only these factors should the loans officer consider but also some economic factors such as the interest rates.

Banks use the credit scoring system to evaluate the creditworthiness of an individual or an institution. This involves the scores which is based on the collected information as mentioned above and this will enable the financial institutions to assess the potential risk associated with loan disbursement as well as alleviating the problems and losses encountered from bad debts. This credit scoring system will enable banks to identify those individuals who qualify for the loans at a certain percentage of interest rate as well as the maximum amount to be granted. This rating system has an assumption that the the credit analysis determines the history of borrowers in terms of his past repayment performance to other institutions, Feldman (2008). Despite the fact that credit scoring system is being widely used in loans that are being granted, it has not been so effective because they used non-standardized documentation yet this requires heavy statistical weights to be attached, Berger and Miller (2009).

2.7.2 Theory of Finance

According to Kenneth (2011), this theory evaluates how institutions or individuals allocates their resources. When the firms allocates their resources, they face so many challenges so this theory of finance will therefore provide solutions to those problems. It also depicts the ways in which companies and individuals raise their funds and the
process of resource allocation to different projects taking also into consideration the risks which are associated with those projects.

Taking it into a much simpler form, Hull (2002) explained the term financing as a way in which provision and allocation of money for a certain project is done. Shares should be properly priced so it requires proper asset pricing, for example, in Arbitrage pricing theory where it generally depicts about asset pricing model. This theory proclaims that every expected returns can simply be represented diagrammatically as a linear function displaying various macroeconomic factors with different market indices. Hull (2002) pointed out that, the theory of finance assumes that there are factors which are considered to be very sensitive to slightly alterations and it is represented by a ‘factor-specific beta coefficient’. On the other side of the coin, there is the prospect theory which considers other ways which are brought with uncertain outcomes. According to the prospect theory, it actually attempts to depict the choices made in real life terms but did not manage to show the optimal decisions.

2.7.3 Pricing theory

According to William (2012), the pricing theory points out that the benefits of diversification requires the thorough calculation of covariance of return on assets. The Capital Asset Price Model (CAPM) is calculated as $\text{CAPM} = R_f + \beta (R_m - R_f)$ where $R_f$ is the risk free rate, $R_m$ is the market rate and $\beta$ is the beta. William (2012), postulated that one will be able to calculate asset covariance and came out with the same answer, thus, solving the practical difficulty of CAPM.

There is also an alternative approach which was propounded by Stephen Ross and is called the Arbitrage Pricing Theory (APT). This is an interesting theory which moved away from the CAPM, thus, departing from the risk and return logic. Most of the theories relies on the APT such as the theory of option pricing which was propounded by Fisher Black. Apparently, as long as the returns which are realised from an option is simulated by other assets portfolio, the value which will be placed on an option will be similar to that of asset portfolio. If this is not so, it means the existence of an arbitrage opportunity.

The other theory which employs the Arbitrage logic is the Modigliani and Miller theorem which portrays the insignificance of corporate financial structure for firm’s
value. This theorem was just an extension made to Irvin Fishers Separation theorem where he argued on the view that production plan which aims on maximising profit, will not be affected with the lending or the borrowing decisions. This means to say, the production plan is not depending on the financial decisions that are made. In the case where the firms are being viewed as assets, if the production plans for the firms that are financed differently are similar it means the market value will also be similar but if they are not, it means that there will be an arbitrage opportunity. The arbitrage proposed that firm value should be identical despite the differences in the composition of firms Weighted Average Cost of Capital (WACC) or financial structure.

2.8 Empirical framework

Empirical framework refers to the literature which was previously carried out by other researchers on the same topic or relevant to the study under review (Werema and Opanga, 2016). Basing on the stated objectives, this study had to conduct an empirical framework and it ensured relevance of the literature on the study under review.

Aliija and Muhangi (2017), *The effect of Loan Appraisal Process Management on Credit Performance in Microfinance Institutions (MFIs): A Case of MFIs in Uganda*

The aim of this study was to understand the effectiveness of loan appraisal process management on the credit performance of MFIs. The objectives of the study were to analyse the loan appraisal process, challenges which are faced by loan officers in appraising clients and to assess the relationship between financial performance and loan appraisal procedures. Qualitative and quantitative research approaches were used and questionnaires were distributed to 44 loans officers and credit managers. The study concluded that MFIs use credit management to a greater extent and that credit appraisal should be employed to reduce credit risk. The study also pointed out that there is a greater impact that exist between loan appraisal and credit performance. Recommendations were made to the MFIs to improve the loan appraisal procedures and techniques to increase credit performance.
Angaine (2016), Factors influencing loan repayment in Micro-Finance in Kenya

The researcher carried out this study to evaluate the factors which affected loan repayment in micro-finance institutions. The researcher employed a descriptive survey which consisted of 39 loan officers as target population and 5280 clients. Out of 5280 targeted clients 360 were considered as a sample size. The researcher employed two types of sampling methods that is simple random sampling method and stratified sampling method. From this study, number of dependents, hobbies and educational level were found as the factors which influenced loan repayment. The researcher also determined the business characteristics which also affected loan repayment such as length of operation, management as well as type of business. Poor loan supervision and loan repayment period were identified as the lenders factors which influenced loan repayment to a greater extent. Recommendations were made by the researcher for Government to ensure that future borrowers should have knowledge in business management and financing. Also the government was recommended to increase the repayment period allowing borrowers to efficiently utilise the funds and to introduce better credit evaluation methods to qualify one for a loan.

Wafula Nathan Wamalwa (2016), Determinants of loan repayment by borrowers from micro-financial institutions in Nakuru County Kenya.

(Wamalwa, 2016) Carried out a study in Nakuru County, Kenya in which the main objective of his research was to determine the factors influencing loan repayments by borrowers for micro-finance institutions. The researcher used descriptive type of research design. The researcher’s objectives were to determine the importance of level of income, education and borrower’s age on loan repayment. The researcher considered 590 borrowers as well as employees as his target population. 59 employees of MFIs and customers were picked using stratified random sampling as a sample size which is 10% of the target population. The researcher collected primary data using questionnaires and it was analysed using regression method. Findings from the research showed that income level, education and age negatively influenced loan repayment, and therefore the researcher recommended that lenders and other loans officers should encourage borrowers with low income levels as well as education to apply for higher amount of loans.
Okonkwo et al (2018), Credit worthiness and repayment among farmer’ co-operators in Delta State, Nigeria.

Okonkwo et al (2018) carried a study in Nigeria on credit worthiness and repayment among farmers’ co-operators. The researcher used multi stage sampling procedures when he selected 150 of the respondents to fill questionnaires with information that is, gathering data needed for the research. Also in this study, multiple regression model and logit were used. When creditworthiness of their clients was determined, 58% of the sample selected were found to be creditworthy and the rest were unworthy. From the study it was found that technology, loan duration, age, interests and loan volume were positively co-related to loan repayment. This means that the above listed factors were found to have an impact on loan repayment. The researcher recommended that, “cooperative societies should base loan disbursement policy on co-operators thrift savings”.

(Felix, Wahome and Ariemba, 2018), Financial Institution factors influencing loan default by SMEs in Kitui Central Sub-county

The researcher’s objective was to evaluate financial factors which influenced loan default by Small to Medium Enterprises. All SMEs registered in Kitui were the targeted population and small number of firms were selected from the target population as a sample by simple random sampling method. This study used structured questionnaire to obtain primary data and it was edited, coded and then examined. The study also employed regression and correlation analysis in trying to measure effects of financial factors to loan defaults and to determine the relationship which exists between these variables respectively. Results from the study showed that there is a significant relationship which exists between loan default and mode of loan repayment but a strong correlation between loan default and interest rates. To add on, a weak positive correlation existed between loan default and repayment interval as well as type of financial institution. Conclusively the study pointed out that mode of loan repayment, interest rates and the type of financial institution had high influence in loan default. The researcher recommended a revision on lending policies to reduce non-performing loans caused by lenders factors and characteristics.
2.9 Gap analysis

Although many researchers looked at the determinants that influenced loan defaults in different countries such as Kenya and Nigeria, this study is specifically targeting rural women in Midlands Province, Zimbabwe as no research was made concerning women defaulters.

2.10 Chapter Summary

The chapter provided information on the theoretical evidence on factors affecting repayment of government funded loans. The empirical evidence was provided where it analysed bank factors that have an influence in loan repayment, the factors which are used in identifying those entrepreneurs who qualify to be granted loans, borrowers own factors and the macroeconomic variables which influence loan repayment. Conceptual framework was also reviewed in the literature. Chapter three is the research methodology of the study.
CHAPTER III

RESEARCH METHODOLOGY

3.0 Introduction

This chapter identifies all the procedures that were used in data collection process and data analysis. Its framework covers the research design which was used, target population, sample, sampling design, data collection procedures and research instruments.

3.1 Research design

As proposed by Mugenda and Mugenda (2003), the research design is defined as conceptual structure in which the research is being carried out. They also described research design as the blueprint specifying the necessary ways that will be used in data collection which is relevant with reduced effort, money and time, thus, for the purpose of alleviating problems. In this case, the researcher focused on descriptive research design to effectively evaluate the factors affecting loan repayment by women entrepreneurs in rural communities. This is the best way to collect, analyse and answer the questions to the subject which is being studied. As at Orodho (2003), descriptive research design involves the use of questionnaires to a selected number of individuals.

3.2 Target population

According to Kumar (2008), population was viewed as all substances which are in the field of investigation, that is, ‘universe’. Population can simply be referred to as the group of units from which a sample is being drawn. The researcher mainly concentrated on the Midlands Province only because it was one of the areas where they experienced highest loan default rate as compared to all the provinces which were granted the funds. The main players and overseers of the government funded loans from POSB, were selected as respondents. This research targeted 100 customers and concentrated on 30 Post Office Savings Bank loans officers in loan administration department and 30 account relationship managers due to their vast knowledge in the study under review.
3.3 Sample
The sample population which ranges from 10% to 30% of the targeted population was considered to be adequate for better results and the sample should at least have 30 elements (Mugenda & Mugenda, 2003). Basing on that fact, the researcher used 30% of the targeted population because it was small and manageable, that is, 9 account relationship managers, 30 customers and 9 loans officers.

3.4 Sampling methods
According to Saunders et al (2009), sampling was defined as the method of picking a limited number of elements from a sample population so that one will be able to estimate outcome. It involves the analysis of a group by determining features of the proportion of its members which are selected unsystematically. The researcher used stratified random sampling which is the method of sampling which involves the division of the selected population into homogeneous subgroups, that is, age and level of education prior to sampling. This method tend to reduce errors by controlling the variance.

3.5 Source of Data
The researcher used primary data only as source of data.

3.5.1 Primary data
According to Mugenda and Mugenda (2003), Primary data refers to the information which is gathered directly from the source and in this study, it was collected from respondents using questionnaires. This comprised of all data that is relevant and which is specifically related to the factors that are affecting repayment of granted loans among women entrepreneurs in rural communities. Primary data enabled substantiation of the aspect which was being researched which however could not be reviewed in secondary data. The information was so current that it improved data reliability.

3.6 Data collection instrument
The researcher used questionnaires as the primary data collection instrument.

3.6.1 Questionnaire
As proposed by Brace (2008), questionnaire is referred to as the set of gestures which seeks information through reply. It is a research instrument which has a series of questions specifically for the purpose of collecting required information from respondents. The researcher gathered information using this type of research
instrument. Selected individuals were asked the structured questions which did not consume much time in answering and were cost efficient. The researcher also asked unstructured questions which does not limit the information but enabled respondents to reveal any information as they wish on the factors influencing repayment of funded loans among women entrepreneurs in rural areas. These questionnaires were delivered and effectively collected in time. Clarity and precision principles was strictly exercised thereby improving data quality.

3.6.2 Advantage of Questionnaires
- The questionnaire is practical.
- It is cost effective and can allow vast information to be collected at a short space of time.
- The information will be easily quantified.

3.6.3 Disadvantages of questionnaire
- It is not so easy to determine the respondents’ feeling, behaviour as well as deviations in emotions.
- It also does not depicts how truthful the respondent will be.
- Sometimes respondents might fail to fully understand the questions or wrongly interpret the question leading to wrong information.

3.6.4 Justification for using questionnaire
Questionnaire is very easy to administer since it does not require close supervision. Questionnaire contains guidelines that respondents can complete it on their own and allows confidentiality. The coverage is not limited because they can reach anywhere and it does not require you to be there.

3.6.5 Reliability and validity
According to (Mugenda & Mugenda, 2003), reliability is the rate of consistency and can also be defined as the ability to measure something consistently. Due caution was employed effectively to be certain of respondents efficiency in answering questions. The researcher ensured that questionnaires were answered in his presence for clarification purpose on some other questions that might seem to be vague. All the information was collected during convenient hours where all the workers were not busy thereby increasing reliability of information they provided. Respondents involved
comprised of account managers, loans officers and those officials from credit department for relevant information needed by the researcher.

For a procedure to be valid, it should be able to measure what it is intended for as well as achieving what it was designed for. In this research, piloting was first used to ensure validity of questions being asked. As proposed by Cooper and Schindler (2003) (Kenneth, 2011), piloting is the pre-test of questions to various people to see the validity and if the questions will be easily understood. The researcher selected 15 respondents for pre-testing and natured and corrected the errors which could have affected those respondents from major study.

3.7 Data collection procedure
The researcher made appointments with the selected POSB customers, credit officers and account relationship managers so as to give them the self-administered questionnaires and make appointments on when to collect them. The researcher informed respondents on the use of collected data and gave assurance on data confidentiality that it will be used for research purposes only. Questionnaires were delivered to the respondents then collected after three days and some were collected the very same day.

3.8 Chapter Summary
The data was collected from primary source for presentation purposes and analysis. Questionnaires were used to gather enough information enhancing validity of data. All the data that was collected concerns the factors influencing repayment of loans among women entrepreneurs in rural communities.
4.0 Introduction
This chapter outlines the findings of the study, data analysis, discussion and presentation of major findings. Statistical description techniques were used in data presentation such as tables, graphs and charts.

4.1 Response rate analysis

4.1.1 Questionnaire response rate for staff
The questionnaires were distributed to the POSB loans officers, account relationship managers and to women who benefited from the funds.

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>Questionnaires Distributed</th>
<th>Questionnaires Returned</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans Officers</td>
<td>9</td>
<td>9</td>
<td>100%</td>
</tr>
<tr>
<td>Account relationship Managers</td>
<td>9</td>
<td>8</td>
<td>88.8%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>18</td>
<td>17</td>
<td>94.4%</td>
</tr>
</tbody>
</table>

Source: Primary data

From the table 4.1 above, 9 loans officers and 9 account relationship managers were given questionnaires and only 1 questionnaire was not returned by an account relationship manager. This shows that a 100% response rate was attained on loan officers and 88.8% response rate was of account relationship managers thereby giving an overall response rate of 94.4%.

4.1.2 Questionnaire response rate for customers
Questionnaires were distributed specifically to those women who benefited from the granted loans. The results are shown in the table 4.2 below
Table 4.2 Response rate for customers

<table>
<thead>
<tr>
<th>Category or age</th>
<th>Questionnaires Distributed</th>
<th>Questionnaires Returned</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-30 years</td>
<td>11</td>
<td>11</td>
<td>100%</td>
</tr>
<tr>
<td>31-40 years</td>
<td>9</td>
<td>7</td>
<td>77.7%</td>
</tr>
<tr>
<td>41-50 years</td>
<td>6</td>
<td>3</td>
<td>50%</td>
</tr>
<tr>
<td>Above 50 years</td>
<td>4</td>
<td>1</td>
<td>25%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>30</td>
<td>22</td>
<td>73.3%</td>
</tr>
</tbody>
</table>

Source: Primary data

The table 4.2 above represents questionnaires that were distributed to women entrepreneurs who benefited from governments’ loan grants. 11 questionnaires were distributed to women between the age of 18-30 years and all were returned which gave a 100% response rate. 9 questionnaires were distributed to those respondents between the age of 31-40 years and only 7 were returned which resulted in 77.7% response rate. Only 6 questionnaires were distributed to those between the age of 41-50 years and 3 were returned, giving a 50% response rate. From the 4 women who were above 50 years of age, 4 questionnaires were distributed and only one was returned, giving a 25% response rate and the overall response rate was 73.3%.

4.2 Demographic information

This section shows gender of respondents, their position at work, duration of employment, age of clients, type of business they are operating and the number of years in the same business.

4.2.1 Demographic information for staff

In this section, demographic information of staff is presented such as gender, position of work and duration of service.
Fig 4.1 above shows the position held at work by both male and female respondents at POSB. From the questionnaires that were distributed 9 (53%) were Loans Officers and 8 (47%) were Account Relationship Managers.

Fig 4.2 Duration of service

Source: Primary data
Figure 4.2 above shows the duration of service of both Loans Officers and Account Relationship Managers, only one was employed for a period of less than five years, four were employed for between a duration of six to ten years, seven were employed for a duration of between eleven to fifteen years and five were employed for a duration of above fifteen years.

4.2.2 Demographic information for women entrepreneurs

In this section, demographic information of women entrepreneurs is presented such as age, gender, level of education, type of business and duration of business operation.

**Figure 4. 3 Analysing age of respondents**

![Age of respondents chart]

Source: *Primary data*

Figure 4.3 above shows the age groups of customers who responded to the distributed questionnaires. Six women ranged between the ages of eighteen to thirty years, nine ranged between the ages of thirty-one to forty years, four ranged in between the ages of forty-one to fifty years and three were above the age of fifty years. The respondents were willing to assist with the information especially those between the ages of 31 to 40 years. Their willingness to help helped the researcher to justify the collected information as relevant.
Figure 4. 4 Level of education

![Level of education](image)

Source: Primary data

Figure 4.4 above depicts level of education of the respondents who benefited from loan support. 7 females attained secondary level, 9 have certificates, 2 have diplomas and 4 have degrees. As proposed by Grace (2014), many workers have attained their degrees and other qualifications since the world and technology is not static.

Figure 4.5 Duration of business operation

![Duration of business operation](image)

Source: Primary data

Figure 4.5 above shows the duration of business operation, which is, time period the business was effectively in operation. From the findings, 2 respondents had businesses which were below five years of operation, 6 businesses were between 6 to 10 years of
operation, 9 businesses were between 11 and 15 years of operation and 5 businesses were above 15 years of operation.

4.3 ANALYSIS OF RESEARCH OBJECTIVES

4.3.1 Procedures to identify borrowers’ creditworthiness

This section outlines the findings on the procedures which were used to identify those women who qualified for loan support such as capital, ability, insurance, purpose, amount and repayment. It also outlines the overall impact of these procedures on loan repayment performance.

4.3.2 Procedures used to identify borrowers’ creditworthiness

On whether the procedures used to identify borrowers’ creditworthiness negatively affect loan repayment performance, the data findings were represented in the table 4.3 below

Table 4. 3 Procedures to identify borrowers’ creditworthiness

<table>
<thead>
<tr>
<th></th>
<th>Number of Responses</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Character</td>
<td>39 out of 39</td>
<td>100%</td>
</tr>
<tr>
<td>Ability</td>
<td>33 out of 39</td>
<td>84.6%</td>
</tr>
<tr>
<td>Purpose</td>
<td>30 out of 39</td>
<td>76.9%</td>
</tr>
<tr>
<td>Amount</td>
<td>37 out of 39</td>
<td>94.87%</td>
</tr>
<tr>
<td>Repayment</td>
<td>1 out of 39</td>
<td>2.56%</td>
</tr>
<tr>
<td>Insurance</td>
<td>4 out of 39</td>
<td>10.2%</td>
</tr>
<tr>
<td><strong>Total average percentage</strong></td>
<td></td>
<td><strong>61.5%</strong></td>
</tr>
</tbody>
</table>

Source: Primary data

From the findings in table 4.3 above, there was a 100% response on character as all 39 respondents agreed that these procedures depict borrowers’ creditworthiness and has a strong negative impact on loan repayment performance. 84.6% was the response on the ability as a criteria used to identify those worthy for loan support, 76.9 response was on purpose of loan applied for and 94.87% was on the amount of loan applied. Most of the
respondents had the view that, repayment and insurance have less impact on loan repayment performance as depicted by only 2.56% and 10.2% on repayment and insurance respectively. Total average response percentage of the procedures used to identify borrowers’ creditworthiness which affect loan repayment among women entrepreneurs was 61.5%.

**4.3.3 Impact of the procedures used to identify borrowers creditworthiness on loan repayment.**

Data findings with regards to the impact of procedures used to identify borrowers’ creditworthiness on loan repayment were shown in Table 4.3 below

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very strong impact</td>
<td>25</td>
</tr>
<tr>
<td>Great impact</td>
<td>8</td>
</tr>
<tr>
<td>Moderate impact</td>
<td>5</td>
</tr>
<tr>
<td>Little impact</td>
<td>1</td>
</tr>
<tr>
<td>No impact</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>39</strong></td>
</tr>
</tbody>
</table>

Source: *primary data*

From the table 4.4 above, 64.1 % of the respondents reported that procedures of selecting those who qualify for loan support has a very strong impact on loan repayment performance. 20.5% of the respondents were of the view that procedures of selecting those who are credit worthy has greater impact on loan repayment performance while 12.8 stated that the procedures have moderate impact. Only 2.56% reported that these procedures have little impact in loan repayment performance. On whether the procedures used to identify borrowers’ creditworthiness negatively affect loan repayment performance. Capacity, borrowers’ character, repayment ability, loan purpose and loan amount were found to have a significant effect on loan repayment performance. Aliija and Muhangi (2017) were of the view that, there is a very strong impact that exist between credit performance and client appraisal. Capacity was viewed as the most critical factor which affects loan repayment. The research findings also were supported by Gatuhu (2013) who noted that, client appraisal procedures significantly affected financial performance.
4.4 Lenders factors

This section outlines the research findings on the bank factors and the overall impact of lenders factors on loan repayment performance.

4.4.1 Bank factors affecting loan repayment

With regards to the bank factors that affect loan repayment performance, the data findings were represented in table 4.5 below.

<table>
<thead>
<tr>
<th>Bank factors</th>
<th>Number of respondents per factor (Out of 39)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insider lending</td>
<td>12</td>
<td>30.8%</td>
</tr>
<tr>
<td>Poor credit analysis</td>
<td>39</td>
<td>100%</td>
</tr>
<tr>
<td>Weak monitoring and supervision</td>
<td>39</td>
<td>100%</td>
</tr>
<tr>
<td>Loan duration</td>
<td>39</td>
<td>100%</td>
</tr>
<tr>
<td>Marketing ability</td>
<td>8</td>
<td>20.5%</td>
</tr>
<tr>
<td>Mode of loan repayment</td>
<td>9</td>
<td>23.1%</td>
</tr>
<tr>
<td>Concentrated lending</td>
<td>39</td>
<td>100%</td>
</tr>
<tr>
<td>Fraud and corruption</td>
<td>18</td>
<td>46.2%</td>
</tr>
<tr>
<td>Location of the firm</td>
<td>39</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total average percentage</strong></td>
<td></td>
<td><strong>69%</strong></td>
</tr>
</tbody>
</table>

Source: Primary data

From table 4.5 above, respondents unveiled that weak monitoring and supervision of loans, loan duration, concentrated lending, location of the firm and poor credit analysis have a greater impact on loan repayment possibility and these factors had 100% responses. However some bank factors like insider lending which had 30.8% response, marketing ability which had 20.5% response, mode of payment which had 23.1% and Fraud and corruption which had 46.2% response were found to have less impact on loan repayment.
4.4.2 The extent to which Lenders factors affect loan repayment performance

The data findings with regards to the overall impact of lenders factors’ on loan repayment performance was represented in the table 4.6 below

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very strong extent</td>
<td>6</td>
</tr>
<tr>
<td>Greater extent</td>
<td>15</td>
</tr>
<tr>
<td>Moderate</td>
<td>11</td>
</tr>
<tr>
<td>Little extent</td>
<td>7</td>
</tr>
<tr>
<td>No impact</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>39</td>
</tr>
</tbody>
</table>

Source: Primary data

From the findings, only 15.4% of the total respondents claimed that lenders factors affects loan repayment to a very strong extent and 38.5% of the respondents reported that the lenders factors affect loan repayment to a greater. The respondents totalling to 28.2% reported that these lenders factors have moderate impact on loan repayment performance and 17.9% confirmed that there is very little impact. This was also noted by Angaine and Waari (2016) that lenders factors influence loan repayment to a greater extent such as the poor loan supervision and loan repayment period. Felix et al (2016) also confirmed that there is a significant relationship which exists between loan default and mode of loan repayment. Loan duration and loan amount were also confirmed in the study which was done by Gutu (2017) that, sufficiency of loan for intended activities increases the borrowers’ loan repayment probability by 11.03 times.

4.5 Borrowers factors and the extent to which they affect loan repayment

This section presents data findings on the effects of borrowers’ factors on loan repayment performance as well as the extent to which the borrowers’ factors affect loan repayment among women entrepreneurs.

4.5.1 Major Borrowers’ factors affecting loan repayment

With regards to the major borrower factors that affect loan repayment performance, the data findings were represented in the table 4.7 below
Table 4. 7 Major borrower factors

<table>
<thead>
<tr>
<th></th>
<th>Number of respondents (out of 39)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>15</td>
<td>38.5%</td>
</tr>
<tr>
<td>Borrowers profession</td>
<td>11</td>
<td>28.2%</td>
</tr>
<tr>
<td>Age</td>
<td>39</td>
<td>100%</td>
</tr>
<tr>
<td>Level of education</td>
<td>39</td>
<td>100%</td>
</tr>
<tr>
<td>Loan amount granted</td>
<td>39</td>
<td>100%</td>
</tr>
<tr>
<td>Nature of business operated</td>
<td>39</td>
<td>100%</td>
</tr>
<tr>
<td>Number of loans borrowed</td>
<td>29</td>
<td>74.4%</td>
</tr>
<tr>
<td>Business location</td>
<td>39</td>
<td>100%</td>
</tr>
<tr>
<td>Level of income</td>
<td>39</td>
<td>100%</td>
</tr>
<tr>
<td>Access to cheap finance</td>
<td>21</td>
<td>53.8%</td>
</tr>
<tr>
<td>Total average percentage</td>
<td></td>
<td>79.5%</td>
</tr>
</tbody>
</table>

Source: Primary data

The findings reviewed 100% of the respondents reported that age, level of education, loan amount granted, nature of business operated, business location and level of income affects loan repayment possibility among women entrepreneurs. 38.5% reported that gender affects loan repayment, 28.2% only supported borrowers’ profession, 74.4% reported that number of loans borrowed affects loan repayment and 53.8% reported that borrowers with access to other cheap finance are prone to loan defaults. The total average percentage was 79.5% which shows that borrowers’ factors affects loan repayment performance. There is a no positive relationship that exist between age and loan repayment, meaning to say, the capacity to pay back loans decreases with age.

4.5.2 The extent to which Borrowers’ factors affect loan repayment performance

The findings on the extent to which borrowers’ factors affect loan repayment performance among women entrepreneurs are shown below:
The study shows that, 65% of the total respondents were of the view that borrowers’ factors affect loan repayment to a very large extent and 28% reported that borrowers’ factors affect loan repayment to a larger extent. Only 5% of the respondents reported that borrowers’ factors affect loan repayment performance to a moderate, 2% to a lesser extent. According to Wamalwa (2016), borrowers’ factors affected loan repayment performance such as age and level of education to a larger extent. Okonkwo et al (2018), also came out with the same view that age of borrower affects loan repayment to a greater extent.

### 4.6 Macroeconomic factors

This section presents data findings on the macroeconomic factors affecting loan repayment performance among women entrepreneurs.

#### 4.6.1 Macroeconomic factors affecting loan repayment

With regards to the specific macroeconomic factors that affect loan repayment performance, the data findings were represented in the table 4.8 below.

<table>
<thead>
<tr>
<th>Inflation</th>
<th>Number of respondents(out of 39)</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation</td>
<td>39</td>
<td>100%</td>
</tr>
<tr>
<td>Economic Indicator</td>
<td>Frequency</td>
<td>Percentage</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-----------</td>
<td>------------</td>
</tr>
<tr>
<td>Interest rate</td>
<td>39</td>
<td>100%</td>
</tr>
<tr>
<td>Unemployment</td>
<td>25</td>
<td>64%</td>
</tr>
<tr>
<td>Gross Domestic Product</td>
<td>4</td>
<td>10%</td>
</tr>
<tr>
<td>Exchange rate</td>
<td>28</td>
<td>72%</td>
</tr>
<tr>
<td>Total average percentage</td>
<td></td>
<td>69%</td>
</tr>
</tbody>
</table>

*Source: Primary data*

From the findings in the table 4.8 above, 100% of the respondents reported that inflation and interest rates are the major macroeconomic factors that affect loan repayment performance. 10% of the total respondents supported that gross domestic product is one of the factors causing a non-repayment of loans in rural communities. 72% of the respondents cited that exchange rate affected loan repayment performance. This was also supported by Okonkwo et al (2018), that interest rate has an impact in loan repayment performance, the high interest rates charged by lenders contributed to the loan defaults by also increasing repayment burden to borrowers. Felix, Wahome and Ariemba (2018) also noted that there is a strong correlation between interest rate and loan repayment performance. This means an increase in the rate charged will also attract a rise in loan default rate.

### 4.7 Chapter summary

The chapter presented and analysed a detailed account of the study findings. Each and every questionnaire response was analysed and statistical description techniques were used for data presentation such as tables, graphs and charts from the primary data gathered. Chapter five will be focusing on summary of major findings, conclusions and recommendations.
5.0 Introduction
This chapter seeks to summarise the major research findings, conclusions and offer recommendations to the Ministry of women affairs, gender and community development in a quest to fulfil the problem question. The study has come up with several findings which are in line with the research objectives, existing literature and previous research findings.

5.1 Summary of findings
In an effort to answer the study problem, this section presents a summary of research findings as per the research objectives and data presented in Chapter four. This summary is arranged in accordance with the research objectives and questions. The following were the major findings

5.1.1 Procedures to identify borrowers’ creditworthiness
The study reviews that the procedures used to determine borrowers’ creditworthiness were instrumental in causing non-repayment of governments’ loan such as capacity, character, ability and amount granted. These procedures affected loan repayment performance to a greater extent. The Ministry was not following the proper procedures that must be used when disbursing loans leading to high loans being granted to unqualified entrepreneurs.

5.1.2 Lenders factors affecting loan repayment
The researcher found that lenders factors also lead to non-repayment of loans among women entrepreneurs in rural communities.

- Loan duration contributed to the loan defaults as lenders were unable to match the amount of loan granted and the time period of repayment. Less time was given to borrowers which increased the loan default rate.
• Poor credit analysis, weak monitoring and supervision contributed to the increased rate of loan defaults.
• Lenders factors influence loan repayment to a greater extent such as the location of the firm.

5.1.3 Borrower factors affecting loan repayment
• The researcher found that borrowers’ factors affect loan repayment to a very large extent.
• There is lack of knowledge in the projects that are being undertaken by borrowers. This had very great impact on loan repayment because they were failing to generate enough profits. Other beneficiaries stated out that the loans were not enough to engage themselves in projects that have a high profit margin and ended up spending.
• The study also reviews that there is no positive relationship between age and loan repayment. The capacity to pay back loans decreases with age.

5.1.4 Macroeconomic variables affecting loan repayment
• The study also reviewed that inflation and the interest rate charged are the macroeconomic factors contributed to the high default rate.
• Interest rate has a greater impact in loan repayment performance. They are crucial in determining the marginal propensity to invest therefore there is a trade-off between interest rates and demand for loanable fund.
• Inflation rate also contributed to the increasing level of loan defaults. There exist the positive correlation between the level of inflation and loan defaults. This is due to the fact that as the price level increases, entrepreneurs would require more money balances to maintain their level of consumption but could however burden them when it comes to repayment.

5.2 Conclusions
• The study concluded that there is a positive relationship between the procedures used to identify borrowers’ creditworthiness and loan repayment.
• The study also concludes that there was an element of inadequate and weak supervision of loans that were disbursed in rural communities which promoted indiscipline thereby increasing number of loan defaults.

• The study concludes that the borrowers’ character contributed significantly to high levels of defaults by increasing repayment burden. Lenders were failing to adequately investigate borrowers’ maximum loan amount that should be granted.

• The study further concludes that poor management contributed significantly to increase in loan defaults among women entrepreneurs. The fund itself was failing to put in place proper internal system which harness loan disbursement.

• The research findings exposed that there is a positive relationship between interest rates and loan defaults. The high interest rates charged by lenders contributed to the loan defaults by also increasing repayment burden to borrowers.

• The study reviewed that some borrowers’ factors such as level of education, age, level of income and type of business contributed to high levels of loan defaults.

5.3 Recommendations
Basing on the research findings, the recommendations on better strategies and ways of managing loan defaults were pointed out by the researcher to help the Ministry as well as the bank which is responsible for loan administration.

5.3.1 To Women Entrepreneurs
Women entrepreneur should make sure that they follow the Pecking Order Theory to finance their projects which is effective in reducing the cost of capital. This theory encourages the use of internal source of funds before they borrow externally. Churchill et al (2009) supported the Pecking order theory as he also encouraged the use of equity financing.

5.3.2 To the Banks
Effective Credit risk management
The study recommends that the bank should apply efficient and effective credit risk management so that they ensure that loans disbursed are matched with borrowers’ repayment ability. The collateral perfection should be undertaken before loan
disbursement to improve borrowers’ cooperation in loan repayment. On that same note, the collateral security value should be at least greater than the loan applied for plus the interest charged. Moreover, a credit information bureau should be established to make reference before loan is disbursed.

**Loan portfolio diversification**

The Ministry and the bank should offer a wide range of loan products, provide different loan amounts to different industries, geography and clients to ensure diversification. Instead of disbursing loans to women entrepreneurs in rural areas who are affected with the same conditions, the Ministry should also loan out funds to other different viable and profitable sectors.

**Continuous provision of refresher training courses**

The study recommends that banks should make sure that it provides refresher courses as a way to cope up with the changing global financial market. They should strive to continuously update credit assessments done, administration, credit risk management skills and knowledge of personnel which will enhance better credit appraisal technique. Better decision making and strategies will be applied as well as modelling credit personnel behaviour to the current techniques to avoid or reduce the level of loan defaults.

**5.3.3 To the Ministry of Women Affairs, Gender and Community Development**

Knowledge remains the most important thing that should be imparted to women entrepreneurs before receiving loans. The Ministry of Women and Youth Affairs is recommended to build the capacity of beneficiaries before loan disbursement. Training workshop should be facilitated on regular intervals to enhance the entrepreneurial skills such as business management and book keeping so that they increase their profit margins. Most of the women entrepreneurs have no idea on how to effectively run their businesses so they need to be imparted with this knowledge of market research before commencing trading.

**5.4 Area of further study**

Further studies should focus on the effects of Women Development Fund in Zimbabwe and the challenges being faced by women entrepreneurs.
References


Metaxas M (2010): International Money and Banking Finance, 5th edition, Western publisher


FACTORS AFFECTING LOAN REPAYMENT BY WOMEN ENTREPRENEURS IN RURAL COMMUNITIES. A CASE OF WOMEN DEVELOPMENT FUND SUPPORT IN MIDLANDS PROVINCE (2010-2018)

This research study is being conducted under the auspices of Bindura University of Science Education. It seeks to establish the factors affecting loan repayment by women entrepreneurs in rural communities. We kindly ask you to complete this questionnaire which is strictly for academic purposes and assure you that all responses will be treated with confidentiality.

Email: lydmakwinye2015@gmail.com
Appendix B

Questionnaire for staff

SECTION A: DEMOGRAPHIC INFORMATION FOR STAFF

1. What is your position at work?
   Loans officer [ ]    account relationship manager [ ]

2. For how long have you been employed with Post Office Savings Bank?
   below 5 years [ ]   6-10 years [ ]  11-15 years [ ]  above 15 years [ ]

SECTION B: PROCEDURES TO IDENTIFY BORROWERS

CREDITWORTHINESS

3. The following are procedures used to identify borrowers’ creditworthiness which have an impact on loan repayment among women entrepreneurs. (Please indicate those which affect loan repayment at Post Office Savings Bank)
   Character [ ]
   Ability [ ]
   Purpose [ ]
   Amount [ ]
   Repayment [ ]
   Insurance [ ]
   Specify others below
   ………………………………………………………………………………………………………………………
   ………………………………………………………………………………………………………………………
   ……………

4. What impact does the procedures used to select those who are creditworthy have on loan repayment performance among women entrepreneurs in rural communities?
   Very strong impact [ ]  great impact [ ]
   Moderate impact [ ]    little impact [ ]
   No impact [ ]
SECTION B: LENDERS FACTORS

5 The following are bank factors that affect loan repayment among women entrepreneurs. (Please indicate those which affect loan repayment at Post Office Savings Bank)

- Insider lending
- Poor credit analysis
- Weak monitoring and supervision
- Loan duration
- Marketing ability
- Mode of loan repayment
- Concentrated lending
- Fraud and corruption
- Location of the firm

Specify other factors

…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………

6 What overall impact do lenders’ factors have on loan repayment performance among women entrepreneurs in rural communities?

- Very strong impact
- Great impact
- Moderate impact
- Little impact
- No impact

SECTION C: BORROWER FACTORS

7 From the list below, please indicate major borrower factors influencing loan repayment performance.

- Gender
- Borrowers profession
- Age
Level of education [ ]
Loan amount granted [ ]
Nature of business being operated [ ]
Number of loans borrowed [ ]
Business location [ ]
Level of income [ ]
Access to cheap finance [ ]
Specify others


To what extent do borrowers factors affect loan repayment among women entrepreneurs in rural communities?

Very large extent [ ]
large extent [ ]
Moderate extent [ ]
lesser extent [ ]
Very less extent [ ]

SECTION C: MACROECONOMIC FACTORS

From the following list, please tick the macroeconomic factors which affect borrowers’ loan repayment possibility

Inflation [ ]
Interest rate [ ]
Unemployment [ ]
Gross Domestic Product [ ]
Exchange rate [ ]
Other (specify below)

...
Appendix C

Questionnaire for customers

DEMOGRAPHIC INFORMATION FOR CUSTOMERS

1. Please indicate your age below
   - 18-30 years [ ]
   - 31-40 years [ ]
   - 41-50 years [ ]
   - above 50 years [ ]

2. Please indicate your level of education below
   - Secondary Level [ ]
   - Certificate [ ]
   - Diploma [ ]
   - Degree [ ]
   - Other specify
     ………………………………………………………………………………………………

3. For how long have you been operating in your business?
   - Below 5 years [ ]
   - 6-10 years [ ]
   - 11-15 years [ ]
   - above 16 years [ ]

SECTION B: PROCEDURES TO IDENTIFY BORROWERS

CREDITWORTHINESS

3. The following are procedures used to identify borrowers’ creditworthiness which have an impact on loan repayment among women entrepreneurs. (Please indicate those which affect loan repayment at Post Office Savings Bank)
   - Character [ ]
   - Ability [ ]
   - Purpose [ ]
   - Amount [ ]
   - Repayment [ ]
   - Insurance [ ]
   - Specify others below
     ………………………………………………………………………………………………

4. What impact does the procedures used to select those who are creditworthy have on loan repayment performance among women entrepreneurs in rural communities?
SECTION B: LENDERS FACTORS

5. The following are bank factors that affect loan repayment among women entrepreneurs. (Please indicate those which affect loan repayment)

   Insider lending [ ]
   Poor credit analysis [ ]
   Weak monitoring and supervision [ ]
   Loan duration [ ]
   Marketing ability [ ]
   Mode of loan repayment [ ]
   Concentrated lending [ ]
   Fraud and corruption [ ]
   Location of the firm [ ]

Specify other factors

………………………………………………………………………………………………………………………………………………

………………………………………………………………………………………………………………………………………………

………………

6. What overall impact do lenders’ factors have on loan repayment performance among women entrepreneurs in rural communities?

   Very strong impact [ ]
   great impact [ ]
   Moderate impact [ ]
   little impact [ ]
   No impact [ ]

SECTION C: BORROWER FACTORS

7. From the list below, please indicate major borrower factors influencing loan repayment performance.
Gender [ ]
Borrowers profession [ ]
Age [ ]
Level of education [ ]
Loan amount granted [ ]
Nature of business being operated [ ]
Number of loans borrowed [ ]
Business location [ ]
Level of income [ ]
Access to cheap finance [ ]
Specify others

……………………………………………………………………………………………………………………

8. To what extent do borrowers' factors affect loan repayment among women entrepreneurs in rural communities?

Very large extent [ ]
Moderate extent [ ]
Very less extent [ ]

SECTION C: MACROECONOMIC FACTORS

9. From the following list, please tick the macroeconomic factors which affect borrowers’ loan repayment possibility

Inflation [ ]
Interest rate [ ]
Unemployment [ ]
Gross Domestic Product [ ]
Exchange rate [ ]
Other (specify below)

……………………………………………………………………………………………………………………

Thank you