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# The Impact Of Microfinance On Women's Economic Empowerment In Zambia

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***Abstract:***
*Small to Medium Enterprises (SMEs) contributed around 70% of GDP in Zambia and employed a sizeable portion of the total workforce in the country. However, access to finance remained a challenge for most SMEs. More so for women-led SMEs with studies showing that women face restrictive lending policies, creating a challenging environment for women entrepreneurs seeking to expand their businesses. This study aimed to examine the factors affecting access to finance for women-led SMEs in Lusaka, Zambia. In addition, providing insights that inform policies and financial sector interventions to improve financial accessibility for women entrepreneurs. The study looked at using; firm characteristics, influence of financial literacy and the role of financial institutions lending policies in affecting women's access to financing.*
*Quantitative research approach used to analyse relationships between variables, with a descriptive correlational research strategy. Sampling method employed was Raosoft sample size calculator to determine appropriate sample size and stratified random sampling technique. Data collection was through questionnaires. Results showed a negative correlation between firm characteristics and access to finance ($r = -0.200$, $p = 0.014$), this implies that more established firms or those with tangible collateral are more likely to secure formal financing. The correlation between financial literacy and access to finance was negative but not statistically significant ($r = -0.073$, $p = 0.375$). Although not significant at the 0.05 level, the result suggests women with higher self-reported financial literacy may still face challenges in accessing finance, potentially due to external institutional constraints. There was a positive, albeit weak and statistically non-significant correlation between lending policies and access to finance ($r = 0.119$, $p = 0.145$). Lending policies did not statistically predict access to finance.*
*Recommendations made were that policy makers strengthen policy framework for gender inclusive finance, promote gender disaggregated data collection, and facilitate legal & institutional formalization of women-led SMEs. Financial institutions to develop tailored lending products for women entrepreneurs, streamline loan application & assessment process and train staff in gender responsive practices. Women entrepreneurs Leverage Business Networks and Cooperatives, engage in Continuous Financial Training & Digital Literacy, and document financial activities by keep records.*
***Key Word:*** *Women-led SMEs, access to finance, financial literacy, firm characteristics, lending policies*

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## I. Introduction

Access to finance is crucial for the development and sustainability of Small and Medium Enterprises (SMEs), particularly those led by women (Chowdhury & Alam, 2017). In Zambia, SMEs contribute significantly to economic growth, employment generation, and poverty alleviation (ZDA, 2023). Women-led SMEs specifically have the potential to accelerate inclusive economic growth, yet they consistently face greater financial constraints compared to male-led businesses (Chikalipah, 2021).

According to the Zambia Development Agency (ZDA, 2023), SMEs constitute approximately 97% of businesses in Zambia, contributing around 70% of GDP and employing about 88% of the workforce. Despite their importance, access to formal financing remains a significant obstacle for SMEs, particularly those owned and operated by women entrepreneurs (Zaloumis and Foya, 2022). The constraints women entrepreneurs encounter includes stringent collateral demands, high-interest rates, inadequate financial literacy, and gender-biased lending practices by financial institutions (Chikalipah, 2021).

Prior studies reveal that formal financial institutions in Zambia predominantly rely on traditional collateral-based lending models, disadvantaging women who generally lack sufficient collateral assets such as land or property ownership (Chikalipah, 2021). Moreover, gender stereotypes within financial institutions further reduce credit approval rates for women entrepreneurs, who are often perceived as higher-risk borrowers (Zaloumis and Foya, 2022).

In America, while women-led businesses also experience financing challenges, support mechanisms such as the Small Business Administration (SBA) loan guarantees have significantly improved their access to formal credit (Marlow & Swail, 2014). These policies provide reduced collateral requirements and lower interest rates, making it easier for women entrepreneurs to secure funding. However, such tailored interventions are limited or non-existent in developing economies, making access to finance far more difficult for women entrepreneurs in Zambia.

Similarly, in Nigeria, some studies suggest that over 60% of women-led SMEs lack access to bank loans, with collateral constraints and gender biases in loan approvals being the main barriers. Although microfinance institutions have attempted to bridge the gap, high interest rates and unfavourable repayment terms often deter women entrepreneurs from taking loans, leaving them reliant on informal financial networks.

In Zambia, the situation is no different. Despite government initiatives and financial literacy programs, women-led SMEs continue to struggle with accessing credit, often resorting to informal financial sources, such as village banking and rotating savings schemes (Zaloumis and Foya, 2022). Studies indicate that only 30% of women-owned businesses successfully access formal financing, compared to 50% of male-owned enterprises (ZDA, 2023). The lack of financial literacy, coupled with restrictive lending policies, creates a challenging environment for women entrepreneurs seeking to expand their businesses.

Despite efforts to enhance financial inclusion, such as the introduction of microfinance institutions and women-focused financial programs, the accessibility of formal financing remains low among women-led SMEs in Lusaka (ZDA, 2023). While some research has been conducted on SME financing in Zambia, there is limited empirical evidence focusing specifically on the financial challenges faced by women entrepreneurs. This study seeks to fill this gap by analysing the key factors influencing access to finance for women-led SMEs in Lusaka, with a particular focus on firm characteristics, financial literacy, and lending policies of financial institutions.

## II. Literature Review

Small and Medium Enterprises (SMEs) are a crucial driver of economic growth in Zambia, contributing significantly to employment, poverty reduction, and industrial diversification. According to the Zambia Development Agency (2023), SMEs constitute majority of businesses in the country, accounting for a substantial share of GDP and employment. Women-led SMEs, in particular, play an important role in various sectors, including agriculture, manufacturing, retail, and services. Despite their contributions, women entrepreneurs in Zambia face significant barriers in accessing finance, limiting their ability to sustain and grow their businesses. Access to finance remains a fundamental determinant of SME success, influencing business growth, investment in technology, and overall competitiveness. However, financial constraints disproportionately affect women-led enterprises, creating systemic challenges that hinder their business performance and long-term sustainability.

The financial exclusion of women entrepreneurs is influenced by several interrelated factors. Firm characteristics, including business size, industry type, and operational history, play a key role in determining access to finance (Siwela & Njaya, 2021). Many women-led businesses are micro or small enterprises, often operating in informal sectors with limited financial documentation, making them less attractive to formal lenders. Financial literacy also significantly affects the ability of women entrepreneurs to navigate financial systems, prepare business plans, and manage loans effectively. Limited knowledge of financial management practices further reduces their eligibility for credit, reinforcing the cycle of financial exclusion. In addition, financial institutions' lending policies present structural challenges, with traditional banking models relying heavily on collateral-based lending. Women entrepreneurs, who typically lack land and other tangible assets, struggle to meet these requirements, resulting in higher loan rejection rates or unfavourable borrowing terms. Gender biases in financial decision-making further compound these challenges, as women-led businesses are often perceived as riskier investments compared to male-owned enterprises, (Swamy, 2014).

The impact of financial barriers on women-led SMEs extends beyond individual businesses, affecting broader economic development. Limited access to credit restricts business expansion, reduces job creation opportunities, and weakens the overall resilience of women entrepreneurs according to Swamy, (2014). Many resort to informal financing options such as village banking and savings groups, which may provide temporary relief but lack the long-term stability required for sustainable growth. Addressing these challenges requires targeted policy interventions, including alternative financing mechanisms, financial literacy programs, and gender-sensitive lending policies that support the economic empowerment of women entrepreneurs. Without adequate financial inclusion, women-led SMEs in Zambia will continue to face constraints that hinder their full participation in economic development.

**Global Empirical Review**

Peterson. (2020) conducted a study in the United Kingdom, Germany, and France to examine how structured financial policies influence access to finance for women-led SMEs. The study focused on government-backed financing programs and their role in reducing collateral constraints. Findings revealed that women entrepreneurs who engaged with government-backed loan schemes were 15% more likely to secure financing compared to those relying solely on private banking institutions. The study also identified that while policy reforms have made formal credit more accessible, women entrepreneurs still face biases related to risk perceptions. It was suggested that financial institutions adopt more flexible loan criteria and provide capacity-building programs to enhance women's financial literacy.

In the United States, Berger and Gregory (1998). analysed the effectiveness of the Small Business Administration (SBA) loan program in promoting financial inclusion for women entrepreneurs. The study, which analysed loan application data from 2,000 women-led SMEs, found that SBA-backed loans improved credit accessibility by 30% due to reduced collateral requirements and lower interest rates. However, the research also revealed that women entrepreneurs still tended to apply for smaller loan amounts, reflecting ongoing risk aversion and limited financial confidence. The authors recommended enhancing awareness campaigns to encourage women entrepreneurs to explore larger funding options and training financial institution staff to reduce gender biases.

Smith and Simkins (2021) conducted a study in Australia, exploring the role of technology-driven financial solutions in improving women entrepreneurs' access to finance. The research found that women-led SMEs utilizing digital credit platforms and financial tracking systems were 25% more successful in securing formal loans compared to those using traditional application methods. However, the study also highlighted that limited access to digital technology and low digital literacy among some women entrepreneurs restricted widespread adoption. The authors recommended increasing access to affordable digital financial solutions and promoting financial literacy tailored to digital platforms.

A study in Sweden, assessing how long-term government interventions impacted women entrepreneurs' access to finance. Using a dataset of 700 SMEs over ten years, the study concluded that women-led SMEs receiving financial support from government-funded business development programs reported 20% higher loan success rates compared to unsupported businesses. The findings also revealed that continuous mentorship and capacity-building initiatives helped women entrepreneurs better navigate financial systems. The authors suggested expanding access to such programs and promoting gender-specific financial training to improve long-term financial inclusion.

**African Empirical Review**

Okoye et al. (2020) conducted a study in Nigeria to assess the impact of government-backed financing initiatives on women entrepreneurs' access to finance. The study focused on the Bank of Industry (BOI) loan schemes designed to enhance financial inclusion for women-led SMEs. Findings revealed that government-backed loans significantly improved access to finance for women, particularly those with limited collateral. However, the study also identified bureaucratic inefficiencies and limited awareness as key challenges that reduced the effectiveness of these programs. The authors recommended increasing the visibility of government-backed programs and simplifying application procedures to encourage greater participation from women entrepreneurs.

Grzybowski and Mothobi, (2023), examined the role of mobile money platforms in facilitating financial access for women entrepreneurs in Kenya. The research surveyed 300 women-led SMEs and found that mobile money services, such as M-Pesa, played a critical role in reducing transactional costs and improving access to short-term credit. Women using these platforms were better able to manage their business finances and access informal lending networks. However, the study also highlighted that mobile money services were limited in providing large-scale capital necessary for business expansion. The authors recommended integrating mobile money platforms with formal financial services to enhance long-term financing opportunities for women entrepreneurs.

Bongomin et al. (2018) conducted research in Uganda, focusing on the role of financial literacy in improving access to finance for women-led SMEs. The study revealed that women entrepreneurs with higher financial literacy levels were significantly more likely to access formal credit. These women demonstrated better record-keeping, financial planning, and loan application capabilities. However, the research noted that financial education opportunities were limited, especially in rural areas. The authors suggested the implementation of nationwide financial literacy programs targeting women entrepreneurs, particularly in underserved regions, to enhance their ability to secure formal financing, Tarsem, (2018).

Herrington and Kew (2018) analysed the influence of government risk management policies on access to finance for women entrepreneurs in South Africa. The study found that women who received government-backed grants and financial subsidies were better positioned to secure formal loans, as these programs reduced lenders' perceived risks. However, the study also noted that women entrepreneurs in rural regions faced greater challenges in accessing these programs due to limited information and geographic barriers. The authors recommended that the government establish localized financial support centres to improve outreach and accessibility for women in underserved areas.

Gichuki et al. (2014) explored the failure of specialized financial institutions to meet credit needs of women, therefore increasing the popularity of informal banking groups in most developing countries. However, informal agreements often lacked legal enforcement, resulting in higher risks of delayed payments and disputes. The authors suggested that formalizing trade credit arrangements through structured contracts and supplier agreements would reduce risks and enhance financing stability for women entrepreneurs. Mwila and Bwalya (2020) conducted a study to explore the barriers faced by women-led SMEs in accessing finance in Zambia, focusing on SMEs in Lusaka and Copperbelt provinces. The study revealed that stringent collateral requirements, high-interest rates, and bureaucratic loan approval processes were the primary obstacles preventing women entrepreneurs from accessing formal credit. Many women lacked ownership of tangible assets such as land or property, which are commonly required as loan security. The study recommended the introduction of alternative collateral mechanisms, and the development of loan products tailored to women entrepreneurs, particularly for those operating in informal sectors.

**Zambian Empirical Review**

Mwenda (2019) investigated the impact of financial literacy on women entrepreneurs' ability to access formal credit in Zambia. The study, which surveyed women-led SMEs in urban and rural areas, revealed that low financial literacy significantly hindered access to finance. Many women lacked knowledge about financial management, record-keeping, and loan application procedures. As a result, they were often unable to meet financial institutions' requirements for formal lending. The study suggested implementing nationwide financial education programs focused on equipping women with the skills necessary to manage finances and successfully apply for credit.

Chansa (2023) explored the influence of mobile money platforms on financial inclusion for women entrepreneurs in Zambia. The study highlighted that mobile money services, such as Zoona and Airtel Money, provided women with more accessible and flexible financial services, particularly in rural and remote areas. These platforms enabled women to manage transactions, save small amounts, and access short-term credit. However, poor digital infrastructure and limited financial literacy restricted the broader use of these services. The study recommended enhancing digital infrastructure in rural areas and introducing targeted financial literacy programs to encourage better use of mobile financial platforms.

Simuka (2024) assessed the effectiveness of government-backed credit programs, such as the Citizens Economic Empowerment Commission (CEEC) loans, in supporting women entrepreneurs. The study revealed that while these programs aimed to improve financial inclusion, their effectiveness was limited by bureaucratic inefficiencies, lack of awareness, and inadequate follow-up support. Many women entrepreneurs were unaware of how to access these programs, and those who did often faced delays in loan disbursement. The study recommended simplifying application procedures, increasing awareness campaigns, and providing technical support to women entrepreneurs to enhance program effectiveness.

**Theoretical Framework**

The conceptual model for this study is adapted from Chowdhury & Alam (2017), who examined factors influencing SME financing constraints in developing economies. The model focuses on the relationship between firm characteristics, financial literacy, and financial institutions' lending policies, and how these factors affect access to finance for women-led SMEs.

Access to finance is crucial for the growth and sustainability of SMEs. However, women-led SMEs in Zambia continue to face barriers in securing formal credit, primarily due to lack of collateral, financial illiteracy, and restrictive lending policies (Zaloumis and Foya, 2022). This study assumes that the three independent variables—firm characteristics, financial literacy, and financial institutions' lending policies—have a direct influence on the ability of women-led SMEs to access finance in Lusaka. The Pecking Order Theory aligns with this study as it explains why women-led SMEs often avoid formal financial institutions due to high borrowing costs and information asymmetry. Meanwhile, the Credit Rationing Theory explains why financial institutions limit credit availability to women entrepreneurs and the discriminatory lending practices that create financial barriers for women-led SMEs.

By integrating these theories, this study seeks to analyse the structural and policy-related factors that hinder financial access for women-led SMEs in Lusaka and provide recommendations to improve credit availability and financial inclusion.

## III. Data And Methodology

The study adopts a quantitative research approach, which is suitable for analysing relationships between variables in a structured and objective manner. The choice of this approach is informed by the need to test specific hypotheses and establish statistical associations between firm characteristics, financial literacy, lending policies, and access to finance. Using this approach, the researcher administered structured questionnaires to a sample of women-led SMEs in Lusaka. These instruments enabled the collection of quantifiable data on business operations, knowledge of financial practices, and experiences with formal and informal financial institutions. The use of quantitative methods was particularly appropriate given the aim to analyse how independent variables (firm characteristics, financial literacy, and lending policies) influence the dependent variable (access to finance). This aligns with assertion that a quantitative research approach is most effective when the goal is to explain relationships between variables using numerical analysis and statistical tools. study employs a descriptive correlational research strategy, which integrates both descriptive and correlational elements to achieve a comprehensive understanding of the research problem. The descriptive component of the strategy allows the researcher to capture the current state of access to finance among women-led SMEs in Lusaka, including their demographic characteristics, business size, and financial behaviour. The correlational aspect enables the study to identify and analyse statistical relationships between the independent variables and the dependent variable.

All procedures were performed using SPSS version 26. The case processing summary confirmed a 100% response rate across all measured variables. None of the 150 respondents had missing data on any variable, implying a high degree of questionnaire completion and data reliability. This eliminates the need for imputation or case-wise deletion and ensures the robustness of subsequent analysis. Normality tests were conducted using Kolmogorov-Smirnov and Shapiro-Wilk statistics. While the results indicated significant deviations from normality ($p < 0.05$), the skewness and kurtosis values for all variables remained within the acceptable ±2 range justifying the application of non-parametric tests in subsequent correlation analysis. The Kaiser-Meyer-Olkin (KMO) test and Bartlett's Test of Sphericity were also used to determine sampling adequacy for factor analysis. For the firm characteristics construct, the KMO value was 0.507 and Bartlett's test was significant ($\chi^2 = 39.24$, $p = .009$), suggesting marginal adequacy. In contrast, both financial literacy (KMO = 0.923) and lending policies (KMO = 0.925) showed excellent sampling adequacy, supported by highly significant Bartlett's test results ($p < 0.001$). Communality values were also above 0.90 for most items in these two constructs, confirming that the extracted factors accounted for a high proportion of variance. Additionally, sampling adequacy and factorability for the Access to Finance construct were assessed using the KMO measure and Bartlett's Test of Sphericity. The KMO value was 0.502, which falls just above the minimum acceptable threshold of 0.50 (Field, 2018), indicating borderline sampling adequacy. Bartlett's test was statistically significant ($\chi^2 = 25.831$, $df = 15$, $p = 0.040$), suggesting that the correlation matrix is not an identity matrix and therefore suitable for factor analysis.

## IV. Results And Discussion

**Descriptive Analysis**

Table 1: Financial Literacy

| Item | Mean | Std. Deviation |
|---|---|---|
| I can prepare and use a business plan for my business. | 4.0200 | .92301 |
| I am capable of maintaining financial records for my business. | 3.9667 | .97221 |
| I conduct financial planning and budgeting regularly. | 4.0400 | .94037 |
| I understand both short-term and long-term financial obligations. | 4.0733 | .92029 |
| I am confident in dealing with banks and financial institutions. | 3.9933 | .98646 |

(Source: Author's Data, 2025)

The financial literacy construct was measured using five indicators relating to planning, record-keeping, budgeting, and confidence in dealing with financial matters. As summarized in Table 4.3, the respondents demonstrated high levels of financial competence, with mean scores ranging from 3.97 to 4.07 out of 5. The highest-rated item was "*I understand both short-term and long-term financial obligations*" (M = 4.07, SD = 0.92), while the lowest-rated was "*I am capable of maintaining financial records for my business*" (M = 3.97, SD = 0.97). The low standard deviations (between 0.92 and 0.99) indicate low variability, suggesting consensus among respondents regarding their self-perceived financial literacy.

Table 2: Lending Policies

| | Mean | Std. Deviation |
|---|---|---|
| The loan application process at banks is too complex and time-consuming. | 2.3333 | .99439 |
| The interest rates charged by financial institutions are unaffordable for my business. | 2.3200 | .96461 |
| I find it hard to meet bank loan repayment conditions. | 2.3267 | .99324 |
| Bank creditworthiness assessments are unfavourable to women-owned SMEs. | 2.3200 | .99205 |
| Lending policies discourage me from applying for formal loans. | 2.3333 | .93885 |
| Have you ever applied for a loan from a financial institution? | 1.3267 | .47057 |
| | | |

(Source: Author's Data, 2025)

Respondents rated their perceptions of institutional lending practices, including procedural complexity, interest rates, repayment terms, and gender fairness. The mean scores for all five items ranged from 2.32 to 2.33, suggesting a generally negative perception of the lending environment. For example, "The loan application process at banks is too complex and time-consuming" recorded a mean of 2.33 (SD = 0.99), while "Bank creditworthiness assessments are unfavourable to women-owned SMEs" also averaged 2.32 (SD = 0.99). The consistency in responses across all items, as reflected by similar standard deviations, reveals that the women-led SMEs shared common concerns about institutional lending practices.

Table 3: Access to Finance

| | Mean | Std. Deviation |
|---|---|---|
| If yes, was your application successful? | 1.4466 | .49957 |
| Which institutions have you applied to? (Select all that apply) | 1.7544 | .21389 |
| How would you describe the ease of accessing finance in Lusaka for your business? | 3.5933 | .98374 |
| If you were rejected for a loan, what reasons were given? (Select all that apply) | 1.5867 | .17527 |
| Have you ever participated in a financial training or literacy program? | 1.4267 | .49625 |
| | | |

(Source: Author's Data, 2025)

Access to finance was measured using items related to loan application history, perceived ease of access, loan outcomes, and training participation. The mean score for the question "How would you describe the ease of accessing finance in Lusaka for your business?" was relatively high (M = 3.59, SD = 0.98), suggesting moderate satisfaction with credit access. However, the average response for "Have you ever applied for a loan?" was 1.33, indicating that fewer than half of the respondents had applied for a formal loan. Moreover, among those who did apply, the approval rate was moderate, with a mean of 1.45 (on a binary scale where 1 = Yes, 2 = No). Approximately 57% of the women had participated in financial training (M = 1.43, SD = 0.50), which may explain the relatively strong financial literacy scores reported earlier.

**Correlation Analysis**

To examine the relationships among the study variables, Pearson's product-moment correlation coefficient was computed using SPSS version 26. This analysis helped determine the direction, strength, and significance of bivariate relationships between the independent variables (Firm Characteristics, Financial Literacy, and Lending Policies) and the dependent variable (Access to Finance). The results are presented in Table 4.4.

Table 4: Correlation analysis

| Descriptive Statistics | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Mean | Std. Deviation | N | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 1 | Age | 2.6933 | 1.01629 | 150 | 1 | | | | | | | | |
| 2 | Marital status | 1.9867 | .85911 | 150 | -.074 | 1 | | | | | | | |
| 3 | Educational level | 3.1333 | 1.02103 | 150 | .007 | -.082 | 1 | | | | | | |
| 4 | Academic specialisation | 1.9267 | 1.09971 | 150 | -.056 | .134 | .110 | 1 | | | | | |
| 5 | Entrepreneurial experience | 3.3867 | 1.18030 | 150 | .060 | -.021 | .035 | -.081 | 1 | | | | |
| 6 | Firm Characteristics | 1.8143 | .33339 | 150 | .032 | .209* | -.014 | .156 | -.072 | 1 | | | |
| 7 | Financial Literacy | 4.0187 | .91354 | 150 | -.018 | .033 | .053 | -.072 | -.055 | .025 | 1 | | |
| 8 | Lending Policies | 2.3267 | .93992 | 150 | -.012 | -.044 | .002 | -.096 | .077 | .052 | .049 | 1 | |
| 9 | Access to Finance | 1.7391 | .14819 | 150 | -.076 | -.089 | .048 | .045 | -.037 | -.200* | -.073 | .119 | 1 |
| *. Correlation is significant at the 0.05 level (2-tailed). | | | | | | | | | | | | | |

(Source: Author's Data, 2025)

A statistically significant negative correlation was observed between firm characteristics and access to finance ($r = -0.200$, $p = 0.014$), indicating that as firm characteristics (such as size, collateral, or formal registration) increase, perceived barriers to accessing finance slightly decrease. This implies that more established firms or those with tangible collateral are more likely to secure formal financing. The correlation between financial literacy and access to finance was negative but not statistically significant ($r = -0.073$, $p = 0.375$). Although not significant at the 0.05 level, the result suggests a slight inverse relationship: women with higher self-reported financial literacy may still face challenges in accessing finance, potentially due to external institutional constraints. There was a positive, albeit weak and statistically non-significant correlation between lending policies and access to finance ($r = 0.119$, $p = 0.145$). This indicates that women who perceive lending policies to be less restrictive tend to experience better access to credit. However, the lack of significance suggests this relationship may be influenced by other mediating factors such as income level, firm maturity, or credit history. None of the control variables (age group, marital status, educational level, area of academic specialization, and entrepreneurial experience) demonstrated significant correlations with access to finance. This confirms that demographic factors in this study had minimal influence on financial accessibility for women-led SMEs in Lusaka. This section presents the results of the hierarchical multiple regression analysis undertaken to examine the influence of firm characteristics, financial literacy, and lending policies on access to finance for women-led SMEs in Lusaka.

**Regression Analysis**

The regression was conducted across eight models. Models 1 to 5 incrementally introduced control variables, while Models 6 to 8 successively introduced the independent variables based on the conceptual framework.

Table 5: Hierarchical Multiple Regression Analyses with Access to Finance as an outcome

| | **Model 1** | | **Model 2** | | **Model 3** | | **Model 4** | | **Model 5** | | **Model 6** | | **Model 7** | | **Model 8** | | **VIF** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Beta | SE | Beta | SE | Beta | SE | Beta | SE | Beta | SE | Beta | SE | Beta | SE | Beta | SE | |
| **Control Variables** | | | | | | | | | | | | | | | | | |
| Age | -.011 | .012 | -.012 | .012 | -.012 | .012 | -.012 | .012 | -.012 | 0.12 | -.010 | .012 | -.010 | .012 | -.009 | .012 | 1.015 |
| Marital status | | | -.016 | .014 | -.016 | .014 | -.017 | .014 | -.017 | .014 | -0.10 | .015 | -.010 | .015 | -.009 | .014 | 1.077 |
| Educational level | | | | | .006 | .012 | .005 | .012 | .005 | .012 | .005 | .012 | .006 | .012 | .006 | .012 | 1.029 |
| Academic specialisation | | | | | | | .007 | .011 | .006 | .011 | .010 | .011 | .009 | .011 | .011 | .011 | 1.080 |
| Entrepreneurial experience | | | | | | | | | -.004 | .010 | -.006 | .010 | -.006 | .010 | -.007 | .010 | 1.026 |
| | | | | | | | | | | | | | | | | | |
| **Independent Variables** | | | | | | | | | | | | | | | - | | |
| Firm Characteristics | | | | | | | | | | | -.088* | .037 | -.088* | .037 | -.093* | .037 | 1.080 |
| Financial Literacy | | | | | | | | | | | | | -.011 | .013 | -.012 | .013 | 1.019 |
| Lending Policies | | | | | | | | | | | | | | | .023 | .013 | 1.025 |
| | | | | | | | | | | | | | | | | | |
| F | .863 | | 1.104 | | .817 | | .700 | | .587 | | 1.438 | | 1.327 | | 1.561 | | |
| F Change | .863 | | 1.342 | | .254 | | .360 | | .149 | | 5.604 | | .677 | | 3.064 | | |
| R | .076[a] | | .122[b] | | .128[c] | | .138[d] | | .141[e] | | .239[f] | | .248[f] | | .285[h] | | |
| R Square | .006 | | .015 | | .017 | | .019 | | .020 | | .057 | | .061 | | .081 | | |
| R Square Adjusted | -.001 | | .001 | | -.004 | | -.008 | | -.014 | | .017 | | .015 | | .029 | | |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | | | | | | | | | | | | | | |
| *. Correlation is significant at the 0.05 level (2-tailed). | | | | | | | | | | | | | | | | | |

(Source: Author's Data, 2025)

In the first five models, none of the control variables demonstrated a statistically significant effect on access to finance. Specifically, age ($\beta$ = -0.009, SE = 0.012), marital status ($\beta$ = -0.009, SE = 0.014), educational level ($\beta$ = 0.006, SE = 0.012), academic specialisation ($\beta$ = 0.011, SE = 0.011), and entrepreneurial experience ($\beta$ = -0.007, SE = 0.010) were all non-significant. The explanatory power of these control variables remained minimal, with R-squared values ranging from 0.006 in Model 1 to only 0.020 in Model 5. Adjusted R-squared values were negative across all five models, suggesting that the control variables added little to the overall model in explaining access to finance. Model 6 introduced the first independent variable—firm characteristics—which produced a statistically significant negative effect on access to finance ($\beta$ = -0.088, SE = 0.037, $p < 0.05$). This indicates that as firm-level formalities and structures (e.g., registration status, employee count, and collateral ownership) increase, the perceived ease of accessing finance slightly decreases.

## V. Conclusion

This study set out to investigate the key factors influencing access to finance among women-led SMEs in Lusaka, Zambia. Drawing upon quantitative data from 150 women entrepreneurs and guided by three core objectives, the study sought to examine the roles of firm characteristics, financial literacy, and lending policies in determining access to formal credit. The conclusions presented in this section were derived from empirical findings discussed in the previous chapters and are grounded in the broader socio-economic and institutional context of Zambia's SME sector. The first major conclusion is that firm characteristics significantly influence access to finance. The regression analysis revealed that variables such as business registration, number of employees, ownership of collateral, and years of operation collectively shape financing outcomes. Interestingly, the significant negative coefficient observed suggests that more structurally formal firms may not necessarily enjoy better credit access; rather, they may face more stringent scrutiny or be subjected to rigid financial documentation demands. This finding challenges conventional assumptions in SME finance literature and highlights the complexity of formalization in developing economies. It also confirmed that while formality is a prerequisite for eligibility, it did not guarantee financial inclusion unless accompanied by supportive institutional reforms. The second conclusion was that financial literacy, although present at a relatively high level among the respondents, does not significantly impact access to finance. Despite reporting strong capabilities in budgeting, planning, and maintaining financial records, most women entrepreneurs remained financially excluded. This finding suggested that systemic factors—such as institutional gender bias, rigid collateral requirements, and a lack of tailored financial products—undermine the potential benefits of individual financial knowledge. In this context, the value of financial literacy is diminished if financial institutions do not acknowledge or integrate alternative indicators of creditworthiness. The third conclusion relates to lending policies, which were widely perceived as unfavourable by respondents. Complex loan procedures, high interest rates, short repayment periods, and discriminatory credit assessment practices were commonly cited concerns. However, these perceptions did not statistically predict access to finance. This may indicate that these constraints are so widespread and normalized that they fail to differentiate financing outcomes among women entrepreneurs. Alternatively, it may point to deeper structural exclusion, where subjective perceptions of barriers were overshadowed by more entrenched institutional practices.

Collectively, the study concluded that access to finance for women-led SMEs in Lusaka is shaped more by structural and institutional variables than by individual competencies or perceptions. Firm-level formalities are necessary but not sufficient, and even well-informed entrepreneurs face difficulties navigating the credit system without systemic support. This reinforces the need for a multi-level approach to financial inclusion—one that addresses institutional rigidity, promotes gender-responsive financial products, and builds an ecosystem where firm maturity and financial literacy can truly translate into improved financial access

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