

**KIGALI INDEPENDENT UNIVERSITY ULK**

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## **DISCLAIMER**

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## **Editorial**

On behalf of the scientific editorial board, I extend my deepest gratitude to the contribution made by lecturers and researchers that has made the compilation of this publication a success. The completion of this volume stemmed from their will, initiative and performance as lecturers and researchers. KIGALI INDEPENDENT UNIVERSITY ULK has always paid regards to promoting education and impacting the complete development of Rwanda through coupling teaching and research. In the same context, the 44<sup>th</sup> Volume of ULK Scientific Journal is now out with five papers which tackle issues of national and regional concern. The authors of articles in this issue suggest scores of recommendations worthy of consideration to both policy makers and practitioners.

The first paper by **Dr. RWABUTOGO ZOGYE Marcel** and **RWOMUSHANA Stephen** is entitled “**Contribution of Vision Umurenge Programme (Vup) through Minimum Package to Poverty Reduction in Rwamagana District. Case of Munyiginya sector (2016-2020).**” The study sought to assess the contribution of Vision Umurenge Programme(VUP)

through Minimum package to poverty reduction in Rwamagana District, Munyiginya Sector..

The study recommended that MPG beneficiaries, should be kept on track for better orientation, MPG beneficiaries should receive trainings as a continual support to their journey towards poverty reduction.

The paper by Prof. Dr **Jean Bosco Harelimana** and **Marie Claire Diane KALIKESHA** is entitled “ **Effects of Human Resources Training on Organizational Performance of the United Nations Development Program (UNDP) – Rwanda**”. It aimed at examining the effects of human resource training on organizational performance of UNDP/Rwanda.

The article by **MFITIRYAYO Jean de Dieu** and **MUKABALISA Janet** is entitled “**Socioeconomic Determinants of Income Diversification and their Contribution to the Empowerment of Small Scale Women Entrepreneurs in Rural-Rwanda**”, the authors recommended the government to monitor and evaluate the implementation of policies related to the empowerment and improvement of women entrepreneurship especially in rural areas.

The paper by **Prof. Dr Jean Bosco Harelimana & Emmanuel Nizeyumukiza** is dubbed “**Contribution of Portfolio management on Financial Performance of Ecobank Rwanda Ltd**” The study assessed the reason behind better performance by some investments and why others fail to produce return and revenues to the investors.

The second article by **MFITIRYAYO Jean de Dieu** and **MUKABALISA Janet** is entitled “**Practices of Socio-Cultural Beliefs and their Influence on the Health of Children in Rural Communities of Rwanda:A Case of Musebeya Sector- Southern Province**”, the results indicated that whereas tradition is supposed to be invariable, they are seen as more flexible and subject to innovation and change, traditional beliefs and practices are still very prevalent; while some are negative others are positive.

**Prof. Dr. Sekibibi Ezechiel**

**Vice Chancellor of ULK**





**CONTRIBUTION OF VISION UMURENGE  
PROGRAMME(VUP)  
THROUGH MINIMUM PACKAGE TO  
POVERTY REDUCTION  
IN RWAMAGANA DISTRICT.CASE OF  
MUNYIGINYA SECTOR (2016-2020).**

*By:*

*Dr. RWABUTOGO ZOGEYE Marcel*

*&*

*RWOMUSHANA Stephen*

## **ABSTRACT**

*The current study attempted to assess the contribution of Vision Umurenge Programme(VUP) through Minimum package to poverty reduction in Rwamagana District, Munyiginya Sector. The study was justified by the fact that there exist some studies in this field that have been limited to looking at the linkage between minimum package and poverty reduction. This research used a mixed of quantitative and qualitative approaches (Almalki, 2016). In fact, the research collected and analyzed numerical data using quantitative method; and non-numerical data collected through qualitative method was necessary to support numerical data. The study was conducted in Rwamagana District, Munyiginya Sector. The main methods used in data collection were in-depth questionnaires, interviews, focus group discussion and review of secondary data. The researcher adopted a simple random technique for sample selection where 225 Minimum Package for Graduation(MPG) beneficiaries were selected over 514 obtained using Yamane formula. The findings revealed that the contribution of VUP through Minimum Package to poverty reduction in Rwamagana District, Munyiginya Sector presented a positive impact on the lives of people because it has been observed that the direct support by providing domestic animals, public works and financial support to identified people from Munyiginya Sector allowed them to get health insurance, pay school fees for their children, improve their living conditions and creating off-farm employment opportunities. However, insufficient financial support remains among major challenges to address. The study*

*recommended that MPG beneficiaries, should be kept on track for better orientation, MPG beneficiaries should receive trainings as a continual support to their journey towards poverty reduction. Furthermore, MPG beneficiaries need to develop ownership attitude for their own sustainability and self-reliance after the program end. Finally, financial support should be availed for the expansion of the program to other people in need not only in other sectors of Rwamagana District but also in the entire country.*

**Key words:** VUP, minimum package and poverty

## **I.INTRODUCTION**

Historically, poverty in Rwanda was caused by natural hazards like draughts and epidemics, cultural beliefs, illiteracy, low level of education poor methods of farming, poor communication system, high mortality rate, gender imbalance and finally the situation was worsened by the 1994 genocide (MINECOFIN, 2002).During pre-colonial ,colonial and post-colonial period, Rwanda experienced wars and divisions which led to loss of life and property, weakened the economy and paved the way for poverty in the country(New Times Oct 20<sup>th</sup> 2007).

## **1.1. Background of the Study**

In 1994 the Government of National Unity was formed (Third Republic) and it has been characterized by good governance unlike the first and second Republic due to its good leadership. The Government of National Unity started to build the Country by eradicating poverty. It was found that at the rate of poverty reduction observed between 2001/2002 the country would only achieve the Vision 2020 poverty target of 30% in 2030 (EICV1, 2005 and EICV2).

Following the ambitions set in Rwanda Vision 2020, the leadership decided to follow an innovative and comprehensive approach to make a difference by targeting all three indicators with clear targets over the medium-term corresponding to the EDPRS period. These national targets provide a useful reference for Vision 2020 Umurenge Programme which primarily focuses on the efficiency in poverty reduction but will seek to contribute directly to economic growth in rural areas and indirectly to population control. (MINALOC 2007). VUP is a new initiative by the Government of Rwanda (GoR) in collaboration with development partners and NGOs. It is led by the Ministry of Local Government, Good Governance, Community Development and Social Affairs (MINALOC) and supported by the Ministry of Finance and Economic Planning (MINECOFIN). The Vision 2020 Umurenge Program (VUP) uses the existing decentralization system and leverages technical and financial assistance to accelerate the rate of poverty

reduction in Rwanda. The aim is to eradicate extreme poverty by 2020 (MINALOC 2007).

## **1.2 . Problem statement**

Since the launching of VUP in 2008 to poverty reduction in Munyiginya Sector, Rwamagana District, VUP was made with three components that is direct support, Public works and financial services. Despite its implementation, it was realized that poverty was not reduced as it should be.

Figures showed that at national level 16% of the total population in Rwanda were still in extreme poverty (MINALOC). This therefore prompted the Government of Rwanda to initiate the minimum package in 2016 to support the three already mentioned components of VUP in poverty reduction in Munyiginya Sector as one of the poorest sector in Rwamagana District. Since then, the minimum package started to be implemented by assisting people access health services, get domestic animals for the increment of their productivity, access to financial support through employment in public services and credit, all these initiatives were oriented to the same focus of poverty reduction. This paper therefore investigated on how Minimum package offered by VUP has contributed in the process of poverty reduction in Munyiginya Sector, Rwamagana District.

## **1.3. Research objectives**

The study sought to investigate the contribution of VUP trough minimum package in poverty reduction in Munyiginya Sector.

Specifically, the study analyzed the contribution of Minimum package support given to citizens in poverty reduction in Munyiginya Sector, examined the contribution of Public works, financial services and Case workers in poverty reduction in Munyiginya Sector and identified challenges undermining the successful implementation of minimum package offered by VUP through (MPG) in Munyiginya Sector.

## **II. LITERATURE REVIEW**

This part reviews the theoretical framework and the conceptualization of poverty reduction by different authors. It also describes a brief background of Vision Umurenge Programme and the understanding of minimum package in poverty reduction.

### **2.1. Theoretical review**

Over the years, different perspectives regarding poverty influenced government welfare policy toward poverty reduction. Rank (2001) noted that understanding the real causes of poverty is important to enlighten our perspectives on the causes of poverty. According to Rank, our understanding of the causes of poverty could be grouped under three major factors: individual factors, cultural and neighborhood factors, and structural factors.

### **2.1.1 Individual Factors**

The individual factors that fuel poverty include individual attitude, human capital, and welfare participation (Gans, 1995). The theory of individualism is rooted in American values and belief in the free market system, a system thought to provide opportunity for all. The belief in individualism places much emphasis on individual hard work and responsibility to acquire basic needs including food, shelter and health care services (Rank, 2004).

### **2.2.2 Cultural and Neighborhood Factors**

The concepts of culture of poverty and social isolation provide frameworks that explain how poverty is created and maintained in some neighborhoods or among some groups. The cultural and neighborhood factors relate to the influence of people's residential environment that tends to shape poverty or success (Mandell and Schram, 2003).

### **2.2.3 Structural Factors**

Larger economic and social structures have been found to account for poverty. Perspectives regarding structural factors argue that capitalism creates conditions that promote poverty. Beeghley (2000) noted the effect of economic structure stating that irrespective of individual effort (hard work, skill); the structure of the United States economy ensures that millions of people are poor. Specifically, the Davis and Moores' functionalist theory, labor market theories, and the social

exclusion perspective threw more light on the structural causes of poverty.

### **2.3: Theoretical framework**

In this section two major theories on poverty were developed: the theory of culture of poverty and the opportunity theory.

#### **2.3.1. The theory of culture of poverty**

The theory of culture of poverty is built on the assumption that both the poor and the rich have different pattern of values, beliefs, and behavioral norms. This theory argues that the poor become poor because they learn certain psychological behaviors associated with poverty. Lewis mentions that the poor learn not to study hard, not to plan the future, to have unprotected sex, and to spend money unwisely. Lewis pointed out that poverty is transmitted from generation to generation because children are socialized with values and goals associated with poverty. The culture of poverty holds that the poor could fight and break away from poverty (McIntyre, 2002).

#### **2.3.2. The opportunity theory**

The opportunity theory of poverty argues that people are poor because they have limited human capital, as well as limited access to opportunities compared to the wealthy. According to opportunity theory of poverty, the social system is structured such that it favors some groups to succeed. Merton (1957) pointed out that the American social system is structured to limit certain groups' access to resources.



#### **2.4. Conceptualization of poverty and poverty reduction**

According to Mpayimana(2016): “although poverty is often seen as material deprivation, it is more than this. Many circumstances and conditions can perpetuate poverty- war, climate change, degradation of the environment, lack of resources and more”. A 1999 World Bank study found that poor people describe poverty in a variety of ways: hunger; lack of shelter; being sick and not able to seek medical care; not being able to go to school; not knowing how to read; not being able to speak properly; not having a job; a fear of the future; living one day at a time; powerlessness; hopelessness; lack of a voice; and lack of representation and freedom. In many instances, poverty is experienced as a lack of access to, and an exclusion from meaningful participation in the various systems that affect their daily live.

#### **2.5 Vision 2020 Umurenge Program(VUP)**

Vision 2020 Umurenge Programme (VUP) - is an Integrated Local Development Program to Accelerate Poverty Eradication, Rural Growth, and Social Protection. This is an initiative by the Government of Rwanda (GoR) in collaboration with development partners and NGOs. It is led by the Ministry of Local Government, Good Governance, Community Development and Social Affairs (MINALOC) and supported by the Ministry of Finance and Economic Planning (MINECOFIN). The Components of VUP are as follows:

**2.5.1 Public works:** Public works are planned using community-based participatory approaches (e.g. Ubudehe) and intend to build productive community assets.

**2.5.2 Financial services:** They are all about credit packages to tackle extreme poverty as well as to foster entrepreneurship and off-farm employment opportunities.

**2.5.3 Direct Support:** Direct support to improve access social services or to provide for landless households with no members qualifying for public works or credit packages; such unconditional supports seek to expand health and education coverage as well as to encourage the development of “appropriate” skills, handicraft, or social service activities.

**2.5.4 Minimum package:** Minimum package is a set of concrete actions that deliver comprehensive multi-sectoral support to households to maximize their opportunities to sustainably exit extreme poverty. This includes promoting access to effective social protection, productive assets, skills and knowledge, health services, markets, financial services and social care services that are required to significantly and sustainably improve household productivity and resilience (MINALOC, 2017)

## **2.6. Understanding sustainable graduation from extreme poverty**

Graduation from extreme poverty is understood as a situation whereby an extremely poor household increases its productivity

to the extent that it increases its income/consumption above the extreme poverty line and is able to maintain itself out of extreme poverty. Sustainable graduation therefore necessitates significant increases in household consumption/incomes. For many households such a significant increase in consumption/incomes can only be achieved through the provision of extensive support in the form of social protection payments, productive asset grants, skills training and knowledge transfer, access to finance, thus Minimum Package graduation(MPG). The minimum package maybe measured to know how the standards of living of poor people is increasing. (MINALOC, 2017).

### **2.6.1 Measuring graduation in the Minimum Package**

Since extreme poverty is measured in terms of consumption/income, graduation can also only accurately be measured in terms of consumption/income. It is important to monitor and support incremental progress at household level on a regular basis including: livelihood diversification; increases in asset holdings; nutritional status; access to training; access to financial services etc.

### **2.6.2. Minimum Package for Graduation(MPG) design and rationale**

The purpose of MPG is to put in place the multi-sectoral services required to enable households to escape extreme poverty. It is widely recognised that VUP Public Works are insufficient, on their own, to support households with labour to

sustainably graduate from extreme poverty. Although Direct Support transfers tend to be larger (and therefore often do enable productive investment), extremely poor households are also often excluded from public services and economic opportunities that support sustainable graduation. The Minimum Package therefore seeks to catalyse sustainable graduation through the delivery of a more ambitious package of support that is tailored to different household's needs, capabilities and circumstances. Social protection (delivered either through Direct Support or Public Works depending on the presence of labour in a household) will continue to serve as the foundation for livelihood development by providing protection from shocks and capital for investment in economic activities (MINALOC, 2017).

### **III. RESEARCH METHODOLOGY**

This chapter describes the methodology used in the study. The research describes the research design, research population, sample size and sampling techniques, data collection techniques, data processing and data analysis.

#### **3.1. Research Design**

This research used a mixed of quantitative and qualitative approaches (Almalki, 2016). In fact, the researcher explored important activities realized by VUP through minimum package to poverty reduction. The research not only explored them but also described them by outlining the statistical data related to

such activities. Explanations were supplemented by testimonies of data collected from the population.

### 3.2 Study population

Banerjee and Chaudhury (2010) defined population as an entire group about which some information is required to be ascertained. The total population under study was 514 Minimum package for Graduation (MPG) beneficiaries. The sector under study is Munyiginya in Rwamagana District. The research targeted men and women from 18 years and above, because less than 18 years, a person is considered as a child.

### 3.3 Sampling size determination

Sampling may be defined as the selection of some part of an aggregate or totality on the basis of which a judgment or inference about the aggregate or totality is made. In other words, it is the process of obtaining information about an entire population by examining only a part of it. (Kothari 1990. To determine the sample population for MPG who responded to the questionnaire in this study, the researcher used the formula developed by Yamane (1967) stating that:

$$n = \frac{N}{1 + N(e^2)}$$

Where n: sample size, N: population size, and

e = Margin of error (MoE), i.e.0.05

$$n = \frac{514}{1 + 514 (0.0025)}$$

$$n = \frac{514}{1 + 1.285}$$

$$n = \frac{514}{2.285} = 224.94$$

$n \approx 225$

The results of the application of the formula show that the research involved 225 MPG.

### **3.4. Sample selection technique**

The research involved 225 MPG over 514 who responded to the questionnaire. To determine them, the research used simple random sampling technique whereby each MPG had equal chance to be selected. However, the researcher mixed both females and males for the representation concern. Purposive sampling was also used while determining respondents for interview and focus group discussions especially for case workers and leaders at cells and sector levels considered as key informants in the study.

### **3.5. Technique of data collection and methods of analysis**

For collecting data, the researcher used a questionnaire that was filled by respondents. Qualitative data were collected through interview and focus group discussions. Therefore, the research collected and analyzed numerical data using quantitative method; and non- numerical data collected through qualitative method was necessary to support numerical data.

## **IV. RESEARCH FINDINGS PRESENTATION**

This chapter presents data analysis and describes the results of surveys conducted using questionnaires, interview and FGDs. The results are structured according to the research objectives of

the study. Different methods were applied not only for complementary purposes but for also compensatory purposes due to strengths and weaknesses of different methods (Danau and Pauly, 2017). In these data, triangulation was necessary to ensure there is validity in the information that has been provided from the participants pertaining to the research questions.

#### **4.1 Socio-demographic characteristics of respondents**

This section deals with socio-economic characteristics of respondents which include gender, age and education level. More details are discussed below:

##### **Gender of respondents**

The gender of respondents was crucial in this study because it provided relevance information to females and males how they are affected by poverty and why for appropriate recommendations.

**Table 1: Gender characteristic of the respondents**

<b>Gender of respondents</b>	<b>Respondents</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Male	102	45.3	45.3	45.3
Female	123	54.7	54.7	100.0
Total	225	100.0	100.0	

**Source:** Source: Field data, July 2020.

As shown in Table 2 above, the majority of respondents were females whereby out of 225 respondents, 123 were females which is equivalent to 54.7%, while the males were equal to 102 which is equivalent to 45.3%. This table shows that female people are much involved in the program because a high number of vulnerable households are led by females or women.

### **Age of respondents**

The age of respondents was put into consideration in this study because people of different age groups are assumed to face poverty problems and to have different understanding of the research topic. The age distribution is presented in the following table.

***Table 2: Classification of Respondents by Age***

<b>Age range</b>	<b>Respondents</b>	<b>Percent</b>
20-40 Years	50	22.2
40 -60 years	85	37.8
Above 60 years	90	40.0
<b>Total</b>	<b>225</b>	<b>100</b>

**Source:** Field data, July 2020

According to Table 2, the majority of respondents that is 90 respondents belonged to age group above 60 years who constitute 40% of the total number of respondents. Followed by 40-60 years who are 85 respondents which is equivalent to 37.8% of the total respondents. Respondents from 20-40 years are 50 which is equivalent to 22.2% of the total respondents. There was no single respondent under 20 years of age. This



indicates that all respondents are mature, that is there are no Children among respondents. Basing on findings the old people above 60 years are more affected by poverty than young people, this is because as people grow up their energy to work also decreases compared to young people.

### **Level of education of respondents.**

It was very crucial in this study to classify respondents according to their level of education. Table 3 shows the details.

**Table 3: Level of Education of respondents**

<b>Level of education</b>	<b>Respondents</b>	<b>Percent</b>
Illiterate	87	38.7
Primary	124	55.1
Secondary	13	5.8
University	1	0.4
<b>Total</b>	<b>225</b>	<b>100</b>

**Source:** Field data, July 2020

As indicated in Table 3, majority of respondents that is 124 respondents equivalent to 55.1. % have attained primary education. 87 respondents corresponding to 38.7% are illiterate. 13 respondents equivalent to 5.8% attained secondary education and 1 respondent equivalent to 4% attained university education. Out of 225 respondents only 13 respondents attained secondary education, 1 attained university and 87 respondents

are illiterate. This has in one way or another caused poverty in Munyiginya Sector, this is justified by the history of Rwanda where the education sector was developed after the genocide.

#### **4.2. The contribution of Minimum package support given to citizens for poverty reduction in Munyiginya Sector.**

This section deals with the contribution of minimum package for poverty reduction, more details will be discussed in the table below:

*Table 4: Respondents’ views on MPG support (VUP) to poverty reduction*

<b>MPG support(VUP) helps you in your socio-economic activities?</b>	<b>Respondents</b>	<b>Percent</b>
Strongly agree	200	88.9
Agree	25	11.1
<b>Total</b>	<b>225</b>	<b>100</b>

**Source:** Field data, July 2020

Table 4 indicates that 200 respondents equivalent to 88.9% strongly agreed that they use Minimum support to increase their socio-economic development hence poverty reduction while 25 respondents equivalent to 11.1% agreed that they use Minimum support in their socio-economic development hence poverty reduction, thus 100% of respondents agreed that MPG support (VUP) helped them to increase their socio-economic

development.

One of respondents shared his testimony and said that “*before MPG program I had no access to health services as I used illegal doctors to get treatment because I didn’t have money to get moderation fees charged by health centers but today MPG pays me health insurance 100% this facilitates me to access health services easily*”.

Basing on the findings MPG helped its beneficiaries in Munyiginya Sector to get health insurance, pay school fees for their children, improve their living conditions and creating off-farm employment opportunities. This is very crucial in as far as poverty reduction is concerned. The findings are in accordance to the VUP (2009), the district intended to expand health and education coverage as well as to encourage the development of appropriate skills, handicraft or social service activities.

***Table 5: Respondents by type of domestic animals to raise citizens ‘income***

<b>Type of domestic animals offered by MPG to raise citizen’s income.</b>	<b>Respondents</b>	<b>Percent</b>
1 Pig	61	27.1
3 Goats	71	31.6
10 Chickens	11	4.9
None/Not given animal	82	36.4
<b>Total</b>	<b>225</b>	<b>100</b>

**Source: Field data, July 2021**

The table 5 above indicates that 143 respondents equivalent 63.4% of respondents got animals, 71 respondents equivalent to 31.6% of respondents were given 213 goats, 61 respondents equivalent to 27.1% of respondents received 61 pigs and 11 respondents tolling to 4.9 % of the total respondents got 110 chickens whereby 82 respondents equivalent to 36.6 % of the total respondents did not get any animal or chicken. These pigs, goats and chickens have played a great role in poverty reduction in Munyiginya Sector by providing manure, as a source of income, whereby some of them are sold for the provision of money to satisfy the basic needs of MPG beneficiaries, hence poverty reduction.

One of local leaders interviewed in Munyiginya Sector pointed out that *“We had the problem of malnutrition, housing, clothes and the payment of school fees of our children but now after the introduction of MPG the problem is almost being solved”*

It is obvious that domestic animals and chickens helped the MPG beneficiaries in Munyiginya Sector to get clothes, construction of toilets, construction of houses, renovation of houses, manure, improving their living conditions, payment of school fees for their children, hence satisfying their basic needs.

### 4.3 Contribution of Case workers in poverty reduction in Muniyiginya Sector

This section deals with the contribution of case workers in poverty reduction, more details were discussed in the table below:

*Table 6: Case workers' role in poverty reduction*

Case workers play crucial role in poverty reduction?	Respondents	Percent
Strongly agree	220	97.8
Agree	5	2.2
Moderate	0	0
<b>Total</b>	<b>225</b>	<b>100</b>

**Source:** Field data, July 2020

Table 6 above shows that 220 respondents totaling to 97.8% of total respondents showed that case workers play a big role in reducing poverty be it in their families and in the whole Muniyiginya sector while 5 respondents totaling to 2.2% agreed that Case workers play a vital role in poverty reduction. Case workers helped MPG beneficiaries to improve farming techniques, to have the culture of saving, to prepare kitchen gardens, to get balance diet, to pay school fees, to make projects that enable them to get loans and for for advocacy. One of respondents gave her testimony that “*My family was overlooked, nobody could visit us we were the poorest family in whole village, we even feared to give views in village meetings after MPG the case worker started visiting us giving us advises on*

*how we can improve our agriculture and helped us to get selected seeds and whenever we have problem we call him and he makes advocacy for us for example our pig was sick and he called us sector veterinary for treatment to day our pig is normal and give birth to 8 piglets”.*

This verbal statement is in the same light with MINALOC (2017) which stated that : “the Case worker is expected to contribute to livelihood development by: proactively linking the beneficiaries to other service providers (e.g. Community Health Workers, farmer promoters etc); ensuring duty bearers are made aware of any challenges facing the household, ensuring that issues are addressed in a timely and effective manner; mentoring and encouraging the household; and raising awareness and understanding of rights and responsibilities. In doing so, caseworkers are expected to facilitate a process of livelihood development that enables households to close the extreme poverty gap”.

**Table 7: Respondents' views on the role of public works and financial services rendered to MPG beneficiaries in poverty reduction**

<b>Public works and Financial services are very helpful to MPG beneficiaries in poverty reduction?</b>	<b>Respondents</b>	<b>Percent</b>
Yes	200	88.9
No	25	11.1
<b>Total</b>	<b>225</b>	<b>100</b>

**Source:** Field data, July 2020

Table 7 above shows that 200 respondents or 88.9% indicated that public works and financial services helped them in poverty reduction and 25 respondents or 11.1% indicated that public works and financial services did not help them in poverty reduction. The last option is based to the fact that the public works and financial support were insufficient and didn't reach all MPG beneficiaries. Those who have access to public works and financial support (88.9%) contacted loans and managed to have a poultry farm called TWORORE INKOKO Muniyiginya, it has more than 100 chickens for eggs, those eggs helped them to fight against malnutrition they sell them and get their daily income to satisfy their basic needs, they also sell manure from these chickens and even use some of it in their gardens, this has increased the agricultural production.

One of respondents said that *“I got loan, then I bought pigs and these pigs have produced piglets not below to 6 piglets per each pig. The cost of each piglet is equal to 30,000frw this has helped me to solve my problems like paying school fees, buying plot, renovating my house, develop the culture of saving to name but a few, also these pigs provide manure that I either use in agriculture or I sell it. Another respondent said that “I got loan and used it for crop trading like beans, maize and sorghum to get profits, to save, to accumulate capital, and to be able to pay the loan”.*

The findings are similar with Renate (2013) who stated that: “the financial services component, the Ubudehe Credit Scheme, was launched in selected communities in February 2010. It complements the public works and the direct support components by offering credit to the poor and aims to further spur productive investment, entrepreneurship and off-farm employment”.

In the same view, Mpayimana (2016) said that public works are planned using community based participatory approaches (e.g ubudehe) to build community assets and create off farm employment activities. Examples include projects like terracing, water harvesting, irrigation, feeder/access roads construction, building of classrooms, health facilities, training centers, business workshops, village settlements to name but a few. This is in agreement with Berglund (2012) who stressed that: “Public works as the first component, which aims at creating off-farm employment infrastructures, through paid activities such as terracing, water harvesting, irrigation, roads



construction, building of classrooms, health facilities, village settlements and so on”.

**Table 8: Respondents views on how MPG changed social category**

<b>MPG strongly supported to change standards of living of beneficiaries</b>	<b>Respondents</b>	<b>Percent</b>
Strongly agree	225	100
Disagree	0	0
Total	225	100

**Source:** Field data, July 2020

Table 9 above shows that all 225 respondents equivalent to 100% of the total respondents strongly agreed that their standards of living increased and impacted on their social categories thanks to MPG support whereby its beneficiaries were able to pay for health insurance, 1348 goats were given to them. Furthermore, they were also given trainings, loans, infrastructure especially roads to transport their productivity, 6 sheep, 110 chickens, 129 pigs to name but a few. All different supports mentioned above are given to beneficiaries by Minimum package for graduation (MPG). Furthermore, MPG beneficiaries are benefiting from other Government programs like one cow per family (Girinka program) and this was noticed by the researcher when he visited them during questionnaires distribution. Basing on the above facts there are tangible indicators which show that

MPG beneficiaries have changed their social categories because they improved their lives considerably.

### **4.3 Challenges undermining the successful implementation of minimum package offered by VUP (MPG) in Munyiginya Sector**

**This section presents challenges of successful implementation of MPG in Munyiginya Sector; more details are discussed below:**

*Table 9: Challenges facing MPG beneficiaries*

<b>Challenges</b>	<b>Respondents</b>	<b>Percent</b>
Insufficient direct support	90	40
Insufficient loans	25	11.1
Insufficient wages paid in public works and job opportunities	110	48.9
<b>Total</b>	<b>225</b>	<b>100</b>

**Source:** Field data, July 2020

Table 9 above shows that all respondents pointed out that major challenges they face in minimum package for graduation (MPG) offered through VUP is insufficient support whereby 90 respondents equivalent to 40% of the total respondents pointed out that they faced the challenge of insufficient direct support, 25 respondents equivalent to 11.1% pointed out that they faced the challenge of insufficient loans while 110 respondents equivalent to 48.9% pointed out that they faced the challenge of

insufficient wages paid in public works, insufficient job opportunities to cover all MPG beneficiaries. Furthermore there have been suggested that there is insufficient number of domestic animals given to all MPG beneficiaries because some of them didn't receive this support at their satisfaction.

One of respondents said that *“I have a family of 8 people and I receive a direct support of 21000frw per month, this money is too little for my large family, if I could be given at least 50000frw per month, then life would be better, but I have hope in our government that this amount of money will increased”*. Another respondent commented that *“I was given one pig, yes this pig has helped me, but if the MPG program had given me at least 3pigs, then I would be one of the happiest people in Munyiginya sector”*.

The findings are in conformity with those of Transparency International Rwanda (2014) which stated that: “one of major challenges in implementing this already mentioned program (VUP) were little amount of Direct Support and low wages given to Public works beneficiaries”. However, the concern of job opportunities in the public works has been raised to be among major challenges of MPG beneficiaries because all of them didn't get jobs.

Basing on the findings, respondents appreciated and recognized the contribution of VUP through Minimum package(MPG) as far as poverty reduction is concerned in Munyiginya Sector, however they showed that there is a need to increase their support. Be it increasing direct support, be it the number of

domestic animals they are given, be it the loans they are given, be it the wages they are given in public works and job opportunities in public works. They suggested that if that could be done, then the living conditions will be improved in a short time and poverty will be reduced rapidly in Munyiginya Sector.

## **V. CONCLUSION AND RECOMMENDATIONS**

In this chapter we summarized the key issues raised in previous chapters and drawn the conclusion based on empirical evidences on contribution of VUP trough Minimum Package to poverty reduction in Rwamagana District, Munyiginya sector.

### **5.1 Conclusion**

This study aimed at assessing the contribution of VUP trough Minimum Package to poverty reduction in Rwamagana District, Munyiginya sector. The study was justified by the fact that there exist a number of studies in the field of VUP in Rwanda that have been done but limited to looking at the level of assessing indicators of Minimum package in relation to poverty reduction.

The introductory chapter of the study clarified the background and the problem statement of the study, the research objectives, the conceptualization of VUP overview and Minimum package in Rwandan context and the operational objective of the study mainly based on changes brought by VUP system in Rwamagana District, Munyiginya sector through the following

indicators of poverty reduction: direct support, public works and financial services.

The second point presented the literature review. It was globally an overview of theoretical review of poverty and the conceptualization of VUP system, historical overview and success drivers of Minimum package vis-à-vis to the concept of poverty reduction.

The third point described the methodology undertaken during the conduct of the study. It detailed the research design, the study population and the sampling method, the data collection techniques and tools of data collection. The study population were 514 MPG from which a sample of 225 MPG beneficiaries were drawn using Yamane formula. Simple random technique was used for sample selection.; data were mainly collected through questionnaire, documentary review, interview and different FGDs.

The fourth point provided research findings and their discussions illustrating the contribution of VUP through Minimum Package to poverty reduction in Rwamagana District, Munyiginya sector.

All 225 questionnaires were returned from the respondents; the interpretation and analysis of findings were done according to the specific objectives. It was found that the contribution of VUP through Minimum Package to poverty reduction in Rwamagana District, Munyiginya sector presented a positive impact on the lives of people because it has been observed that the direct support by providing domestic animals, public works

and financial support to MPG beneficiaries from Munyiginya Sector allowed them to get health insurance, pay school fees for their children, improve their living conditions and creating off-farm employment opportunities. Thus, the assessment of different indicators of poverty reduction in Munyiginya sector like direct support, public works and financial service shows a positive trend and therefore justifies the contribution of VUP through Minimum package to poverty reduction in Munyiginya sector. However, insufficient financial support, insufficient wages and job opportunities in public works remain among major challenges to address.

## **5.2. Recommendations**

VUP through Minimum package is remarkably a citizen-centered policy that advocates the acceleration of the rate of poverty reduction in Rwanda through direct support, financial support and public works. From that perspective, it is recommended the following: Minimum Package graduation(MPG) beneficiaries should be kept on track with the purpose of handling different concerns on due time for the better future. As far as livelihood development of MPG is concerned, caseworkers are expected to facilitate that process and enable households to close the extreme poverty gap by ensuring issues are handled on timely and effective manner. For that purpose, capacity building through trainings and workshops of MPG beneficiaries is recommended as a continual and sustainable support in their journey to poverty reduction. This will develop ownership attitude of MPG beneficiaries for the sustainability and self-reliance after the program end.

Furthermore, Public works and Financial support for MPG beneficiaries aim at creating off-farm employment infrastructures, through paid activities. However, insufficient public works and financial support remain an obstacle to be addressed not only for the effective poverty reduction but also for the spread of the program to other sectors of Rwamagana District. Thus, the increment of job opportunities in public works and wages as well is for a paramount importance for poverty reduction in Munyiginya sector.

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**EFFECTS OF HUMAN RESOURCES TRAINING  
ON ORGANIZATIONAL PERFORMANCE OF  
THE UNITED NATIONS DEVELOPMENT  
PROGRAM (UNDP) – RWANDA**

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## **ABSTRACT**

*This study probes into the effects of human resource training on organizational performance of UNDP RWANDA. Training is developed through organized programs that ensure employees are given skills that are essential in the job market. When employees are not well trained, they tend to be unmotivated, investing little or no effort in their jobs, avoiding the workplace as much as possible, and produce low quality work. The general objective of the study is to assess the effects of Human Resource training on organizational performance of UNDP/Rwanda. After the HRT conducted at UNDP-Rwanda, the results shows that 48 respondents equal to 81.4%, employees earned between 90-100 marks during the performance evaluation, then 11 respondents equal to 18.6% obtained between 80-90 %. It means that the performance of UNDP-Rwanda employees is greater than before due to the human resource training programs strategy conducted by the institution. Therefore, when the staff are performing the institution's goals are also achieved. The findings show that 57.6 % of respondents said that after the HRT at UNDP-Rwanda the quality of service delivery is highly attained and 28.8% of respondents said that customers are satisfied as well as the accreditation process awareness, this responded by 13,6 % of respondents. Therefore, 64% of respondents said that after the HRT at UNDP-Rwanda the quality of service delivery has been increased. This is a better indicator that shows that the HRT strategy achieves its objectives such as quality improvement; customer care satisfaction and accreditation process awareness. It is*

*recommended that managers have to continue attracting employees and retain them basing on equitable selection of employees to attend the training. This is because it is the most important aspect for organizational performance. The existence of H RTP for Rwandan Public institutions leads to the performance and achievement of Institution's goals. Therefore, UNDP-Rwanda as it has shown has skilled staff that helped it to become competitive and productive.*

**Key words:** *Human resource, training and organizational performance*

## **Introduction**

According to the World Bank, employee training is a program aimed at helping employees gain specific skills and knowledge (World Bank, 2011). Human resource managers come up with different training programs that aim at developing the skills, knowledge and capability of employee that they feel they need to go through so as to position them to be more productive (Lakra, 2016). Trainings like these have the two benefits, of educating employees about their roles and responsibilities while encouraging them to be more committed towards their work. Huang & Jao (2016) maintain that to match standards that have been laid down, employees induce and train staff accordingly. As the years go by, organizations create more and more different programs that create new skills through long-term planning. In this way, the companies empower themselves to

adapt to any present or future uncertainties. They basically make sure that the performance of employees is guaranteed through superior levels of commitment and motivation (Baloch, 2017).

Training is developed through organized programs that ensure employees are given skills that are essential in the job market. Before starting any kind of training, coaches and mentors must be aware of what employers are looking for. Training makes it easier for an organization to retain good talents that helps in the growth of profits. The brilliant staff help the organization improve its problem-solving skills and successfully tackle the challenges of operation. Well trained employees have the ability to lay down well-developed strategies and in so doing improve performance (Halawi & Haydar, 2018).

Training as a motivation factor is an important element to be considered when searching for a highly effective workforce. Motivation comes from within us, and affects how we think, what we believe, and our goals and ambitions. Researchers who carry out motivation studies provide insights into why people perform at work as they do, and in the process tell managers what they can do to motivate their employees so that they can perform better (William, 2010).

According to the National Capacity Building Secretariat (NCBS) Newsletter (April 2012); Rwanda made up the development aspirations protected in the MDGs; Vision 2020; Economic Development Poverty Reduction Strategy (EDPRS 1 & 2) respectively 2008-2012 and 2013-2017 as a Five Year



Government's Strategic Plan. Therefore, there were still significant challenges related to inadequate capacity in various forms that delay the attainment of planned development goals. In this regard, the Government of Rwanda (GoR) established the National Capacity Building Secretariat, former Public Sector Capacity Building Secretariat with a mandate to guide facilitate and coordinate the implementation of capacity building interventions in the country. The PSCBS was established under a Prime Minister's Order N°56/03 of 14/8/2009, published in the Official Gazette n°35 of 31/08/2009.

According to Capacity Employment Service Board (CESB) website, in 2013 the Government of Rwanda (GoR) makes a Five Year Program for skills development to deliver EDPRS II ( 2013-2017). This program was developed and approved by Cabinet in April 2013 with mandate to address the critical and scarce skills gap in the following high priority sectors: Infrastructure, Agriculture, Natural Resources, Investment, Trade and Industry, Information Communication Technology, Health and Education. CESB, then NCBS is coordinating agency for this Program with close supervision from the Ministry of Public Service and Labour (MIFOTRA) and Ministry of Finance and Economic Planning (MINECOFIN). This is the reason why a researcher was inspired to conduct this study in UNDP-Rwanda in order to examine the level on which Human Resource Training and induction Programs are conducted there.

## **1. Objectives**

The general objective of the study was to examine the effects of human resource training on organizational performance of UNDP/Rwanda. The specific objectives are:

1. To assess how human resources training programs affect the performance of UNDP/RWANDA
2. To analyze the indicators of organization performance of UNDP/RWANDA
3. To determine the relationship between human resources trainings on organization performance of UNDP/RWANDA

## **2. Literature**

Organizations have their employees follow training programs so as to improve their skills, knowledge and capacities. They design trainings that have the ability to meet their employee's needs. However, Khan et al (2011) observed that some organizations take their employees to training programs established by another firm. Previous studies indicate that if well done, internal programs are more effective than the external ones. This is because internal programs are implemented in such a way that they cater to needs that have already been thought over by a company (Jehanzeb & Beshir, 2013). The external programs are made for a diverse population from different organizations, and therefore, they are seen to be less effective (Khan et al., 2011). Aguinis & Kraiger (2009) found out that the external programs are not always ineffective. Sometimes, they are even preferable to internal training

programs because they provide new and important essential knowledge/skills that an organization may not have information about.

Therefore, when designing training programs, firms work to provide workers with opportunities for the development of general and specific skills. Training is not only for the lower-level employees only, but also to administration and management. Some forms of training, such as sales training, are best for employees. Others, like management training, are offered for managers to enhance the skills needed for their roles. Also, supervisory training is provided to the supervisors (Valle et al. 2009). Gerpott et al. (2017) explained that the management and supervisor training can be offered to workers that are being favoured for promotion.

Training programs are designed keeping in mind what an organization most wishes employees to develop in. Huang & Jao (2011) notes that there are two key training methods, namely; behavioural and cognitive training. Therefore, a firm selects the most suitable method that should be implemented in the training program. Elnaga & Imran (2013) explain that both methods can be applied in the same program at the same time. The cognitive training provides theoretical training to employees and managers alike. The theoretical information is given to the trainees verbally or non-verbally or both (Quartey 2012).

Cognitive trainings are given through lectures, program instruction, computer-based training, and discussions. On the

other hand, the behavioural method uses practical approaches to provide training. These practical approaches help employees to change their behaviour and be in line with what the organization requires of them (Halawi&Haydar, 2018). Examples of behavioural approaches are role-played in equipment stimulators, case studies, business games, behavioural modelling and games. Some of the approaches categorized under the cognitive method, such as computer-based training, have a tendency to facilitate skills development, in addition to the acquisition of knowledge. In the same way, some approaches classified under the behavioural method, such as case studies, provide knowledge as well as skills (Khan & Baloch, 2017).

Huang & Jao (2016) identified two methods that are used during managerial and employee training, namely: off job training and on-the-job training. Off-the-job training is when employees or managers are trained at a site away from the premises of the organization and where the skills and knowledge gained are to be applied. In this strategy, trainees leave their work-responsibilities to go through the training process. For on-the-job training, the process is done in the workplace as the trainee goes through his or her day-to-day activities and responsibilities. In this kind of training, a more experienced employee or manager can act as the instructor. In other cases, the organization can bring a professional instructor to provide the training. Huang and Jao (2016) also noted that the formal training away from the workplace can be used to support the job training. As such, the two strategies can be applied together. Previous studies have shown that of late, most organizations

have shown more and more increased preference to implement off job trainings (Khan et al., 2011). The change has been facilitated by limitations associated with the on-the-job training, such as lack of opportunities for group discussion, lack of adequate training facilities, and the presence of hostile internal environment for training. More so, the training techniques vary depending on the strategy that is adopted. On-the-job training techniques include mentoring, coaching, demonstrations, job rotation and team building exercises (Matsuo, 2014). Examples of off job training techniques are brainstorming, discussions, case studies, behaviour modelling, conferences, and lectures. Some of the techniques such as demonstrations, however, can be applied in both the work settings and away from the work.

All in all, training programs should be created taking into consideration different factors that influence the choices for training methods. In so doing, chances of getting the desired objective are tremendously increased. The choices for the suitable methods can be determined by human factors such as the presence or availability of a trainer (Erixton &Wahlstrom, 2016). Other influential factors include subject area (Quarey, 2012), training objectives (Aguinis & Kraiger, 2009), time and materials availability (Khan et al., 2011), and principles of learning (Khoury et al., 2014). Erixon &Wahlstrom (2016) described four stages of implementation of training programs, namely, training needs assessment, development of training program design, implementation, and evaluation.

### **3. Methodology**

This study adopted a descriptive survey. Descriptive survey research design is a scientific method which involved observing and describing the behavior of a subject without influencing it in any way (Cooper & Schindler, 2008). It employed both quantitative and qualitative approaches. The target population of this study are 63 staffs (including 52 staffs in program department, 2 staffs in human resource department, 5 staffs in logistic, 2 staffs in procurement and 2 staffs in finance department. Data was collected by using selected respondents from the study 63 population due to the reasons of necessary and convenience. Purposive sampling applied for choosing sample elements. During this research, in-depth interview was used and the researcher got to UNDP-Rwanda and met staffs one by one.

### **4. Results and discussion**

There are various reasons for conducting the human resources training Programs (HRTP) implementation in UNDP-Rwanda, to increase effectively the performance of the personnel. Aspects such as the reasons which motivated employees to work at UNDP-Rwanda, types of training attendend at UNDP-Rwanda, training methods used were fully analysed.

#### 4.1. The Reasons which motivated employees to work at UNDP-Rwanda

The table below, shows Employees point views on motivating employees to work at UNDP-Rwanda.

**Table 1: The Reasons which motivate employees to work at UNDP-Rwanda**

Employees' motivation	Frequency	Percent	Valid Percent	Cumulative Percent
Job security	9	13.5	13.5	13.5
Better working condition	11	16.9	16.9	32.2
Facilities	10	15.3	15.3	45.7
Work relationship	0	0	0	100.0
Training	33	54.3	54.3	100.0
Total	63	100.0	100.0	

**Source:** Primary data, November 2020

The results show the employee's point of view on the main reason motivated them to work with UNDP-Rwanda. Most of employee with 54.3% of respondent said that they have been motivated by training offered by UNDP-Rwanda, 16.9 % of respondents said that they are motivated by better working condition available at UNDP-Rwanda, 15% of respondents affirm that they are motivated to work with UNDP-Rwanda following the facilities available there; lastly 13.5 % of respondents said that they are motivated by job security.

#### 4.1.1. The type of training attended at UNDP-Rwanda

The below table, shows Employees point views on training attended in UNDP-Rwanda and it has also the supporting staff whose helping UNDP to achieve its goals, it is this regards that the trainings made in UNDP-Rwanda were attended by program staffs and administrative staffs.

**Table 2: Attended training at UNDP-Rwanda**

Types of training	Frequency	Percent	Valid Percent	Cumulative Percent
Training related to program service	46	74.5	74.5	74.5
Training related to Financial Management	10	15.2	15.2	89.7
Other training	7	10.1	10.1	100.0
Total	63	100.0	100.0	

**Source:** Primary data, November 2020

The training conducted at UNDP-Rwanda essentially are divided into three parts as follow; training related to program services is the main conducted training made by UNDP-Rwanda. The majority of staff working in program department, therefore 46 respondents equal to 74.5 % attended the training related to clinical services. Secondary 10 respondents equal to 15.2% have attended the Financial Management training then lastly 7 respondents equal to 10.1% have been followed the training on other field for example procurement process, data manager, logistics.



#### 4.1.2. The training Method used by UNDP-Rwanda

Table below shows Employees point views on training process used by UNDP-Rwanda

**Table 3:** Employees point of views on training process at UNDP-Rwanda

Employees point of views	Frequency	Percent	Valid Percent	Cumulative Percent
On the job training	40	64,4	64,4	64.4
Off the job training	20	32,2	32,2	96.6
Others	3	3.4	3.4	100.0
Total	63	100.0	100.0	

**Source:** Primary data, November 2020

The results show the employees points of views on methods used by UNDP-Rwanda, 64.4% of employees' respondent said that they received the on the job training. It means that. On-the-job training is delivered to employees while they perform their regular jobs, 32.2 % of respondents said that UNDP-Rwanda used the off the-job training, then the staff responsible of departments among them, 3.3% give the responses that they attended the other training like senior management meeting at the top level to have the instruction from the central level to

UNDP-Rwanda. Other methods of training are Face to face training, Online courses - self-paced or synchronistic, Online courses – instructor lead or synchronistic, Simulation or scenario based training, Virtual reality training, Coaching and Blended Learning. There is the strategy that the Human Resource training Program used by UNDP-Rwanda to attain the institutional goals through its employee's performance.

#### **4.1.3. Expected results of training**

The results show the employees' point of views on the main expected results after the human resource training program at UNDP-Rwanda. The majority of employees with 39% of employees respondents said that they expected results after training offered by UNDP-Rwanda, is to enhance the skills, capabilities and knowledge of employees; 27.1 % of respondents they expect in training offered by UNDP-Rwanda to increase business effectiveness and efficiency, 25.4 % of respondents they expected to lead to quality performance of employees and 8.5% of respondents they expected to improve morale of employees.

#### **4.1.4. Employees appreciation of the Frequency of training at UNDP-Rwanda**

The results indicate that UNDP-Rwanda employee's appreciations of the frequency of the Human resource training program, 48 respondents (78%) their point of views to the frequency of the training is satisfactory, 8 respondents (11.8%) confirm that frequency is very satisfactory while 7 respondents

(10.2%) affirm that it is unsatisfactory. Therefore, we conclude that the frequency is satisfactory because the majority respondents affirmatively confirm that the HRT at UNDP-Rwanda is on 78%.

#### **4.2. Performance measurement after inducting and trainings conducted at UNDP-Rwanda**

After the human resource induction and training program strategy at UNDP-Rwanda we can yet measure and evaluate the performance which the employees attended the training for considering the score of marks obtained during the performance evaluation.

**Table 4: Performance evaluation report for UNDP-Rwanda**

Performance evaluation	Frequency	Percent	Valid Percent	Cumulative Percent
80-90%	13	18.6	18.6	8.6
90-100%	50	81.4	81.4	00.0
Total	63	100.0	100.0	

**Source:** Primary data, November 2020

After the HRTP conducted at UNDP-Rwanda, the table below, shows that 48 respondents equal to 81.4%, employees earned between 90-100 marks during the performance evaluation, then 11 respondents equal to 18, 6% obtained between 80-90 %. It means that the performance of UNDP-Rwanda employees is greater than before due to the Human resource training program

strategy conducted by the institution. Therefore, when the staff are performed the institutional's goals are also achieved. UNDP-Rwanda provides the trainings to its employees for increasing their performance that enhance the achievement of its goals even if there are some challenges.

#### **4.2.1. Human Resource training Programme at UNDP-Rwanda**

After being trained, they are same kind of indicators it may be show that UNDP-Rwanda have made success are more than before the training.

#### **Indicators show Human Resource Training Program at UNDP-Rwanda**

Indicators	Frequency	Percent	Valid Percent	Cumulative Percent
Quality Improvement	36	57.6	57.6	57.6
Customers care satisfaction	18	28.8	28.8	86.4
Accreditation process awareness	9	13.6	13.6	100.0
Total	63	100.0	100.0	

**Source:** Primary data, November 2020

The 36 respondents equal to 57.6 % said that after the HRT at UNDP-Rwanda the Quality Improvement of service delivery is highly attained, and 18 respondents equal to 28.8% of respondents said that customers are satisfied then the

accreditation process were be aware, this responded by 9 respondents which is equal to 13.6 % of respondents.

#### 4.2.2. Challenges faced by UNDP-Rwanda in Human Resource Training program

The table below shows the main challenges which are faced by UNDP-Rwanda to conduct the human resources training program on 100% and on regular basis.

**Table 6. Challenges faced by UNDP-Rwanda in Human Resource Training Programme**

Challenges	Frequency	Percent	Valid Percent	Cumulative Percent
Lack of training budget	5	6,7	6.7	6.7
Lack of capacity building plan	10	15.3	15.3	22.0
Lack of time for staff	48	78	78	100.0
Total	63	100.0	100.0	

**Source:** Primary data, November 2020

The maim challenge faced by the UNDP-Rwanda is the lack of time to attend off Job training due to the low number of staff available at UNDP-Rwanda, it is responded by 48 respondents equal to 78.0%. Therefore, the main training method used in UNDP-Rwanda is on Job training. Second challenge is the lack of training budget allocated to HRTP by central government the number of respondents on this is 10 equal to 15.3 %, last challenge is responded by 5 people equal to 6.7% of

respondents according to the data collected on the field. The main challenges to overcome including lack of time for staff that requires more availing time for staff to follow off-Job training even if UNDP-Rwanda doesn't have sufficient staff.

The findings reveal that three variables had a p-value of less than 0.05 (i.e.  $p < 0.05$ ). These included Reasons which motivated you to work in UNDP-Rwanda, type of training, training methods used and appreciation of the frequency of the training at UNDP-Rwanda . Thus, these are the variables that were considered to have a statistical significance to the variance in achieving institution's goals.

In addition, considering the values shown under the column labelled  $\beta$ , the variable with the highest influence on achieving institution's goals were reasons which motivated you to work in UNDP-Rwanda, type of training, training methods used in training and appreciation of the frequency of the training at UNDP-Rwanda. The values provided under column  $\beta$  are used to construct the simple regression equation for the model.

### **Table 5.2.3. Effect of Human Resource Induction and Training Programme conducted at UNDP-Rwanda**

In order to determine the overall influence of HRIT Strategy for performance of UNDP-Rwanda, the researcher obtained the sum total of the adjusted R Square values so far obtained.

**Table 7. Relationship between Human resources and trainings conducted by UNDP**

Correlation Of Variables		Kind of training	The expected results in Human Resource induction and training program	The indicators which show the success of the training
Kind of training	Pearson Correlation	1	.007	-.121
	Sig. (2-tailed)		.956	.362
	N	63	63	63
The expected results in Human Resource induction and training program	Pearson Correlation	.007	1	-.030
	Sig. (2-tailed)	.956		.820
	N	63	63	63
The indicators which show the success of the training	Pearson Correlation	-.121	-.030	1
	Sig. (2-tailed)	.362	.820	
	N	63	63	63
. Cannot be computed because at least one of the variables is constant.				

This gave a value of -0.984 and it implies that 98.4% of the variance in achieving institution's goals can be affected by HRT Strategy in UNDP-Rwanda. It ascertains that there is a positive relationship between HRT strategy and the performance of an organization. Therefore, except that any organization undertakes human resource training program strategy, the process will help the institution to have some benefits than suffering for some challenges related to applicability process.

After analysis of the finding from respondents we find that the hypothesizes are to be accepted to be true where the reason for HMRIT is gaining access to other resources, profit motive and large competitiveness. We conform that HRT helped institutions to be performed due to the mind set of trained and skilled employees, quick service delivery, quality improved of service delivery, then if there are competitors or not it's possible to apply innovation on new opportunities that exist.

## **5. Conclusion**

After the HRT conducted at UNDP-Rwanda, it shows that 48 respondents equal to 81.4%, employees earned between 90-100 marks during the performance evaluation, then 11 respondents equal to 18.6% obtained between 80-90 %. It means that the performance of UNDP-Rwanda employees is greater than before due to the human resource training program strategy conducted by the institution. Therefore, when the staff are performing well, the institution's goals are also achieved.

The 36 respondents equal to 57.6 % said that after the HRT at UNDP-Rwanda the Quality Improvement of service delivery is highly attained, and 18 respondents equal to 28.8% respondents said that customers are satisfied then the accreditation process awareness, this responded by 9 respondents which is equal to 13.6 % of respondents.



The findings reveal that three variables had a p-value of less than 0.05 (i.e.  $p < 0.05$ ). These included reasons which motivated them to work in UNDP-Rwanda, type of training, training methods used and appreciation of the frequency of the training at UNDP-Rwanda . Thus, these are the variables that were considered to have a statistical significance to the variance in achieving institution's goals.

In order to determine the overall influence of HRT Strategy for performance of UNDP-Rwanda, the researcher obtained the sum total of the adjusted R Square values so far obtained. This gave a value of -0.984. This implies that 98.4% of the variance in achieving institution's goals can be affected by HRT Strategy in UNDP-Rwanda. It ascertains that there is a positive relationship between HRT Strategy and the performance of an organization. Therefore, except that any organization undertakes Human Resource Training Program strategy, the process will help the institution to have some benefits than suffering for some challenges related to applicability process.

After analysis of the finding from respondents we find that the hypothesis are to be accepted to be true where the reason for HMRIT is gaining access to other resources, profit motive and large competitiveness. We conform that HRT helped institutions to performe well due to the mind set of trained and skilled employees, quick service delivery, quality improved of service delivery, then if there are competitors or not itis possible to apply innovation and new opportunities that exist.

## **6. Recommendations**

It was recommended that managers have to continue attracting employees and retain them basing on equitable selection of employees to attend the training. This is because it is the most important for organizational performance and goals achievement.

The existence of HRTP for Rwandan Public institutions leads to the performance and achievement of institution's goals. Therefore, UNDP-Rwanda as it has an indicator that shows the capacity of skilled staff helped the institution to become competitive and productive. Due to skills acquired, it contributes to the cost reduction of service, increasing of amounts receivable and reduces customer's queues.

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**SOCIOECONOMIC DETERMINANTS OF  
INCOME DIVERSIFICATION AND THEIR  
CONTRIBUTION TO THE EMPOWERMENT  
OF SMALL SCALE WOMEN  
ENTREPRENEURS IN RURAL-RWANDA**

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## **ABSTRACT**

*This article investigates the entrepreneurship strategies of small scale women entrepreneurs with an emphasis on income diversification. The purpose of this study was to assess the Socio-Economic determinants of income diversification and their contribution to the empowerment of small scale women entrepreneurs in rural-Rwanda. The specific objectives of the study consisted of identification of socioeconomic determinants of income diversification, finding out the major sources of income diversified by small scale women entrepreneurs in rural-Rwanda and examining the extent upon which socioeconomic determinants of income diversification contribute to the empowerment of small scale women entrepreneurs. A sample of 125 small women entrepreneurs was drawn from 27 rural districts whereby 15 participants were interviewed and 110 women participated in Focus Group Discussions (FGDs) and filled out questionnaires. The non-random sampling technique was applied to select the participants. The study is qualitative. The data collected from the field explained how small scale women entrepreneurs are motivated by push (negative) and pull (positive) factors to enter income diversification and each one of both was identified to be social or economic. Thanks to the result, income diversification was identified as an important untapped source of socioeconomic and political empowerment among small scale women entrepreneurs in rural-Rwanda. Agricultural related activities still dominate in the study area and this is associated with the lack of awareness on the services and supports*



*provided by the government necessary to enhance the spirit of income diversification. The study recommends that the government must monitor and evaluate the implementation of policies related to the empowering and improvement of women entrepreneurship especially in rural areas. Organizing Community campaigns to raise awareness on income diversification, entrepreneurial spirit and gender aspect at the local level, can be a strong tool to alleviate poverty in the rural communities.*

**Key words:** Income diversification, women empowerment, entrepreneurship, rural-areas

## **1. Introduction to the study**

Woman constitutes the family, which is the building block of society and nation. Socioeconomic development of women is necessary for the overall economic development of any society or a country (Elster, 1989). Due to changes in environment, people are more comfortable accepting the leading role of women in the society, though there are some exceptions (Matharu *et al.*, 2016). This study seeks to adding knowledge about income diversification and sustainable financial development among small scale women entrepreneurs in Rural-Rwanda. The study enhances theory to model income diversification of small scale women entrepreneurs in their socioeconomic networks; it generates greater awareness among them on the relevance of having in place proper and practical ways of good financial management. It contributes in making productive decisions concerning resource allocation, fund

raising and development of good skills and knowledge of funds to be invested at the right place.

## **2. Background to the study**

From multiple definitions available in the economic literature (Reardon, 1997; Ellis,2000a; Barrett *et al.*,2001; Niehof,2004; Meert *et al.*,2005; OlaleandHenson,2013, Meraner *et al.*,2015), the concept of income diversification can be defined as strategies and/or activities rural individuals or households apply to increase their sources of incomes regardless of the sector and the localization (AloboLoison,2015). Income diversification is, therefore, synonymous to pluriactivity (Gondard-Delecroix, 2009) or additional employments (Phélinas, 2004). The components of income diversification can be grouped by sector (agricultural or non-agricultural), by function (wage employment or self-employment) or by location (on-farm or off-farm) (Loison and Loison, 2016). As a worldwide practice, income diversification occurs in developing as well as in developed countries (Maxwell, 1995; de Haan, 1997; Moser, 1998; Ellis, 1998). However, it is more widespread in rural areas of developing countries due to the fact that agricultural related activities seem to be the major source of income but the production is too short to satisfy households' needs (Oluwepo, 2010).

Sub-Saharan Africa contains a total population of 626 million people of whom 384 million (i.e. 61 percent) are classified as agricultural (FAO, 2019). On-farm production is still the most important source of income (Christiansen and Subbarao 2005).

However, other sources of income have been growing, and the share of non-agricultural income is estimated to be approximately 35 percent (Reardon *et al.* 2007). Income diversification has been shown to increase earnings (Barrett *et al.* 2005, Kristjanson *et al.* 2010, Freeman *et al.* 2004, Bigsten and Tengstam 2011, Hoang *et al.* 2014) and has been identified as an important way out of poverty. Rural women are subjected to constraints known as “push factors” that drive them to undertake off-farm activities, mostly low-returned, and therefore defining a form of diversification called “survival-based diversification” (Ellis,1998; Barrett *et al.*,2001; Reardon *et al.*,2007; Lay *et al.*,2008), whose major aim is to manage risks and to compensate their low resources endowment. Considered as negative factors, “push factors” tend to prevail in agricultural areas with low potential and subjected to drought, flood and to environment degradation (Haggblade *et al.*, 2007).

Despite the fact that some of these factors are often connected to different forms of risks such as seasonality and climatic uncertainties, but others are related to land pressure, lack or insufficiency of market factors, and to problems of market access (Ellis, 2000; Barrett *et al.*, 2001). Social factors such as gender specific constraints or social inequalities, lack of formal education, restriction of work market opportunities, and limited access to main resources for women (Oya, 2007; Loison, 2015) are also considered as push factors. In contrast the positive factors, also called “pull factors” are attraction or incentive factors that prompt rural women enter income diversification for improving their living standard (AloboLoison, 2015).

Regardless of the type of factors, there is evidence that income diversification has some impacts in rural areas. Rural economy is dominated by agriculture enterprise, which constitutes a major income-generating activity among rural populace (Oluwepo, 2010).

As estimated by the World Bank, three-quarters of the rural dwellers draw their livelihood from agriculture related activities (Kotze, 2003), with a large percentage of the total workforce provided by women. Non-agricultural employment offers the most diversification strategies among rural women (Barrett *et al.*, 2001; Ellis, 2000). Rural women engage in various non-farm income-earning activities such as food or cloth business, in addition to the vital roles they play in domestic duties, thereby insuring against agricultural production and market risks with declining farm incomes (Zezza, 2007; Kijima *et al.*, 2006). More women taking up roles of income earners show their position in economic enhancement. In its report of 2017, Food and Agriculture Organization (FAO) notes that women globally could raise the yields on their farms by 20-30 percent, thereby increasing incomes and alleviating poverty if granted the same access to productive resources as men. As noted by the Department for International Development (DFID, 2000), ensuring the income of rural women is an essential precondition for boosting rural development. According to National Institute of Statistics of Rwanda (NISR, 2018), women entrepreneurs count for 42% of enterprises countrywide. They are concentrated mostly in retail (82%), with some in service (16–17%), and manufacturing (1–2%). They contribute 30% of the

GDP. The most women-owned enterprises are informal and which explains why their contribution to GDP is relatively low.

### **3. Problem Statement**

From a gender perspective, rural women are more concerned by poverty than men (Reddy and Moletsane, 2009). While factors like low productivity in the main economic activities such as agriculture, large family size and income dissatisfaction are generally considered as the drivers of income diversification for rural women entrepreneurs (Kabeer and Tran Thi Van Anh,2000; Dolan,2002; AngelesandHill,2009). Income diversification is the process of switching from low-income crop to higher value crops, livestock and non-farm activities (Escobal, 2001). This is often necessary in agriculture based women peasant economies because of risks such as variability of soil quality, household and crop diseases, price shocks and unpredictable rainfall and other weather related events which lead to low productivity, low output and invariably low income which continually trap rural women in a vicious cycle of poverty (Awoniyi and Salman, 2011). Most of the small scale women entrepreneurs bear a single source of income and finally face the financial instabilities which lead them to still dependent either on their husbands, family members, or other donors or their respective governmental entities with limited financial capabilities (Simtowe *et al.*, 2016). In the aspiration for strategies for women entrepreneurs' empowerment, dependency on external aid is a worrying factor. Here diversification is used as a strategy to manage risks due to lack of social insurance and

rural women entrepreneurs use diversification of livelihood sources as a substitute for social insurance (Barrett *et al.*, 2001). As pointed out by International Labour Organization (ILO, 2017), women play vital roles in food production, processing and marketing; producing the country's chunk of food. Their activities are associated with subsistence system of production (Melamed, 1996).

The subsistence and seasonality of agricultural production, as well as the high level of risk involved, have resulted in activities adjustment (Barrett *et al.*, 2001). In order to offset agricultural risk and attain livelihood sustainability, women participate in different livelihood activities. Abimbola and Oluwakemi (2013) prove that in Africa various studies show that while some rural women are involved in agricultural activities such as livestock, crop or fish production as their main source of livelihood, they are also engage in other income generating activities related to making businesses to augment their main source of income but they don't perform them professionally and the main single source of income (agricultural activities) keeps dominating others. Despite the aforementioned significant roles of rural women in building the economy throughout income generating activities diversification, most development literatures have neglected their participations in economic development; and national entire development is said to be hardly achieved with the negligence of rural women, who make up substantial segment of the society (Kishor *et al.*, 1999). Another key observation was that, such literatures concentrate only on entrepreneurship scheme and emphasis to be as the genuine approach to empower rural women however the financial

related issues still persist among them. Another worrying factor was that, even when income diversification scheme is discussed, but it is directed to another area of study without much reference on rural women entrepreneurs. Specifically in Rwanda, few researches have been conducted as far as income diversification is concerned. The current research study comes to bridge such gaps by transforming entrepreneurial spirit into a new picture to empowering small scale women entrepreneurs in rural-Rwanda.

#### **4. Objective of the study**

The recent study was undertaken under two types of objectives namely general and specific.

##### **4.1 General objective**

The general objective of this study is to assess the socioeconomic determinants of income diversification and their contribution to the empowerment of small scale women entrepreneurs in rural-Rwanda

##### **4.2 Specific objectives of the study**

- i. To identify the social determinants of income diversification among small scale women entrepreneurs in rural-Rwanda
- ii. To identify the economic determinants of income diversification among small scale women entrepreneurs in rural-Rwanda

- iii. To find out the major sources of income diversified by small scale women entrepreneurs in rural-Rwanda
- iv. To examine the extent upon which socioeconomic determinants of income diversification contribute to the empowerment of small scale women entrepreneurs in rural-Rwanda
- v. To investigate the moderating variables and their influences on determinants of income diversification in Rural-Rwanda

## **5. Literature review**

This current chapter presents a review of previous empirical findings on which the study's foundation was build. It examines hypothesized theories from which the study conceptual framework was developed. The chapter covers the theoretical framework and a review of empirical studies.

### **5.1. Theoretical framework**

This study is anchored on 4 types of related theories namely Push and Pull Theory (Gilad and Levine, 1986), Rational Choice Theory (Elster 1989), Self-determination Theory (La Guardia, *et al* , 2008) and Resource- Based Entrepreneurship Theory (Connor, 1991; Rumelt, 1987).

#### **5.1.1 Push and Pull Theory**

Gilad and Levine (1986) proposed two closely related explanations of entrepreneurial motivation and income diversification, Push 'theory and Pull 'theory. The Push theory



argues that individuals are pushed into income diversification by negative external factors like income dissatisfaction, dismissal from a job, etc. On the other hand, the Pull theory suggests that individuals are attracted to entrepreneurial activities in order to seek independence, to use their skills and experience in the optimal way, etc.

### **5.1.2 Rational choice theory**

The rational choice theory, also known as choice theory or rational action theory is a theory for understanding and often modeling social and economic as well as individual behavior. (Elster1989) stated the essence of rational choice theory when he said that “when faced with several courses of action, people usually do what they believe is likely to have the best overall outcome”. The ‘rationality’ defined by the rational choice theory which simply means that “an individual acts as if balancing costs against benefits to arrive at action that maximizes personal advantage” (Friedman, 1953). The rational choice theory is argued to be the result of the envy of other disciplines on economics, and its principles of choice in human behavior. Scott (2000) asserts; it has assumed that people are motivated by money and by the possibility of making a profit, and this has allowed it to construct formal, and often predictive, models of human behavior. People do behave rationally when faced with situations of relative scarcity, the notion becomes less objectionable. In other words, it means that his behavior is motivated or based on the calculation by which he attempts to maximize his interests, profits, benefits, pleasure, advantages,

and to minimize his pains, (sorrow, sadness, distress), losses, disadvantages (Foley, 2003).

Economic rationality is the argument that, as a matter of psychological fact, material satisfactions are the sole motivating factor in human existence, and the rational choices in relation to material satisfactions dominate all other considerations.

### **5.1.3 Self-determination theory**

Self-determination theory (SDT) is a macro theory of human motivation and personality that concerns people's inherent growth tendencies and innate psychological needs. It is concerned with the motivation behind choices people make without external influence and interference. SDT focuses on the degree to which human behavior is self-motivated and self-determined. Self-determination theory (SDT) is an empirically based theory of human motivation, development, and wellness. The theory focuses on types, rather than just amount, of motivation, paying particular attention to autonomous motivation, controlled motivation, and motivation as predictors of performance, relational, and well-being outcomes (La Guardia, *et al*, 2008). It also addresses the social conditions that enhance versus diminish these types of motivation, proposing and finding that the degrees to which basic psychological needs for autonomy, competence, and relatedness are supported versus thwarted affect both the type and strength of motivation. SDT also examines people's life goals or aspirations, showing differential relations of intrinsic versus extrinsic life goals to performance (Joussemet, *et al*, 2008).

### **5.1.4 Resource-Based Entrepreneurship Theory**

The work on Resource-Based Theory (RBT) acknowledged that entrepreneurship is an intricate part of the resource-based framework (Connor, 1991; Rumelt, 1987). Because of the lack of consideration given to entrepreneurship by most resource-based research, current RBT largely fails to integrate creativity and the entrepreneurial act (Barney, 2001). Entrepreneurial opportunities exist primarily because different agents have different beliefs about the relative value of resources when they are converted from inputs into outputs (Schumpeter, 1934; Kirzner, 1979; Shane and Venkataraman, 2000). Entrepreneurial opportunities are thought to exist when different agents have insight into the value of resources that other agents do not, and the agents with the insight act upon these un-exploited opportunities (Kirzner, 1979; Casson, 1982). Entrepreneurs can use market forms of governance to coordinate many resources necessary to realize an economic opportunity; they also can use a firm, as a form of hierarchical governance, to realize these opportunities. The conditions under which these alternative forms of governance will be more or less effective have yet to be described in the entrepreneurship literature. The entrepreneur's ability to convert creative insights and often homogenous inputs into heterogeneous outputs make the firm a superior choice over the market.

## 5.2. Empirical Studies

The empirical review reflects on socioeconomic determinants of income diversification as seen them into two factors namely negative “push” and positive “Pull”. In general, it can be said that push factors are related to a necessity, as it is mentioned by McClelland *et al.* (2005). These types of factors are the ones which force rural women expand their entrepreneurial spirits and can include income dissatisfaction, lack of a job or poor career prospects, unacceptable job conditions, professional frustration, the lack of childcare facilities or the economic necessity. Push ‘factors can also be seen as necessity ‘factors and they are a negative motivation for a business startup. Self-employment and income diversification as a solitary career option can occur after a redundancy when there is no suitable employment available. A slow economy creates necessity extra entrepreneurship and income diversification. When the economy is slow and the unemployment rate is high, rural women are forced to diversify sources of income to make a living (Henley and Latreille 2009).

Traditionally women were considered to be more likely pushed ‘rather than pulled ‘into small business ownership (Still and Walker 2006, 298). They might not have been introduced to another option because of the family model or they have been guided by an entrepreneurial-based education (Bridge 2006). A child can be pressured by ones parents to continue the family business (Ward 2011). Education can provide rural women entrepreneurs with a limited number of possible careers from

which to choose (Özbilkin and Malach-Pines 2007). Others simply want a positive change in life or have been pushed by redundancy (Bridges 2006). Pull factors are related to opportunities, ambitions and the choice of improvement and expansion (McClelland, Swail, Bell, and Ibbotson, 2005). They are often based on collaboration with other people, individual experiences or market opportunities. Orhan and Scott (2001) mention that these factors can include the desire for more independence, autonomy, self-fulfillment, self-achievement, job satisfaction, aspiration, social objectives, entrepreneurial drive and desire for wealth (Orhan and Scott, 2001). Pull factors are usually seen as positive motivation for rural small scale women entrepreneurs to create more businesses. People who enter income diversification by choice have seen a chance for better working conditions, more self-expression and an anticipated position (Dawson *et al.* 2009). An opportunity to create a new business and a chance to introduce a new market idea are some of the pull factors attracting rural women entrepreneurs to run many businesses (Nel, Maritz & Thong provati 2010). Opportunity entrepreneurship and income diversification have a significant effect on economic development by creating more new jobs (Acs 2006). According to Douglas and Shepherd (2002) “women with a positive attitude towards independency are more likely to enter extensive self-employment. Furthermore, they state that independency has a higher value in one’s career choice than risk, income and work effort. Change can happen in trends such as demography, lifestyle, social, technology, politics, regulations and economy (English and Moate 2009).

## **6. Methodology and sampling**

This study is much more qualitative than quantitative. Guest, Namey and Mitchell (2013) mentioned that the qualitative research methods are normally used to understand the why and how of human behaviour in general, including the experiences, and opinions. The researchers found that a qualitative research design was appropriate for exploring small scale women entrepreneur's points of view, experiences and preferences. As an unstructured, investigating research method, qualitative research provides better understanding and insight into the problem stated (Malhotra, 2010). Compared to quantitative research, qualitative research usually implies a rather small sample which is interviewed one-on-one (McNeil, 2005).

Due to the nature of this study, the participants had the specific features and traits in order to participate in providing information on the study, thereby; the sampling selection method used was non-random sampling, meaning that the researchers selected the individuals based on the study requirements (Malhotra and Peterson, 2006). This study was divided into two main parts. The first part referred to the literature review which is made up of secondary data, being the base of this study. It consisted of the inspection of mainly academic researches, books, reports, journals, articles and relevant published resources related to entrepreneurship and income diversification. Primary data were attained by employing 3 techniques whereby well-structured interviews, Focus Group Discussions (FGDs) and questionnaires were completed with small scale women entrepreneurs to provide

evidence about the concerned topic. The participants had the opportunity to express themselves freely thanks to the fact that those were open questions. The target population referred to small scale women entrepreneurs who own businesses in rural-Rwanda. Based on sources regarding research sampling size on qualitative, in order to have enough validity, a number of interviews varied between 10 and 15 (Malhotra and Peterson, 2006). So as there was no specific calculation to determine the sample size, only 15 small scale women entrepreneurs were interviewed one by one from 5 districts among 27 ones. The interview was conducted due to a number of reasons such as not being able to read and write, busy working and time management. This means that, the 15 questionnaires were filled out through interview model. The Focus Group Discussions was also conducted and the researchers limited on 5 individuals per each group from other 22 remaining districts which make 110 participants in total and were upon them the questionnaire technique was conducted (i.e 110 well-structured questionnaires were distributed out).

## 7. Presentation of findings

In this section, the researchers attempt to test hypotheses. The three variables such as independent variable “socioeconomic determinants of income diversification”, dependent variable “empowerment of small scale women entrepreneurs” and moderating variable are going to be discussed in this section.

### 7.1. Socioeconomic determinants of income diversification

This refers to the first and second Specific objectives (SOs) of the study. In this sub-section, the researchers enumerated the main determinants in 2 categories namely push and pull factors but whether social or economic. After then, push and pull factors were ranked between them (see table-2) in order to determine the level of motivation in diversifying sources of income among small scale women entrepreneurs in Rural-Rwanda. Both tables (1<sup>st</sup> and 2<sup>nd</sup>) attempt to test the first hypothesis associated with independent variable.

**Table 1: Distribution of Small Scale women entrepreneurs according to socioeconomic determinants of income diversification**

Determinant	Indicator	Frequency (n=125)	Percent
Social Push	Education	54	43.2
	Age	63	50.4
	Religion	8	6.4
	Cultural beliefs	11	8.8
	Household necessity	117	93.6
	Family	95	76.0



	background/status		
	Family size	88	70.4
<b>Economic Push</b>	Earnings dissatisfaction	111	88.8
	Land holding/Access to land	82	65.6
	Farm income	91	72.8
	Farm size	86	68.8
<b>Social Pull</b>	Experience	59	47.2
	Desire to increase autonomy	96	76.8
	Desire to increase self-Esteem	48	38.4
	Social Network	74	59.2
	Market accessibility	88	70.4
<b>Economic Pull</b>	Credit accessibility	52	41.6
	Infrastructures (roads, electricity)	51	40.8
	Capital (human capital, physical capital)	107	85.6
	Increase of Self-Satisfaction	121	96.8
	Others	21	16.8

**Source:** Field data, February 2021

**Table 2: The ranking of Pull and Push factors that motivate rural small scale women to diversify sources of income**

<b>Social and economic Push factor</b>	<b>Rank</b>	<b>Social and economic Pull factor</b>	<b>Rank</b>
Household necessity	1	Desire to increase Self-Satisfaction	1
Earnings dissatisfaction	2	Capital (human capital, physical capital)	2
Family background/status	3	Desire to increase autonomy	3
Farm income	4	Market accessibility	4
Family size	5	Social Network	5
Farm size	6	Experience	6
Land holding/Access to land	7	Credit accessibility	7
Age	8	Desire to increase self-Esteem	8
Education	9	Infrastructures (roads, electricity)	9
Cultural beliefs	10		
Religion	11		

**Source:** Field data, February 2021

From the above table No 1, the statistics show how the average of responses from rural small scale women entrepreneurs (52.04%) on the side of push factors is greater than pull factors (47.96%). This implies that, the push or negative factors are what to deal with in first place when empowering rural women

entrepreneurs and among them, the social determinants are represented by 51.7% of average while economic determinants match up with 48.3% (no big difference). The desire to have access to household's necessities (93.6) such as basic needs (food, school fees for children and health insurance, clothes and other assets) is associated with the size of the family (70.4%) on the matter of fact that, as long as the number of persons in a family increases, it requires also to raise the households' needs which of course instigate rural women to take on other alternatives. Apart from the previous discussed factor, insufficient earnings from other sources of income to cover basic needs as well as the wish for self-satisfaction/self-fulfillment rank the highest proportions among other factors and these are respectively discovered by the percentages 88.8 and 96.8. Surprisingly, the social factors like religion (6.4%), ages (29.6%) and marital status (16.8%) as well as cultural factors (8.8%) rank the lowest percentages meaning that they don't have big influence on diversification of income among rural women.

The participants explained why they enter income diversification under the purpose of increasing their level of self-independence and because of the accessibility of clients for their products and this bring about the extension of social network which refers to another component (95.2%) that inspires rural women to create additional income generating activities. In other words more regular the contacts with the extension service, more the rural women entrepreneurs are successful in their income diversification (Degla, 2014). The

accessibility of physical capital, infrastructures like roads and electricity were affirmed by rural women to be assets that without which running businesses may not be easy.

Speaking of physical capital, More the size of the farm (the cultivated area), less the rural women entrepreneurs diversify income, as it generates however a relative high income level (Mishra *et al.* 2004 Meraner *et al.* 2015). Again, rural women with strong difficulties for accessing to land either through inheritance, gift, purchased,... diversify more as they generate, however, a relatively low income level (Degla, 2001). The results revealed that Younger and educated small scale women entrepreneurs diversify more their activities and generated more income (Cinner, 2010 and Meraner, 2015). As for the age of rural women, referring on the results provided by an almost half of participants, one can suppose that, the elder the entrepreneur, the higher his/her experience in diversifying income activities from which more outcomes could also result. This relation between the age of entrepreneurs and the outcomes of their income generating activities as highlighted by Meraner *et al.* (2015), is supported in the present study only through the results from rural women who diversify their income and once they are very engaged in such activities beside the imitation from their parents or other family members, from their early ages they acquire enough experience.

## 7.2 Major sources of income diversified by small scale women entrepreneurs

This sub-section concerns the kinds of sources of income diversified by small scale women entrepreneurs in rural-Rwanda. The results justify the level of concentration in agricultural and non agricultural activities by women entrepreneurs. Here, the third objective of the study linked with independent variable of the study was targeted.

**Table3: Distribution of Small Scale women entrepreneurs according to their sources of income**

<b>Activities</b>	<b>Frequency (n=125)</b>	<b>Percent</b>
<b>Agricultural activities</b>		
<b>On-Farm</b>		
Crop production	113	90.4
Livestock management	88	70.4
Fishing	2	1.6
<b>Off-Farm</b>		
Agricultural production processing	69	55.2
Livestock production processing	43	34.4
<b>Non-Agricultural activities</b>		
Handcrafts(basket & mats weaving)	5	4.0
Masonry	7	5.6
Hairdressing	3	2.4
Restaurant	2	1.6
Livestock selling	28	22.4
Food selling	71	56.8

Tailoring	5	4.0
Salaried job	4	3.2
Village Saving Loan Associations (VSLAs)	120	96.0
Mobile money	3	2.4
Beer and soft drink making	11	8.8
Remittances from family members, friends	18	14.4
Piece of work (working for others)	26	20.8
Others (shops, traditional healing)	5	4.0

**Source:** Field data, February 2021

The above results reveal that rural women diversify sources of income even though agriculture and livestock management constitute their major occupation; however participants approved that more income is generated from non agricultural related activities as compared to agriculture related activities (Abimbola and Oluwakemi, 2013). The results indicate that although the majority of rural women were into agricultural activities, a larger percentage of their income generation was from non-agricultural related activities. Hence, diversifications into non-agricultural activities among rural women have a significant effect on their income where crop production was found to be the most important single source of income as reported by the participants at the level of 90.4%. The rural small scale women entrepreneurs are almost implicated in village, Savings and Loan Associations (VSLAs) and rank the maximum proportion(96.0%) and from this indicator, we assume that this approach is admired by rural women to

generate for them more sources of income as resulted from two driving functions namely savings and loan issuing purpose. Again this indicator has been seen as an agricultural copying mechanism because it facilitates rural women to survive with farm income shocks.

### **7.3 Contribution of Socioeconomic determinants of income diversification to empowering small scale women entrepreneurs in rural-Rwanda**

The fourth specific objective of the study is discussed in this sub-section and dependent variable is targeted. This extent of small scale women empowerment is tested through 4 components namely economic, political, social and psychological. Alongside with that, the study elucidates the comparison between a single source of income and income diversification (see figure-2).

**Table 4: Distribution of respondents according to the contribution of income diversification among Small Scale women entrepreneurs**

<b>Women Empowerment</b>	<b>Indicators</b>	<b>Frequency (n= 125)</b>	<b>Percent</b>
<b>Politically</b>	Choice/Ability to choose	78	62.4
	Decision making	69	55.2
	Leadership position	71	56.8
	Community	125	100.0

	participation		
	Control over resources	85	68.0
	Replication of success/abilities	93	74.4
<b>Economically</b>	Savings (cash kind)	113	90.4
	Investments	125	100.0
	Business registration	17	13.6
	Linking with micro-macro banks	58	46.4
	Financial stability	62	49.6
<b>Socially and Psychologically</b>	Financial skills	87	69.6
	Awareness on laws and basic rights	36	28.8
	Provision of family necessities	125	100.0
	Innovation created	56	44.8
	Self-dependency	89	71.2
	Self-Esteem, Self-creativity	58	46.4
	Self-fulfillment, Self-determination	81	64.8

**Source:** Field data, February 2021

The result shows that, a focus on the ability of choice stresses the significance for rural women of being able to make meaningful decisions on critical areas and key aspects of their lives (Kishor 2000) and this choice is linked to the ability and freedom for rural women to participate in community activities

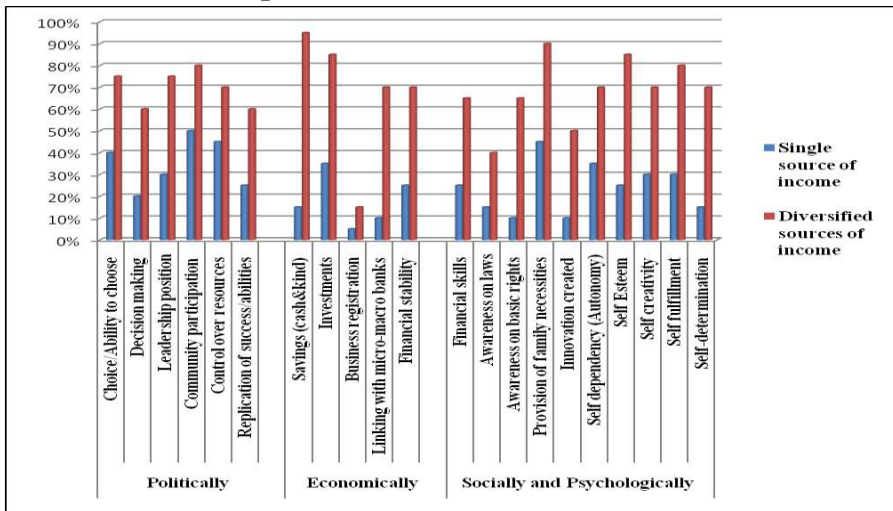


and enables them to holding a leadership position in the community (Kerr 1993).In psychology, self-determination is an important concept that refers to each person's ability to make choices and manage their own life. This ability plays an important role in psychological health and well-being. Self-determination (52.8%) allows rural women entrepreneurs to feel that they have control over their choices and lives. It also has an impact on motivation, rural women feel more motivated to take action when they feel that what they do will have an effect on their lives (La Guardia, et al , 2008). Income diversification was significantly approved by rural small scale women entrepreneurs that the higher the level of diversification in income-generating activities, the higher the saving rate (at 90.4%).

#### **7.4. Comparison between a single source of income and income diversification to the empowerment of Small Scale women entrepreneurs**

The following chart aims to demonstrate the comparison between a single source of income and income diversification in terms of empowerment of small scale women entrepreneurs in rural-Rwanda. This is associated with the 4<sup>th</sup> specific objective of the study.

**Figure 2: Comparison between a single source of income and income diversification to the empowerment of Small Scale women entrepreneurs**



**Source:** Field data, February 2021

This is clear because income diversification will increase rural women entrepreneurs’ income, hence, increases the chances of investment and thereby leading to a significant increase in their saving capacity. And at the same time, the more rural women diversify sources of income, the more the financial related skills increased so that they can be able to link themselves with micro-macro bank institutions such as for saving and loan taking purpose.

Small scale women entrepreneurs, when successful thanks to income diversification act as change-makers in their families and society and inspire others to become self reliant and take up entrepreneurship. Their success helps families, society, and

local economies by contributing to the growth of the nation (VanderBrug, 2013). Here we note that, income diversification, if adequate for the meeting of basic needs and if applied alongside with vital economic and social supports such as household necessities, it would serve to help honor and uphold the established rights of small scale women entrepreneurs to life, liberty, and security, to food, clothing, housing, social security etc. Income diversification can thus be an effective means to greater knowledge for rural women entrepreneurs on laws regarding their occupations and or businesses (Standing, 2005).

#### **7.5. Moderating variables and their influences on determinants of income diversification**

The moderating variables are appeared in the study to justify the connection or relationship between Independent (income diversification) and Dependent variables (empowerment of rural small scale women). To do so, the researchers preferred testing the three indicators namely the engagement of men, community values and governmental policies. The statistics below illustrate the evidence.

**Table 5: Position of respondents about moderating effects on determinants of income diversification**

<b>Moderating effects</b>	<b>Indicators</b>	<b>Frequency (n =125)</b>	<b>Percent</b>
<b>Men's engagement</b>	Positive mindsets	71	56.8
	Men's participation & interventions	93	74.4
	Admiration	68	54.4
<b>Community values</b>	Understanding the context	98	78.4
	Community's participation	81	64.8
	Gender norms consideration	63	50.4
	Communities' benefits	78	62.4
	Being interested and imitation	93	74.4
<b>Government policies</b>	Recognizing community supporting programs	41	32.8
	Recognizing gender related issues	65	53.6
	Recognizing governmental Subsidised supports	27	21.6

**Source:** Field data, February 2021

The results revealed that men act as economic empowerment for rural women entrepreneurs, by offering with them access to capital, information, and networks that would otherwise remain out of their reach because of context-specific gender barriers and this was affirmed by 44.8 % of respondents and this resulted from the fact that men have realized their full potential in changing positively their mindsets to intervene in income diversification (48.8%). It is amazing that the communities are characterized by significant values to consider income diversification as an engine for rural women entrepreneurs to empower themselves. The position of Community members upon such factor counts 78.4% and this was accompanied by their participation and interventions which is represented by 64.8% and even most of their fellow women do effectively imitate to do so by learning from them. However, the results indicated that, small scale women entrepreneurs are associated with a shortage of skills upon the programs of the government which would in one or another way contribute to their occupations; for instance the desire for diversifying their income generating activities may be hindered by the fact of not knowing what kinds of governmental services or supports are disserved for them to startup new businesses as respectively shown by 32.8 and 21.6percent. Men's engagement and community values are said to be champion moderating effects that link determinants of income diversification and empowerment of small scale women entrepreneurs in rural-Rwanda.

## **8. Conclusion and recommendations**

The aim of this study was to assess the Socio-Economic determinants of income diversification and their contribution to empowering small scale women entrepreneurs in rural-Rwanda. The result found that, income diversification was recognized as an important untapped source of socioeconomic and political empowerment among small scale women entrepreneurs in rural-Rwanda. The sources of income are interdependent .i.e. the failure of one can quietly be recovered by the rest to avoid income insecurity among rural women entrepreneurs. However, small scale women entrepreneurs are still much more concentrated in agricultural related activities and livestock management (90.4 % & 70.4%) which bring about a worry based on the fact that since rural women entrepreneurs spend much time in farming related activities this would impede them to run other sources of income and yet farming income is said to become normally insufficient comparing to Non agricultural activities due different reasons such as seasonality risks and climatic uncertainties. The results demonstrated that, income diversification is like other entrepreneurship but with improved and multiplied styles. Rural small scale need to be assisted through adequate policy measures, including better access to credit by means of microcredit programs, and special training programs in the management of rural economic activities. The government must monitor and evaluate the implementation of policies related to the empowering and improvement of women entrepreneurship especially in rural areas. There must be the creation and increase of special grantees based on women

entrepreneurship and income diversification. Organizing Community campaigns to raise awareness on income diversification, entrepreneurial spirit and gender aspect at the local level, can be a strong tool to alleviate poverty in rural communities.

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**CONTRIBUTION OF PORTFOLIO  
MANAGEMENT ON FINANCIAL  
PERFORMANCE OF ECOBANK RWANDA LTD**

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*&*  
*Emmanuel Nizeyumukiza*

## **ABSTRACT**

*The study aims to determine the role of portfolio management on financial performance of Ecobank Rwanda Ltd. The study assessed why some investments perform well while others fail to produce return and revenues to the investors.*

*Quantitative and qualitative methods were used, measuring risk and return, financial analysis, as basic tools for portfolio management. Purposive Sampling with Ecobank was chosen and four years of observations.*

*Ecobank's investments portfolio is mainly composed by financial investments (FI) of 16.24%; investments with other banking institutions (IBI) of 24.71% and investments in loans and advances to customers (LAC) of 59.06%. Portfolio covariance in this research equals to negative result of (2,896.16). Portfolio expected return is of 21%. The negative covariance of Ecobank assets means their returns move in counterclockwise directions, thus can be put in the same portfolio and the portfolio risk could be diversified or decreased. With zero (0.0143) correlation coefficient, there is no linear relationship between the returns of Ecobank assets, thus combining those assets reduces the portfolio risk. Out of every RWF 1 invested, Ecobank portfolio generates RWF 0.10 (10%), loans and advances to customers on the top of other assets generating RWF 0.14 (14%) per every RWF 1 invested in. Moreover, there is a significance effect of strategic portfolio investments (FI, IBI and LAC) on financial performance (ROA, ROE and ROI). The overall negative performance of Ecobank*



*Rwanda during 2016-2019 is mainly affected by other factors such as high total operating expenses (Appendix No1); thus costs optimization is one of the main key decisions for the company's positive performance*

**Key words:** Portfolio management, Financial Performance

## **1. Introduction**

Campbell (2018) discussed about inter-temporal portfolio choice and asset pricing. The author found that the households in United States of America make investment mistakes such as failing to participate in risky asset markets or failing to diversify their risks and the potential impact of such mistakes on asset price. He realized that investors choose not to share risks in the United States because they have different beliefs that lead them to speculate against one another. The investors in the United States need a quick return on investment. Around 36% of projects in the United states did not achieve on their original goals because of inefficient portfolio management by senior managers who change priorities implemented for project that result to poor performance of investment among institutions (Price Water Coopers, 2012).

Sornette (2011) showed that the financial crisis was caused by the crash of the new investment opportunities either new technology or access to new market. They start with a so called smart money without any real underlying value and end up by collapsing-financial bubbles. Sornette (2011) showed that 25, 000 assets worldwide, including indices, stocks, bonds,

commodities, currencies and derivatives have showed a daily update of a number of bubble indicators. The Financial bubble Experiment (FBE) was conducted by the Experts from the Financial Crisis Observatory (FCO) at ETC Zurich- the Swiss Federal Institute of Technology where David Sornette who is both the Professor of Entrepreneurial Risks and the Professor of Finance at The Swiss Finance Institute. This Experiment was organized to testify if the financial markets exhibit a degree of inefficiency and a potential predictability.

In Lithuania, the investor can make diversification either by having a large number of shares of companies in different regions, in different industries or those producing different types of product lines. There are many different ways to measure financial performance, but all measures should be taken in aggregation. Line items such as revenue from operations, operating income or cash flow from operations can be used, as well as total unit sales. Furthermore, the analyst or investor may wish to look deeper into financial statements and seek out margin growth rates or any declining debt (Levišauskait, 2010).

In the United Arab Emirates, Saltuk & Idrissi (2012) believed that investors can enhance the performance of their pure-stock portfolios by incorporating different options strategies. Among them, the most popular strategies are covered-call writing and protective-put buying. In theory, there is no clear evidence on whether a specific option strategy is superior. According to Saltuk & Idrissi (2012) the efficient market theory, an increase in returns should be accompanied by an increase in risk. Adding options to stock portfolios may also create problems of performance measurement homogeneity. Hedging is a financial

transaction in which one asset is held to offset the risk of holding another asset. Typically, a hedge is used to offset price risk due to changes of financial market conditions. In this way, the development of financial derivative instruments (options, futures, forward and swap) make hedgers simple to use it to reduce risk. However, many portfolio managers use these derivative instruments to speculate instead of hedging and in turn increase risk.

This study explained how portfolio hedged risk in investment and gave optimum return to a given amount of risk at Ecobank Ltd. It also showed different investment decisions made by Ecobank Rwanda Ltd and focused on element of risk in detail while investing in securities. It also gave an in-depth analysis of portfolio creation, selection, revision and evaluation. But in reality it was compared to the strategy, and ultimately to the benchmark, they are designed to beat. One can also gauge Portfolio performance by measuring returns. Performance measurement was an important task for both investors and investment managers at Ecobank Rwanda Ltd. Portfolio Management Strategies referred to the approaches that were applied for the efficient portfolio management in order to generate the highest possible returns at lowest possible risks in Ecobank Rwanda Ltd.

## **2. Objectives**

The general objective of this study is to determine the contribution of portfolio management of financial performance for ECOBANK Ltd. objectives:

1. To examine the effect of optimal portfolio investments on Return of Assets of ECOBANK Rwanda Ltd
2. To assess the effect of optimal portfolio investments on Return on Equity of ECOBANK Rwanda Ltd
3. To measure the effect of optimal portfolio investments on Return of Investments of ECOBANK Rwanda Ltd.

### **3. Literature review**

Fachrudin & Fachrudin (2015) conducted a cross-sectional study on 45 real estates and property companies which had securities in Indonesia Stock Exchange with the aim of analysing the property portfolio and sustainability of property and real estate companies. The study was quantitative and used secondary data from asset enhancement, flots, land lots, shopping centers, drport, shop houses apartments property return and investment properties. In this study, investment properties were consideres as properties and infrastructures that campanies owned to earn rentals or capital appreciation or both. Findings showed that property portfolio and sustainablility are not statistically significant( $r=0.597$ ;  $p\text{-value}=0.000$ ). This implied that there is no association between property portfolio and return on asset. In short, risk do not predict the expected return in property investment with alpha 5%. The regression analysis showed that the model to analyse sustainability property was acceptable and suitable (  $p\text{-value}$  of 0.004; Exp (B) of 2.958). The model to analyse property portfolio was also acceptable and suitable (  $p\text{-value}$  of 0.002; Exp (B) of 3.339). It implied that 15 companies create sustainability while 30

companies didn't in Indonesia. Sustainable property companies are those which were environmentally friendly, saving energy, and reducing running cost including green buildings. In short, the company size predict at 73.3% its sustainability concept. The corporate performance was predicted by the inventory of property and investment properties which generate revenue. Findings showed that the highest return was from the asset enhancement and the lowest expected return was from hospitality services and infrastructure (Fachrudin & Fachrudin, 2015).

Talebi (2007) made a theoretical analysis on how managers should adopt the useful managerial tool using an empirical analysis with PROMETHEE technique of qualitative analysis of the information collected from 17 customers of Parsian Bank. They were selected using the purposive sampling technique based on their expertise in corporate banking. A semi-structured interview were conducted in 2007 to verify the level of agreement on the proposed model for customers' business attractiveness, strategic importance of customers, the complexity and difficulty of managing each customer. His objective was to create the model for classifying relationship between corporate banks and their customers in an optimized way with considerations of network approach. He reviewed the literature on the relationship portfolio models, Network Theory and Business Banking Relationship. Talebi (2007) concluded that Iranian banking industry was experiencing a more competitive market after the entrance of private banks to the market.

Parlińska & Panchenko (2014) conducted the study on the role of portfolio risk management in investment activities in Deutsche Bank. The study was aiming at founding out which method to be used to recognise risk and avoid systematic risk and receive adequate returns. Findings showed that Deutsche Bank investment portfolio was diversified and protected from unsystematic risk. Deutsche Bank profitability of investment portfolio return was superior to the the required rae of portfolio retrun ( $0.098 > 0.052$ ). Deutsche Bank invested in securities which were directly to risk for a desired income such as governement securities, bonds and dividnt payment as it was planned in its investment policy. Based on the Financial Theory which holds that the best possible diversification occurs when all conceivable assets are merged into a single portifolio (Campbell J. Y., 2018). Findings from only Deutsche Bank cannot predict the role of portfolio risk management in investment activities in banking sector in Germany. Deutsche Bank used short-term investment portfolio securities to increase bank liquidity without considering profitability as a priority target on one hand. Deutsche Bank used to combine short-term acceptance with diversification or use the method “bar” which tries to maintain an appropriate maturity structure of securities to protect itself from risks based on the current economic situation on the other hand (Parlińska & Panchenko , 2014). The best methods to be used to recognize systematic risk and avoid it to receive adequate return were not well clarified. Fakir (2015) did an evaluation report of the Loan Portfolio Commercial Bank Celylon Plc in Bangladesh and showed that it is a foreign bank that was oriented in giving loans to SMEs,

garments, textile, and spinning, steeling and engineering, paper and paper products, food processing and stuff, wholesale and retail trading. The Commercial Bank of Ceylon contributed in the economic activities by expanding loans and advances. The loan portfolio substantially increased from 3.14% in 2013 to 31.45% in 2017. This theme covered different sectors such as industry, commercial credit, agriculture, import loan, stuff and miscellaneous. A big part was from agriculture sector (86.04%) and in a region called Dhaka in 2017. The only challenge to Commercial Bank of Ceylon Plc credit portfolio was that the nonperforming loan (2.21%) was higher in 2015.

The study conducted in Kenya by Charles (2013), aiming at establishing the portfolio management strategies at Centum Investments and determining and determining the effects of portfolio management strategies on financial performance of Centum Investments showed that there is a significance between individual security selection and yield curve strategies ( $r=0.349$ ;  $p\text{-value}=0.001$ ) on one hand. There is also a significance between yield curve strategies and yield spread strategies ( $r=0.783$ ;  $p\text{-value}=0.001$ ) on the other hand. The regression analysis indicated that the a unit changes in Leverage strategies results in 29.4% increase in financial performance as measured by the Return on Equity (ROE). A unit changes in Yield Spread Strategies results in 23% increase in financial performance as measured by the Return on Equity (ROE). a unit changes in Interest Rates expectation strategies results in 13% increase in financial performance as measured by the Return on Equity (ROE). A unit changes in individual security selection strategies results in 42.1% increase in financial performance as measured

by the ROE. A unit changes in yield curve strategies results in 32.5% increase in financial performance as measured by the ROE (Charles, 2013).

The study was conducted by Amayo (2018) on 139 respondents from 215 assets and Liability committee(ALCO) members, portfolio manager, strategy teams, credit teams, finance teams, risk management teams, and credit committee members who were improped from 2016 so that they can give the real information onf porfolio optimization. The fact that scholars and practitionals were concerned with the problem of poor performance of commercial banks in Kenya on one hand. There was no study that was conducted on the porfolio optimization and its effects on performance of banks in Kenya on the other hand. The reason why this study was need to be done. The study used mixed research design were both the questionnaire and the interview guide were used as instruments for tata gathering. The data analysis used both IBM SPSS 23.0 vesion for quantitative data analysis and ATLAS.ti for qualitative data analysis (Amayo, 2018). The findings from the quantitative analysis showed that portfolio diversification( $r=0.554$ ,  $p\text{-value}=0.010$ ), asset allocation ( $r=0.743$ ,  $p\text{-value}=0.009$ ) and portfolio risk management ( $r = 0.674$ ,  $p\text{-value} = 0.010$ ) significantly correlate with the financial performance of Commercial Banks in Kenya. Findings showed that the porfolio diversification had the least influence in the performance of commercial banks in Kenya ( $\hat{\alpha} = 0.192$ ;  $p\text{-value} = 0.000$ ). This meant that a unit increase in portfolio diversification index led to an increase in performance of commercial banks' index in Kenya by 19.2%. The asset allocation use had the grestest



influence in the performance of commercial banks in Kenya ( $\hat{\alpha} = 0.253$ ;  $p\text{-value} = 0.000$ ). In other words, a unit increase in asset allocation index use led to an increase in performance of commercial banks' index in Kenya by 25.3%. There is a positive significant relationship between portfolio risk management and performance of commercial banks in Kenya ( $\hat{\alpha} = 0.251$ ;  $p\text{-value} = 0.000$ ). therefore, a unit increase in use of portfolio risk management index led to an increase in performance of commercial banks' index by 25.1%. The qualitative analysis showed that commercial banks' high performance is composed with the market share, increased return, improved competitiveness, new market and enhanced resource utilization. The portfolio risk management use involved internal control, risk monitoring, risk mitigation and risk measurement. The use of portfolio diversification involved the channel diversification, allocation diversification and investment diversification. The use of asset allocation involved strategic asset allocation and tactical asset allocation by dividing investment into different asset classes such as stocks, bonds, and money market securities. The gap analysis showed that the study lacks the generalizability of findings from data collected from the Head Offices of Commercial banks in Nairobi to all branches located in all corners of Kenya (Amayo, 2018). Bandorayingwe (2017) conducted a study on 130 employees of Cofeabank and found that loan portfolio management activities have a high positive correlation with the financial performance of Cofeabank ( $r = 0.921$ ,  $p\text{-value} = 0.000$ ). The analysis of variance showed that there is a significant relationship between loan portfolio management and the financial performance of

cogebank( $F = 11.084$ ,  $p\text{-value} = 0.029$ ). The regression analysis showed that a unit increase in loan portfolio management index led to an increase in net profit index by 2.4%. The research gap analysis indicate that the study of Bandorayingwe (2017) have not analysed well the regression analysis. The reliability analysis was not well done because Bandorayingwe (2017) has not described where the pilot study took place and the reliability analysis was not well done and interpreted. Here there is no proof that the questionnaire was able to measure what it is supposed to measure. Bandorayingwe (2017) did not specify how the sample size was calculated and how 130 employees were selected among 299 employees of Cogebank.

Rop, Kibet, & Bokongo (2016) conducted a explanatory study on 40 commercial banks in Kenya aiming at investigating the effect of portfolio diversification on the financial performance of commercial banks in Kenya. The empirical study dealt with analysing critically other related studies conducted on the effect of insurance investment, government securities, real estate, buying shares and financial performance. Rop, Kibet, & Bokongo (2016) were motivated by the fact that other scholars and practitioners were concerned with the problem of poor performance of banks in Kenya. Findings showed that there was a significant relationship between insurance investment ( $\hat{\alpha} = 0.389$ ;  $p\text{-value} = 0.002$ ), government securities ( $\hat{\alpha} = 0.161$ ;  $p\text{-value} = 0.001$ ), real estate investment ( $\hat{\alpha} = 0.116$ ;  $p\text{-value} = 0.037$ ), buying shares ( $\hat{\alpha} = 0.374$ ;  $p\text{-value} = 0.000$ ) and the financial performance of Commercial banks in Kenya.

#### 4. Methodology

This study adopted a descriptive survey. Descriptive survey research design is a scientific method which involved observing and describing the behavior of a subject without influencing it in any way (Cooper & Schindler, 2008). It employed both quantitative and qualitative approaches.

The model specification was done as follows:

$x$  = independent variables = Optimal portfolio investments  $X = f(X_1, X_2, X_3)$

Where:  $X_1$ = Financial Investments (FI),  $X_2$ = Investments in Banking Institutions (IBI),  $X_3$ = Loans and Advances to Customers (LAC),  $Y$ = Dependent variables = Financial performance,  $Y = f(y_1, y_2, y_3)$ ,  $y_1$ = Return on Assets (ROA),  $y_2$ , = Return on Equity (ROE),  $y_3$ = Return on Investment (ROI),  $Y = f(X)$ ,  $ROA = f(FI, IBI, LAC)$ : Function 1;  $ROE = f(FI, IBI, LAC)$ : Function 2;  $ROI = f(FI, IBI, LAC)$ : Function 3. Based on these functions, the following models are set:

$$ROA = \hat{\alpha}_1 FI + \hat{\alpha}_2 IBI + \hat{\alpha}_3 LAC + \mu : \text{Model 1}$$

$$ROE = \hat{\alpha}_1 FI + \hat{\alpha}_2 IBI + \hat{\alpha}_3 LAC + \mu : \text{Model 2}$$

$$ROI = \hat{\alpha}_1 FI + \hat{\alpha}_2 IBI + \hat{\alpha}_3 LAC + \mu : \text{Model 3}$$

Where:  $\hat{\alpha}_0 = \text{Constant}$ ,

$\hat{\alpha}_1 - \hat{\alpha}_3 = \text{Coefficients of determination for Independent variables}$

$\mu = \text{Error}$

## 5. Results and Discussion

The following sections present the results obtained through the survey conducted in Ecobank Rwanda.

### Return on Assets (ROA)

Return of Assets ratio is a ratio that gives an idea of how efficient management is at using its assets to generate profits. Return on Assets can vary substantially across different industries. This is the reason why it is recommended to compare it against company's previous values or the return of a similar company. The only common rule is that the higher return on assets is better because the company is earning more money on its assets.

**Table 1:** Ecobank Return on Assets (ROA)

	2019	2018	2017	2016
<b>Net profit</b>	(2,188,260,000)	(3,192,592,000)	706,480,000	518,378,000
<b>Total Assets</b>	133,943,037,000	158,651,288,000	168,723,301,000	142,771,950,000
	<b>(0.016)</b>	<b>(0.020)</b>	<b>0.004</b>	<b>0.0036</b>

**Source:** Secondary Data, 2020

The data from the table 1 above explain that each 1 Rwf used to purchase assets of Ecobank Ltd generated 0.0036%; 0.004%; (0.020%); and (0.016%) in the year 2016; 2017; 2018; and 2019 respectively. Return on assets indicates the profitability on the

assets of the firm after all expenses and taxes as it is confirmed by Reilly & Brown (2012).

### **Return on Equity (ROE)**

A rising ROE suggests that a company is increasing its ability to generate profits without needing much capital. It also indicates how well a company's management is deploying the shareholders' capital.

**Table 2:** Ecobank Return on Equity

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Net profit</b>	(2,188,260,000)	(3,192,592,000)	706,480,000	518,378,000
<b>Average Equity.</b>	19,074,866,000	14,621,352,000	13,897,646,000	13,191,165,000
<b>ROE</b>	<b>(11.4)</b>	<b>(21.8)</b>	<b>5.08</b>	<b>3.92</b>

**Source:** Secondary Data, 2020

From the above, this means that Ecobank Ltd generated -11.4%; -21.8% of loss for every 1 Rwf of shareholders' equity in 2019 and 2018, and generated 5.08; and 3.92% of profit for every 1Rwf of shareholders' equity in 2017 and 2016 respectively for those four years taken into consideration under this study. This confirms the idea of Reilly & Brown (2012) who hold that the return on equity reveals how much profit a company earned in comparison to the total amount of shareholder equity found on the balance sheet.

**Table 3:** Ecobank Return on Investment (ROI)

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Net profit	(2,742,196,000)	(4,424,355,000)	1,340,485,000	956,968,000
Total Equity.	19,074,866,000	14,621,352,000	13,897,646,000	13,191,165,000
<b>ROI</b>	<b>-14.37</b>	<b>-30.25</b>	<b>9.64</b>	<b>7.25</b>

**Source:** Secondary Data, 2020

Given the above, Ecobank Ltd generated -14.37% for every 1 Rwf of shareholders' equity in 2019 and -30.25% of loss for every 1 Rwf of shareholders' equity in 2018, and generated 9.64% for every 1Rwf of shareholders' equity in 2017 and 7.25% of profit for every 1Rwf of sareholders' equity in 2016 for those four years taken into consideration under this study. This result supported by the idea of Reilly & Brown (2012) who said that return on investment (ROI) is the benefit to the investor resulting from an investment of some resource.

### **Investment in Government Treasury Bills**

$$\text{HPR}_{2016-2017} = \frac{375,497}{162069} = 2.31 \quad \text{HPY} = 2.31 - 1 = 1.31; \quad \text{HPR}_{2017-2018} = \frac{680,673}{375,497} = 1.81 \quad \text{HPY} = 1.81 - 1 = 0.81$$

$$\text{HPR}_{2018-2019} = \frac{1,198,539}{680,673} = 1.76, \quad \text{HPY} = 1.76 - 1 = 0.76; \quad \text{AM} = (1.31 + 0.81 + 0.76) / 4 = 0.72 = \mathbf{72\%}$$

$$\text{Variance} = \frac{\sum[(\text{HPY} - E(\text{HPY}))^2]}{N}$$

$$s^2 = (1.31 - 0.72)^2 + (0.81 - 0.72)^2 + (0.76 - 0.72)^2 / 4 = 0.061 = (0.3721 + 0.0081 + 0.0016) / 4 = 0.10$$

**Standard deviation is square root of variance**

$$\sigma = \sqrt{0.10} = 0.31 = 31\%$$

**Investment in Government Bonds**

$$\text{HPR}_{2016-0} = \text{HPR}_{2016-2017} = \frac{466,444}{33,000} = 14.13 \quad \text{HPY} = 14.13 - 1 = 13.13;$$

$$\text{HPR}_{2017-2018} = \frac{535,610}{466,444} = 1.14 \quad \text{HPY} = 1.14 - 1 = 0.14; \quad \text{HPR}_{2018-2019} = \frac{846,323}{535,610} = 1.58,$$

$$\text{HPY} = 1.58 - 1 = 0.58; \quad \text{AM} = (13.13 + 0.14 + 0.58) / 4 = 3.46$$

$$\text{Variance} = \frac{\sum[(\text{HPY} - E(\text{HPY}))^2]}{N}$$

$$s^2 = (13.13 - 3.46)^2 + (0.14 - 3.46)^2 + (0.58 - 3.46)^2 / 3 = (93.5089 + 11.0224 + 8.2944) / 4 = 28.21$$

**Standard deviation is square root of variance**

$$\sigma = \sqrt{28.21} = 5.31 = 531\%$$

**Investment in Corporate Bonds**

$$\text{HPR}_{2014-0}$$

$$\begin{aligned} \text{HPR}_{2016-2017} &= \frac{22,360}{15,069} = 1.48, & \text{HPY} &= 1.48 - 1 = 0.48; & \text{HPR}_{2016-} \\ & & & & & \\ 2017 &= \frac{28,513}{22,360} = 1.27, & \text{HPY} &= 1.27 - 1 = 0.27; & \text{HPR}_{2014-2015} &= \frac{23,558}{28,513} = 0.82, \\ \text{HPY} &= 0.82 - 1 = -0.18; & \text{AM} &= (0.48 + 0.27 - 0.18) / 4 = \mathbf{0.1425} \end{aligned}$$

$$\text{Variance} = \frac{\sum[(\text{HPY} - \text{E}(\text{HPY}))^2]}{N}$$

$$\begin{aligned} \hat{\sigma}^2 &= (0.48 - 0.1425)^2 + (0.27 - 0.1425)^2 + (-0.18 - 0.1425)^2 / 4 \\ &= \\ &= (0.11390625 + 0.01625625 + 0.10) / 4 = 0.06 \end{aligned}$$

**Standard deviation is square root of variance**

$$\sigma^2 = \sqrt{0.06} = 0.24 = \mathbf{24\%}$$

**Investment in Placements with other Banks**

$$\text{HPR}_{2016=0}; \text{HPR}_{2016-2017} = \frac{219,070}{373,712} = 0.58, \text{HPY} = 0.58 - 1 = 0.42;$$

$$\text{HPR}_{2016-2017} = \frac{604,679}{219,070} = 2.76, \text{HPY} = 2.76 - 1 = 1.76; \text{HPR}_{2016-}$$

$$2017 = \frac{324,548}{604,679} = 0.53, \text{HPY} = 0.53 - 1 = -0.47; \text{AM} = (0.42 + 1.76 -$$

$$0.47) / 3 = 0.42$$

$$\text{Variance} = \frac{\sum[(\text{HPY} - \text{E}(\text{HPY}))^2]}{N}$$

$$\begin{aligned} \hat{\sigma}^2 &= (0.42 - 0.42)^2 + (1.76 - 0.42)^2 + (-0.47 - 0.42)^2 / 4 \\ &= (0 + 1.79 + 0.79) / 4 = 0.645 \end{aligned}$$



### Standard deviation is square root of variance

$$\sigma = \sqrt{0.645} = 0.803 = 80.3\%$$

### Investment in Placements with Affiliates

$$\begin{aligned} \text{HPR}_{2016-0}; \text{HPR}_{2016-2017} &= \frac{94,062}{0} = 0, \text{HPY} = 0 - 1 = -1; \text{HPR}_{2017-} \\ 2018 &= \frac{318,916}{94,062} = 3.39, \text{HPY} = 3.39 - 1 = 2.39; \text{HPR}_{2018-2019} = \frac{172,934}{318,916} = \\ 0.54, \text{HPY} &= 0.54 - 1 = -0.46; \text{AM} = (-1 + 2.39 - 0.46) / 4 = \mathbf{0.2325} \end{aligned}$$

$$\text{Variance} = \frac{\sum[(\text{HPY} - \text{E}(\text{HPY}))^2]}{N}$$

$$\begin{aligned} \sigma^2 &= (-1 - 0.2325)^2 + (2.39 - 0.2325)^2 + (-0.46 - 0.2325)^2 / 4 = \\ &= (1.51 + 4.65 + 0.47) / 4 = \mathbf{1.6575} \end{aligned}$$

### Standard deviation is square root of variance

$$\sigma = \sqrt{1.6575} = 1.287 = 128.7\%$$

### Investment in Term Loans

$$\begin{aligned} \text{HPR}_{2016-0}; \text{HPR}_{2016-2017} &= \frac{9,360,530}{8,386,895} = 1.12, \text{HPY} = 1.12 - 1 = 0.12; \\ \text{HPR}_{2017-2018} &= \frac{8,569,901}{9,360,530} = 0.91, \text{HPY} = 0.91 - 1 = -0.09; \text{HPR}_{2018-} \\ 2019 &= \frac{5,943,638}{8,569,901} = 0.69, \text{HPY} = 0.69 - 1 = -0.31; \text{AM} = (0.12 - 0.09 - \\ &0.31) / 4 = \mathbf{-0.07} \end{aligned}$$

$$\text{Variance} = \frac{\sum[(\text{HPY} - \text{E}(\text{HPY}))^2]}{N}$$

$$(0.12 - 0.07)^2 + (-0.09 - 0.07)^2 + (-0.31 - 0.07)^2 / 3 = \sigma^2 =$$

$$(0.0025 + 0.0256 + 0.1444) / 4 = \mathbf{0.043}$$

**Standard deviation is square root of variance**

$$\sigma = \sqrt{0.043} = 0.207 = \mathbf{20.7\%}$$

**Investment in Overdrafts**

$$\text{HPR}_{2016} = 0$$

$$\text{HPR}_{2016-2017} = \frac{2,661,064}{2,603,971} = 1.02, \text{HPY} = 1.02 - 1 = 0.02; \text{HPR}_{2017-2018} = \frac{2,295,530}{2,661,064} = 0.86, \text{HPY} = 0.86 - 1 = -0.14; \text{HPR}_{2018-2019} = \frac{1,614,552}{2,295,530} = 0.70, \text{HPY} = 0.70 - 1 = -0.30; \text{AM} = (0.02 - 0.14 - 0.30) / 4 = \mathbf{-0.105}$$

$$\text{Variance} = \frac{\sum[(\text{HPY} - \text{E}(\text{HPY}))^2]}{N}$$

$$\sigma^2 = (0.02 - 0.105)^2 + (-0.14 - 0.105)^2 + (-0.30 - 0.105)^2 / 4 =$$

$$(0.007225 + \mathbf{0.0600} + 0.164) / 4 = \mathbf{0.057}$$

**Standard deviation is square root of variance**

$$\sigma = \sqrt{0.057} = 0.238 = \mathbf{23.8\%}$$

**Investment in Mortgage Loans**

$$\text{HPR}_{2016} = 0; \text{HPR}_{2016-2017} = \frac{210,706}{170,658} = 1.23, \text{HPY} = 1.23 - 1 = 0.23;$$

$$\text{HPR}_{2017-2018} = \frac{236,158}{210,706} = 1.12, \text{HPY} = 1.12 - 1 = 0.12; \text{HPR}_{2018-}$$

$$2019 = \frac{222,217}{236,158} = 0.94, \text{ HPY} = 0.94 - 1 = -0.06; \text{ AM} = (0.23 + 0.12 - 0.06) / 4 = \mathbf{0.0725}$$

$$\text{Variance} = \frac{\sum[(\text{HPY} - \text{E}(\text{HPY}))^2]}{N}$$

$$62 = (0.23 + 0.0725)^2 + (0.12 + 0.0725)^2 + (-0.06 + 0.0725)^2 / 4 \\ = (0.091 + 0.037 + 1.56) / 4 = \mathbf{0.422}$$

**Standard deviation is square root of variance**

$$\sigma = \sqrt{0.422} = 0.649 = \mathbf{64.9\%}$$

### **Ecobank Portfolio return and Risk**

The return of portfolio is equal to the weighted average of the returns of individual assets (or securities) in the portfolio with weights being equal to the proportion of investment in each asset.

Ecobank's investment portfolio of 2016-2019 is mainly composed of on financial investments of 16.24% including Government Treasury Bills with 11.87%, Government Bonds 4.21%, Corporate Bonds of 0.16%; investments with other banking institutions of 24.71% including Placements with other Banks with 18.61%, and Placements with Affiliates with 6.09%; and investments in loans and advances to customers of 59.06% including Term Loans 43.34%, Overdrafts 14.69%, Mortgage Loans and loans 1.03%. Suppose that financial investments symbolized by (FI), investments with other banking institutions

be symbolized by (IBI), investments in loans and advances to customers be symbolized by (LAC).

**Financial investments (FI)**

$$\text{HPR}_{2014=0}; \quad \text{HPR}_{2016-2017} = \frac{864,301}{210,138} = 4.113019495, \quad \text{HPY} =$$

$$4.113019495 - 1 = 3.113019495$$

$$\text{HPR}_{2017-2018} = \frac{1,244,796}{864,301} = 1.440235378, \quad \text{HPY} = 1.440235378 -$$

$$1 = 0.440235378$$

$$\text{HPR}_{2018-2019} = \frac{2,068,419}{1,244,796} = 1.661652672, \quad \text{HPY} = 1.661652672 -$$

$$1 = 0.661652672$$

$$\text{AM} = (3.113019495 + 0.440235378 + 0.661652672) / 4 = 1.053$$

$$\text{Variance} = \frac{\sum[(\text{HPY} - \text{E}(\text{HPY}))^2]}{N}$$

$$62 = (3.11 - 1.053)^2 + (0.44 - 1.053)^2 + (0.66 - 1.053)^2 / 4 =$$

$$(4.231249 + 0.375769 + 0.154449) / 4 = 1.19$$

**Standard deviation is square root of variance**

$$\sigma = \sqrt{1.19} = 1.09 = 109\%$$

**Investments in other Banking Institutions (IBI)**

$$\text{HPR}_{2016=0}; \quad \text{HPR}_{2016-2017} = \frac{313,131}{373,712} = 0.837893806, \quad \text{HPY} =$$

$$0.837893806 - 1 = -0.162106194$$

$$\text{HPR}_{2017-2018} = \frac{923,596}{313,131} = 2.949548692, \text{HPY} = 2.949548692 - 1 = 1.949548692$$

$$\text{HPR}_{2018-2019} = \frac{497,482}{923,596} = 0.538635892, \text{HPY} = 0.538635892 - 1 = -0.461364108$$

$$\text{AM} = (-0.162106194 + 1.949548692 - 0.461364108) / 3 = 0.33$$

$$\text{Variance} = \frac{\sum[(\text{HPY} - \text{E}(\text{HPY}))^2]}{N}$$

$$62 = (-0.16 - 0.33)^2(1.94 - 0.33)^2 + (-0.46 - 0.33)^2 / 4 = (0.2401 + 2.5921 + 0.62) / 4 = 0.86$$

**Standard deviation is square root of variance**

$$\sigma = \sqrt{0.86} = 0.927 = 92.7\%$$

**Investment in Loans and Advances (LAC)**

$$\text{HPR}_{2016=0}; \text{HPR}_{2016-2017} = \frac{12,232,299}{11,161,524} = 1.095934477, \text{HPY} = 1.095934477 - 1 = 0.095934477$$

$$\text{HPR}_{2017-2018} = \frac{11,101,590}{12,232,299} = 0.907563639, \text{HPY} = 0.907563639 - 1 = -0.092436361$$

$$\text{HPR}_{2018-2019} = \frac{7,780,406}{11,101,590} = 0.700837113, \text{HPY} = 0.700837113 - 1 = -0.299162887$$

$$AM = (0.095934477 - 0.092436361 - 0.299162887) / 4 = -0.073$$

$$\text{Variance} = \frac{\sum[(HPY - E(HPY))^2]}{N}$$

$$\sigma^2 = (0.095 - 0.073)^2 + (-0.092 - 0.073)^2 + (-0.29 - 0.073)^2 / 4 = (0.000484 + 0.027225 + 0.13) / 4 = 0.04$$

**Standard deviation is square root of variance**

$$\sigma = \sqrt{0.04} = 0.2 = 20\%$$

**Table 5: Ecobank Portfolio**

	FI	IBI	ILA	Correlation Coefficient
Expected return (%)	1.053	0.33	-0.073	-0.0143
Standard deviation (%)	109	92.7	20	
Proportion Investment (%)	16.24	24.71	59.06	

**Source:** Secondary data, 2018

$$\sigma_p^2 = \sigma_x^2 w_x^2 + \sigma_y^2 w_y^2 + 2w_x w_y \sigma_x \sigma_y \text{cor}_{xy}$$

$$\sigma^2 = (16.24)^2 (109)^2 + (24.71)^2 (92.7)^2 + (59.06)^2 (20)^2 + 2 * 16.24 * 24.71 * 59.06 * 109 * 92.7 * 20 * -0.0143 = 3,133,466.43 + 5,246,926.24 + 1,395,233.44 - 136,979,152.17 = (127,203,526.06)$$

$$\sigma_p = \sqrt{(127,203,526.06)} = 11,278.45$$

The standard deviation of Ecobank portfolio as shown in the above computation is **11,278.45%**, which is less compared to the standard deviation of every single investment of Ecobank and when you compare a portfolio expected return of **21%** and its standard deviation, it shows that the expected return of Ecobank portfolio is greater than its risk, but when you compare it to a single investment, portfolio investment is less risky than single investment. This makes to conclude that Individual assets or securities are more risky than the portfolio investment.

### **Ecobank Portfolio Expected Rate of Return**

**Assuming there are n assets, then the portfolio expected return is given**

**by**

$$E(r_{portfolio}) = [w_1 \times E(r_1)] + [w_2 \times E(r_2)] + [w_3 \times E(r_3)] + \dots + [w_n \times E(r_n)]$$

**Where:**

**W<sub>1, 2, 3</sub>:** Proportion Investment (weight) of different assets respectively within a portfolio

**E (r<sub>1, 2, 3</sub>):** expected rate of return of individual assets within a portfolio

**Table 4:** Ecobank Weight in Portfolio and expected return for each security

	<b>FI</b>	<b>IBI</b>	<b>ILA</b>
<b>Expected return (%)</b>	<b>1.053</b>	<b>0.33</b>	<b>-0.073</b>
<b>Proportion Investment(%)</b>	<b>16.24</b>	<b>24.71</b>	<b>59.06</b>

**Source:** Secondary data, 2018

$$E_P = (1.053 * 16.24) + (0.33 * 24.71) + (-0.073 * 59.06)$$

$$= 17.10072 + 8.1543 - 4.31138 = 21\%$$

This is expected return of portfolio of Ecobank which is equal to **21%**

It is confirmed by the idea of Reilly & Brown (2012), who said that expected return demonstrates how much investors want to derive in the future return. To do this, investor needs to assign the probability value to all possible returns. The probability was computed on the basis of the historical performance or similar investment modified by investor's expectation in the future. The weight applied to each return is the fraction of the portfolio invested in that security.

**Table 5:** Ecobank Portfolio Performance

	<b>FI</b>	<b>IBI</b>	<b>ILA</b>
<b>Expected return (%)</b>	<b>1.053</b>	<b>0.33</b>	<b>-0.073</b>
<b>Standard deviation (%)</b>	<b>109</b>	<b>92.7</b>	<b>20</b>
<b>Proportion Investment(%)</b>	<b>16.24</b>	<b>24.71</b>	<b>59.06</b>

**Source:** Secondary data, 2020



## Covariance of Ecobank Rwanda Investments

$$\sum_{t=1} [(1.053 - 21) * (0.33 - 21) * (-0.073 - 21)]$$

$$\text{Cov}(r_{FI}, r_{IBI}, r_{ILA}) = \frac{\dots}{4 - 1}$$

$$= \frac{[-19.947 * -20.67 * -21.073]}{4 - 1} = (2,896.16)$$

Portfolio covariance in this research equal to negative result of -2,896.16. Negative number of covariance shows that rates of return of two or more assets are moving in the contrariwise directions: this indicated the when returns on financial investments (IF), and investments with others Banking institutions are above its mean of return (positive), the returns of the other asset invested by Ecobank in Loans & Advances to customers (LAC), is tend to be the negative and vice versa.

This confirms the idea of De Brouwer (2009) which says that covariance is a measure of how much two random variables varies together.

## Correlation Coefficient of Ecobank Rwanda Investments

The correlation coefficient between two assets A, B, and C ( $k_{ABC}$ ) can be calculated using the next formula:

$$\text{Cov}(r_A, r_B, r_C)$$

$$\tilde{n}_{A,B,C} = \dots =$$

$$\delta(r_A) * \delta(r_B) * \delta(r_C)$$

$$\frac{(2,896.16)}{14.3\%} = \frac{(2,896.16)}{109 * 92.7 * 20} = \frac{(2,896.16)}{202,086} = -0.0143$$

According to the above correction result, there is perfectly negative correlation once correlation coefficient is -0.0143 that means the Ecobank asset returns have a perfect inverse linear relationship to each other.

### **Ecobank Portfolio Discounted Profitability Index (DPI)**

Discounted profitability index refers to a return per every RWF 1 invested, calculated as follow:

**Table 5:** Ecobank Portfolio Discounted Profitability Index (DPI)

<b>Asset class/Investments vehicles</b>	<b>Total Return (2016-2019)</b>	<b>Total Assets (2016-2019)</b>	<b>Discounted Profitability Index(DPI)</b>	<b>DPI (%)</b>
Financial Investments (FI)	4,387,653.8	81,772,666.2	0.05	5
Due from others Banking institutions (IBA)	2,107,920.9	124,428,460.0	0.02	2
Loans & Advances to customers (LAC)	42,275,819.9	297,411,743.3	0.14	14
<b>Total Portfolio</b>	<b>48,771,394.6</b>	<b>503,612,869.5</b>	<b>0.10</b>	<b>10</b>

**Source:** Secondary data, 2020

This indicated that every RWF 1 invested by Ecobank in financial investments (IF), generates Rwf 0.05; every RWF 1 invested by Ecobank in investments with others Banking institutions (IBI), generates Rwf 0.02; whereas RWF 1 invested by Ecobank in Loans & Advances to customers (LAC), generates Rwf 0.14. This indicated that the investment in Loans & Advances to customers by Ecobank is more profitable compared to the rest of mentioned investments.

## 6. Conclusion

This study focused on analysis of strategic portfolio investments and financial performance of Ecobank Rwanda. Portfolio management is a very important in development, survival, sustainability, growth and performance of investment companies. An investment does not translate to high returns in all cases. Therefore, portfolio management should be well managed in order to obtain an optimal level of returns. Portfolio management is an important factor in determining the profitability of the investment firms.

Portfolio covariance in this research equals to negative results of -2,896.16. The correlation coefficient between the above mentioned Ecobank assets is 0.0143 closely related to their covariance. The standard deviation of Ecobank portfolio is 11, 278.45, which is less compared to the standard deviation of every single investment. With portfolio expected return of 21%.

The negative covariance of Ecobank assets means their returns move in contrariwise directions, thus can be put in the same portfolio and the portfolio risk could be diversified or decreased.

With 0.0143 correlation coefficient, there is no linear relationship between the returns of Ecobank assets, thus combining those assets reduces the risk portfolio. Looking standard deviation figures makes the researcher to conclude, that Individual assets or securities are riskier than the portfolio investment. Out of every RWF 1 invested, Ecobank portfolio generates RWF 0.10 (10%), loans and advances to customers on

the top of other assets generating RWF 0.14 (14%) per every RWF 1 invested in.

Total operating expenses of Ecobank Rwanda Ltd increased from 10.6 billion out of 6 billion incomes in 2018 to 11 billion out of 8 billion in 2019, which is negatively impacted the overall company performance being in loss of 3 billion in 2018 and 2 billion in 2019.

## **Recommendations**

After conducting this research, the researcher recommends the following:

1. Ecobank Rwanda Ltd to improve diversification of portfolio which will increase its investment performance,
2. Ecobank Rwanda Ltd to take some measures about cost optimization to cut off or reduce operating expenses which are the main root causes of losses,
3. Ecobank Rwanda Ltd to improve the asset allocation
4. The management of Ecobank Rwanda Ltd to reduce investment in Due from others Banking institutions (IBA) because expected return is very low compared to the risk and it reduces considerably the expected return while increase portfolio risk.
5. Ecobank Rwanda Ltd to increase investment in Loans & Advances to customers (LAC) to reduce its portfolio risk.

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**PRACTICES OF SOCIO-CULTURAL BELIEFS  
AND THEIR INFLUENCE ON THE HEALTH OF  
CHILDREN IN RURAL COMMUNITIES OF  
RWANDA**

**A CASE OF MUSEBEYA SECTOR- SOUTHERN  
PROVINCE**

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## **ABSTRACT**

*This study aimed at examining the influence of socio-cultural beliefs and practices on the health of children in rural communities of Rwanda. The work was conducted in 15 communities of Musebeya sector in Southern province. To achieve the overall objective, the study itemized a number of specific objectives to be targeted including the identification of the main socio-cultural beliefs and practices that are prevalent in Musebeya sector, to investigate the reasons behind the prevalence of traditional beliefs and practices in the targeted area, to find out the relationship between traditional and modern beliefs and practices and finally to determine the influence of socio-cultural beliefs and practices on the health of children. The participants of the study were 196 in total and three types of instruments were employed to them to generate information including 40 semi-structured administered questionnaires and 12 semi-structured interviews while Focus Group Discussions were conducted to 144 community members. The study is qualitative and the purposive sampling technique was the best option to decide what needs to be known and set out to find people who can and are willing to provide the information by virtual of knowledge and experience.*

*In the area covered by the study, the result indicated that whereas tradition is supposed to be invariable, they are seen as more flexible and subject to innovation and change, traditional beliefs and practices are still very prevalent; while some are negative others are positive. The study reveals that, as modern health care is gradually growing, it is also important to*

*understand the role of traditional healing in children's lives in order to identify and discourage the harmful aspects, incorporate positive aspects as well as its practitioners to promote a culturally sensitive and accessible health care system. Since modern health workers do not entrust power of some traditional healers, it is therefore required to build up a strong collaboration with them especially those recognized traditional healers in order to perform an adequate healthcare system.*

**Key words:** culture, tradition, modern, beliefs, practices, children, health, parents, rural area

## **1. Introduction**

Throughout human history, societies have had particular perceptions of health and diseases rooted in their own culture which have led to a plurality of practices for health improvement and disease prevention and cure. The importance of this study resides in locating those traditional and modern beliefs and practices in Rwanda today, by examining their influences on the health of children and tries to suggest actions or recommendations that can be useful to both traditional and modern cultural patterns to ensure the adequate health of children.

## **2. Background to the study**

All people, no matter the race, have their beliefs and practices concerning health and living patterns. Each society or community has its peculiar way of doing things and these practices go a long way in influencing the people's perception, attitudes and behavior in the management of diseases and health related problems that befall them (WHO, 2007). The cultural practices of people not only affect their health but also affect all aspects of life including social relationships, contribution to societal functioning and disease condition. Man living in an interactive society is affected by what happens in his environment and how he reacts to it (Omono, 2012). African continent is one of the largest continents of the world and it is a multi-ethnic society with its peculiar nature and diverse practices (Ojua, 2012). Not all cultural/traditional practices are bad however, some have stood the test of time and have positive values, and others are uncertain and negatively harmful. It is essential to have an idea about cultural practices of some communities because the practices a community adopts fulfill certain purposes for the culture bearers (Idehen, 2007).

Culture according to Edward Tylor (1871) quoted by Abasiokong (2010), "is that complex whole which includes knowledge, belief, art, morals, law, customs and any other capabilities and habits acquired by man as a member of the society". World Health Organization (WHO) defined Health "as a state of complete physical, mental and social wellbeing and not merely the absence of disease or infirmity". It is a

fundamental right of everyone. Culture has been classified into its material and non-material aspects. While material culture refers to the visible tactile objects which man is able to manufacture for the purposes of human survival; non-material culture comprises of the norms and mores of the people. While material culture is concrete and takes the form of artifacts and crafts, non-material culture is abstract but has a very pervasive influence on the lives of the people of a particular culture. Hence beliefs about what is good and what is bad, together with norms and taboos, are all good examples of non-material culture. Antia (2005: 17) "culture is not fixed and permanent. It is always changed and modified by man through contacts with and absorption of other peoples' cultures, a process known as assimilation". Etuk (2002: 25) has also observed that "cultures are not static, they change. Because of the generational aspects and relation to other cultural categories (i.e. race, ethnicity), some view socioeconomic status and poverty as the key disadvantages in society trumping other cultural categories such as gender and race/ethnicity alone (Payne, 2006). Socioeconomic status and poverty have profound effects on children's development. The effects of poverty contribute to deficiencies in cognitive outcomes, school achievement, emotional or behavioral outcomes, and other areas like teenage pregnancy, increased child abuse and neglect, increased violent crimes, and fear of neighborhoods (Brooks.2004). One aspect of healthcare is how a culture organizes the health system in terms of public or private access to care. Access to healthcare is mediated by socioeconomic factors, and only the wealthy receive quality care.

Healthcare is widely accessible by all regardless of income level or insurance status. Many aspects of culture can affect successful and effective treatment approaches including religion and spirituality, social support networks, beliefs and attitudes about causes and treatments, socioeconomic status, and language barriers (Matsumoto, Juang,2008). This study aims at examining the practices that are associated with socio-cultural beliefs and their influence on the health of children in rural communities of Rwanda by viewing the relationship between traditional and modern culture.

### **Problem statement**

Each cultural group brings its own perspectives and values to the health system, and many contemporary health beliefs and practices differ from those of the traditional health culture. Some cultural groups do exploit their cultural capital to the distinct advantage of health and developmental outcomes, whereas other groups do not fare so well (Oppedal and Roysamb, 2004). Migration and globalization have created significant economic, organizational, health and social-psychological change; and this speed of change has occurred at unprecedented levels in the past few decades. While multicultural societies have only relatively recently been acknowledged in the western world, in many parts of the developing world culturally distinct groups have co-existed in relative harmony or conflict for hundreds of years. How such social and cultural change has affected, and is affecting children



and young people's well-being should be of vital interest to child health workers, researchers and policy makers.

There has been a great deal of interest in the effects of migration, the influence of culture and its impact on mental and physical health in the social sciences, at least since the 1960s (Helman,2000). Interest in the influence of culture specifically on children's health and development extends across a range of disciplines, including anthropology, sociology, philosophy and psychology. Despite this, there has been a relative lack of empirical literature in this field, especially examining children's cultural identity and emotional and psychological well-being. Certain 'cultural 'practices particularly in the context of child abuse such as coining, faith healing, and medical neglect have been described (Ertem and Bingoler, 2002), but in general, interest in the cultural beliefs and practices related associated with health of children has been minimal. Rural communities usually had their position, disposition, or view toward each of the child health practices.Cultural differences express an influence on rural communities' attitudes about child healthcare and their ability to understand, manage, and cope with the course of an illness, the meaning of a diagnosis, and the consequences of medical treatment.Although many health practitioners are focused on improving child health in rural communities, some may not understand cultural values and the health problems in those communities and may not know where to start. "Improving health" is a complicated problem in rural communities and is hard to recognize without understanding how those communities understand health and illness (Agyei

Baffou, 2013). It is important to understand the cultural patterns of rural communities because they are distinctive and unique.

Most of the health concerns are accompanied by lack of knowledge on cultural beliefs and practices regarding the health of rural communities allowing for communal health related issues to be addressed and uncommon ones to go undiagnosed/unsolved (Matthews and Briggs, 2011). Despite many studies made about healthcare in Rwanda, literatures and researches in the past have described Rwandans from a western standpoint and there are very few studies about how rural communities express their beliefs and practices on children' health point of view. As far the study is concerned, and upon the identified gap, the researchers attempted to conduct this study under the purpose of examining the influence of socio-cultural beliefs and practices on the health of rural communities but specifically of children.

### **3. Objective of the study**

The study was undertaken under two objectives namely general and specific objectives as delivered below:

#### **4.1. General objective**

The general objective of the present study was to examine the influence of socio-cultural beliefs and practices on the health of children in rural communities of Rwanda.

## **4.2. Specific objectives**

In order to reach the main objective of the study, the following specific objectives are targeted:

- i. To identify the main socio-cultural beliefs and practices that are prevalent in Musebeya sector
- ii. To investigate the reasons behind the prevalence of traditional beliefs and practices in Musebeya sector for the children's health purpose
- iii. To find out the relationship between traditional and modern beliefs and practices for children's health purpose in Musebeya sector
- iv. To determine the influence of socio-cultural beliefs and practices on the health of children in Musebeya sector

## **5. Literature review**

In this section, the three types of theories associated with the study are going to be discussed. Those include the Socio-cultural theory, Cultural evolutionary theory and a Theory of Child Wellbeing.

## **5.1. Socio-cultural theory**

Wertsch (1991) proposed three major themes in Vygotsky's writings that explicate the nature of the interdependence between individual and social processes in learning and development. The first is that individual development, including higher mental functioning, has its origins in social sources. This theme is best represented in Vygotsky's "genetic law of development": "Any function of the child's cultural development appears on the stage twice, or on two planes, first the social, then the psychological, first between people as an intermental category, then within the child as an intramental category" (Vygotsky, 1997).

The second Vygotskian theme that Wertsch (1991) has identified is that human action, on both the social and individual planes, is mediated by tools and signs: semiotics. These semiotic means include: "language; various systems of counting; mnemonic techniques; algebraic symbol systems; works of art; writing; schemes, diagrams, maps and mechanical drawings; all sorts of conventional signs and so on" (Vygotsky, 1981). These semiotic means are both the tools that facilitate the co-construction of knowledge and the means that are internalized to aid future independent problem solving activity. The child has only to come to an understanding that it is adequate for using the culturally elaborated object in the novel life circumstances he encounters (Griffin and Cole, 1989).

## **5.2. Cultural evolutionary theory**

The growth and age structure of human populations are both affected by norms and beliefs of their members. A predominantly agricultural lifestyle produced higher population growth than the hunting-gathering lifestyle it replaced (Bocquet Appel J, 2002). This increased growth was most likely due to the spread of a complex of cultural traits (Ammerman AJ, *et al.*, 1984) whose adoption may have created conditions that favored the accumulation of subsequent culturally transmitted behaviors (Henn and Feldman , 2012). Projections usually use fixed values for birth and death rates; however, religious preferences, marriage customs, dietary choices, population subdivision, and mortality profiles may affect fecundity but are usually not part of demographic models. Further, aspects of cultural transmission, such as prestige bias and the choice of non-parental cultural role models, can facilitate the spread of fertility-reducing behaviors (Boyd and Richerson, 1985). Thus, cultural evolutionary approaches should be integrated into demography, especially the processes that have led to fertility decline (Colleran, 2016).

## **5.3. A Theory of Child Wellbeing**

The theory begins with the stage-appropriateness which reflects on the fact that any theory of child well-being should be developmental, with the “whats” changing as a function of “whens”, relative to a child’s developmental age. Successful

future is supposed to represent the idea that child well-being is in part well-becoming (Arieh, 2011) and captures success at any stage of the future of a child including adulthood. Indeed, anyone's well-being is in part well becoming; for children, the forward-looking component is especially crucial because many of the skills they are developing can only be acquired in childhood, and the ultimate purpose of such acquisition is the successful use of these skills in adulthood. Environment reflects the fact that both age-appropriateness and successful future depends in part of the social, economic, cultural environment. Children exist within a complex social ecology, and well-being is in many ways a goodness of fit between the child and his/her environment (Earls and Carlson, 2001). What constitutes a successful future is, of course, a big question, one which we do not pretend to answer. Conceptually, the notion of child well-being depends on the notion of successful adulthood, but for purposes of measurement we can rely on an overlapping consensus within a given community about what it means to function well as an adult (Keyes *et al.*, 2002)

## **6. Empirical Studies**

To understand the influence of socio-cultural beliefs and practices on child health, we need to first grapple with the processes of enculturation, acculturation and cultural identity formation. The earliest definition of 'acculturation' still has prevalence today (Redfield and Linton, 1935).

Acculturation was defined then as ‘phenomena, which results when groups of individuals having different cultures come into continuous first-hand contact with subsequent changes in the original culture patterns of either or both groups’. Acculturation is therefore a dynamic process that affects both (or many) groups simultaneously. Acculturation occurs when an individual responds to the influence of dominant (second) culture, whereas enculturation occurs when an individual is socialized into his or her own cultural group (Helms, 1990). Culture, identity and well-being are all complex constructs, and simplifying any one of them to try and tease out the relationship between the others, is not appropriate. In this challenging field of scientific enquiry, what we do not know far outweighs what we know. We do know that cultural influences are a significant determinant in children’s health and development (Fischer and Moradi, 2001).

The influence of cultural factors in the child’s behavior and development and parenting practices of the family have to be taken into account (Finkelh and Korbin, 1988). A child is born as a member of a family and society, as well as of a certain culture. Children are affected by cultural, social, and spiritual aspects of the environment they live in (Kyle and Carman, 2013). The key to have healthy societies is to have healthy children. Child health affects the society’s health in both long and short run and plays a significant role in determining a society’s level of development (Conk and Yardimci, 2013). Genetic factors, culture, family structure, education, individual characteristics, nutrition, intrauterine factors, poverty,

migration, religion and faith, and globalization are among the factors that affect children's health and quality of life (Toruner and Buyukgonenc, 2017). In addition to such factors, children's health and quality of life are affected also by specifics of the culture they belong to. Children learn their beliefs, values, capabilities, knowledge and skills from their families and their culture. Furthermore, culture plays an important role in socialization and development of children (Melendez, 2005). Cultural background holds a significant place in children's social and emotional development, as well as improvement of their motor and cognitive skills (Hockenberry, 2011). Traditions, cultural values, attitudes and behaviors help in children's rearing in the society and relays the family structure from generation to generation (Kakai, 2003). Cultural is a comprehensive concept that contains children's states of health, illness, and well-being. Furthermore, cultural practices of families are directly related to children's health. Cultural practices affect children's and families' conceptions of health, as well as children's social development, attitudes towards health problems they experience, conception of illness, reaction to illness and therapy (Ojua and Ndom, 2013). Along with cultural values, concepts of religion and spirituality hold a significant place in lives of the individual and society. Due to cultural differences in individual and society, differences emerge in conception and expression of concepts such as health, illness, and pain. Such differences may cause various problems between healthcare professionals and families. Healthcare professionals are sometimes unable to fully understand feelings



and reflections of children. Cultural differences may be one of the reasons to this (Pektekin, 2013).

## **7. Methodology and sampling**

This research uses rigorous scientific techniques (questionnaires, interviews and Group discussions). It relied on qualitative and quantitative methods with the aim of gathering diverse quality information. Guest, Namey and Mitchell (2013) mentioned that the qualitative research methods are normally used to understand the why and how of human behaviour in general, including the experiences, and opinions. The 196 participants were selected in Musebeya sector (as a rural area). To select such participants, the technique of purposive sampling was applied. According to Tongco (2007), “The purposive sampling technique also called judgmental sampling is a type of Non probability sampling that is most effective when one needs to study a certain cultural domain with knowledgeable expert within. Simply put, the researchers decided what needs to be known and set out to find people who can and are willing to provide the information by virtual of knowledge and experience (Bernard, 2002, Lewis and Sheppard, 2006). The purposive sampling is especially exemplified through the key informant technique where in one or a few individuals are solicited to act as guides to a culture. Key informants are observant, reflective members of the community of interest who know much about the culture and who are able and willing to share their knowledge (Campbell, 1955, Tremblay, 1957, Seidler, 1974 and Bernard, 2002).

As far as this technique is concerned, the researchers have chosen subjects who in their opinions were likely to supply information relevant to the research problem. The judgment of the researchers in selecting the respondents was more useful than the representativeness of the sample. The researchers conducted the Focus Group Discussions to 144 community members, a semi-structured administered questionnaire to 40 parents and a semi-structured interview to others 12 parents. The number of all participants in this study was 196 in total and the study was conducted in 15 communities (villages) of Musebeya sector: Mugano, Rugazi, Masinde, Nyarubura, Cyarwa, Gitovu, Mujejuru, Ruganza, Nkomero, Rubumburi, Giheta, Ngoma, Gatovu, Nyarubande, Ryanyakayaga. The parents who were targeted consisted of those whose children are less than 18 years old. The United Nations Convention on the Rights of the Child (UNCRC) “a child is as everyone under 18, unless under the law applicable to the child, majority is attained earlier.

**Table 1: Distribution of participants in Focus Group Discussions**

<b>Participants</b>	<b>Focus Group Discussion</b>	<b>Groups</b>	<b>No of Participants</b>
Parents	Parents of children under 10	Group 1	20
	Parents of children 11-18	Group 2	20
Local community leaders	Local community leaders 1-5 years in service	Group 3	10
	Local community leaders 6-10 years in service	Group 4	10
Local	Local Traditional healers 1-5	Group 5	6

Traditional healers	years in service		
	Local Traditional healers 6-10 years in service	Group 6	6
Modern healers	Modern healers 6-10 years in service	Group 7	6
	Modern healers 11-15 Years in service	Group 8	6
Community Health Workers	Community Health Workers 1-3 years in service	Group 9	10
	Community Health Workers 4-6 years in service	Group 10	10
Religious Leaders	Religious Leaders 6-10 Years in service	Group 11	10
	Religious Leaders 11-15 Years in service	Group 12	10
Teachers	Teachers 6-10 Years in service	Group 13	10
	Teachers 11-15 Years in service	Group 14	10
<b>Total</b>			<b>144</b>

**Source: Field Data, May 2021**

### **7.1. Data analysis**

Given the exploratory aims of the present study, its analysis was based on the inductive from specific observations to broader generalizations and deductive models (works from the more general to the more specific), which aim to give meaning to raw

data and make sense of them (Blais and Martineau 2006, Merriam, 2002). The descriptive and inductive orientations of this analytical approach seek to construct meaning attached by individuals to phenomena.

## **8. Presentation of findings and discussions**

The literature has declared that, the beliefs in different societies are dissimilar according to every society’s culture. The way parents believe towards their children’s health will influence the children’s future. In this section, the researchers attempted to discuss and justify the specific objectives.

### **8.1. The main socio-cultural beliefs and practices in Musebeya sector**

The present section attempts to identify the socio-cultural beliefs and practices that are prevalent in Musebeya sector. Simply put, the indicators were divided into two sub-sections such as modern and traditional related factors. Both sections intend to demonstrate the difference between modern and traditional resistance in area of the study. The results shown in Tables 2 and 3 below are associated with the 1<sup>st</sup> specific objective of the study.

**Table 2: Distribution of respondents about modern culture related factors**

<b>S/N</b>	<b>Indicators</b>	<b>Frequency</b>	<b>Percent</b>
1	I take my children to modern health facilities (nurses, doctors, Community Health Workers	52	100

2	I keep basic modern medicines at home	18	34.6
3	We use family planning methods at home	29	55.8
4	I Speak to my female children about reproduction, sexual intercourse and body changes	3	5.8
5	My children wash hands with soap after toilet use	3	5.8
6	My children share domestic activities regardless of sex	18	34.6
7	My Children wash hands with soap before and after taking every meal	10	19.2
8	My children brush teeth every day	5	9.6
9	I prefer 5 children or less	23	44.2
10	I visit my children at school at least once a term	4	7.7
11	I feed my children with eggs, milk and meat at least once a week	2	3.8
12	I feed my children with Fruits, Sugar at least once a week	11	21.2

**Source:** Field data, May 2021

Table 2 contains the results gathered from 52 parents whom interview and questionnaire instruments were addressed. In their

responses, the respondents affirmed that they have all consulted the modern health facilities for treatment of their sick children and these include nurses, doctors and community health workers as well as pharmacies. The results have proved that parents recognize the role and contributions of modern health facilities; however, the parents corresponding to 34.6% can keep some modern medicines in their homes just for basic treatment of their children. The 5.8% of parents are only among others who affirmed to speak to their female children about the aspect of reproduction, sexual intercourse and body changes (Nolin and Petersen, 1992). Hygiene and sanitation was identified as a serious issue which is not taken into consideration by parents as they cannot encourage nor train their children to brush teeth, wash hands with soap after toilet use nor when they are ready to take everyday meal as respectively corresponding to 9.6, 5.8 and 19.2% (Save the Children International, 2021).

Surprisingly, parents cannot feed their children with eggs, milk, meat, or Fruits because not only they cost much but they are not aware of their importance; and even when they are produced at household level, a big part of production is sold for money making purpose and the earned income is used to purchase other necessities less important than children's health (Van de Poel, 2008, Henn and Feldman, 2012).

**Table 3: Distribution of respondents about traditional culture related factors**

S/No	Indicators	Number of respondents n=52	Percent
1	I visit traditional healers once my child falls sick or wounded	48	92.3
2	I treat my children by myself with traditional medicines	50	96.6
3	My children got recovered with traditional medicines	38	73.1
4	I grow medical herbs nearby my home	29	55.8
5	I keep basic traditional medicines at my home	46	88.5
6	I pay less in traditional healing than modern treatment	20	38.5
7	Traditional medicine caused side effects to my children	3	5.8
8	I trust traditional healing the same as modern treatment	11	21.1
9	I trust traditional healing much more than modern treatment	6	11.5
10	I trust traditional healing less than modern treatment	35	67.3

**Source:** Field data, May 2021

Table 3 does not much differ from table 2 because both of them endeavor to identify the existence of modern and traditional beliefs and practices and their dissimilarities in terms of

domination between them. The statistics indicated that 92.3% of parents consulted traditional healers and 96.6% have tried to treat sick children with traditional medicines and the outcome was positive which is associated to 73.1% who affirmed that their children were successful recovered and no side effects appeared to their children (94.2%) while 55.8% of those parents grow medical herbs nearby homes. This showed that, in the area covered by the study, traditional beliefs and practices are still very prevalent in the area and some are negative while others are positive. On the side of negative, this combined with the limited access to information, cultural proximity and resistance, ignorance, lack parental care and financial related problems.

## **8.2. Reasons behind the prevalence of traditional beliefs and practices in Musebeya sector**

During the discussions, the participants revealed the reasons why traditional beliefs and practices are still prevalent in Musebeya sector and these included the cultural proximity, cultural resistance, and lack of information, ignorance, imitation or community pressure as well as trust. Cultural proximity is defined as the extent to which people perceive similarities or differences between two cultures (Miller, 2009).

The results showed that the cultural proximity as the cause of persistence of traditional beliefs and practices in targeted communities is based on characteristics like sharing language, food and drinks, social facilities, religion and lifestyle. Other factors include closeness of social frameworks, power distributions, and societal values (Babiker *et al.*, 1980; Wang,



2009). For cultural resistance, the results gathered from participants indicated that cultural resistance depends on the nature of and relationship between the cultural production and the specific values, norms, and identities of people in communities (Bloch, 2012). Ignorance which is associated with the lack of information were identified as factors which push people to continue being involved in traditional culture on the matter of fact that they are not able to make the difference with modern culture. The community members who perform a certain fraction of traditional culture and don't encounter side effects rather the outcome becomes positive, the degree of dependence and trust gets increased as stated by participants.

### **8.3. Relationship between traditional and modern beliefs and practices**

This relationship is defined either as negative or positive which is respectively known as relationship of opposition and relationship of collaboration. The current sub-section comes to respond to the 3<sup>rd</sup> specific objective of the study. Here below, the researchers tried to explain such relationship.

**Table 4: Relationship between traditional and modern beliefs**

	<b>Indicators</b>	<b>Relationship</b>
1	Modern health workers neglect traditional healers or vice versa	Opposition
3	Neglect of family planning methods by parents	Opposition
4	Keeping of both traditional and modern	Collaboration

	medicines in homes	
5	Transfer of Sick children from modern health workers to tradition healers or vice versa	Collaboration
6	Legal recognition of traditional healers	Collaboration

**Source:** Field data, May 2021

The table No 4 reveals how the relationship between traditional and modern beliefs was identified through two factors namely relationships of Opposition (Separation) whereby modern and traditional beliefs don't express any cooperation model while for the relationship of collaboration (complementally) the two systems try to figure out the mutual assistance (BOUDON and BOURRICAUD, 2000). In other words, the relationship of opposition appears to be negative on the children's health while relationship of collaboration is positive. However, the relationship of opposition can not only be negative but also positive since some traditional harmful beliefs and practices are rejected by modern beliefs.

#### **8.4. Influence of Socio-cultural beliefs and practices on the health of children**

This section comes to enlighten the findings gathered through Focus group discussions held with 144 participants. It aims at determining how Socio-cultural beliefs and practices influence the health of children in Musebeya sector.

Since the current section targets the 4<sup>th</sup> specific objective of the study, but it also reflects on the 3<sup>rd</sup> specific objective which

refers to the relationship between traditional and modern beliefs and practices.

#### **8.4.1. Family planning**

With this indicator, women are involved and encouraged in family planning scheme. Alongside with using artificial family planning methods, only after a certain period of time when they realize that they are encountering unusual changes that are detrimental to their bodies, do many women immediately discontinue the procedure and thus continue to have unlimited births. The participants expressed that the meaning of having few children is between 4-7 births and many births are from 7 above. An example given by the participants was that there are girls who can give birth to two unplanned births from the age of 15-18 so that after marrying a man she gives birth like other 4 children more. In this given example, it was shown that the highest number of unintended births is 2 children. In the area of study, 70% of young girls leave home to work away from home and after a certain period of time they return home with babies mostly with unrecognized fathers. Then after, such teen mothers leave babies with grandparents and may go back for another work not due to their wishes or willing but to put off the embarrassment or stigmatization from community members. Unfortunately, household condition may be vulnerable for not able to afford the babies' needs; and the problem examined was that, once a child is left by her mother, he or she may suffer from psycho-social problems which further affect his/her development. Surprisingly and shamefully, some young girls returned home with another child (but this happens in

communities at the late of 25%). At the time of data collection, participants were asked to consider at least one vulnerable household in the community with more than 7 children and 38 households were identified among others.

#### **8.4.2. Traditional healing vis-à-vis modern treatment**

The results showed that the major different diseases which prompt the parents in targeted communities to rush their children to local traditional healers are for instance the wound (igikomere), bone fractures (imvune), poisoning (amarozi), ringworm (ibihushi), skin rash (amahumane), small pox (ubushita), eye infection (isekera), intestinal worms (inzoka zo munda), mouth inflammation (ubugendakanwa), cough (inkorora), false teeth pulling (ibinyo), mental disorders or insanity (ibisazi), burns (ubushye), sprains (gutsikira), snakebites (kurumwa n'inzoka), diarrhea (impiswi), constipation (impatwe), malaria, etc. The following quotations were recorded from most of parents: *“given the fact that up to now we are still giving much credit to traditional healers, we first try their competences by taking our children towards them and sometimes after their failure to bring forth adequate cure we then take resort to modern health care and so forth.* During the discussions, the participants have affirmed that health care provided by traditional practitioners and modern health workers each have their merits and both serve the community according to their knowledge and experiences.

Indeed, almost of all traditional healers believed that there is a lot modern medicine has and learn from traditional

medicine. They also said that: *“as traditional healers know their limitations and demarcates between what they are able to successfully treat and what should be referred to modern health facilities”*. The results demonstrated that, it is best for parents to treat their children in both traditional and modern health care as they play a complementary role; however, some cases indicated that approaching one type of healer to another can itself be detrimental to children’s health due to unnecessary mixture. Furthermore, the challenge to a community is to find the right balance between modern and traditional healing. Efforts at strengthening the relationship between the two service delivery systems are crucial in order to improve the health status of children. The study revealed that, planting herbal medicines around homes compound by parents is a symbol of legacy since children can imitate.

### **8.4.3 Child preference**

The results from targeted parents, indicated that, recently, it has been noticed that the rapid development and social welfare have reversed the mind set of old on the fact that nowadays girls are as good as boys in all trades of life. This has been reinforced by some examples which show how girls are more genius than boys academically, in environmental and resources management as well as better housekeeping. The participants have even pushed ahead in confirming that: *“girls are better than boys in hygiene and sanitation matter”*. The evidence of this indicator which explicates the way both female and male children are equally treated by the parents while in case of past, it showed

that the prestige was given to male children than female children but today such practice is discouraged by all communities around 85% even though the remaining percentage of parents still uphold. So, the truth is that, since boys are no longer be given the first chance as it was before, the participants confirmed that almost 75% of male children aged from 13 years old leave their homes for being independent or rush to perform some piece of works just for money making purpose (participants stated). Another proof is based on the fact that in targeted communities, there is a particular culture which obliges the parents to offer a female cow to a bride towards the home where she is going to be married.

#### **8.4.4 Cultural beliefs related to pregnancy**

The Study has shown that pregnant women have changed attitudes somehow for the reason that by now they are more likely to consult modern health workers and they are accompanied by their husbands for being checked-up so that further action is taken accordingly to enable the baby born alive. However, there are some pregnant teen girls who get scared to meet a modern health worker on the matter of not being known by the community in which they live. Otherwise, a certain embarrassment/stigmatization or fear may lead them to committing suicide, abortion, or abandoning the family (the participants affirmed to frequently happen in their communities).

The results showed that pregnant women are fortunately allowed to attend some social functions (example of funeral

ceremony), or perform some social tasks which they could not do in previous years as it was forbidden.

The information from group discussions affirmed that almost 90% of pregnant women in targeted communities must take special traditional medicines made in gray soil known as “IBUMBA” and other liquid traditional medicines prepared in herbs, just to protect the woman and her baby from any harm as the one known: “ KUZINGA INDA”. Parents believe that, once a pregnant woman goes for delivery service without having taken such traditional medicines, she may encounter risks such as death together with the baby. Surprisingly, the information from the nurses showed that the term “Kuzinga inda” does not normally exist, it is a “myth” since it refers to the beliefs upheld by pregnant women that they may give birth to her baby too later than the expected time and once taken such traditional medicines during her pregnancy period this brings about negative consequences such as facing difficulties in delivering and a child may face an abnormality or die. This is due to the fact that, women may face the change about the menstruation related problems and this may not enable them to know which date she got conceived and the time to deliver may not be pursued as expected. The results explicated also how pregnant women in her pregnancy period do not mind about heavy works considered too tiring for them to perform and about the balanced diet which would enable them to be healthy with their babies.

### **8.4.5 Communication between parents and children about reproduction**

The study showed that children don't receive relatively little guidance and support from their parents in developing the skills they need to make healthy decisions about sex and developing the values that will help them to build love, responsibilities, commitment and intimate relationships in adulthood. The parents explained that talking about sex in children is a shameful culture. Simply, parents forbade their teen girls to have a close relationship with adolescent boys or men for not being deceived to make sexual intercourse. However, the study revealed that, for young girls from being prevented to be in direct contact with boys or men, this makes them to be curious and they pretend to do so, and they finally face an unintended pregnancy.

### **8.4.6 Polygamy**

Despite polygamy being illegal in Rwanda, the study revealed how there are still cases where a man is found to have two, sometimes even three wives, and he is not legally married to any of them. The identified number provided only by the participants in the community was 13 among others. The study revealed that some cases are known by the community at 60% while others are hidden to 40%; and the result of the action revealed that 75% of concerned men fail to bear responsibilities over their siblings and such polygamous cases create quite conflicts in the family, especially when it comes to school



matters, land and other properties ownership and the outcome is that children become victims.

## **9. Conclusion**

Whereas tradition is supposed to be invariable, they are seen as more flexible and subject to innovation and change. Whereas justification for tradition is ideological, the justification for other similar concepts is more practical or technical. Overtime, customs, routines, conventions, rules and such can evolve into traditions, but usually requires that they stop having primarily a practical purpose. Traditional beliefs and practices are still very prevalent and while some are negative others are positive. On the side of negative, this combined with the limited access to information, cultural proximity and resistance, ignorance, lack parental care and financial related problems. On the other hand, modern culture can be identified itself to be negative for instance it disregards the contribution and roles of traditional healers. Whereas, the traditional culture is very positive in terms of treatment of some diseases, but it is very negative to other health related livelihoods such as food consumption, hygiene and sanitation, reproduction and sexual intercourse as well family planning. Traditional health practitioners have a vital role in Rwandan communities; since modern health care is gradually growing, it is also important to understand the role of traditional healing for children's lives in order to identify and discourage the harmful aspects, incorporate positive aspects as well as its

practitioners to promote a culturally sensitive and accessible health care system.

The study recommends that, since modern health workers do not entrust power of some traditional healers, it is therefore required to consult them and build up a strong collaboration with them especially those recognized traditional healers in order to perform an adequate healthcare system. Health workers should enable communities to dissociate themselves completely from poor and harmful traditional beliefs and practices.

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