

**THE ROLE OF MICROFINANCE INSTITUTIONS IN ENHANCING
WOMEN ENTRENEURSHIP: THE CASE STUDY OF FINCA TANZANIA,
KINONDONI MUNICIPALITY**

ALFRED SIMBA

**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT
FOR THE REQUIREMENT FOR THE DEGREE OF MASTER
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CERTIFICATION

The undersigned, certifies that he has read and hereby recommends for acceptance by the Open University of Tanzania, a dissertation entitled “**The Role of Microfinance Institutions in Enhancing Women Entrepreneurship; The Case Study of FINCA in Kinondoni Municipality**” in partial Fulfillment of the Requirement for the degree of Masters in Business Administration(Finance) of the Open University of Tanzania.

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Dr. F. Mutasa

(Supervisor)

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Date

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DECLARATION

I Alfred, Simba declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other university for a similar or any other degree award.

.....

Signature

.....

Date

DEDICATION

This work is dedicated to my wife Rose Richard and my sons Innocent and Godluck and my daughter Rachel whose contribution made me successfully complete my undergraduate and latterly my Master's. Their advice always gave me strength, the training and discipline you taught me already had laid the foundation for doing and completing this work.

ABSTRACT

The study focuses on the assessment of contribution of small loans in enhancing the economic empowerment to women micro-entrepreneurs obtaining loans from MFI's whereas FINCA in Kinondoni Municipal was used as the case study. The study aimed to assess whether small loans contribute to women economic empowerment in relation to their current socio-economic activities they engage in and also to determine relationship between credits offered by FINCA and the empowerment attained by women entrepreneurs receiving such credits. The sample were collected from women entrepreneurs obtaining loans from FINCA offices in Kinondoni by questionnaire where as about 50 questionnaires were administered and also from management staffs where as data were collected through interview. The study revealed that the loans given by FINCA have impact in women entrepreneur's lives as agreed by 98% respondents as it enables them to grow as business women and also workers in the society. This included improvement in access to financial capital, health, diet, community respect and self esteem as well as education which all together contributes to empowerment as agreed by a total of 64% respondents. The positive Pearson correlation of 0.648 was obtained between credits offered by FINCA and women economic empowerment which indicates large strength between the variables with coefficient of determination of 0.42 (42%). The study recommends that seminars and trainings should be given to women entrepreneurs on how to effectively manage the loan, also the MFI's should establish 50,000 Tsh. as the minimum loan amount that micro entrepreneur can take so as to enable them to access the and use financial opportunity they provide.

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ABBREVIATIONS

FINCA	-	Foundation for International Community Assistance
MSE's	-	Micro Small Enterprises
MFI's	-	Micro Finance Institutions
NGO's	-	Non Governmental Organization
SACCOS	-	Savings and Credit Cooperatives Organizations
TGNP	-	Tanzania Gender Networking Program

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

After independence in 1961, under the rule of J.K Nyerere who develops the Arusha declaration in 1967 where by Tanzania followed the socialist economic policies which had a vast influence on the development of informal and micro-enterprise sectors. It discouraged the formation of groups and associations especially those with an economic motive. The government wanted to build and control the economy from a powerful and centralized public sector.

In 1967, the state conceded the Arusha Declaration which made Tanzania pursue socialist policies, rural development and build a self-reliant nation (Maliyamkono and Bagachwa, 1990). Tanzania's brand of socialism ideology was based on African Socialism, popularly known as Ujamaa (a Swahili word for family-hood or brotherhood). Ujamaa attempted to build a society of public ownership, state imports and a wholesale trading monopoly and physically relocated the rural population to concentrated village settlements (Ujamaa villages). Therefore, the period of the 1970s to the 1980s was characterized by the Ujamaa Villages Act of 1975, which curtailed individual ownership and propagated communal ownership in the villages (Maliyamkono and Bagachwa, 1990).

The state nationalized major sources of production, distribution and exchange. Commercial banks, insurance companies, local manufacturing companies,

subsidiaries of foreign manufacturing corporations and large agricultural estates were nationalized. It is thought that the development of private entrepreneurship in this period was not in alignment with the socialist policies (Pederson, 2001).

Generally, in Tanzania, women are less educated and therefore are most likely to be in unskilled and less professional jobs (Rwebangira, 1996). A number of women who were in the formal sector were retrenched, because most were in unskilled jobs in low- ranked positions such as janitors, nursing, teaching and secretaries. Married women were also affected because their husbands were laid off and therefore there was less income in the family (Creighton & Omari, 2000).

The women who were already engaged in the informal sector witnessed more competition on products due to trade liberalization and the rise of commodity prices. Similarly, the economic crisis led women into economic activities which were previously considered to be the men's domain (Rutashobya and Olomi, 1999).

The crisis of the 1970s to 1980s exacerbated a shift of direction of income generating activities, from depending on formal income to informal activities. The informal sector became important; the reliance of household members on formal wage earnings was replaced by informal income generating activities (Tripp, 1996). The rapid growth was initiated by the informal entrepreneurs themselves as a measure of survival following the failure of the state (Maliyamkono and Bagachwa, 1990; Rutashobya, 1998; Rutashobya and Olomi, 1999; Tripp, 1996). The decline of real wages, persistent inflation, and the decline of the formal sector employment

attributed to the rapid expansion of the informal sector (Bagachwa 1993; Lugalla 1995).

Most women's micro-enterprises in Tanzania fall under the informal sector, and large, women micro-entrepreneurs are engaged in "traditional" activities which have low turn-over. Traditional economic activities include vending such as street food vendors. Other activities include tailoring; table- tops markets in front of their houses or on the road sides which sell an assortment of items such as vegetables, candy and charcoal.

Due to gender ideology, most of the women consider Micro-Small Enterprises (MSEs) initiatives as a supplementary activity to enable their families to survive Mbillinyi and Shundi (2002), even if it is the primary source of household income.

Women micro-entrepreneurs have been constrained by limited access to financial services from formal financial institutions due to the small business sizes and circumstance the women's businesses operate in. Additionally, formal financial institutions regard micro-entrepreneurs as high- risk with insignificant collateral. Tanzanian women lack collateral because customary law in many instances overrides statutory law and leaves many women without property ownership (Rwebangira, 1996).

1.2 Statement of the Problem

Berg (2001) argues that, most of the businesses in developing countries lack access to basic financial services that would help them manage their assets and generate

income. Studies find that participation in microcredit programs results in women's economic and socio empowerment (Mayoux, 2001), most women in microfinance institutions fall under informal sector with most of them involved in small business to earn income to support their families.

In developing country like Tanzania, it's a tradition that women play a major role in household production which somehow makes her away unavailable in participating in various micro-finance programs (Mayoux, 1995; Ledgerwood, 1999; Pitt and Khandker, 1998). For a number of years, women in Tanzania have been marginalized by being denied opportunities such as credit due to a lack of collateral and other reasons including deep rooted traditional cultural barriers and existing social norms (Rwebangira, 1996). The mobilization of women's groups, who guarantee each other, in order to access loans, have raised interest in whether there is a close correlation between credit and women economic empowerment.

There is a special need therefore, to study the economic and social changes attained by women in such an environment. Such empirical findings will also be used by other researchers to make comparisons with other municipalities in Tanzania.

More importantly, there is a need to evaluate the positive and negative contributions of the loans offered by the micro credit institutions in Kinondoni municipal in order to offer strategies for empowerment. Most Micro credit institutions concentrate on offering credit services only without putting into consideration a long lasting empowerment aspect in the program. The study aims in examining the overall role played by micro-finance institutions in promoting individual women

entrepreneurship within Kinondoni Municipality to which FINCA was used as a case study.

1.3 Research Objective

1.3.1 General Research Objectives

This research aimed to examine the role of MFI in enhancing economic empowerment to women micro-entrepreneurs in Kinondoni municipal.

1.3.2 Specific Research Objectives

Specifically the study objectives are:-

- To assess whether small loans contribute to women economic empowerment in relation to their current socio-economic activities they engage in.
- To determine relationship between small loans offered by FINCA and the empowerment level attained by women entrepreneurs receiving such loans.

1.4 Research Questions

1.4.1 General Research Question

The general research question was; to what extent does the MFI contributes to women micro entrepreneurs in building their capacity in their entrepreneurship activities.

1.4.2 Specific Research Question

- Do small loans contribute in building capacity in terms of enabling women to improve production in their entrepreneurship activities?

- Is there a relationship between small loans women receive and empowerment level they feel they have achieved?

1.6 Relevance of the Research

Given the fact that literature on micro-finance is limited in Tanzania, the importance of this study is that it adds to the literature, and can also provide a basis for further research. As such, the study will contribute to recent debates on the roles of social capital and economic empowerment on Tanzanian small and medium business owner's welfare. The study in hand will benefit the Government of Tanzania and its agencies, MFIs, and women entrepreneurs. Moreover study revealed the importance of such institutions and furthers the understanding of its importance to society.

Understanding its importance, the government can also be able to provide support services and strategies to enforce the micro-finance industry in order to reach the economically active micro women entrepreneurs in Kinondoni Municipality. The discussions and results from the study would assist MFIs to structure critical analysis of the programs in a manner which will deliver a positive impact on the lives of women micro entrepreneurs who are accessing loans from MFIs. Furthermore, it is expected that this study will be beneficial to MFIs, policymakers, small and medium enterprises operators and the community at large. It is further expected that the study will explore and recommends potential areas that MFIs needs to put more efforts when delivering their services. On the other hand, policymakers will also benefit in the sense that, the findings will provide informed suggestions on how policies can be improved.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Overview

Micro-finance has emerged as a fundamental part of the new development paradigm, described by the phrase “participation and development.” Many aid donors and Non Governmental Organizations (NGOs) are attracted by the tremendous success of the micro-finance programs.

This chapter presents the literature review that is, what others have written on the topic under the study. It focuses on the key concepts, definitions, theoretical and empirical analysis, variables and the relationship between the variables as well as the research gap. The theory and empirical analysis are detailed to give a reader a wider perspective on the contribution of micro credit institutions to the lives of women entrepreneurs in Kinondoni (IFC, 2007).

2.2 Conceptual Definitions

Micro-finance Institution (MFI): The term refers to an institution which provides financial services to low-income clients, including the self-employed. Financial services generally include savings and credit, and some micro-finance organizations also provide insurance and payment services (Kibas, 2001).

Micro-credit, Micro-finance, small loans and credit: Micro-credit is the provision of small loans. According to the Micro-credit Summit in 1997, the definition of micro-

credit is: small loans to very poor people for self-employment projects that generate income, allowing them to care for themselves and their families. Micro-finance is the provision of a range of financial services in addition to credit, such as options for insurance schemes or opportunities to save. It is, however, a term that is used interchangeably. For the purpose of this study, micro-credit, micro-finance, small loans and credit will be used interchangeably with respect to micro financial services.

Empowerment: the term refers to increasing the spiritual, political, social, educational, gender, or economic strength of individuals and communities. According to United Nations women economic empowerment has five components namely sense of self worth, right to have and determine choices, right to have access to opportunities and resources, right to have power to control their own lives within and outside and their ability to influence the direction of social change to create a more just social and economic order, nationally and internationally.

An entrepreneur: is an individual who organizes and operates a business or businesses, taking on financial risk to do so. The entrepreneur is commonly seen as a business leader and innovator of new ideas and business processes. Management skill and strong team building abilities are often perceived as essential leadership attributes for successful entrepreneurs. According to Robert B. Reich considers leadership, management ability, and team-building as essential qualities of an entrepreneur. Although certain entrepreneurial traits are required, entrepreneurial behaviors are also dynamic and influenced by environmental factors. In their cornerstone for contemporary entrepreneurship research paper, Shane and

Venkataraman (2000) argue that the entrepreneur is solely concerned with opportunity recognition and exploitation, although the opportunity that is recognized depends on the type of entrepreneur; while Ucbasaran et al. (2001) argue there are many different types contingent upon environmental and personal circumstances.

The ability of entrepreneurs to innovate is thought to relate to innate traits such as extroversion and a proclivity for risk-taking. According to Schumpeter, the capabilities of innovating, introducing new technologies, increasing efficiency and productivity, or generating new products or services, are characteristic qualities of entrepreneurs.

Entrepreneurs are catalysts for economic change, and researchers argue that entrepreneurs are highly creative individuals with a tendency to imagine new solutions by finding opportunities for profit or reward. Micro-entrepreneur: Micro-entrepreneur is a person who is engaged in micro-enterprise activities. The greatest concentration of the informal sector is on non-farm activities like commerce, trade, services, manufacturing, and mining.

A loan is a type of debt; like all debt instruments, a loan entails the redistribution of financial assets over time, between the lender and the borrower. In a loan, the borrower initially receives or borrows an amount of money, called the Principal, from the lender, and is obligated to pay back or repay an equal amount of money to the lender at a later time. Typically, the money is paid back in regular installments or partial repayments; in annuity, each installment is the same amount.

2.3 Theoretical Analysis

The famed Grameen Bank in Bangladesh, established in 1983, has become an international model for micro-credit programs as an antipoverty strategy. In Bangladesh alone, more than four million women receive micro-finance services (Murdoch, 2000; Rahman, 1999). Programs based on the Bangladesh model have been replicated all over the world; the most remarkable aspect of the Grameen Bank's operation has been its high loan recovery rate, in the range of 98% and above (Jain, 1996). High repayment rates are interpreted to mean that women are using loans productively and they effectively controlling loans.

Micro-credit programs have designed several features and mechanisms that have favorably contributed to their success. As noted earlier, the majority of micro-credit programs have women as main borrowers; in the 1998 survey of 925 member institutions, the Micro-credit Summit Council of Practitioners reported that about 76 percent of clients were women (Adams et al, 2000). Analysts have pointed out that repayments rates by women; have led many programs to target women (Mayoux, 1999).

Characteristically "self help" oriented micro-credit programs have targeted women because women are more likely to invest in caring for the family and women can contribute greatly to improvements in family welfare, and wider social and political empowerment (Mayoux, 1995; Ledgerwood, 1999; Pitt and Khandker, 1998). An important feature of micro-finance development includes the opportunity for borrowers to form joint liability groups, as an alternative of tangible collateral.

The organization under study, Micro-credit institutions Tanzania is an affiliate of Micro-credit institutions International. A micro-credit institution International is a non-profit agency launched in 1984 to provide micro financial services to the poor. Micro-credit institutions International has up to 26 programs in Africa, Asia, the Americas, and Eastern Europe which operate under the “village bank method” as a form of micro-credit lending. Village banks are expected to be community-managed credit and savings associations. It is assumed that small working capital loans provided to micro-enterprise will improve their income and productivity (Nelson et al, 1996).

In Africa, Micro-credit institutions International have programs in Uganda, Malawi, Tanzania, South Africa, and Zambia and in the Democratic Republic of Congo. In general, women’s status and empowerment in Sub Saharan Africa, including Tanzania, is mediated and influenced by the structural and cultural constraints they face. Studies have shown that, women in Tanzania are poorer than their male counterparts (Rwebangira, 1996).

Problems amongst women in Tanzania include high gender inequality, uneven access to resources (Mukangara and Koda, 1997) social exclusion, insecurity, and women rights abuse. Albeit about 75% of the population engaged in agriculture are women URT (2002) and despite women’s centrality to productive and reproductive activities, generally, the status of women in Tanzania has remained low both socially and economically. Their contribution to the country’s economy has not given women an opportunity to access decision-making authority in the society through

discriminatory marriage, divorce, distribution of assets between couples, the right to raise children and inheritance laws. Illiteracy levels have remained high for women in spite of increasing initiatives of educating girls. The gap between female and male education attainment widens significantly, as you move from primary level education to university. Female enrollment at primary school is relatively equal to male enrollment, however, their drop out ratio rises sharply after grade seven (World Bank, 2003). Perhaps the best explanation for the gap for drop out at higher levels could include psychological, cultural, and social factors Lugalla (1995). This explains the low numbers of women in skilled as well as higher paying jobs because access to education is clearly a constraint that differentially impacts women and their ability to earn a living, particularly in moving into salaried employment, especially in technical and professional fields.

Furthermore, even when women are engaged in micro enterprising activities, there is a tendency to attach themselves to activities, which are traditionally performed by women. Women tend to concentrate on activities, which do not need high skills, and normally these activities attract low incomes. Similarly, women are viewed as a high risk in investment since women lack control over land and other properties which formal financial institutions view as collateral (Mukangara & Koda, 1997; Stevenson and St-Onge, 2005).

The high rates of maternal and infant mortality show that health is one of the most critical issues facing women in Tanzania. Reports on cases of maternal deaths in Tanzania are alarmingly high, as already stated in the first chapter. The low status of

women in the society, lack of access to and control of resources, limited educational opportunities, poor nutrition, and lack of decision making contributes significantly to prevailing maternal deaths.

Other traditional practices such as early marriages and female genital mutilation contribute to high maternal mortalities in Tanzania. Pregnancies at early ages put both the mother and their babies at risk (TGNP, 1993). In addition, there is a significant gender differential in prevalence and severity of major nutritional deficiency diseases between men and women. Women in Tanzania have problems in protein-energy malnutrition, iron deficiency disorders and vitamin A deficiency. Generally, women have poorer dietary intake than men (Rwebangira, 1996). There are deep rooted cultural values in relation to women's access to nutrition. Customarily, there is a tendency of males being served food in the families before the females which account for a significant high number of malnourished women.

In Tanzania women entrepreneurs face severe shortage of financial resources to purchase productive inputs to enhance their business to which the prices of inputs rise very rapidly every year (Sileshi, 2012).

Consequently, the hope of the every entrepreneur on financial institutions for credit has become substantially higher in the recent times. It is important that borrowed funds be invested for productive purposes, and the additional incomes generated be used to repay loans to have sustainable and viable production processes and credit institutions.

However, failure by entrepreneurs to repay their loans on time or to repay them at all has been a serious problem faced by both credit institutions and entrepreneurs. Poor loan repayment in developing countries has become a major problem in micro-finance credit administration, especially to entrepreneurs both men and women who have limited collateral capabilities (Okorie, 2004). Crosse (2004) defines lending as “the essence of commercial Banking or microfinance institutions in formulation and implementation of sound lending policies”. Triantis (2002) pointed out two problems that might arise in lending theory. The first problem arises at the time of contracting when the lender assesses the borrower’s present creditworthiness (adverse selection).

The second problem arises after the loan is made when the borrower can take actions which may adversely affect the likelihood of repayment (moral hazards). Micro-finance institutions like all other lending institutions face credit risks (adverse selections and moral hazards) that need be managed properly. Mishkin & Serletis (2004) defined credit risk as the risk that a counter party defaults on its contractual obligations resulting in financial loss to the group, it arises principally from lending, trade finance and treasury activities. In managing credit risk in the lending institutions, it has been suggested that the credit committee is responsible to oversight the credit risks by firstly, formulating credit policies, covering risk acceptance criteria in target market, collateral requirements, credit appraisal, risk grading and reporting .

Secondly, reviewing and assessing credit risk in all exposure in excess of approval limits of the management prior to facilities being committed to customers and finally,

limiting concentrations of exposure to counterparties for loans. Crosse (2004) pointed out that loan always have credit risk that need to be managed well.

Therefore in managing the loan portfolio, microfinance institutions management needs to bear in mind the basic principles of sound lending policy including the safety of fund lent that will be repaid without loss of the principal. Therefore, the lending theory emphasizes that the loans should be extended and structured in a way that they contribute to adequate earning of income and profitability of the lending industry. The lending theory is important to microfinance institutions because it gives the direction of ensuring that they are extending legally acceptable loans that are allowed by regulatory authorities and avoid loan losses.

There are several types of micro finance institutions in Tanzania which serve similar goals and purpose but under different individuals which includes

2.3.1 NGOs MFI

These are those non-government organizations which provide financial services to variety of micro entrepreneurs; example the majors ones includes Presidential Trust Fund, FINCA Tanzania, Small Enterprises Development Agency (SEDA) and Poverty Africa.

2.3.2 Limited Liability Companies

This is financial institutions that specialize in microfinance services and are new players in the Tanzania market and usually are not regulated like NGO MFI's. Example includes Tujijenge Tanzania Ltd and K-Finance Ltd.

2.3.3 Microfinance Companies

Still several NGO MFIs are currently lined up for the transformation to become microfinance companies; the first microfinance company was licensed by the BOT in July 2011.

2.3.4 Commercial Banks and Community Bank

These are institutions that provide a wide range of microfinance services to its clients such as micro loans, savings products, wholesale credit funds to SACCOS, money transfer and micro lending. With regards to loan collateral, chattel mortgage and peer pressure are used through solidarity groups. Example of these institutions includes Akiba commercial Bank, CRDB Bank, and Mufindi Community Bank.

2.3.5 Savings and Credit Societies (SACCOS)

These comprise of formal mechanisms whereby financial resources are mobilized from members, management is in the hands of the members and some individuals are the main beneficiaries. The SACCOS are registered under the cooperative law and obtain funds from lending members from internally mobilized savings and loans from commercial banks, community banks and government programmes such as Small Enterprise Loan Facility.

2.3.6 Informal Financial Services Providers

These are neither legally constituted nor regulated by any institutions and they deliver savings, credit and micro insurance services. These are members owned

and controlled by members themselves, examples includes Village Community Banks (VICOBA), Rotating Savings and Credit Associations (ROSCA's) and Money lenders and traders.

2.4 Empirical Analysis of Relevant Studies

2.4.1 General Studies

Micro-finance has emerged as a fundamental part of the new development paradigm, described by the phrase “participation and development.” Many aid donors and Non Governmental Organizations (NGOs) are attracted by the tremendous success of the micro-finance programs. First, micro-finance programs are successfully reaching the poor, particularly low-income women micro-entrepreneurs. Second, the programs are recovering outstanding loans, some program recording over 95 percent repayment rates. Third, micro-credit is seen as a development model designed to reduce poverty and improve self-sufficiency (Hulme and Mosley, 1996; Johnson and Rogaly, 1997; Gulli, 1998). Fourth, while micro-credit was purposely designed to reduce and or alleviate poverty, empowerment has emerged as one of the key objectives of micro-finance programs (Lairap-Fonderson, 2002; Khandker, 1998; Kabeer, 1998).

Governments and the World Bank perceive women's incorporation in the market economy will consequently enable the women to improve employment opportunities and production, accumulate assets, as well as alleviate poverty and achieve sustainable economic growth (Lairap- Fonderson, 2002). Furthermore, NGOs and other lending institutions intend to facilitate the availability of capital in order for micro-enterprises to grow and overcome traditional gender bias (Kibas, 2001).

Researchers, as in Bangladesh and elsewhere, have questioned how far micro-finance services in fact benefit women (Goetz and Gupta, 1996; Schuler, Hashemi & Badal, 1999; Kabeer, 2001; Isserles, 2003; Pitamber, 2004). Studies find that participation in micro-credit programs results in women's economic and social empowerment (Mayoux, 2001). While others conclude that participation gives way to greater subordination of women by giving opportunities to husbands to have control of the loans. There is also a danger that women's increasing involvement in credit programs can pose challenges on gender relations. In some cases, it increases domestic violence (Kabeer, 2001; Mahmud 2003).

Micro-credit programs assume that the provision of credit for women's empowerment is a set of mutually reinforcing virtuous spirals. Additionally, by empowering women economically, it will automatically improve well-being and social, legal empowerment for women (Mayoux, 1999). Mayoux (1998, 1999) provides three complimenting and contrasting paradigms: financial self-sustainability, poverty alleviation, and feminist empowerment within the micro-finance debates. It is assumed in the financial self-sustainability paradigm Mayoux (1998, 1999) by contracting micro-finance programs'; women will automatically be empowered economically. In the poverty alleviation paradigm Mayoux (1998, 1999), micro-credit is viewed as a means to improve well being by reducing household poverty and vulnerability.

Women are the target group because they are considered to be poorer than men, and women are more likely to spend earned income on family welfare. In the feminist

empowerment paradigm according to Mayoux (1998, 1999), micro-credit is seen to promote women's social and/or economic empowerment issues. Lairap-Fonderson (2002) argues that, in the process of accessing micro-credit to women, it influences women to operate more as a disciplinary power. Women's participation in micro-finance programs places them in the market economy turning them to be competent producers regardless of their poor skills in marketing (Mayoux, 1999). Mayoux critiques this framework for the reasons that provision of micro-finance does not automatically results in increased income for women's enterprises.

2.4.2 Studies in African Countries

In studies conducted in Africa, reveals that in polygamous marriages women have added advantages of control over their own income. The explanation could possibly be in polygamous marriages women tend to have their separate entities and are most likely to have control over their own income. This shows that social-cultural background plays an important role in the level of income control. Mayoux sees that, even in areas where polygamy is not very common, still women had the desire to control income due to traditions of polygamy, divorce and infidelity. However, Goetz & Gupta (1996) for example, found that women lose control over their loans as time passes.

It is possible that women who successfully build up a small enterprise by investing their loan funds reach a point after a few years at which they can no longer profitably expand, and subsequently make their loan funds more and more available for their husband. sViewing the idea of turning in loans to husbands from a traditional

perspective one would argue even if women turn their entire loan over to their husband or to some other male relative, they will not lose strength in their decision-making roles within the household (Hashemi *et al*, 1996; Goetz & Gupta, 1996). Goetz & Gupta (1996) add that when a woman hands over the loan to the husband or a relative in the family, it may be a compromise which has resulted from empowerment, or by turning the loan to the husband, the process will ultimately result into a positive impact on the woman's empowering aspect. Goetz & Gupta point out, "an apparent loss of control may disguise a negotiated transfer, where the nature of the negotiation and transfer, and the rights and privileges gained in return, may indicate a power achievement for the woman borrower" (p.48).

In addition, even if the credit program participants never used a loan to finance their own economic activities, they were considerably more likely to be empowered than women who were not participating in credit programs. Women who were taking loans from Grameen Bank and who gave all their loans to their husbands or relatives were more likely to be empowered than those who were not taking loans from Grameen Bank.

Most Grameen Bank women engage in joint household decision-making, and therefore this is regarded as a success in terms of empowerment. This is particularly evident when women speak for themselves and say that they believe they have become true partners with their husbands (Kabeer, 2001; Bernasek, 1997; Bernasek, 2003). Hunt & Kasynathan (2001) further explored the notion of loans controlled "jointly" even in situations where women are merely "postboxes" for credit and

repayment (p.45). They found out that there was an extreme contrast between the groups they visited and there was a varying degree of control between the groups as well. They acknowledged that comparisons are difficult, partly because of different interpretations and measures of empowerment and control.

As Mayoux (1998) points out, there has been no systematic comparative study to assess different factors in micro-finance programs and their relationship to empowerment. A number of researchers for some years have debated the subject of loan control (Goetz & Gupta, 1996; Kabeer, 2001; Mayoux, 1998). They have argued on actually what does it mean; male control, female control, and joint male and female control for women's empowerment in different socio-cultural perspectives.

Accumulation of Assets: Women borrowers from Grameen Bank have been able to use loans to purchase and lease land in their own names. Nevertheless, another study done by Kabeer (1998) on the Bangladesh Rural Committee (BRAC), a program, which provides credit to poor rural women in Bangladesh, revealed that many women prefer to register land and other productive assets in their husband's name, because of pertaining inheritance laws. This is because assets will be inherited by sons if registered in a husband's name, and by daughters if registered in a wife's name (Kabeer, 1998).

The quality of borrowers' homes assessed by Bernasek (1997) was better: tin roofs had replaced thatch, keeping homes with waterproof structures, which are more permanent and more likely to withstand the effects of extreme weather.

Relationships and Domestic Violence: Economic stability and the ability of the women micro-entrepreneurs to demonstrate greater autonomy could create an improvement in relationships among the women themselves, with customers, family members and spouses (Kibas, 2001). Nevertheless, the existing research on the impact of credit programs on violence does not portray a consistent depiction (Hunt & Kasynathan, 2001). An ethnographic study in rural Bangladesh, done by Schuler, Hashemi & Badal (1998) points out that violence by men against women in Bangladesh can best be explained as part of a patriarchal system that allow the subordination of women through social norms. However, Schuler , Hashemi & Akhter (1996) found that women who participated in the Grameen program were much less likely to be beaten by their husbands than women who lived in non-Grameen Bank villages. Some of the women in the study conducted by Hashemi et al, 1996; Goetz & Gupta 1996, found that there is a decrease in physical violence because there was fear among men that the women might react by refusing to get another loan. On the other hand, in Harare for instance, women are threatened by their husbands that if they do not bring income, the husband would leave her (Mayoux, 1999).

Additionally, Schuler et al (1999) suggested that micro-credit programs have a varied effect on men's violence against women. When women challenge expected gender norms, however, they sometimes provoke violence in their husbands. At the same time, in circumstances in which women gain income, men have a tendency to think that their wives disrespect them. Also, some men think that their wives pay little attention to household matters. Some men expect the women to spend minimal time

at group repayment meetings and return home promptly. When women are delayed in the meetings, this produces disorder in household chores and may generate tensions among household members. Such tensions in some cases may turn into violence in which women are victimized (Rahman, 1999; Goetz & Gupta, 1996).

Some feminist critics argue that the Grameen Bank for instance does not empower women because it does not directly challenge patriarchal social structures and so it may actually worsen women's lives. Patriarchal structures place women in a vulnerable position to begin with, and by intensifying the pressure the bank imposes on repayments, it increases the women's vulnerability to domestic violence (Rahman, 1999). To some extent, women's social networks (both formal and informal) can play an important role in supporting women to challenge male violence (Sen, 1999).

The assessment by the government of Tanzania in SMEs and entrepreneurs policy document (2002) identifies inadequate business training and skills, little access to information and limited admission to technological developments partly due to lack of relevant information as problem to SMEs. Nowell (1996) argued that other problems related to lack of access to finance include: lack of information on resources of finance, inadequate risk capital, lack of risk capital and complicated lending procedures.

Lack of information about availability of resources is also another problem experienced by small entrepreneurs. The evaluation of the literature review on the

impact of micro-finance on women shows mixed results and there is no clear conclusion on the impact of micro-finance on women micro-entrepreneurs. While it is quite evident that micro-finance has positive impacts on women, however, the answers depend among other things, social cultural backgrounds, individual background and the lending methodology of the organization. Nevertheless, by providing small loans to women micro-entrepreneurs, as some researchers find evidence, the loans have empowered the women, and credit has become a resource to generate additional income, to accumulate assets, and for consumption purposes.

To illustrate the above explanation a study conducted comparing factors influencing the loan accessibility between man and women revealed that because of the continual routine at work and family responsibilities women have effective money management compared to men in terms of effective planning and utilizing it successful so that can repay the loan within time scheduled (Suraya, 2009). The study was conducted in Provide evidence Furthermore, women are able to improve their livelihoods, and for their family's nutrition, health care and schooling. Different authors have suggested, however, that there are some negative impacts of micro-finance on women micro-entrepreneurs. There are a number of questions which remain unanswered.

For instance, does the impact of micro-finance on women sustainable? To what extent is the proliferation of the micro-enterprise activity considered an indication of economic growth? This research did not intend to answer these questions. The research intended to give a meaningful insight on the issues which women micro-

entrepreneurs borrowing from FINCA Tanzania considered important after accessing small loans.

2.4.3 Summary of Studies Reviewed

It is quite evident that micro-finance has positive impacts on women; however, this may depend among other things such as social cultural backgrounds, individual background and the lending methodology of the organization. It can be pointed out that loans have empowered the women, and credit has become a resource to generate additional income, to accumulate assets, and for consumption purposes.

2.5 Research Gap Identified

In developing country like Tanzania, it's a tradition that women play a major role in household production which somehow makes her away unavailable in participating in various micro-finance programs. For a number of years, women in Tanzania have been marginalized by being denied opportunities such as credit due to a lack of collateral and other reasons including deep rooted traditional cultural barriers and existing social norms.

The mobilization of women's groups, who guarantee each other, in order to access loans, have raised interest in whether there is a close correlation between credit and women economic empowerment. There is a special need therefore, to study the economic and social changes attained by women in such an environment. Such empirical findings will also be used by other researchers to make comparisons with other municipalities in Tanzania. The study aims in examining the overall role played

by micro-finance institutions in promoting individual women entrepreneurship within Kinondoni Municipality which was used as a case study.

2.6 Conceptual Framework

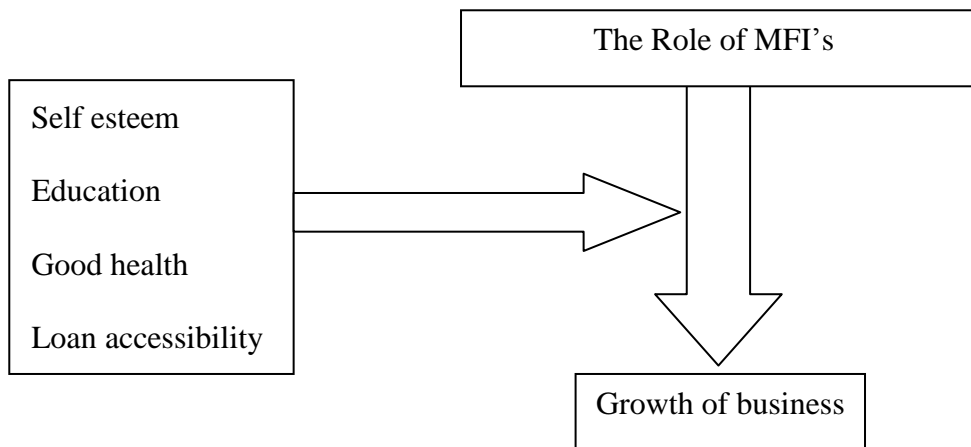


Figure 2.1: Conceptual Framework

(Source: Data Field)

2.7 Theoretical Framework

The word “empowerment” lacks proper understanding. It is both difficult to define and measure, and the assumption is that there is a simple linear relationship between micro-finance and women’s empowerment. Unfortunately, studies of the contribution of micro-credit program participation on women’s empowerment have given conflicting results which can make it difficult to reach a consensus with each other, even when evaluating the same program. Some researchers, Hashemi, Schuler & Riley (1996) support the belief that micro-credit programs are making an effort for women’s empowerment in their assessment of two credit programs in Bangladesh.

In the study the provision of loans to women by micro-finance institutions enable them to grow with their business in entrepreneur activities by promoting awareness

and raising women self esteem which consequently increases their motivation in utilizing various opportunities which are present in the society. Further more the MFI's also promotes the loan accessibility among women as the requirements and conditions to obtain loan are less stringent in comparison to loans given by the banks especially on the issues regarding collateral and interests rates. With this women have opportunity to rise in business earn income and hence grow as businesswoman improving their life and their families.

The provision of loans from MFI's is also associated with the training and seminars which is given to borrowers which aims to reduces loan default chances among them by guiding proper way to maintain cash flow after receiving the loan. With this achieved also the women as the borrowers from this MFI's are benefited by learning proper ways of maintaining cash flow which is essential in business as well as in life in general. The overall effect of this it enables women to makes choices which are beneficial in the long term and enable them to grow.

With the aim of promoting the growth of business, also the MFI's through provision of loans to women entrepreneurs helps to improve the health of the women which is essential in enabling her to grow physically and mentally simultaneously with the growth of her business.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Overview

This chapter presents detailed research methodology employed in the study. The chapter is divided into six sections, namely, research design, research area and population, sampling and procedures, method of data collection, data processing and analysis and expected results of the study.

3.2 Research Design

A research design is simply the framework or plan for a study used as a guide in collecting and analyzing data (Churchill, 2007). This study used the case study design to obtain necessary information. The case study has been chosen due to its ability to provide the depth insight of the issue to be studied and / or investigated. However the design has number of problem. One of them being, it does not provide basis for comparison, as no two businesses are the same. Despite of the said weakness, case study is said to be complete, reality based, empirically grounded and exploratory (Zikmund, 2006).

3.3 Research Area and Population

The study was conducted in Kinondoni municipal of Dar es Salaam region, Tanzania. Kinondoni municipal covers an area of 531 sq km. The 2002 Tanzania national census showed that the population of Kinondoni municipal was 1,083,931. The original inhabitants of the district were Zaramo and Ndengereko, but

due to urbanization the district has become multi ethnic (Kinondoni municipal home page). It is located in the Northernmost of the three districts in Dar es Salaam City. The other being Temeke (to far southeast) and Ilala (downtown in Dar-es-Salaam) to the east, it is bordered by Indian ocean; to the north and west by the Coast region.

Kinondoni municipal was selected for the study because of its urban, rural and mixed urban/rural nature. One third of Kinondoni municipal is located in the middle of Dar es Salaam city and therefore is mainly urban in nature and would thus provide an ideal situation for studying contribution of microfinance on urban small and medium micro-entrepreneurs, the second third provides mixed urban and rural setting.

On the other hand, the last third is located in the periphery of Dar es Salaam city and is thus peri-urban with extremes of rural ecology. It is envisaged that a study of contribution of microfinance on urban small and medium micro-entrepreneurs in such contrasting area can help to make comparisons and contrast on a number of variables.

FINCA is the microfinance institution which is known to give loan to small medium enterprises as well as entrepreneurs in Tanzania. The institution has different offices across Tanzania and the offices located within Kinondoni district was used as a case study together with its subsequent women borrowers. It was chosen as the researcher find it easily to collect data because it located in Kinondoni Dar es Salaam where he lives and also it has a long history of more than 7 years in providing loan to various micro entrepreneurs in Tanzania

3.4 Sampling Techniques

This includes the sample size and sampling procedures which were conducted prior to data collection step.

3.4.1 Sample Size

About fifty questionnaires were administered to different women registered and access loans from FINCA Kinondoni offices. The rationale behind this sample size was enough to be studied and be representative of total population. A convenience sample is merely an available sample that appears able to offer answers of interest to the research study (Backer, 2002).

3.4.2 Sampling Procedures

The research design strategy that was used in this study is purposeful sampling. This strategy was chosen in order to get an in-depth knowledge of the case using a small population sample from each of the selected communities in Kinondoni District. This approach is sometimes called purposive or judgment sampling (Patton, 2002). Patton indicates that purposeful sampling is used to select information-rich cases for study in depth; that is participants who possess rich information on the case. The purposeful sampling type that will be used in the study is the maximum variation (heterogeneity) sampling (Patton, 2002). A heterogeneous sample includes individuals with diverse characteristics from multiple dimensions and is considered a maximum variation sample. The idea is that any patterns that emerge across the diverse set of individuals would be valuable in describing experiences central or core to most individuals.

3.5 Research Variables

The study considered the microfinance institutions in enhancing capacity building to women entrepreneur within Kinondoni Municipal. The parameters used to measure capacity building include loan accessibility, education, self esteem and business growth. That is, in the assumption of this study was that micro-finance institutions contributes in facilitating the growth of women entrepreneurs by providing them with the loans as capital and education as skills to ensure the cash flow is maintained to repay the loan.

3.6 Methods of Data Collection

In the study the only primary data was collected from both women entrepreneurs as well as FINCA administrations staffs at Kinondoni offices. For women respondents the data was collected by questionnaire as well as observation while for micro-finance administrations the data was collected by interview. The questionnaires showed the weakness of low rate of return of the filled-in questionnaires bias due to no response is often in determinate. The control over questionnaire may be lost once it is sent. At some point it was difficult to know whether willing respondents were truly representative. There is in built inflexibility because of the difficulty of amending the approach once questionnaires have been detached. There was also the possibility of ambiguous replies or omission of replies altogether to certain questions interpretation and omission was difficult (Kothari, 2005; Baker, 2003).

Observation: In order to cross check some of the information which was provided in the interview, the researcher also followed up with observation. The observation was

used only on the business entrepreneur's participants. The observation was done after the interview. The people to be observed were based on availability of time and their willingness to allow the researcher into their homes and businesses. Here the role was to observe, listen, and communicate as well as a range of other forms of being, doing and thinking. The researcher also observed the nature of their businesses and living condition in their homes. The researcher in addition observed the socio-economic status of the entrepreneurs under study by looking at the nature and state of their houses, whether permanent or not. This approach assisted in collecting data in a "naturally" or "situational" or at least in a contextual setting (Mason, 2002). Interview was structured by the written questions as well as unstructured by allowing the interviewee to flow. The researcher used a notebook in recording the interviews.

3.7 Data Processing and Analysis

At the end of data collection all completed questionnaires from the women borrowers were thoroughly examined by the researcher, coded and analyzed for computer analysis. Data analysis was performed in order to achieve the research objectives. Cleaned data were entered in the computer using the Statistical Package for Social Science (SPSS) software. This was followed by actual analysis of data in order to answer the research questions.

The data was first analyzed for descriptive statistics as shown in the chapter four. Simple frequency and percentage tables output were obtained. Also the Pearson's correlation between credits provided by FINCA and empowerment level for borrowed women was determined.

3.8 Validity and Reliability

A conclusion of any study can be affected by either a researcher's bias or subjective judgment in the data collection process (Yin 1994;33). According to Nachmias(1996), the researcher must provide supporting evidence that a measuring instrument does, in fact, measure what it appears to measure.

On the other hand reliability is the central concern to social scientists because the measuring instruments they employ are rarely completely valid. Nachmias and Nachmias(1996) reliability that is the extent to which a measuring instrument contains variable errors, that is ,errors that appear inconsistently from observation to observation during any one measurement attempt or vary each time a given unit is measured by the same instrument. The sample selected was conducted in order to boost the reliability in the existing local communities who are living in the area where this study was carried

CHAPTER FOUR

4.0 FINDINGS, DATA ANALYSIS AND DISCUSSIONS

4.1 Introduction

This chapter focuses on the findings, data analysis and discussions which all together answer objectives of the study in examining the contribution of small loans on enhancing the capacity building to women micro-entrepreneurs in Kinondoni municipal.

4.2 Demographic Characteristics

This part describes the general characteristic of respondents involved in the study. It explains characteristics like age, educational level and marital status when the study was conducted.

4.2.1 Age

In the study, the factor of age among respondents were also taken into account, the group of youth especially with the age below 20 years and elders above 50 years were also involved in being questioned so as to gain insight among women respondents with various ages. Also, the adult's individuals who dominate the study were also included.. In the study a total of 36% of respondents were between 20 to 40 years old (including 36% of 20-30 years and 30% of 30-40 years).

These results are shown in table 4.1, and it indicates that the study was dominated by the women who were adult who in this age people usually are at their maximum

productive capacity. Moreover 16% of respondents were aged between 40-50 years while 4% of women respondents were above 50 years old. The remaining 14% of respondents were youth and aged below 20 years old.

Table 4.1: Age of Respondents

	Frequency	Percent (%)
Below 20 years	7	14
20-30 years	18	36
30-40 years	15	30
40-50 years	8	16
Above 50 years	2	4
Total	89	100.0

(Source: Researcher, 2013)

4.2.2 Educational Level

For the case of highest academic qualification which may also have contribution especially on the perception meaning among women entrepreneurs the results was such that only 10% were having University degree as their highest qualification. This may indicate a moral understanding in ethics of loan application and repayment among minority of women entrepreneur's members. Other members were having primary and secondary education as their highest academic qualifications and these were 42% and 36% respectively as shown in a table 4.2.

The level of education tends to determine where one will work. Women's participation in micro-entrepreneurial activities was partly influenced by low levels of education, which stimulated the development of women's competency including entrepreneurship. This was supported by Lugalla (1995), who commented that due to

the fact that most women have a primary school level education, they tend to be engaged in the activities which need minimal skills. This finding also is confirmed by Kibas (2001), who indicated that the majority of micro-enterprises are conducted by people who have primary level education.

With this results to which most individuals were having primary and secondary education as their highest academic level which indicates poor understanding and awareness of how importance women economic empowerment is in improving their life's and society welfare at large.

Table 4.2: Highest Academic Level of Respondents

	Frequency	Percent
Primary education	21	42
Secondary education	18	36
University college education	5	10
Don't know	6	12
Total	50	100

(Source: Researcher, 2013)

4.3.3 Marital Status

In the study about 56% of respondents were married while only 14% were single, this was the results as the entrepreneur women responds to the questionnaire. This showed that women with household responsibilities were most likely to secure loans.

The remaining total of 26% of respondents (including 10% separated and 16% widowed) were used to be in relationships but not anymore. The higher percentage of women married indicates that women have family obligations which they are adhered to on daily basis as they engage with their daily entrepreneur activities.

Table 4.3: Marital Status of Respondents

	Frequency	Percent (%)
Single	7	14
Married	28	56
Separated	5	10
Widowed	8	16
Don't know	2	4
Total	50	100.0

(Source: Researcher, 2013)

4.3.4 Nature of Business That the Women Entrepreneurs Engage

Women entrepreneurs' engage in various activities in an attempt to increase income. Nevertheless this activities are the one that that loan are taken so as to start a new business platform or investing in the existing business aiming to generate the more promising results. In the study it was revealed that about 14% of respondents were engage in Hair Saloon business as the activity they use in running their lives. This high percentage in Hair saloon among women entrepreneurs is explained by the tendency of growing beauty market among women especially in urban areas which seems to attract women in doing such business.

The secretarial bureau which includes stationary activities like computer typing and photocopying also contributes about 16% of women respondents while restaurant

known as the local name “Mama Lishe” was selected by 56% respondents. A possible explanation for why women micro-entrepreneurs are concentrated in food business could be because the needed start up capital for food businesses is relatively low. That means women micro-entrepreneurs can easily secure initial capital from personal savings, husbands, friends and relatives.

Additionally, women want to involve themselves in business ventures such as home based enterprises, which will allow them enough time to attend to other household activities. Other entrepreneurship that the women respondents involve includes the catering, tailoring and vegetable garden growing which was represented by 4% of respondents. The results are shown in a table 4.4 below:

Table 4.4: Women Entrepreneur Activities

	Frequency	Percent (%)
Restaurant	28	56
Hair Saloon	7	14
Shop	5	10
Secretarial Bureau	8	16
Other	2	4
Total	50	100.0

(Source: Researcher, 2013)

4.4 Microfinance Institutions and Women Economic Empowerment

The microfinance institutions are known to support informal sector development through provision of loan to individuals who most of them are small entrepreneur’s engage in small business. In the study the parameters for measuring women economic empowerment includes the education, health, self esteem and loan accessibility which are discussed below.

4.4.1 Loan Accessibility

Loan accessibility is the one important factor that contributes to women economic empowerment by giving loan to enhance women in their entrepreneurs activities so that they can either increase their current capital by expanding their business or establish business in the way of employ themselves. In the study it was revealed that a total of 98% (including 78% strongly agree and 20% agree) of respondents agree that small loan they obtain from FINCA have impact in their life. The higher percent of individual agree is explained by the importance of the small loan to women entrepreneurs in assisting developing them to grow as business women and workers. On the other hand only 2% of women respondents were undecided which indicate they were unclear on whether the loan have potential benefits or not. The results are shown in table 4.5 below

Table 4.5: Respondents Results on the Impact of Small Loan from FINCA in Their Life

	Frequency	Percent (%)
Strongly agree	39	78
Agree	10	20
Undecided	1	2
Total	50	100.0

(Source: Researcher, 2013)

4.4.2 Amount of First Loan

Generally, according to Micro-Credit Institutions Tanzania lending methodology, the initial loan amount is based on the size of the business. In similar to lending methodology stipulated earlier also in microfinance institutions the amount of first

loan depends on the nature and type of business to be expanded or started up, in the study it was revealed that all based on the loan scale that the women borrower took from FINCA were small business. This is because about 55% women respondents took 100,000/= as their first loans and this represented the highest percentage and which represents majority of women that took loan from FINCA. About 31% of women respondents took 300,000/= as their first loan while only 14% of respondents took 600,000 as their first loan. The low percent of the former last two groups is explained by the scale/level to which the women entrepreneurs execute their activity which is small for majority of women and medium for the small group remained.

Table 4.6: First Loan Amount taken by Women Respondents at FINCA

Loan amount in Tsh	Number of Respondents	Percentage
100,000	28	55
300,000	16	31
600,000	7	14
Total	50	100

(Source: Researcher, 2013)

4.4.3 Small Loans from Micro-Finance Institutions and Improving Health

Improvement in health status is also among one of the impact to women economic empowerment through developing awareness through education as well as the access to finances to be able to improve in diet and hence general health. In the study it was noticed that a total of 64% (including 42% strongly agree and 22% agree) of women respondents agree that have been able to make improvement in on household diet.

Following the loan accessibility from FINCA and considering that women are family caretaker, improvement in family diet is among expectations that occur when the

women have access to finances for improving their life's. On the other hand about 32% of respondents agree to not being able to contribute to improving household and this can be explained by the some women living in extended family which are pre-occupied with families' responsibilities hence improving family diet is not a priority. The results are shown in a table 4.6

Table 4.7: Respondents on Microfinance Institutions and Improving Health

	Frequency	Percent (%)
Strongly agree	21	42
Agree	11	22
Undecided	2	4
Disagree	16	32
Total	50	100.0

(Source: Researcher, 2013)

4.4.4 Microfinance Institutions and Improving Self Esteem

In African societies especially women have been denied various opportunities which to some extent have lead to undermine their self esteem which results to some of them to believe that is how they have been destined to be. Different strategies have been employed to combat the belief including access to finances from microfinance institutions. In the study as the result of obtain loans from FINCA, the self confidence of women has been promoted as agreed by a total of 63% of respondents (including 23% strongly agree and 40% agree). This is explained by the filling of become superior in the society associated by ability to contribute to support the family and makes own savings without depending on other individuals especially males. Also about total of 21% respondents (including 7% disagree and 14% strongly disagree) of respondents strongly agree that their self confidence has not been

increased as they fill empowered this is explained by the women who have been brought up with equal balance of social responsibilities and opportunities in comparison to male. Only 16% of respondents were unclear whether levels of empowerment have increased or not after receiving loan from FINCA.

Table 4.8: Respondents Results on Level of Empowerment Due to Self Confidence Increase after Receiving the Loan from FINCA

	Frequency	Percent (%)
Strongly agree	12	23
Agree	20	40
Undecided	8	16
Disagree	3	7
Strongly disagree	7	14
Total	50	100.0

(Source: Researcher, 2013)

On the same token, about a total of 46% (including 33% agree and 13%) women respondents agree to receive appreciations from family members from various activities that they do after accessing loan from FINCA. This includes appreciations from parents, husbands and children which comes in form of congratulations as well as compliments which all together also contributes in increasing the self esteem of the women obtaining loan from FINCA.

4.4.5 Pearson Correlation between the Credits Offered By FINCA and Empowerment by Women Entrepreneurs

The correlation between credits offered by FINCA and empowerment were analyzed to check on how the two relates and how influencing the credits offered is to

empowerment. To obtain the variable for level of empowerment including self esteem, health, loan accessibility and education were added in SPSS to obtain one variable which later with the service quality as another parameter the relationship was determined. Preliminary analyses were performed to ensure no violation of the assumptions of normality, linearity and homoscedasticity and the Pearson correlation is shown in a table 4.8

Table 4.9: Pearson correlation between credits offered by FINCA and women economic empowerment

		Credits offered by FINCA	Women economic empowerment
Credits offered by FINCA	Pearson Correlation	1	.648**
	Sig. (1-tailed)		.000
	N	32	32
Women economic empowerment	Pearson Correlation	.648**	1
	Sig. (1-tailed)	.000	
	N	32	32

** . Correlation is significant at the 0.01 level (1-tailed).

The correlation value which defines the strength of relationship between two variables is 0.648 and indicates a large strength existing between the Credits offered and empowerment. The relationship is also positive one and means directly related. The coefficient of determination between the two variables which was obtained by squaring the correlation value to which the result was 0.42 (in percent is 42%) and it means that credits offered by FINCA help to explain nearly 42% of variances in

respondents results from women economic empowerment especially through the various factors like accessibility, self esteem, health and education. Furthermore the correlation is statistically significant as it was below 0.05 which is the standard required for significance (Pallant, 2004).

4.5 Discussion of Findings

In the study it was revealed that a total of 98% (including 78% strongly agree and 20% agree) of respondents agree that small loan they obtain from FINCA have impact in their life. The higher percent of individual agree is explained by the importance of the small loan to women entrepreneurs in assisting developing them to grow as business women and workers. On the other hand only 2% of women respondents were undecided which indicate they were unclear on whether the loan have potential benefits or not. The higher percent of was due to the importance of the small loan to women entrepreneurs in assisting developing them to grow as business women and workers. Women took loan from FINCA were involved in small business. This is because about 55% took 100,000/= as their first loans, and this represented the highest percentage of women majority that took loan from FINCA. About 31% of women respondents took 300,000/= as their first loan while only 14% of respondents took 600,000 as their first loan.

Through loan they obtain from FINCA women agree to be able to make improvement on household diet as another impact associated with loan accessibility. This was agreed by a total of 64% (including 42% strongly agree and 22% agree). Improvement in health status is also among one of the impact to women economic

empowerment through developing awareness through education as well as the access to finances to be able to improve in diet and hence general health. Following the loan accessibility from FINCA and considering that women are family caretaker, improvement in family diet is among expectations that occur when the women have access to finances for improving their lives.

As the result of obtain loan from FINCA women self confidence have been promoted, such that in the study about a total of 63% of women respondents agree to improving their self esteem (including 23% strongly agree and 40% agree). This was explained by the filling of become superior in the society associated by ability to contribute to support the family and makes own savings without depending on other individuals especially males.

In the study, the Pearson correlation was determined to explain the relationship existing credits offered by FINCA and women economic empowerment and was 0.648. The relationship was positive and indicates a large strength the two variables with the coefficient of determination of 0.42 (in percent is 42%). The values means that credits offered by FINCA help to explain nearly 42% of variances in respondents results from women economic empowerment especially through the various factors like accessibility, self esteem, health and education.

CHAPTER FIVE

5.0 CONCLUSION AND RECCOMENDATION

5.1 Introduction

This chapter gives an overview and summary of study findings in attempt to answer research objectives also suggests recommendations based on the findings established in the prior chapter.

5.2 Summary of the Findings

The study reveals that the small loans offered by the FINCA contribute to women economic empowerment in relation to their current socio economic activities they engage in. Also the study reveals that small loans have a profound impact in improving the empowement level attained by women micro- entrepreneurs in different aspects including improvement in household diet as well as improving health of themselves and the rest of the family and self confidence as the empowerment is exercised towards them. Also there was a high and positive pearson correlation of 0.648 between the credits offered and by FINCA and the level of empoweremnt which indicates that loan given by microfinance institutions have a profound impact on the women welfare by aid empowerment socially and economically.

5.3 Implication of Results

The study findings clearly indicate that the small loans to small women micro-entrepreneurs is vital in promotes their social upbringing as it enables their

empowerment which in turns it's advantageous to family and society at large. With regards to loans provided by MFI's and their influences in some small entrepreneurship women's it's important to point out the improvement in health which goes together with the diet, also the self confidence which all are the result of small loans that women receives. And with this, the study indicates that it's the lack of opportunity to access the finances that causes women sometimes to fail to be empowered in comparison when there is access to finances.

5.4 Conclusion

In the study it was revealed that a total of 98% (including 78% strongly agree and 20% agree) of respondents agree that small loan they obtain from FINCA have impact in their life. The higher percent of was due to the importance of the small loan to women entrepreneurs in assisting developing them to grow as business women and workers. Women took loan from FINCA were involved in small business. This is because about 55% took 100,000/= as their first loans, and this represented the highest percentage of women majority that took loan from FINCA. About 31% of women respondents took 300,000/= as their first loan while only 14% of respondents took 600,000 as their first loan.

Through loan they obtain from FINCA women agree to be able to make improvement on household diet as another impact associated with loan accessibility. This was agreed by a total of 64% (including 42% strongly agree and 22% agree). Improvement in health status is also among one of the impact to women economic empowerment through developing awareness through education as well as the access

to finances to be able to improve in diet and hence general health. Following the loan accessibility from FINCA and considering that women are family caretaker, improvement in family diet is among expectations that occur when the women have access to finances for improving their lives. As the result of obtain loan from FINCA women self confidence have been promoted, such that in the study about a total of 63% of women respondents agree to improving their self esteem (including 23% strongly agree and 40% agree). This was explained by the filling of become superior in the society associated by ability to contribute to support the family and makes own savings without depending on other individuals especially males.

In the study, the Pearson correlation was determined to explain the relationship existing credits offered by FINCA and women economic empowerment and was 0.648. The relationship was positive and indicates a large strength the two variables with the coefficient of determination of 0.42 (in percent is 42%). The values means that credits offered by FINCA help to explain nearly 42% of variances in respondents results from women economic empowerment especially through the various factors like accessibility, self esteem, health and education. The study concludes that, loan given by microfinance institutions have a profound impact on the women welfare by aid empowerment socially and economically.

5.5 Recommendations

- Seminar and trainings should be given to women entrepreneurs on how to effectively manage the loan in such a way to more expand their business territories. This will establish a good relationship between women respondents

and micro finance institutions as well equips them with loan using skills which is essential in entrepreneurship world.

- The micro finance institutions should review its policy and regulations in order to give high loan packages to facilitate women entrepreneurs to execute big projects which can have substantial impact to their life and community such as providing employment, increase revenue and creates other social entrepreneurs to emerge in other potential sectors/industry in the society.
- It's recommended that the micro finance institutions set the minimum loan amount 50,000 Tshs rather than the current which is 100,000 so as to have small women entrepreneur who requires small capital to establish business helping them to have access to financial services opportunities.

5.6 Limitation of the Study

The study is limited to the women micro-entrepreneurs that receiving the loan from FINCA and resides within Kinondoni Municipality, and also focus on the investigation of women empowerment based on accessibility to small loans and its influences in socially and economically upbringing.

5.7 Areas for Further Studies

Further studies should be conducted based on examining the women economic empowerment caused by women entrepreneurs receiving loan group wise from microfinance institutions taking the liability together.

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APPENDIX**Questionnaire**

I'm a student of the Open University of Tanzania carrying out a research titled "Investigating the contribution of Micro credit institutions in the growth of women entrepreneurs in Kinondoni municipality" I kindly request you to fill this questionnaire. The information you provide will be used for academic purposes only and not otherwise.

Please circle the appropriate response(s) OR Fill the space provided

1. What is your age
 - a) Below 20 years
 - b) 20-30 years
 - c) 30-40 years
 - d) 40-50 years
 - e) above 50

2. What is your highest academic qualifications
 - a) Primary education
 - b) Secondary education
 - c) University college
 - d) Don't know

3. What is your marital status
 - a) Single
 - b) Married
 - c) Separated
 - d) Widowed
 - e) Don't know

4. What type of business are you doing?
 - a) Restaurant
 - b) Hair salon
 - c) shop

d) secretarial bureau

e) Others

HOW Small Loans Contribute to Women's Socio-Economic Empowerment

Do the Loans Are Used For the Purpose for Which They Were Contracted

	Strongly Agree	Agree	Undecided	Disagree	Strongly disagree
I feel that small loans have a positive impact on my life.					
My incomes have now increased.					
I now have an opportunity to save money					
I can now contributes to my children education					
I am now better able to purchase household assets					
I am able to make improvements in household diet.					
I am now able to receive appreciation from family members					
I feel empowered because my self-confidence is promoted					
I am able to exchange and learn new ideas from fellow group members.					
I pay my loans on time without missing a single repayment.					
I put some money aside after receiving the loan					