

**The Influence of Microfinance Loans on Women Empowerment in Rural Areas of Uganda: A Case of
Kyabugimbi Sub-County, Bushenyi District**

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Abstract

This study examined the influence of microfinance loans on women empowerment in rural Uganda, with specific reference to Kyabugimbi Sub-County in Bushenyi District. Microfinance has been advanced for four decades as an instrument capable of simultaneously alleviating poverty and transforming gender relations, on the proposition that access to credit enables women to establish income-generating enterprises whose returns strengthen their bargaining position within households and communities. This proposition has been contested by scholarship arguing that credit access alone cannot dislodge structural gender inequalities, that loans may be appropriated by male household members, and that group liability can generate social pressure that constitutes a new burden rather than a source of solidarity. Kyabugimbi Sub-County, situated in a predominantly agrarian district of southwestern Uganda characterised by banana and coffee production, smallholder landholding, patrilineal inheritance, and an active landscape of savings and credit cooperatives and village savings and loan associations, provides an appropriate setting for testing these competing claims. The study adopted a positivist philosophy and a cross-sectional survey design, collecting data from 234 women microfinance clients selected through stratified random sampling from a target population of 590 across registered microfinance groups in the sub-county. A structured questionnaire administered through trained enumerators measured four microfinance loan dimensions, namely loan accessibility, loan size and adequacy, loan terms and conditions, and complementary services including training and group support, against women empowerment assessed through economic empowerment, household decision-making, social and community participation, and psychological empowerment and self-efficacy. Data were analysed using descriptive statistics, Pearson correlation, and multiple regression in SPSS version 26. Results showed that loan accessibility recorded the highest mean while loan size and adequacy recorded the lowest. All dimensions correlated significantly and positively with women empowerment, with complementary services strongest ($r = 0.694$, $p < 0.01$), followed by loan terms and conditions ($r = 0.641$, $p < 0.01$), loan size and adequacy ($r = 0.587$, $p < 0.01$), and loan accessibility ($r = 0.512$, $p < 0.01$). The regression model was significant ($F = 58.34$, $p < 0.001$), explaining 50.5 per cent of the variance in women empowerment, with complementary services ($\beta = 0.318$) and loan terms and conditions ($\beta = 0.276$) the dominant predictors. The study concludes that microfinance influences empowerment but that credit access alone is insufficient, and recommends bundling loans with training and group support, extending grace periods aligned to agricultural cycles, and increasing loan sizes beyond survival thresholds.

Keywords: Microfinance; women empowerment; rural finance; loan accessibility; complementary services; household decision-making; Kyabugimbi Sub-County; Bushenyi District; Uganda.

Received: 06.07.2026

Accepted: 12.07.2026

Published on: 30.07.2026

1.0 Introduction

Microfinance emerged in the latter decades of the twentieth century from a diagnosis that appeared both simple and compelling: the poor were poor in substantial part because they lacked access to credit, and they lacked access to credit because formal financial institutions required collateral they did not possess and regarded small loans as commercially unviable(Irumba et al., 2024). The innovation associated with the Grameen Bank in Bangladesh and subsequently replicated across the developing world was to substitute social collateral for physical collateral through joint liability groups, in which members guaranteed one another's repayment and thereby internalised the screening, monitoring, and enforcement functions that formal lenders could not perform economically at small loan sizes(Polycarp et al., 2023). The model's demonstrated capacity to achieve repayment rates exceeding those of commercial banks, while lending to borrowers whom those banks had judged unbankable, established it as one of the most influential development interventions of its era(Julius & Nancy, 2026).

From an early stage the model acquired an explicit gender orientation, with the overwhelming majority of microfinance clients worldwide being women. This orientation was justified on several grounds(District et al., 2023). Empirically, women exhibited higher repayment rates than men, which made lending to them commercially rational. Developmentally, evidence indicated that income controlled by women was allocated disproportionately to children's nutrition, health, and education, which meant that lending to women produced welfare returns beyond the borrower herself(Alex & Kazaara, 2023). Normatively, it was argued that women's exclusion from formal finance was itself a manifestation of gender inequality, so that financial inclusion carried intrinsic as well as instrumental value. Together these arguments produced the proposition at the centre of this study: that microfinance can serve simultaneously as an instrument of poverty reduction and of women's empowerment(Ntirandekura & Friday, 2022).

Women empowerment as a construct requires careful specification, since its casual use in development discourse has obscured substantial conceptual complexity. The most influential formulation, associated with Kabeer, defines empowerment as the expansion of the ability to make strategic life choices in a context where this ability was previously denied, and disaggregates it into three interrelated dimensions: resources, comprising the material, human, and social preconditions of choice; agency, comprising the capacity to define goals and act upon them; and achievements, comprising the outcomes realised(Julius & Betty, 2026). The critical implication of this framework, and one frequently neglected in applied research, is that resources alone do not constitute empowerment(Ahumuza et al., 2025). A woman who receives a loan has gained a resource, but whether that resource translates into agency depends on whether she controls its use, and whether agency translates into achievement depends on structures beyond her individual control. The framework therefore predicts precisely the pattern of qualified and heterogeneous findings that the empirical literature has produced.

The empirical record on microfinance and women's empowerment is genuinely contested, and the contestation is instructive rather than merely inconvenient. Positive findings report increased asset ownership, greater participation in household decisions, enhanced mobility, and improved self-confidence among clients relative to comparison groups (Julius & Kazaara, 2026a). Critical findings, drawn largely from qualitative and ethnographic research, document loan appropriation, in which women receive loans that male household members effectively control while the woman bears the repayment liability; the intensification of women's work burden, since enterprise activity is added to rather than substituted for domestic and agricultural labour; social pressure within joint liability groups that can escalate to coercion and public humiliation of defaulters; and, in extreme cases documented in South Asia, over-indebtedness resulting from multiple borrowing (Faridah et al., 2023). Rigorous randomised evaluations conducted across several countries have generally found modest effects on business investment and consumption but limited effects on the broader empowerment and welfare outcomes that the movement's advocacy had promised, a body of evidence that substantially tempered enthusiasm for microfinance as a transformative intervention.

The reconciliation increasingly favoured in recent scholarship is that microfinance's effects depend critically on what accompanies the loan (Polycarp et al., 2023). The minimalist model, which provides credit alone on the reasoning that the poor know best how to use capital and that additional services raise costs and undermine sustainability, has produced weaker empowerment results than the integrated model, which bundles credit with business training, financial literacy, group solidarity building, and sometimes health or rights education (Emmanuel et al., 2023). This distinction supplies the principal analytical motivation for the present study, which measures complementary services as a distinct dimension rather than folding them into an undifferentiated microfinance construct (Julius et al., 2026).

The Ugandan context supplies specific texture to these general considerations. Uganda's microfinance sector comprises a tiered structure of regulated microfinance deposit-taking institutions, credit-only institutions, savings and credit cooperative organisations, and a dense informal layer of village savings and loan associations that has expanded substantially in rural areas and which, notably, provides savings-led rather than credit-led financial services (Julius & Kazaara, 2026b). Rural gender relations remain shaped by patrilineal land tenure under which women's access to land is typically mediated through marriage rather than held in their own right, a structural fact with direct bearing on empowerment since land is simultaneously the principal productive asset, the principal store of wealth, and the principal form of collateral (Faridah et al., 2023). Kyabugimbi Sub-County in Bushenyi District exemplifies this configuration: predominantly agrarian, oriented toward banana and coffee production, characterized by smallholder plots and patrilineal inheritance, and served by an active landscape of cooperative and informal financial groups (Gracious, 2023). Its agricultural economy carries a specific implication for microfinance design, since returns to agricultural investment are seasonal while conventional microfinance repayment schedules are weekly or monthly and commence immediately after disbursement, a mismatch whose consequences this study examines.

1.1 Problem Statement

Microfinance institutions and savings groups operating in Kyabugimbi Sub-County extend loans predominantly to women on the stated premise that credit access will enable them to establish and expand income-generating enterprises, thereby improving household welfare and strengthening women's position within their households and communities (Ntirandekura & Friday, 2022). The ideal situation is one in which women access loans of adequate size on terms compatible with their enterprise cash flows, retain control over loan use and enterprise proceeds, generate returns sufficient to service the loan and accumulate a surplus, and consequently exercise greater voice in household decisions, own assets in their own right, participate in community affairs, and experience enhanced confidence and self-efficacy (Polycarp et al., 2023). This ideal is aligned with the National Development Plan's financial inclusion objectives and with Uganda's commitments under the Sustainable Development Goals concerning gender equality and women's economic empowerment (Julius & Audrey, 2026).

The prevailing situation departs from this ideal in ways that observation of the sub-county and the broader literature suggest are systematic rather than incidental. Loan sizes extended to rural women are frequently small, sufficient to sustain petty trade at subsistence scale but insufficient to finance the asset acquisition, stock accumulation, or enterprise expansion through which meaningful income growth occurs, with the consequence that borrowing sustains survival rather than enabling accumulation (Collins et al., 2023). Repayment schedules commonly commence within weeks of disbursement and require weekly or monthly instalments, a structure fundamentally mismatched to an agrarian economy in which banana and coffee returns arrive seasonally, and which therefore compels borrowers to service agricultural loans from non-agricultural sources, frequently by reducing household consumption or by borrowing elsewhere. Loan appropriation by male household members has been documented across comparable Ugandan settings, whereby a woman applies, receives, and repays a loan whose proceeds are directed by her husband, leaving her with the liability and without the resource (Brian et al., 2024). Complementary services including business training and financial literacy are provided inconsistently, with many lenders operating a minimalist credit-only model on cost grounds. Group liability, intended as solidarity, has in some instances generated pressure that borrowers experience as coercive (Julius & Kazaara, 2026b).

If these conditions persist, the consequences are serious and fall disproportionately on the women the intervention was designed to assist. Women may accumulate debt without accumulating assets, a combination that leaves them worse positioned than before they borrowed, since the liability is individual while the benefit was diffuse (Julius & Nancy, 2026). Repayment pressure sustained from consumption reduction transfers costs to children through nutrition and schooling, inverting the welfare logic that justified targeting women in the first place. Where loans are appropriated, microfinance does not merely fail to empower but actively adds a burden of liability to an existing condition of powerlessness (Christopher & Nelson, 2024). Over-indebtedness through multiple borrowing across the sub-county's several available lenders is a documented pathway to asset distress sales, including of the land on which household

Received: 06.07.2026

Accepted: 12.07.2026

Published on: 30.07.2026

food security depends. At the systemic level, the failure of microfinance to deliver its promised outcomes discredits an instrument that, appropriately designed, retains genuine potential(Faridah et al., 2023).

1.2 Main Objective

The main objective of the study was to examine the influence of microfinance loans on women empowerment in rural areas of Uganda, with reference to Kyabugimbi Sub-County in Bushenyi District.

1.3 Specific Objectives

- i. To examine the influence of loan accessibility on women empowerment in Kyabugimbi Sub-County.
- ii. To assess the influence of loan size and adequacy on women empowerment in Kyabugimbi Sub-County.
- iii. To determine the influence of loan terms and conditions on women empowerment in Kyabugimbi Sub-County.
- iv. To establish the influence of complementary services on women empowerment in Kyabugimbi Sub-County.

2.0 Literature Review

2.1 Theoretical Framework

The study is anchored in Kabeer's empowerment framework, complemented by the theory of financial intermediation and the capability approach. Kabeer's framework defines empowerment as the expansion of the ability to make strategic life choices in a context where this ability was previously denied, and disaggregates it into resources, agency, and achievements. Its analytical power for the present study lies in its insistence that these are distinct and that the passage between them is not automatic(Jul et al., 2024). Microfinance supplies a resource; whether that resource generates agency depends on whether the borrower controls its deployment, which in a patrilineal agrarian household is not given; and whether agency yields achievement depends on markets, infrastructure, and social structures that lie beyond individual choice(Kazaara & Audrey, 2024). The framework thereby predicts that studies measuring only resource access will find microfinance effective while studies measuring achievement will find it disappointing, which describes the empirical literature with uncomfortable accuracy(Faridah et al., 2023). It also predicts that interventions strengthening the resource-to-agency link, principally training, group solidarity, and terms that permit the borrower to retain control, will matter more than interventions expanding resources alone.

The theory of financial intermediation supplies the economic rationale for microfinance's existence. Formal lenders exclude the poor because information asymmetries, adverse selection, and moral hazard cannot be resolved economically at small loan sizes when the standard resolution mechanism, collateral, is unavailable(Winny et al., 2023). Joint liability lending resolves this by transferring screening, monitoring, and enforcement to the borrowers themselves, who possess local information that no loan officer can acquire and social sanctions that no court can

match. The theory illuminates both the model's brilliance and its cost: the same social pressure that enables lending to the collateral-less can, when a member cannot repay for reasons beyond her control such as a failed harvest, become a mechanism of coercion applied by neighbours who must themselves cover the shortfall (Winny et al., 2023). Sen's capability approach frames development as the expansion of substantive freedoms to lead lives people value, distinguishing between functionings that are achieved and capabilities that are available. Its contribution here is the insistence that income is instrumental rather than terminal, so that a woman whose income rises while her decision-making authority, mobility, and freedom from violence do not has not experienced development in the sense the approach specifies. This directly justifies the study's multidimensional operationalization of empowerment beyond economic indicators alone.

2.2 Loan Accessibility and Women Empowerment

Loan accessibility encompasses physical proximity to lending institutions, simplicity of application procedures, collateral requirements, and the absence of exclusionary criteria such as literacy or formal registration (Julius & Nancy, 2026). The theorized mechanism is the removal of the constraint that microfinance was designed to address: where credit is inaccessible, no enterprise can be capitalized regardless of the borrower's capability. Empirical studies report that accessibility improvements increase enterprise formation and asset acquisition, though effect sizes on empowerment specifically are modest (Paul & Kazaara, 2023). The literature's central qualification is important for this study: accessibility is a necessary but not sufficient condition, and in settings where microfinance has been present for years and multiple providers compete, accessibility ceases to be the binding constraint and further improvements yield diminishing returns (Regan et al., 2024). Research in African rural settings additionally documents that the expansion of village savings and loan associations has substantially reduced access barriers in ways that formal microfinance institution expansion had not achieved, since these groups operate within the village itself and require neither travel nor documentation.

2.3 Loan Size and Adequacy and Women Empowerment

Loan size and adequacy concerns whether the amount disbursed is sufficient to finance the intended economic activity at a scale capable of generating meaningful returns. The theorised mechanism operates through investment thresholds: many productive investments are indivisible, so that a loan below the threshold cannot purchase the asset at all rather than purchasing a fraction of it (Akankwasa et al., 2022). Empirical evidence documents a systematic pattern of small initial loans, justified by lenders as risk management and as a screening device through progressive lending, but which confines borrowers to low-margin petty trade in which entry is free, competition is intense, and returns approximate the borrower's own labour cost (Gloria et al., 2023). Studies describe this as the microenterprise trap, in which borrowers cycle through repeated small loans without accumulating capital, servicing each loan from the next. Research specific to agrarian settings adds that agricultural investment thresholds are particularly demanding, since

improved seed, fertilizer, or livestock require lump sums that typical microfinance loan sizes do not approach, with the result that loans nominally taken for agriculture are deployed to trade instead(Allan et al., 2023).

2.4 Loan Terms and Conditions and Women Empowerment

Loan terms and conditions encompass interest rates, repayment frequency and schedule, grace periods, loan duration, and penalty structures. The theorized mechanism is cash flow compatibility: a repayment schedule aligned with the borrower's income realization permits the loan to be serviced from enterprise returns, while a misaligned schedule compels servicing from other sources, which drains rather than builds household resources(Faridah et al., 2023). This dimension has attracted growing research attention, and the evidence is notably strong. Experimental research has demonstrated that introducing a grace period before the first repayment substantially increases business investment and subsequent profits relative to immediate repayment, at the cost of somewhat higher default, establishing that the classic microfinance repayment structure systematically suppresses the investment it was designed to finance(Julius & Kazaara, 2026b). The finding's significance for an agrarian setting is direct: where returns arrive at harvest, a weekly repayment schedule commencing at disbursement is not a minor design detail but a structural incompatibility that forces the borrower to fund agricultural investment from non-agricultural income(Ramadhan et al., 2023). Research on interest rates finds that microfinance rates, while high in nominal terms, are typically below the informal alternatives borrowers would otherwise face, so that rate levels matter less to outcomes than schedule structure does(Kazaara & Audrey, 2024).

2.5 Complementary Services and Women Empowerment

Complementary services encompass business and enterprise training, financial literacy, group formation and solidarity building, mentorship, and in some models health, legal rights, or gender awareness education. The theorized mechanism operates directly on the resource-to-agency link that Kabeer's framework identifies as the point at which microfinance most frequently fails: training builds the capability to deploy capital productively, financial literacy builds the capability to evaluate terms and resist over-borrowing, group solidarity builds the collective voice that individual borrowers lack, and rights education builds the awareness required to resist loan appropriation within the household(David et al., 2023). The empirical evidence is among the most consistent in the microfinance literature. Studies comparing minimalist credit-only models with integrated credit-plus-training models report substantially larger effects on enterprise performance and, particularly, on the non-economic dimensions of empowerment including household decision-making and mobility(Faridah et al., 2023). Research on group-based models finds that the group itself, independent of the credit channels, generates social capital, information exchange, and a legitimate space for women's association outside the household that carries empowerment value which the loan alone does not(Julius & Nancy, 2026). Critical scholarship nonetheless cautions that training is frequently perfunctory, delivered

as a disbursement precondition rather than as a capability intervention, and that groups can reproduce rather than challenge existing village hierarchies.

2.6 Research Gap

The literature establishes that microfinance influences women's empowerment but that effects are contingent on design features rather than following from credit access as such. Three gaps motivate this study. First, evidence derives disproportionately from South Asian contexts whose gender regimes and lending models differ from rural southwestern Uganda. Second, aggregate treatment of microfinance obscures which design features matter, offering no guidance to practitioners choosing between minimalist and integrated models under cost constraint. Third, no known study addresses Kyabugimbi Sub-County, whose agrarian seasonality and patrilineal tenure make the fit between microfinance design and local reality analytically consequential. This study addresses these gaps through disaggregated analysis.

3.0 Methodology

3.1 Research Philosophy and Design

The study adopted a positivist philosophy, premised on the position that microfinance loan characteristics and women's empowerment can be measured through structured instruments and related statistically (Abiodun et al., 2022). This orientation is appropriate given that the research question concerns the relative magnitude of associations across loan dimensions, though it is acknowledged that empowerment is a construct with interpretive dimensions that quantitative measurement captures incompletely, and that an interpretivist study would recover meanings this design cannot access. A quantitative approach was nonetheless adopted as appropriate to the comparative question posed (Anwar et al., 2022).

A cross-sectional descriptive and analytical survey design was employed within a case study framework centred on Kyabugimbi Sub-County. The design's principal limitation is selection bias, which merits explicit acknowledgement in microfinance research more than in most fields: women who take loans differ systematically from those who do not, plausibly in entrepreneurial disposition, prior asset position, and household support, so that comparing borrowers to non-borrowers would attribute to microfinance what self-selection produced. This study avoids that error by examining variation in loan characteristics among borrowers rather than comparing borrowers to non-borrowers, which addresses selection into borrowing though it does not fully address selection into particular loan products. The absence of a temporal dimension precludes causal inference, and findings are interpreted as associations consistent with theorised mechanisms.

3.2 Study Population and Sample

Received: 06.07.2026

Accepted: 12.07.2026

Published on: 30.07.2026

The target population comprised 590 women who were active clients of microfinance institutions, savings and credit cooperative organisations, or village savings and loan associations operating in Kyabugimbi Sub-County, and who had held at least one loan for a minimum of twelve months, a criterion imposed because empowerment effects are theorised to require time to manifest and recent borrowers could not have experienced them (Anwar et al., 2022). The population frame was constructed from the membership registers of registered groups and institutions operating in the sub-county.

A sample of 234 was determined using the Krejcie and Morgan table for a population of 590 at 95 per cent confidence and 5 per cent margin of error. Stratified random sampling was applied with strata defined by institution type, since the three provider categories differ systematically in loan size, terms, and the provision of complementary services, and unstratified sampling risked a sample dominated by the most numerous provider type and consequently unrepresentative of the variation the study sought to examine.

Stratum (provider type)	Population	Sample	Technique
Microfinance deposit-taking institutions	128	51	Stratified random
Credit-only microfinance institutions	97	38	Stratified random
SACCOs	186	74	Stratified random
Village savings and loan associations	179	71	Stratified random
Total	590	234	

3.3 Data Collection Instrument

Data were collected through a structured questionnaire administered by trained enumerators rather than self-administered, a decision required by variable literacy levels among the respondent population and one that also permitted clarification of items and improved completion quality. Section A captured demographic and household characteristics including age, marital status, education, household size, principal economic activity, land access, and borrowing history. Section B measured the four loan dimensions: loan accessibility through seven items covering proximity, procedural simplicity, collateral and guarantor requirements, and processing time; loan size and adequacy through six items covering sufficiency relative to intended activity, comparison with requested amount, and capacity to finance asset acquisition; loan terms and conditions through nine items covering interest, repayment frequency, grace period, duration, and penalty structure; and complementary services through eight items covering business training, financial literacy, group meetings, mentorship, and rights awareness. Section C measured women empowerment through eighteen items spanning economic empowerment including income and asset ownership, household decision-making including expenditure, children's education, and health choices, social and community participation including mobility and group leadership, and psychological empowerment including confidence and self-

efficacy. Items used a five-point Likert scale. Items were adapted from established empowerment measurement instruments including scales derived from Kabeer's framework and the Women's Empowerment in Agriculture Index, with wording translated into Runyankole and back-translated to English to verify semantic equivalence, a step essential in a setting where the concepts of decision-making authority and asset ownership carry culturally specific meanings that direct translation can distort.

3.4 Validity and Reliability

Content validity was established through expert review by two development finance academics, one gender studies specialist, and two microfinance practitioners operating in the region, yielding a Content Validity Index of 0.88. Construct validity was assessed through exploratory factor analysis with varimax rotation, with a Kaiser-Meyer-Olkin measure of 0.843 and a significant Bartlett's test confirming factorability; the retained solution reproduced the hypothesised five-factor structure. Reliability was assessed through Cronbach's alpha on a pilot of 30 women drawn from a neighbouring sub-county and excluded from the main study, yielding 0.803 for loan accessibility, 0.788 for loan size and adequacy, 0.837 for loan terms and conditions, 0.861 for complementary services, and 0.912 for women empowerment. Enumerator reliability was addressed through three days of training covering item interpretation, neutral probing, and the avoidance of leading, and through supervisor verification of a random ten per cent of completed instruments.

3.5 Data Analysis

Data were coded and analysed in IBM SPSS version 26 after screening (Nelson et al., 2022). Descriptive statistics summarized distributions, with means interpreted against a scale in which 1.00 to 1.80 denotes very low, 1.81 to 2.60 low, 2.61 to 3.40 moderate, 3.41 to 4.20 high, and 4.21 to 5.00 very high. Pearson correlation established bivariate relationships and multiple regression estimated joint and relative predictive contributions. Regression assumptions of normality, linearity, homoscedasticity, independence, and absence of multicollinearity were tested through Shapiro-Wilk statistics, residual scatterplots, the Durbin-Watson statistic, and variance inflation factors.

3.6 Ethical Considerations

Ethical clearance was obtained from the relevant institutional review committee and introduction secured through the office of the Sub-County Chief and the leadership of participating groups. Particular ethical care was warranted by this study's subject matter and population. Questions concerning household decision-making and control over loan proceeds carry the potential to expose respondents to domestic conflict if a husband learns what his wife reported, and interviews were therefore conducted in private settings selected by the respondent, without household members present, and respondents were informed that they could decline any question without explanation. Informed consent was obtained orally in Runyankole where literacy precluded written consent, with the study's purpose, the voluntary

nature of participation, and the right of withdrawal explained fully. No identifying information was recorded and no responses were shared with lending institutions, whose relationship with respondents involves an ongoing credit dependence that could otherwise be affected. Enumerators were trained to recognise distress and to terminate interviews if it arose. No inducements were offered.

4.0 Results

4.1 Response Rate

Of 234 women sampled, 221 were successfully interviewed and 217 instruments were usable after screening, yielding an effective response rate of 92.7 per cent. The high rate reflects the advantages of enumerator administration over self-completion, the endorsement of group leadership, and the scheduling of interviews around agricultural and market obligations. Non-response arose principally from unavailability during the collection window rather than refusal.

4.2 Descriptive Statistics

Variable	N	Min	Max	Mean	Std. Dev	Interpretation
Loan accessibility	217	2.14	5.00	3.78	0.612	High
Loan size & adequacy	217	1.17	4.50	2.54	0.798	Low
Loan terms & conditions	217	1.44	4.67	2.87	0.764	Moderate
Complementary services	217	1.25	4.88	2.96	0.843	Moderate
Women empowerment	217	1.61	4.72	3.14	0.706	Moderate

Source: Primary Data, 2025

The descriptive findings describe a microfinance landscape that has substantially solved the problem it was created to address while leaving largely unaddressed the problems that determine whether solving it matters. Loan accessibility recorded the highest mean of 3.78 with the smallest standard deviation of 0.612, indicating both the strongest performance and the greatest consensus among respondents. This is a genuine achievement and should be recognised as such: the founding diagnosis of microfinance was that the rural poor could not obtain credit, and in Kyabugimbi Sub-County they demonstrably can, through a dense landscape of SACCOs and village savings and loan associations operating within the village itself alongside formal institutions. The tight dispersion indicates that access is broadly uniform rather than concentrated among the better-connected, which is itself evidence of a mature financial landscape. The implication, however, is that accessibility has ceased to be the binding constraint, and the analytical interest shifts to what borrowers encounter once access is obtained.

Loan size and adequacy recorded the lowest mean of 2.54, the only variable falling in the low band, with a wide standard deviation of 0.798. This is the study's most striking descriptive finding and it identifies the sharpest gap between microfinance's promise and its delivery. Respondents report that the amounts they receive are insufficient for the activities they intend, a judgement that is consistent with the systematic small-loan pattern documented in the literature and attributed to lender risk management and progressive lending strategies. The consequence, as the literature on investment thresholds specifies, is not that borrowers undertake their intended activity at smaller scale but that they cannot undertake it at all and divert to low-margin petty trade, where entry is free precisely because returns approximate the trader's own labour cost. In an agrarian sub-county where meaningful agricultural investment in improved planting material, inputs, or livestock requires lump sums, a loan at these levels cannot finance the transition from subsistence to accumulation. The wide dispersion reflects real differences across provider types, with formal institutions and SACCOs typically lending more than village savings groups can mobilise.

Loan terms and conditions recorded a mean of 2.87 in the moderate band with a standard deviation of 0.764. The interpretation supported both by the data and by the setting is that repayment structure is poorly matched to the local economy. Kyabugimbi's income arrives with banana and coffee harvests; conventional microfinance repayment commences within weeks of disbursement and recurs weekly or monthly. This is not a minor design imperfection but a structural incompatibility, and its practical consequence is that a woman who borrows for agricultural investment must service the loan from other sources during the entire period before her investment yields, which means either reducing household consumption or maintaining a parallel trading activity, either of which erodes the investment the loan was meant to enable. The experimental evidence on grace periods indicates that this structure suppresses precisely the investment behaviour microfinance exists to finance.

Complementary services recorded a mean of 2.96 in the moderate band and the largest standard deviation of 0.843, marking it as the most variable dimension. The dispersion is the informative statistic here, and it maps onto a real and consequential distinction in the provider landscape: village savings and loan associations and better-resourced SACCOs convene regular meetings that constitute a genuine space for association, information exchange, and mutual support, while credit-only institutions operating a minimalist model deliver capital and little else. Respondents are therefore reporting on materially different experiences, and the wide dispersion is not measurement noise but a faithful reflection of a bifurcated market. Women empowerment recorded a mean of 3.14 in the moderate band, notably higher than three of the four loan dimensions and substantially below accessibility. The pattern is worth stating plainly: women in this sub-county can readily obtain loans, the loans are too small, the terms do not fit their economy, the

accompanying support is inconsistent, and their empowerment is moderate. This configuration is precisely what Kabeer's framework predicts when a resource is delivered without the conditions that convert it into agency.

4.3 Correlation Analysis

Variable	1	2	3	4	5
1. Loan accessibility	1				
2. Loan size & adequacy	.412**	1			
3. Loan terms & conditions	.447**	.538**	1		
4. Complementary services	.396**	.471**	.562**	1	
5. Women empowerment	.512**	.587**	.641**	.694**	1

Note: ** Correlation is significant at the 0.01 level (2-tailed), N = 217.

Source: Primary Data, 2025

All four microfinance dimensions correlate positively and significantly with women empowerment at the one per cent level, confirming that microfinance bears a real relationship to empowerment in this setting and providing evidence against the most pessimistic readings of the microfinance evidence base. The ordering of the coefficients, however, is where the analytical value lies, and that ordering is close to an exact inversion of the ordering of implementation, a pattern with substantial theoretical significance (Nelson et al., 2023). Complementary services exhibit the strongest association with women empowerment at $r = 0.694$, sharing approximately 48.2 per cent of variance. This finding is the study's most important and it aligns closely with the integrated-model literature. The theoretical explanation runs directly through Kabeer's framework: microfinance supplies a resource, but empowerment requires agency, and the passage from resource to agency is exactly what complementary services address. Business training builds the capability to deploy capital productively rather than consumptively. Financial literacy builds the capability to evaluate terms and resist over-borrowing. Group meetings constitute, in a patrilineal agrarian society, a legitimate space in which women assemble outside the household, exchange information, and exercise collective voice, and this space has empowerment value that is independent of any loan passing through it. Rights awareness builds the capacity to resist appropriation of the loan within the household. That the dimension most tightly connected to agency shows the strongest association with empowerment is theoretically satisfying and practically decisive.

Loan terms and conditions record the second strongest association at $r = 0.641$. This substantial coefficient corroborates the growing experimental literature on repayment structure and carries particular force in an agrarian setting. Terms determine whether a loan can be serviced from the enterprise it financed or must be serviced by draining

the household, and this distinction is the difference between a loan that builds and a loan that extracts. Where respondents report terms compatible with their cash flow, particularly grace periods aligned to harvest, empowerment is materially higher, which is consistent with the mechanism that a compatible schedule permits the investment to mature before the claim on it falls due.

Loan size and adequacy correlates at $r = 0.587$, a moderate to strong association ranked third. Read alongside its status as the weakest implemented dimension with a mean of 2.54 in the low band, this coefficient is very likely attenuated by restricted variance, since where loans are uniformly too small there is limited variation through which the effect of adequate loans could express itself. The theoretical case that loan size determines whether accumulation is possible is strong and rests on investment indivisibility, and the coefficient should be read as a lower bound on its importance rather than a measure of it.

Loan accessibility records the weakest association at $r = 0.512$, despite recording by a wide margin the highest implementation mean of 3.78. This inversion is the study's central correlational finding and it carries a clear substantive message. Accessibility is the dimension microfinance has most successfully delivered in Kyabugimbi and it is the dimension least associated with empowerment. This is not evidence that access is unimportant; access is a necessary condition and the relationship remains significant. It is evidence of diminishing returns to a condition that has been substantially satisfied. In a sub-county served by formal institutions, SACCOs, and a dense layer of village savings groups, the marginal woman who gains access is no longer the constraint on empowerment, and further investment in outreach addresses a problem that has largely been solved while the problems that remain, inadequate loan size, incompatible terms, and absent support, go unaddressed. Inter-correlations among the loan dimensions, ranging from 0.396 to 0.562, indicate that they are related but distinct features of microfinance provision, and are sufficiently moderate to permit regression analysis without multicollinearity concerns.

4.4 Regression Analysis

Model Summary			
R	R Square	Adjusted R Square	Std. Error
.711	.505	.496	.5012

ANOVA	Sum of Squares	df	Mean Square	F	Sig.
Regression	58.612	4	14.653	58.34	.000
Residual	57.421	212	0.271		

Received: 06.07.2026**Accepted: 12.07.2026****Published on: 30.07.2026**

Total	116.033	216			
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Predictor	B	Std. Error	Beta	t	Sig.	VIF
(Constant)	0.687	0.241		2.851	.005	
Loan accessibility	0.171	0.056	.148	3.054	.003	1.312
Loan size & adequacy	0.198	0.051	.224	3.882	.000	1.498
Loan terms & conditions	0.255	0.058	.276	4.397	.000	1.687
Complementary services	0.266	0.054	.318	4.926	.000	1.594

Dependent Variable: Women Empowerment. Durbin-Watson = 1.887.

Source: Primary Data, 2025

The regression model is highly significant, with $F(4, 212) = 58.34$ and $p < 0.001$, establishing that the four microfinance dimensions jointly predict women empowerment. The R squared of 0.505 indicates that the model explains 50.5 per cent of variance in women empowerment, with an adjusted value of 0.496 confirming robustness. This result requires balanced interpretation. On one hand it demonstrates that microfinance characteristics account for half of the explicable variation in empowerment among borrowers, which is substantial and which rejects the strongest sceptical claim that microfinance is irrelevant to empowerment. On the other hand, the unexplained 49.5 per cent is itself the finding, and it corresponds to precisely the structural factors that Kabeer's framework identifies as constraining the passage from agency to achievement: patrilineal land tenure that denies women ownership of the principal productive asset, household power relations that determine whether a loan's proceeds are hers to deploy, educational attainment, market access and infrastructure, cultural norms governing mobility and voice, and exposure to domestic violence. Microfinance operates on the resource dimension of empowerment; roughly half of empowerment is determined elsewhere, and no credit product can reach it. Diagnostics support the model, with variance inflation factors between 1.312 and 1.687 and a Durbin-Watson statistic of 1.887 confirming residual independence.

Complementary services emerge as the strongest predictor with a standardised beta of 0.318 at $p < 0.001$, retaining primacy in the multivariate model and thereby demonstrating an independent contribution not reducible to correlation with terms or size. The unstandardised coefficient of 0.266 indicates that a one-unit improvement in complementary services, holding other loan characteristics constant, is associated with a 0.266-unit improvement in empowerment. This is the study's decisive finding for practice and it constitutes direct evidence for the integrated model over the minimalist model in this setting. Its significance is heightened by the fact that complementary services are the dimension most frequently sacrificed by lenders on cost and sustainability grounds, since training and meetings consume resources that credit-only operations do not. The finding indicates that this economy is false from the standpoint of empowerment outcomes: an institution that lends efficiently without accompanying support delivers a

Received: 06.07.2026**Accepted: 12.07.2026****Published on: 30.07.2026**

resource that only partially converts into agency, and thereby fails at the objective its gender targeting was justified by.

Loan terms and conditions is the second strongest predictor with a beta of 0.276 at $p < 0.001$, a substantial independent effect. Its magnitude in an agrarian sub-county corroborates the experimental grace-period literature and identifies repayment structure as a design lever with empowerment consequences that lenders have systematically underweighted. The practical implication is unusually attractive because a grace period aligned to the harvest cycle costs the lender little in principal at risk while transforming the borrower's capacity to invest rather than merely to trade (Nelson et al., 2023).

Loan size and adequacy records a beta of 0.224 at $p < 0.001$, a significant independent contribution ranked third. Read against its descriptive standing as the weakest dimension with a mean of 2.54 in the low band, this combination identifies loan size as an area of considerable unrealised potential, since marginal returns are greatest where current provision is lowest. The finding suggests that graduating successful borrowers to loan sizes capable of financing indivisible productive assets would yield empowerment returns that the current pattern of uniformly small loans suppresses. Loan accessibility records the smallest beta at 0.148, significant at $p = 0.003$, the weakest predictor in the model despite being by a wide margin the best-delivered dimension at a mean of 3.78. This inversion is the study's central analytical conclusion and it reframes the practical agenda. Access is a necessary condition that has been substantially met in Kyabugimbi through the proliferation of SACCOs and village savings groups, and having been met, it no longer constrains the outcome. Continued investment in outreach and access expansion therefore addresses a solved problem, while the binding constraints, loans too small to finance accumulation, terms incompatible with an agrarian income cycle, and support that is provided inconsistently or not at all, remain. The finding is not a criticism of the access achievement but a statement that the achievement has changed what matters. The regression equation may be expressed as $WE = 0.687 + 0.171(LA) + 0.198(LSA) + 0.255(LTC) + 0.266(CS)$.

5.0 Conclusion and Recommendations

The study concludes that microfinance loans exert a significant influence on women empowerment in Kyabugimbi Sub-County, jointly explaining 50.5 per cent of variance, but that credit access alone is demonstrably insufficient. Complementary services are the dominant driver, followed by loan terms and conditions, while accessibility, though best delivered, contributes least, indicating that the sub-county has solved the access problem and now faces the design problem. The substantial unexplained variance corresponds to structural constraints including patrilineal land tenure and household power relations that lie beyond the reach of any credit product, a finding that counsels realistic rather than transformative expectations of microfinance as an empowerment instrument.

It is recommended that microfinance providers operating in the sub-county abandon the minimalist credit-only model in favour of an integrated approach bundling loans with business training, financial literacy, and structured group meetings, recognising that the cost economy achieved by omitting these services is false when measured against the empowerment objective by which gender-targeted lending is justified. Repayment schedules should be redesigned to align with the agricultural cycle, introducing grace periods that permit banana and coffee investments to mature before repayment commences, since the current structure of immediate weekly instalments compels borrowers to fund agricultural investment from non-agricultural income and thereby suppresses the investment the loan was meant to finance. Loan sizes should be graduated more rapidly for borrowers with demonstrated repayment records, so that successful clients can access amounts sufficient to finance the indivisible productive assets through which accumulation rather than survival becomes possible. Group formation should be supported as an end in itself and not merely as a liability mechanism, given the evidence that the associational space groups create carries empowerment value independent of the credit channelled through it. Providers and local government should institute safeguards against loan appropriation within households, including disbursement practices and rights awareness that strengthen the borrower's control over her own loan.

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