The Socioeconomic Impact of Microfinance Services on the Livelihoods of Women Beneficiaries In Kitwe

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ABSTRACT

Microfinance is a vital mechanism for poverty alleviation and women's empowerment. However, empirical evidence regarding its impact in Sub-Saharan Africa remains fragmented. This study investigates the socioeconomic impact of comprehensive microfinance services—specifically micro-credit, micro-savings, micro-insurance, and non-financial services—on the livelihoods of female beneficiaries in the Kitwe District of Zambia. Adopting a quantitative correlational research design, primary data was collected through structured questionnaires and interviews from a robust sample of 377 respondents, comprising 312 female microfinance beneficiaries and 65 microfinance institution (MFI) employees. Hierarchical multiple regression analysis demonstrated that all four evaluated microfinance interventions had a statistically significant, positive influence on women's socioeconomic empowerment. The final regression model indicated that the combined provision of micro-credit, savings, insurance, and non-financial training successfully explained 35.4% of the variance in improved socioeconomic status. Sectoral data revealed that the most substantial livelihood improvements materialized within the trade sector, accounting for 33.4% of responses (n=126), followed by the services sector at 28.6% (n=108), and the agricultural sector at 26.8% (n=101). Furthermore, the integration of micro-savings into the evaluation model yielded a substantial individual improvement, increasing the explained variance from 4.8% to 18.2%. Beyond quantifiable economic metrics such as increased household income and asset accumulation, beneficiaries reported profound psycho social improvements, including enhanced self-worth, self-confidence, and domestic decision-making power. The study concludes that microfinance is a highly transformative tool for grassroots development when applied holistically, challenging traditional credit-centric models and recommending that policymakers pivot toward multifaceted, gender-sensitive financial ecosystems to accelerate poverty escape.

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1. Introduction

Microfinance has emerged as a central instrument in global development policy, particularly in efforts aimed at poverty reduction, financial inclusion, and women's empowerment (Armendáriz de Aghion and Morduch, 2005; Yunus, 1999). Originally conceptualized as micro credit (the provision of small loans to low-income individuals excluded from formal banking systems); microfinance has evolved into a broader financial ecosystem that includes savings, insurance, and non-financial services such as financial literacy and skills training (Barajas, Naceur, Beck and Belhaj, 2020; Cull and Morduch, 2018). This evolution reflects a growing recognition that poverty is multidimensional and cannot be addressed solely through access to credit.

The origins of modern microfinance are closely associated with the pioneering work of Muhammad Yunus, who established the Grameen Bank in Bangladesh with the objective of extending small loans to the rural poor, particularly women (Yunus, 1999). The Grameen model demonstrated that low-income individuals, when organized into groups and supported through social collateral mechanisms, could achieve high repayment rates despite lacking physical collateral. This innovation addressed key challenges associated with imperfect information in credit markets, including adverse selection and moral hazard (Stiglitz and Weiss, 1981a; Ahlin and Debrah, 2022). Over time, microfinance institutions (MFIs) have increasingly targeted women as primary clients, based on evidence that women exhibit higher repayment rates and tend to allocate financial resources toward household welfare and community development (Kabeer, 2009).

Globally, microfinance has expanded significantly since the 1970s with early institutions such as the Self-Employed Women's Association (SEWA) Bank in India and Grameen Bank in Bangladesh focusing explicitly on financially

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excluded populations, particularly women (Buvinic and Gokhroo, 2023). These institutions emerged in response to the systemic exclusion of low-income individuals from formal financial systems, driven largely by collateral requirements and high transaction costs (Cull and Morduch, 2018). The emphasis on women was not only a reflection of their over representation among the poor but also a strategic decision grounded in development outcomes, as women's participation has been linked to improved household welfare indicators.

In the Zambian context, financial exclusion has historically been addressed through informal and semi-formal financial arrangements. Prior to the development of formal microfinance institutions, many low-income individuals—especially women in rural areas—relied on rotating savings and credit associations (ROSCAs) and similar community-based financial systems (Cheston, Kuhn et al., 2002). These systems, such as susu arrangements, provided basic financial inter mediation by enabling members to pool resources and access lump sums on a rotational basis. While these mechanisms played an important role in supporting livelihoods, they were limited in scale and lacked the capacity to provide sustained financial services.

The formal microfinance sector in Zambia is relatively recent compared to more established markets such as Bangladesh and Bolivia (Carlton, Manndorff, Obara, Reiter and Rhyne, 2001). The industry began to take shape in the 1990s, initially as an extension of donor-funded social assistance programs characterized by subsidized credit and low repayment rates. The emergence of institutions such as FINCA and Unity Finance in the early 2000s marked a transition toward more structured and sustainable microfinance models. This period also saw increased coordination among stakeholders, including the establishment of the Association of Microfinance Institutions of Zambia (AMFIZ) in 1996 and greater involvement from regulatory bodies such as the Bank of Zambia (FSD Zambia, 2018; Bank of Zambia, 2020; Katowa and Simba, 2024).

Despite this progress, the Zambian microfinance sector faces several structural challenges. High client dropout rates, limited product differentiation, and inadequate alignment of financial services with client needs suggest that the impact of microfinance may be constrained (Chikalipah, 2017). Furthermore, women—the primary targets of microfinance interventions—continue to face significant barriers, including time constraints due to domestic responsibilities, limited mobility, and restricted decision-making power within households (Giné and Mansuri, 2011; Berge, Bjorvatn and Tungodden, 2011; United Nations Development Programme, 2024). These factors not only affect women's ability to access financial services but also influence how such services are utilized and their ultimate impact on livelihoods.

From a theoretical perspective, microfinance is underpinned by two broad strands of literature. The first focuses on financial market imperfections and the barriers that prevent low-income individuals from accessing affordable credit, particularly in the absence of collateral (Stiglitz and Weiss, 1981b). The second examines the socio-economic impacts of microfinance at the household and enterprise levels, highlighting both its potential benefits and unintended consequences (Morduch, 1995; Kabeer, 2005). While access to credit can relax capital constraints and enhance income-generating capacity (De Mel, McKenzie and Woodruff, 2008), it may also increase vulnerability to risk in the absence of complementary financial instruments such as insurance (Zeller and Meyer, 2001). Moreover, emerging evidence suggests that microfinance can have complex and sometimes adverse effects, including over-indebtedness and intra-household resource reallocation (Rosenberg, 2010; Sebstad, Neill, Barnes and Chen, 1995; Jan, 2025).

Empirical evidence on the impact of microfinance remains mixed. While early studies reported positive outcomes in terms of income, consumption, and empowerment, more recent evaluations highlight modest and context-dependent effects (Banerjee, Karlan and Zinman, 2015; Osifodunrin and Lopes, 2022). In Sub-Saharan Africa, and Zambia in particular, the evidence base is relatively limited and often fragmented, reflecting data constraints and the nascent nature of the sector (Lafourcade, Isern, Mwangi and Brown, 2005; Copestake, Bhalotra and Johnson, 2001; Adams, 2024; Khalaf, Kouki and Algebaly, 2023). This gap is particularly pronounced with respect to women's experiences and the socioeconomic implications of microfinance at the local level.

Kitwe District, located in Zambia's Copperbelt Province, provides a relevant context for examining these dynamics. With a population of over 700,000 people (Central Statistical Office, 2018), the district hosts a number of microfinance institutions operating across its constituencies. However, challenges such as limited outreach, product homogeneity, and socio-cultural constraints affecting women's participation persist. Women in Kitwe often operate small-scale enterprises close to their homes due to time and mobility constraints, and their economic decisions are frequently influenced by household dynamics (Berge et al., 2011; Katowa and Simba, 2024). These factors underscore the need for a nuanced understanding of how microfinance services interact with local socioeconomic conditions.

Against this backdrop, the present study investigates the socioeconomic impact of microfinance services on the livelihoods of women in Kitwe District. Specifically, it examines the effects of microcredit, micro-savings, micro-insurance, and non-financial services on women's socioeconomic status. The study is motivated by the persistence of poverty despite the expansion of microfinance services and the limited empirical evidence on their effectiveness in the Zambian context. By adopting a client-centered perspective, the study contributes to the literature by providing insights into how microfinance operates at the grassroots level and how its outcomes are shaped by contextual factors.

The remainder of the paper is structured as follows. Section Two reviews the theoretical and empirical literature on microfinance and women's empowerment. Section Three outlines the methodology employed in the study. Section Four presents and discusses the empirical findings, while Section Five concludes with policy implications and recommendations.

2. Literature Review

Microfinance has evolved from a narrowly defined credit intervention into a multifaceted development instrument encompassing financial inclusion, poverty alleviation, and gender empowerment (Armendáriz de Aghion and Morduch, 2005; Yunus, 1999). Originating from pioneering initiatives such as the Grameen model, the microfinance movement has expanded across developing and developed economies, positioning itself as a central pillar in inclusive development discourse (Yunus, 1999). This section critically synthesizes theoretical and empirical literature on the socio-economic impact of microfinance, with a particular emphasis on women beneficiaries. The review integrates global evidence with African and Zambian perspectives, thereby situating the present study within both international and local scholarly debates.

2.1. Conceptualizing Microfinance and Its Service Components

Microfinance broadly refers to the provision of financial services—including credit, savings, insurance, and payment systems—to low-income populations traditionally excluded from formal banking systems (Ledgerwood, 1999). While early literature equated microfinance with microcredit, contemporary scholarship emphasizes its multidimensional nature, incorporating both financial and social intermediation functions (Armendáriz and Morduch, 2010).

Microcredit remains the most extensively studied component and is theoretically grounded in the premise that capital constraints inhibit entrepreneurial activity among the poor Stiglitz and Weiss (1981a). By relaxing these constraints, credit enables income-generating activities and asset accumulation. However, critics argue that the assumption of universal entrepreneurial capacity among the poor is overstated and that credit without complementary inputs may lead to indebtedness (Bateman, 2010).

Micro-savings have gained prominence as an equally critical pathway to financial inclusion. Empirical evidence suggests that savings facilitate consumption smoothing, risk management, and investment financing without the repayment pressures associated with credit (Dupas and Robinson, 2013). This reorientation challenges the earlier credit-centric paradigm.

Micro-insurance represents a more recent innovation aimed at mitigating vulnerability to shocks such as illness and natural disasters (Churchill, 2006). However, empirical evidence on its welfare effects remains mixed due to low uptake and institutional limitations.

In addition to financial services, non-financial interventions—such as business training and social networking—are increasingly integrated into microfinance programs (Mayoux, 2001). These services recognize that financial capital alone is insufficient to overcome structural barriers, particularly for women.

2.2. Theoretical Perspectives on Microfinance and Socio-Economic Outcomes

The theoretical foundation of microfinance is anchored in several complementary frameworks. The vicious cycle of poverty theory posits that low income leads to low savings, low investment, and consequently low productivity, thereby perpetuating poverty (Nurkse, 1953). Microfinance intervenes by injecting capital into this cycle.

The imperfect information paradigm provides a more nuanced explanation of financial exclusion. Information asymmetries between lenders and borrowers lead to adverse selection and moral hazard, resulting in credit rationing (Stiglitz and Weiss, 1981b). Microfinance innovations—such as group lending and joint liability—are designed to mitigate these inefficiencies (Ghatak and Guinnane, 1999).

The Grameen model, pioneered in Bangladesh, operationalizes these theoretical insights through group-based lending structures that substitute social collateral for physical collateral (Yunus, 2007). Beyond financial intermediation, the

model emphasizes participation and empowerment. However, its applicability across diverse socioeconomic contexts has been questioned (Bateman, 2010).

Collectively, these theories highlight that microfinance operates at the intersection of economic, institutional, and social dynamics, though they often assume homogeneous impacts across contexts.

2.3. Microfinance, Women's Empowerment, and Livelihood Outcomes

A substantial body of literature positions microfinance as a catalyst for women's empowerment. The underlying rationale is that women are more likely to allocate financial resources toward household welfare (Kabeer, 2005). Empirical studies show improvements in income, asset ownership, and decision-making power among female participants (Pitt and Khandker, 1998).

However, this optimistic narrative is increasingly contested. Kabeer (2005) argues that empowerment outcomes are neither automatic nor uniform. While access to finance can enhance bargaining power, it may also reinforce existing gender norms if control over resources remains constrained. Similarly, Mayoux (2002) warns that microfinance can generate cycles of debt under certain conditions.

The literature distinguishes between economic and social empowerment. While microfinance has demonstrated more consistent effects on income and assets, its impact on agency and autonomy is highly context-dependent (Kabeer, 2001). Non-financial services are often critical in bridging this gap.

A review of recent Scopus-indexed literature (2021–2025) provides a more granular understanding of these dynamics. Recent studies emphasize that women in emerging economies continue to face compounded stigmas and stringent collateral requirements that lock them out of the formal banking sector (Wondimu et al., 2023). While microfinance serves as a vital alternative that significantly boosts female self-employment and immediate income, contemporary bibliometric analyses highlight that deeper dimensions of socio-cultural empowerment—such as household decision-making autonomy—often remain constrained by entrenched patriarchal norms and low financial literacy (Maldonado-Castro et al., 2024; Singh et al., 2022).

2.4. Global and Comparative Evidence on Microfinance Effectiveness

Cross-country evidence reveals significant heterogeneity in microfinance outcomes. Early studies from Bangladesh report substantial poverty reduction effects (Khandker, 2005). Similarly, programs in Latin America demonstrate improved financial access and institutional sustainability (Rhyne, 2001).

However, more recent impact evaluations using randomized control trials (RCTs) present more modest findings. Studies by Banerjee et al. (2015) indicate that while microfinance increases business activity, its effects on poverty reduction and consumption are limited. This divergence reflects differences in methodology and context.

Importantly, much of the global literature is derived from South Asia, raising concerns about external validity when applied to African contexts (Stewart, van Rooyen, Dickson, Majoro and de Wet, 2010).

2.5. Microfinance in Sub-Saharan Africa and Zambia

In Sub-Saharan Africa, microfinance operates within structurally distinct environments characterized by weaker financial systems and high informality (Cull, Demirgüç-Kunt and Morduch, 2009). While the sector has expanded, its outreach and impact remain relatively limited compared to Asia.

Recent literature highlights that these systemic challenges in the region are compounded by broader macroeconomic vulnerabilities. The capacity of governments to foster inclusive financial ecosystems is heavily dependent on institutional efficiency and domestic resource mobilization. For instance, Kaulu and Kaulu (2023) highlight that structural determinants of tax revenue mobilization in emerging economies within the SADC region influence the broader macroeconomic stability required for government revenue and hence sectors like microfinance to sustainably scale.

Zambia presents a compelling case due to high levels of financial exclusion. Microfinance institutions (MFIs) have emerged to bridge this gap, yet face constraints such as high transaction costs and limited product diversification (FSD Zambia, 2018). Empirical studies suggest that microfinance in Zambia is predominantly urban-focused and targets the economically active poor, often excluding the ultra-poor (Chikalipah, 2017). Gender-specific barriers—including collateral requirements and socio-cultural norms—further limit women's access (Tembo and Frey, 2018).

2.6. Regulatory and Institutional Dynamics

Regulation plays a critical role in shaping microfinance outcomes. Prudential regulation enhances financial stability, while non-prudential regulation supports market development (Helms, 2006). However, excessive regulation may constrain innovation and outreach.

In Zambia, regulatory frameworks aim to professionalize the sector but impose compliance costs that smaller MFIs struggle to meet (Bank of Zambia, 2020). This creates a trade-off between financial sustainability and social outreach. Furthermore, as the sector digitizes, recent evaluations suggest that regulators must balance consumer protection with the rapid adoption of digital microfinance and mobile money platforms, which are increasingly reshaping traditional group-lending models across Sub-Saharan Africa (Nnaomah et al., 2024).

2.7. Synthesis and Research Gap

The literature reveals three key insights. First, microfinance is a composite intervention with varying impacts depending on its components (Armendáriz and Morduch, 2010). Second, while economic benefits are relatively well-established, social empowerment outcomes remain contested (Kabeer, 2005). Third, contextual factors significantly influence outcomes.

Despite extensive global research, including the latest Scopus-indexed studies from the past five years, there is limited localized evidence in Zambia, particularly at the district level. Existing studies focus more on institutional performance than beneficiary experiences (Chikalipah, 2017). Moreover, urban microfinance dynamics remain under explored.

This study addresses these gaps by adopting a bottom-up perspective that prioritizes the experiences of women beneficiaries and examines multiple dimensions of microfinance services.

2.8. Conclusion

The reviewed literature underscores the potential of microfinance while highlighting its limitations and contextual dependencies. Although widely promoted as a tool for poverty reduction and women's empowerment, its outcomes are mediated by institutional design and socio-economic conditions (Banerjee et al., 2015). The Zambian context presents both opportunities and challenges, reinforcing the need for context-specific empirical analysis.

3. Research Methodology

3.1. Research Design

This study employed a descriptive survey design integrating both quantitative and qualitative approaches to examine the socio-economic impact of microfinance services on women beneficiaries in Kitwe District. A mixed-methods approach was deemed appropriate as it enables a comprehensive analysis by combining numerical data with contextual insights into participants' experiences and perceptions.

Survey research is widely recognized for its effectiveness in capturing attitudes, behaviors, and characteristics of a population while allowing for generalization of findings (Ajala, 1996; Kerlinger, 1973). Furthermore, it facilitates the use of inferential statistical techniques to examine relationships between variables (Pickard, 2007). The design also incorporated exploratory elements to enhance understanding of the research context and descriptive components to systematically present key characteristics of the study population (Neuman, 2014).

3.2. Data Sources and Collection Methods

The study used both primary and secondary data sources. The former were collected through structured questionnaires and semi-structured interviews. The questionnaires were used to gather quantitative data on demographic characteristics and key study variables, while interviews provided qualitative insights into participants' experiences, perceptions, and attitudes towards microfinance services.

The use of multiple data collection methods enabled methodological triangulation, thereby enhancing the reliability and validity of the findings (Blaikie, 2000). Interviews were particularly useful for engaging respondents with low literacy levels, as questions could be translated into local languages to facilitate understanding.

Secondary data were obtained from published literature, institutional reports, and relevant policy documents to support and contextualize the primary findings.

3.3. Population and Sampling

The target population comprised women beneficiaries of microfinance services in Kitwe District, specifically those who had accessed micro-credit facilities for at least six months to support income-generating activities. This criterion ensured that respondents had sufficient experience to assess the impact of microfinance services.

Sampling was conducted using a probability sampling technique to ensure representativeness and minimize bias (Creswell, 2009). In addition, purposive sampling was applied in selecting participants for interviews to ensure inclusion of respondents with relevant experiences and insights.

3.4. Sample Size Determination

The study targeted a sample size of 377 respondents, determined using the RaoSoft sample size calculator at a 95% confidence level and 5% margin of error, assuming a population estimate of 20,000. This sample size is considered adequate for statistical analysis and generalization of findings.

Empirical research suggests that a minimum sample size of 200 is sufficient for robust statistical procedures, including factor analysis and reliability testing (Mwiya, 2014). The final sample size was also influenced by practical considerations such as time constraints and financial resources. The sample profile is shown in Table 1

Table 1
Sample Profile

Variables	Description	Frequency	Percent (%)
Gender	Male	21	5.6
	Female	356	94.4
	Total	*377*	*100.0*
Employment Status	Student/Pupil	38	10.1
	Employed	65	17.2
	Unemployed	94	24.9
	Self-employed	159	42.2
	Retired	21	5.6
	Total	*377*	*100.0*
Education Level	None/illiterate	16	4.2
	Able to read and write	62	16.4
	Completed primary	69	18.3
	Secondary education	97	25.7
	Vocational school	68	18.0
	Higher education	63	16.7
	Other	2	0.5
	Total	*377*	*100.0*
Marital Status	Married	235	62.3
	Single	48	12.7
	Divorced	37	9.8
	Widowed	38	10.1
	Separated	19	5.0
	Total	*377*	*100.0*
Age Group	26–35	61	16.2
	36–45	182	48.3
	46–55	114	30.2
	Over 55	20	5.3
	Total	*377*	*100.0*

3.5. Data Collection Procedures

Data collection was conducted in two phases. The first phase involved face-to-face interviews, primarily targeting respondents with limited literacy levels. The second phase involved the distribution of self-administered questionnaires to literate participants, allowing them to provide responses at their convenience.

This dual approach improved response rates and ensured inclusivity across different respondent groups. Direct observation was also employed where necessary to complement data obtained through questionnaires and interviews, consistent with recommended qualitative research practices (Trochim, 2006).

3.6. Measurement of Variables

The study operationalised key variables including, access to micro-credit services, availability of micro-savings services, access to micro-insurance services, provision of non-financial services and socioeconomic status improvement.

Measurement items were adapted from established studies (as shown in Table 2 to ensure content validity. Reliability of the constructs was assessed using Cronbach's alpha coefficients, with most constructs exceeding the acceptable threshold of 0.70, indicating satisfactory internal consistency. Lower values observed in some constructs were deemed acceptable given the limited number of items, as suggested in methodological literature.

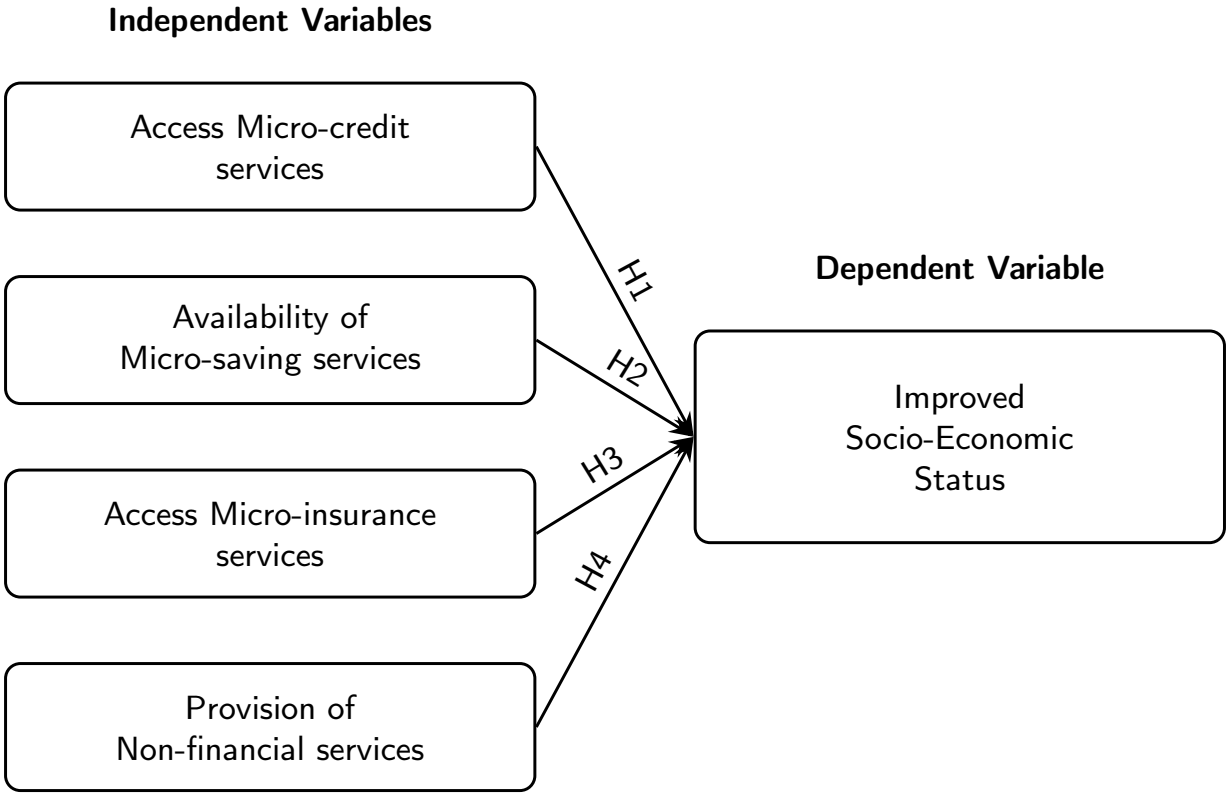

Figure 1: Conceptual Framework: Socio-Economic Impact of Microfinance Services

Table 2: Measurement Model

Variable	Item	Source	Cronbach's α
Access to Micro-credit services	Household's source of income Source of information about Micro Finance Institutions Perceptions about usefulness of getting a loan from a micro financial institution Objections of (spouse, partner, kids, or family)to getting a loan?	Gurvir Sidhu (2013)	0.763
Availability of Micro-Savings Services	Likelihood of making savings after taking a loan? Likelihood of good reasons for taking a loan Nature of business Likelihood of microfinance institution conditioning the loan Perception about adequacy of loan? Dependency on other sources of finance I depend on project as main source of income Amount of capital when business started How much is your business capital now?	Isabelle Guérin & Jane Palier (2020)	0.638
Access to Micro-Insurance Services	Location of business relative to home Where goods/services are marketed Registration status of the business Profitability of the business Profit utilization Employment status in the business Size (Number of employees)	Harpalchudasama1 (2012)	0.777
Provision for Non-Financial Services	Have you been asked to attend a training program? Nature of training programmes attended Training program was beneficial for me Products/services offered by the Micro Financial institution have had impact on my income and livelihoods I am satisfied with the products or services offered by the Micro financial institution	Gurvir Sidhu (2013)	0.783
Improved Socio-Economic Status	Micro financing has aided in poverty reduction.	MuhammedShafi M.K.M. & RavindarReddy (2019)	0.873

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Table 2 – continued from previous page

Variable	Item	Source	Cronbach's α
	Micro financing has contributed to the improvement of income level.		
	Micro financing has contributed to the improvement of consumption level.		
	Micro financing has contributed to the improvement of social status.		
	Micro financing has enhanced awareness of social issues.		
	Micro financing has increased exposure to the outside world.		
	Micro financing has helped in building the confidence of the borrower.		
	Micro financing has contributed to increasing the decision-making power of the user.		
	Micro financing has resulted in enhancing recognition in the family.		

3.7. Data Analysis Techniques

Data analysis was conducted using the Statistical Package for Social Sciences (SPSS). Quantitative data were analyzed using descriptive statistics, including frequencies, percentages, and graphical representations, to summarize respondent characteristics and key variables.

Inferential analysis was performed using the Pearson correlation coefficient to examine relationships between microfinance services and socioeconomic outcomes. Qualitative data from interviews were analyzed using thematic and narrative analysis, allowing for deeper interpretation of participants' experiences.

3.8. Preliminary Statistical Analysis

Preliminary data screening was conducted to assess missing values, outliers, and normality assumptions prior to analysis. The dateset exhibited a high response rate with no significant missing data.

Normality was evaluated using skewness and kurtosis, with values falling within acceptable ranges (± 1), indicating suitability for parametric analysis. These checks ensured the robustness and reliability of subsequent statistical procedures.

3.9. Ethical Considerations

Ethical standards were strictly observed throughout the study. Participation was voluntary, and respondents were informed of the study's purpose prior to data collection. Confidentiality and anonymity were maintained, and respondents were assured that the data collected would be used solely for academic purposes.

3.10. Limitations and Mitigation Measures

The study encountered challenges including respondents' limited availability, literacy constraints, and logistical limitations such as travel costs. These challenges were mitigated through the use of flexible data collection methods, including interviews and on-site questionnaire completion.

Additionally, respondents who had interacted with multiple microfinance institutions were asked to focus on a single institution to ensure consistency in responses.

3.11. Summary

This section has outlined the methodological framework adopted in the study, including research design, data collection methods, sampling procedures, and analytical techniques. The integration of qualitative and quantitative approaches provided a comprehensive understanding of the socioeconomic impact of microfinance services on women in Kitwe District..

4. Results and discussion

4.1. Introduction and Preliminary Statistical Analysis

This section presents the empirical findings derived from primary survey data collected from 377 female microfinance beneficiaries in Kitwe District. The analysis proceeds in two stages. First, correlation analysis is conducted to establish the nature and strength of relationships among variables. This is followed by hierarchical multiple regression analysis to test the study's hypothesized relationships between microfinance service dimensions and improved socioeconomic status.

Prior to hypothesis testing, preliminary statistical diagnostics were undertaken to ensure the robustness of the dataset. A key assumption in multiple regression analysis is the absence of multicollinearity among predictor variables. Multicollinearity arises when independent variables are highly correlated, thereby undermining the model's ability to isolate the unique contribution of each predictor (Pallant, 2011). As a general rule, correlation coefficients exceeding 0.80 indicate potential multicollinearity concerns.

The Pearson correlation matrix (Table 3) indicates that all inter-variable correlations fall well below the critical threshold, confirming that multicollinearity is not present in the data. This validates the suitability of the dataset for subsequent regression analysis. Furthermore, the results reveal statistically significant positive relationships between improved socioeconomic status and key microfinance variables, including microcredit ($r = 0.266$, $p < 0.01$), micro-insurance ($r = 0.208$, $p < 0.01$), and non-financial services ($r = 0.299$, $p < 0.01$). Micro-savings also exhibit a positive relationship, although weaker and not consistently significant across measures.

Table 3
Means, Standard Deviations, and Inter correlations for Study Variables

Variable	*M*	*SD*	1	2	3	4	5	6	7	8
1. Socio Economic	2.67	0.63	–							
2. Age Group	2.25	0.79	.035	–						
3. Education Level	2.89	1.44	.101	.055	–					
4. Gender	1.94	0.53	.034	.081	.069	–				
5. Micro Credit	2.13	0.66	.266**	.031	.024	.235**	–			
6. Micro Insurance	2.19	0.83	.208**	.012	.056	.153*	.253**	–		
7. Micro Savings	2.10	0.78	.136	.112*	.008	.058	.166**	.121	–	
8. Non-Financial	2.82	0.83	.299**	.110*	.173*	.090	.071	.259**	.175	–

Note. $N = 377$. $^{*}p < .05$. $^{**}p < .01$ (2-tailed).

Overall, the correlation results suggest that while the independent variables are related to socio-economic outcomes, they do not overlap conceptually, thereby ensuring that each construct contributes uniquely to the analysis.

4.2. Hierarchical Multiple Regression Analysis

To examine the predictive influence of microfinance services on improved socio-economic status, a five-stage hierarchical multiple regression analysis was conducted. The results are presented in Table 4. This approach allows for the incremental assessment of explanatory power as additional variables are introduced into the model. Variance Inflation Factor (VIF) values were also computed, with all values below 1.253, further confirming the absence of multicollinearity.

Model 1 establishes the baseline by including only the control variables—age group, education level, and gender. The model explains a relatively small proportion of variance in socioeconomic status (Adjusted $R^2 = 0.020$; $F = 3.153$, $p < 0.05$), indicating that demographic characteristics alone have limited explanatory power. Although statistically significant, their overall contribution remains marginal.

Model 2 introduces access to micro-credit services. The inclusion of this variable results in a statistically significant improvement in model fit, with the Adjusted R^2 increasing to 0.048 and R rising to 0.241. The positive and significant beta coefficient ($\beta = 0.134$, $p < 0.05$) indicates that access to micro-credit contributes positively to improved socioeconomic status. This finding supports Hypothesis 1 (H1) and highlights the role of financial capital in enhancing livelihood opportunities.

Model 3 incorporates micro-savings services alongside micro-credit and control variables. This results in a substantial increase in explanatory power, with Adjusted R^2 rising to 0.182 and R reaching 0.449, indicating a strong combined effect. The highly significant coefficient for micro-savings ($\beta = 0.464$, $p < 0.001$) demonstrates that access to structured savings mechanisms plays a critical role in stabilizing household income and improving economic resilience. This provides strong support for Hypothesis 2 (H2).

Model 4 extends the analysis by including micro-insurance services. The explanatory power of the model increases further, with Adjusted R^2 reaching 0.243 and $R = 0.501$. The significant positive coefficient for micro-insurance ($\beta = 0.381$, $p < 0.001$) indicates that access to risk mitigation mechanisms enhances the protection and accumulation of household assets. This finding supports Hypothesis 3 (H3), confirming the importance of insurance in strengthening socioeconomic security.

Model 5 presents the full model by incorporating non-financial services, such as training and capacity-building initiatives. This model achieves the highest explanatory power, with Adjusted R^2 increasing to 0.354 and R reaching 0.613, indicating a large effect size (Cohen, 1998). The coefficient for non-financial services is highly significant ($\beta = 0.363$, $p < 0.001$), suggesting that these services play a critical role in enhancing beneficiaries' ability to effectively utilize financial resources. This final model supports Hypothesis 4 (H4) and demonstrates that integrated microfinance interventions yield the strongest socioeconomic outcomes.

Table 4
Multiple Regression Analysis

Variables	Model 1 (β)	Model 2 (β)	Model 3 (β)	Model 4 (β)	Model 5 (β)	VIF
Control Variables						
Age Group	0.103***	0.142**	0.111**	0.060	0.055	1.145
Education Level	0.057	0.077	0.098***	0.114*	0.021	1.122
Gender	-0.024	-0.240	-0.024	-0.024	0.136*	1.253
Independent Variables						
Micro_credit		0.134*	0.033	-0.041	-0.023	1.086
Micro_savings			0.464***	0.282***	0.184**	1.101
Micro_insurance				0.381***	0.275***	1.149
Non_financial					0.363***	1.042
Model Diagnostics						
F	3.153*	3.252*	24.914***	26.514***	30.095***	
F Change	3.530*	3.449	40.532***	42.421***	16.537***	
R	0.169	0.241	0.449	0.501	0.613	
R^2	0.029	0.058	0.202	0.251	0.376	
Adjusted R^2	0.020	0.048	0.182	0.243	0.354	
R^2 Change	0.029	0.013	0.090	0.086	0.051	

Note. $^{*}p < .05$, $^{**}p < .01$, $^{***}p < .001$.

4.3. Discussion of Findings

The findings of this study provide strong empirical evidence that microfinance services are significant drivers of improved socioeconomic status among women beneficiaries in Kitwe District. The progressive increase in explanatory power across the regression models highlights the cumulative effect of financial and non-financial services in shaping development outcomes.

The reliability of the measurement constructs was confirmed by an overall Cronbach's alpha of 0.767, exceeding the recommended threshold of 0.70 for internal consistency. This indicates that the measurement instruments used in the study were both reliable and suitable for analysis.

Consistent with prior research (Limbu, 2014), the results demonstrate that microfinance interventions contribute meaningfully to socioeconomic improvement. This aligns with recent empirical reviews emphasizing that micro-credit and formal micro-savings are fundamental to building financial autonomy and facilitating risk management among women in emerging economies (Osifodunrin and Lopes, 2022; Wondimu et al., 2023). Furthermore, micro-insurance strengthens resilience by mitigating risks associated with exogenous economic shocks.

Notably, non-financial services emerged as one of the most influential predictors in the final model. This underscores the importance of complementary support mechanisms, such as financial literacy training and business development services, in enhancing the effectiveness of microfinance programmes. Recent bibliometric analyses corroborate this finding, highlighting that financial capital—when paired with targeted socio-cultural interventions and capacity-building—is significantly more likely to translate into genuine empowerment and autonomous domestic decision-making (Maldonado-Castro et al., 2024; Singh et al., 2022).

However, descriptive findings indicate that respondents expressed relative neutrality toward non-financial and micro-insurance services, with mean scores of 2.82 and 2.10, respectively. This suggests the presence of a distinct awareness or accessibility gap, whereby beneficiaries may not fully understand or utilize these services. Such bottlenecks remain a pervasive challenge in Sub-Saharan Africa, where institutional frictions and structural macroeconomic constraints often impede the deep penetration of complex financial products (Nnaomah et al., 2024). Despite this access gap, the regression results demonstrate that when these complementary services are effectively utilized, they exponentially enhance socioeconomic outcomes.

In summary, the results confirm that a holistic microfinance model—integrating credit, savings, insurance, and capacity-building interventions—is essential for achieving sustainable improvements in the livelihoods of women beneficiaries.

5. Conclusion and Recommendations

5.1. Summary of Findings

The primary objective of this study was to identify and evaluate the factors contributing to the improved socioeconomic standing of female microfinance beneficiaries in the Kitwe District of Zambia. Utilizing a quantitative correlational design with a robust sample of 377 respondents, the empirical analysis confirmed that all measured microfinance variables—access to micro-credit, availability of micro-savings, access to micro-insurance, and the provision of non-financial services—exerted a statistically significant, positive influence on the beneficiaries' capacity for self-reliance. As previously detailed in the hypothesis testing, all four conceptualized pathways (H1–H4) were empirically supported as shown in Table 5.

Table 5
Results for Hypotheses Testing

#	Hypothesis	Statistic	Test	Results
H1	Access Micro-credit services has a significant influence on improved socioeconomic status and the business making decision.	0.134	Regression	Supported
H2	Availability of micro-savings has a positive impact on the improved socioeconomic status on women livelihood.	0.464	Regression	Supported
H3	Access Micro-insurance services has a positive influence on household asset acquisition on women livelihood hence improved socioeconomic status.	0.381	Regression	Supported
H4	Provision of Non-financial services have a positive influence on women livelihood hence improved socio-economic status.	0.363	Regression	Supported

Note. $^{***}p < .01$ (1 percent); $^{**}p < .05$ (5 percent).

The sectorial data indicates that the most substantial livelihood improvements materialized within the trade (33.4%), services (28.6%), and agricultural (26.8%) sectors. Crucially, microfinance interventions provided a vital economic lifeline for demographic groups that traditional markets often exclude; specifically, women over the age of thirty with limited formal education who previously struggled to secure sustainable wage employment. By accessing short-term loan facilities with flexible repayment terms spanning six to eighteen months, these beneficiaries successfully transitioned toward financial independence. Beyond strict economic metrics, the respondents reported profound psychosocial transformations. The most significant personal achievements cited included enhanced self-worth, elevated self-confidence, and a broadened awareness of critical social, political, and health-related issues. The data also revealed a positive correlation between baseline education and intervention efficacy, wherein comparatively better-educated women exhibited the highest post-intervention confidence levels.

5.2. Theoretical and Empirical Contributions

This research addresses a critical gap in the extant literature by shifting the analytical lens from macro-level institutional performance to the micro-level realities of grassroots beneficiaries in Sub-Saharan Africa. Traditional evaluations of microfinance frequently suffer from a top-down bias, potentially rendering programmatic models inaccurate by marginalizing the voices and interaction variables of the very clients they intend to serve. By adopting a "bottom-up" perspective, this study reinforces the assertions of Goetz and Jenkins (2005), arguing that sustainable developmental outcomes require the exacting accountability and active participation of the poor.

Furthermore, this study uniquely integrates the concept of emotional labor (Hochschild, 1979) into the framework of microfinance institution (MFI) and client relations. Recognizing that the core mechanisms of microfinance are inherently emotional (Rahman, 1999; Ito, 2003), the findings suggest that the group dynamics and solidarity structures

essential to microfinance can occasionally manifest in harmful forms of peer accountability (Dixon et al., 2006). By providing a highly contextualized micro-perspective of the Kitwe district, this research enriches the global literature on how local implementation variances profoundly dictate the efficacy of poverty-alleviation strategies.

5.3. Practical Implications and Recommendations

The empirical findings yield several actionable implications for microfinance practitioners, non-governmental organizations (NGOs), and policymakers. First, to sustain the psychological and economic empowerment observed in this study, MFIs should structurally facilitate shared platforms and collaborative forums for female entrepreneurs. These peer-to-peer networks are vital for bolstering self-assurance, sharing entrepreneurial best practices, and modernizing marketing strategies among borrowers.

Second, given the pronounced impact of education on programmatic success, MFIs and state actors must prioritize educational capacity building. This requires expanding the provision of non-financial services—such as adult literacy, interpersonal communication, and business management training—while concurrently supporting broader initiatives like primary school scholarships to secure intergenerational mobility.

Third, the architectural design of microfinance products must evolve beyond homogenous, one-size-fits-all models. Financial products must be meticulously tailored to the specific sub-segment needs of female borrowers, recognizing that their socioeconomic requirements extend far beyond simple independent work. Finally, to mitigate persistent capital shortages that stifle micro-enterprise growth, MFIs should launch aggressive savings campaigns to build internal capital bases, while actively collaborating with commercial banks and governmental bodies to secure supplementary funding.

5.4. Limitations and Directions for Future Research

While this study provides robust micro-level insights, its specific focus on field-level beneficiary experiences presents certain operational limitations. Future research should adopt an integrative anthropological approach, incorporating the perspectives of MFI senior management to ascertain how top-level strategic decisions and management styles influence field-level policy execution and client interactions. Additionally, the intra-organizational dynamics between mid-level MFI employees, loan officers, and their supervisors warrant further empirical investigation.

Scholars should also explore the operational efficacy of differing institutional structures within the Zambian macroeconomic and legal context. For example, comparative studies analyzing faith-based NGOs (e.g., World Vision Zambia) against secular institutions could determine whether religious foundations structurally alter social intermediation success and institutional conflict, building upon the ethnographic frameworks established by Bornstein (2003). Finally, to fully capture the complex, dynamic nature of the microfinance ecosystem, future inquiries should employ mixed-methodologies that seamlessly integrate qualitative organizational characteristics into standardized, theory-driven economic surveys.

5.5. Concluding Remarks

In conclusion, access to comprehensive microfinance services acts as a significant catalyst for elevating the socio-economic status and overall standard of living for female beneficiaries and their households in the Kitwe District. The provision of flexible, manageable micro-credit fosters economic liberty, allowing women to scale their micro-enterprises without the paralyzing burden of predatory, informal debt. Crucially, this economic empowerment initiates a virtuous cycle of social empowerment; as women successfully contribute to their household's income, they earn elevated respect within their domestic and societal spheres. This newfound respect fosters heightened self-confidence, improved crisis management skills, and distinct aspirations for community leadership. Ultimately, when strategically coupled with micro-savings, micro-insurance, and robust non-financial support, microfinance serves as an indispensable and transformative mechanism for inclusive, grassroots economic development.

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