

**CONTRIBUTION OF MICROFINANCE ON WOMEN'S ECONOMIC
EMPOWERMENT: A CASE STUDY OF SOLIDARITY LOANS AT AKIBA
COMMERCIAL BANK PLC, BUGURUNI BRANCH**

CHRISTINE C. TEMBA

**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER IN BUSINESS
ADMINISTRATION OF THE OPEN UNIVERSITY OF TANZANIA**

2016

CERTIFICATION

I, the undersigned, do hereby certify that, I have read and hereby recommends for acceptance by the Open University of Tanzania a dissertation titled: *Contribution of Microfinance on Women's Economic Empowerment: A Case Study of Solidarity Loans at Akiba Commercial Bank PLC, Buguruni Branch* submitted in Partial fulfillment of the requirements for the degree of Master in Business Administration of the Open University of Tanzania.

.....

Dr. Salvio Macha

(Supervisor)

.....

Date

COPY RIGHT

No part of this dissertation may be reproduced, stored in any retrieval system or transmitted in any form by means, electronic, mechanical photocopying, recording or otherwise without prior written permission of the author or the Open University of Tanzania in that behalf.

DECLARATION

I, *Christine C. Temba*, do hereby declare that this submission is my own work towards the degree of Master of Business Administration, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

.....

Signed

.....

Date

DEDICATION

This dissertation is dedicated to my beloved mother Mariam Kitua; she has been tolerant and supportive during all time of my study. This dedication is also extended to my siblings Immaculate, Doreen and Francis Temba for their encouragement, tolerance and support during my study.

ACKNOWLEDGEMENTS

I thank almighty God for his protection and guidance throughout this study. Specifically, I acknowledge the support I received from my supervisor, Dr. Salvio Macha, who offered guidance and valuable feedback during my research process. His valuable and tireless efforts have shaped this work. To him I would like to express my warmest gratitude.

I extend my thanks to all my classmates of the year 2013 to 2015 for their friendship, advice and encouragement while at the Open University. Also my special thanks go to my family for their endless assistance, encouragement and advice during all stages of this study programme. I express my gratitude to my mother Mariam and my siblings for their moral support, prayers and support for the whole period of my study.

I gratefully acknowledge the support from Akiba commercial bank staffs and customers who devoted their time during data collection period which made it possible for me to finalise my thesis. I am indebted to the respondents for their time, their ideas and suggestions to enrich the interpretation and all others who contributed towards the accomplishment of this work. I kindly ask them to know how deeply indebted to them I will always be.

ABSTRACT

The research aimed at examining the factors that have impact upon women economic empowerment. The study examined the extent to which microfinance has influenced women's economic empowerment. The study was conducted at Akiba Commercial Bank Plc, Buguruni Branch. Although it has been difficult to ascertain why in similar situations some entrepreneurs fail while others succeed, it is through that the focus on "entrepreneurial competencies" offers a practical means of addressing the phenomenon. Tanzanian women are still faced with lack of appropriate business knowledge and skills, limited access to finance, dependency on poor and obsolete technology. There have been contentious academic debates on the validity of Micro-Finance Institutions (MFIs) impacting women's empowerment positively. Some empirical findings have revealed that micro-finance services act as a panacea toward empowering women. However, there has been sharp criticism from some economic experts on the notion that micro-finance can aid women's empowerment. Data was analyzed quantitatively, and the results show a significant improvement in the household well-being, income, and women's empowerment, as a result of participating in micro-finance programs. However, all the respondents bemoaned the high interest rates being charged by the MFIs, as a result of this, the paper recommends that the regulatory authority should monitor the conduct of most of the MFIs against high interest rate.

TABLE OF CONTENTS

CERTIFICATION.....	ii
COPYRIGHT.....	iii
DECLARATION.....	iv
DEDICATION	v
ACKNOWLEDGEMENTS	vi
ABSTRACT.....	vii
LIST OF TABLES.....	xii
LIST OF FIGURES.....	xiii
LIST IF ABBREVIATIONS.....	xiv
CHAPTER ONE.....	1
1.0 INTRODUCTION.....	1
1.1 Statement of Research Problem.....	2
1.2 Objectives of the Study.....	4
1.2.1 General Objective.....	4
1.2.2 Specific Objectives.....	4
1.2.3 Research Questions.....	4
1.2.3.1 General Question.....	4
1.2.3.2 Research Questions.....	4
1.3 Significance of the Research.....	5
1.3.1 Organization of the Study.....	5
CHAPTER TWO.....	6
2.0 LITERATURE REVIEW.....	6
2.1 Introduction.....	6
2.2 Definitions of Key Terms.....	6

2.2.1	Empowerment.....	6
2.2.2	Microfinance Institution.....	7
2.2.3	Solidarity Loans.....	9
2.2.4	Economic Empowerment.....	10
2.3	Theoretical Literature Review.....	11
2.3.1	Microfinance and Non Ideal Theory.....	12
2.3.2	Supply Leading Finance Theory.....	13
2.3.3	Neo-Liberalism Theory.....	13
2.4	Empirical Literature Review.....	14
2.4.1	General Studies.....	14
2.4.2	Studies in African countries.....	15
2.4.3	Empirical Studies in Tanzania.....	17
2.4	Research Gap.....	18
2.6	Conceptual Framework.....	19
2.6.1	Independent Variables.....	20
2.6.2	Dependent Variables.....	20
2.7	Summary.....	21
	CHAPTER THREE.....	22
3.0	RESEARCH METHODOLOGY.....	22
3.1	Overview.....	22
3.2	Research Design.....	22
3.3	Research Strategy.....	23
3.3.1	Descriptive Research Strategy.....	23
3.3.2	Exploratory Studies Strategy.....	23
3.3.2	Exploratory Studies Strategy.....	23

3.4	Area of the Research or Survey.....	24
3.5	Survey Population.....	24
3.6	Sampling Techniques.....	25
3.6.1	Simple Random Technique.....	25
3.6.2	Purposive Sampling Technique.....	25
3.7	Sample Size.....	26
3.8	Methods of Data Collection.....	26
3.8.1	Questionnaire.....	27
3.8.2	Interviews.....	27
3.8.3	Documentary Sources.....	27
3.9	Data Processing and Analysis.....	28
3.10	Measurement of Variables.....	29
3.10.1	Women’s ability to earn income.....	29
3.10.2	Decision Making.....	29
3.10.3	Asset Ownership.....	30
3.11	Reliability and Validity of Data.....	30
3.12	Ethical Issues.....	30
	CHAPTER FOUR.....	31
4.0	INTERPRETATION, ANALYSIS AND DISCUSSION OF THE FINDINGS.....	31
4.1	Introduction.....	31
4.2	Interpretation of Results.....	31
4.2.1	Number of Years as Customer of Akiba Bank.....	31
4.2.2	Approaches used by Akiba Bank to Empower Women Economically.....	33
4.2.3	Number of Solidarity Loans issued to Women by Akiba Bank.....	34

4.2.4	Sources of Clients Capital before joining Akiba Bank.....	35
4.2.5	Improvement in Level of Income, Decision making and Control of Resources After joining Akiba Bank.....	36
4.2.6	Challenges Faced by Solidarity Clients in Loan Repayment.....	37
4.2.7	Effectiveness of Akiba Loans in Empowering women’s Economy.....	38
4.2.8	Clients Comments on Loans.....	39
4.3	Discussion of the Findings.....	39
	CHAPTER FIVE.....	42
5.0	SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS.....	42
5.1	Introduction.....	42
5.2.1	Specific Objectives.....	42
5.3	Conclusion.....	45
5.4	Recommendations.....	45
5.5	Areas for further Research.....	47
	REFERENCES.....	49
	APPENDICES.....	52

LIST OF TABLES

Table 2.1 : Tanzania Microfinance Institutions	8
Table 4.1 : Number of years as a customers of Akiba Bank	32
Table 4.2 : Approaches used by Akiba Bank to Empower Women Economically	33
Table 4.3 : Number of Solidarity Loans Issued to Women by Akiba Bank from 2012-2014.....	34
Table 4.4 : Sources of clients capital before joining Akiba Bank	35
Table 4.5 : Improvement in Level of Income, Decision Making and Control of Resources after Joining Akiba Bank	36
Table 4.6 : Challenges Faced by Solidarity Clients in Loan Repayment	37
Table 4.7 : Effectiveness of Akiba Bank in Women Empowerment.....	38
Table 4.8 : Clients Comments on Loans.....	39

LIST OF FIGURES

Figure 2.1 : Conceptual Diagram for Microfinances Effects on Women Empowerment..	19
Figure 4.1 : Number of Years as a Customers of Akiba Bank.....	32
Figure 4.2 : Approaches used by Akiba Bank to Empower Women Economically.....	33
Figure 4.3 : Number of Solidarity Loans Issued to Women by Akiba Bank 2012-2014...	34
Figure 4.4 : Sources of Clients Capital Before Joining Akiba Bank	35
Figure 4.5 : Improvement in Level of Income, decision making and control of resources after Joining Akiba Bank.....	36
Figure 4.6 : Challenges Faced by Solidarity Clients in Loan Repayment	38
Figure 4.7 : Effectiveness of Akiba Bank in Women Empowerment.....	39

LIST OF ABBREVIATIONS

ACB	Akiba Commercial Bank Plc
CGAP	Consulting group to assist the poor
KWFT	Kenya Women Bank
LC	loan conditions
MFI	Microfinance Institutions loans
MEs	Micro Enterprises
MDGs	Millennium Development Goals
MFIs	Microfinance institutions
NGOs	Non-Government Organizations
SBLP	Sustainable business leader program
SME	Small Medium Enterprises
SEWA	Self employed women's association
USDA	United states department of agriculture
UNDP	United nation development program
UNIFEM	United nation development fund for women
WWF	World wide fund
WEE	Women Economic Empowerment

CHAPTER ONE

1.0 INTRODUCTION

Women empowerment is a solution for poverty reduction to women and entire society as whole, for women in Tanzania are mostly the ones responsible for taking care of their family. Poverty is a serious social problem in Africa and Tanzania in particular. Just like development, poverty is complex and multidimensional in nature. Traditionally the position of women in Tanzania have been low compared to men. Women were not expected to influence the decision-making processes from domestic level to the national level. Ministry of community development, Gender, and children, (2015).

Increasing the chances of success among women would have huge implications for the growth and socio-economic wellbeing of a country. Thus, understanding predictors of success in women empowerment. The provision of financial services by microfinance institutions could potentially expand women business and capital and make them economically stable. Although it has been difficult to ascertain why in similar situations some women business's fail while others succeed, this study focuses on "microfinance contribution on women economic empowerment".

Microfinance institution provides financial services to low income individuals or to those who do not have access to typical banking services. Microfinance is also the idea that low income individuals are capable of lifting themselves out of poverty if given access to financial services. Recent developments on research on women empowerment have seen increased attention on microfinance institutions. This is due to the realization that microfinance institutions play a significant role in women economic empowerment. The principal aim of the study was therefore to examine the relationship between the microfinance institutions and women economic empowerment in different conditions in

Tanzania. Cheston and Kuhn in their article titled 'Empowering women through microfinance' concluded microfinance has the potential to have a powerful impact on women's empowerment. Swain and Wallestin, (2009) in their article 'does microfinance empower women? Evidence from self-help groups in India' concluded that their study strongly indicated that SHG members were empowered by participating in microfinance programs in the sense that they had a greater propensity to resist existing gender norms and culture that denied their ability to develop and make choices. Many studies have confirmed that microfinance is one of the main sources on which the economic empowerment of women is based.

1.1 Statement of Research Problem

Women workers throughout the world contribute to the economic growth and sustainable livelihoods of their families and communities. Microfinance help empower women from poor households to make this contribution. Microfinance-the provision of financial services to the poor in a sustainable manner- utilizes credit, savings and other products to help families take advantage of income generating activities and better cope with risk. Women particularly benefit from microfinance as many microfinance institutions (MFIs) target female clients.

Microfinance services lead to women's empowerment by positively influencing women's decision making power and enhancing their overall socio-economic status. By the end of 2006, microfinance services had reached over 79million of the poorest women in the world Daley-Harris S, (2007) . As such microfinance has the potential to make a significant contribution to gender equality and promote sustainable livelihoods and better working conditions for women. It has been well documented that an increase in women's resources results in the wellbeing of the family, especially children Mayoux, (1997); Kabeer, (2001);

Hulme and Mosley, (1997). Several studies have shown that improving women's income through microfinance programs has a substantial effect on their empowerment. A vast amount of literature exists on the subject, but scholars and practitioners disagree on the extent to which Microfinance programs empower women. The basic idea behind Microfinance is to end poverty by increasing people's access to credit- be it in the form of institutional credit, or group based saving involving only financial means from the participants themselves. Often traditional banks and financial institutions have failed to meet the needs of particularly poor women. This has created a need for alternative institutions and programs that meet this groups demand for financial services and saving possibilities. Women constitute the majority of participants in microfinance programs, although the programs initially did not have women as their specific target group MutaiRenny K. (2013).

The study found that the majority of women, particularly married women exercised little or no control over their loans by this criterion. Sebstad and Chen (1996) as cited by Lont and Hospes(2004) in their summaries of the thirty-two research and evaluation reports found that micro lending to women had positive impacts on their empowerment in Asian countries. However, reports from African programs found very little or no impacts of microcredit on the empowerment of women. In the same studies, credit had a positive impact on households' income, but the impacts on health, on the nutrition level of family members, and on children's attendance at schools were not conclusive. The researcher aim to asses extent of the impact of Microfinance institutions on economic empowerment of women especially in solidarity or group loans offered by MFIs specifically ACB bank, so as to search data will help bring the ideas for improvement in microcredit services to women.

1.2 Objectives of the Study

1.2.1 General Objective

The research aimed at examining the contribution of microfinance to women's economic empowerment in Tanzania, case study of solidarity loans at Akiba commercial bank, buguruni branch. The study examined the extent to which solidarity loans influenced women's business success hence women empowerment.

1.2.2 Specific Objectives

- 1) To determine various determinants of women's economic empowerment.
- 2) To determine the relationship between microfinance institutions and women's economic empowerment.
- 3) To determine the sources through which women of Dar es Salaam find their capital for business or additional capital to expand their businesses.
- 4.) To recommend strategies to be adopted by microfinance to help increase women empowerment.

1.2.3 Research Questions

1.2.3.1 General Question

How does microfinance contribute to women's economic empowerment in Tanzania?

1.2.3.2 Research Questions

- 1) What are the determinants of women's economic empowerment?
- 2) What is the relationship between microfinance institutions and women empowerment?
- 3) Where do women of Dar es Salaam find their capital for business or additional capital to expand their businesses?

4)What strategies can microfinance adopt help increase the women empowerment?

1.3 Significance of the Research

The study aims to address the extent to which Microfinance Institutions contribute to women's economic empowerment. The study attempts to identify the impacts, challenges and prevailing factors by microfinance institution against women empowerment, analyze them and make recommendations towards improving them. Findings from this research will contribute in capturing the missing services and improvement of the existing policies and regulations by MFIs in the offered financial services that will help empower more women, and make more women have access to these MFIs. This research will also benefit the interviewees who are non members of MFIs to recognize the benefits that they have been missing from being non members.

1.4 Organization of the Study

This study is organized in five chapters. Chapter one present background of the study, statement of the research problem, research objectives, research questions, significance of the study, scope of the study and organization of the study. Chapter two present conceptual definitions, theoretical and empirical literature review. It also provides the research gap and conceptual frame work. Chapter three covers research paradigm, research design, area of study, population of the study as well as sample size and sampling techniques. In additional, the chapter presents types of data, methods of data collection, data processing and analysis, measurement of variables, reliability and validity and finally ethical issues. Chapter four makes interpretation of data, analysis and discussion of the findings. Finally chapter five present summary of the findings and their implications, conclusion, recommendation, limitation of the study and suggested areas for further studies.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter reviews various theoretical and empirical literatures and defines key terms used in this study. Also, the chapter explains about the causes of business failure, the types of competency and the challenges of business success in SME's.

2.2 Definitions of Key Terms

2.2.1 Empowerment

Empowerment is the process of increasing capacity of the poor people, excluded and disadvantage groups to make choices and to be able to use it to realize desired outcome. It is about the extent to which some categories of people are able to control their own destinies, even when the people with whom they interact oppose their interests Mason, (2005). Furthermore, Batliwala, (1994) defined empowerment as the process by which the powerless gain great control over the circumstances of their lives. It includes both the control over resources (physical, human, intellectual, financial) and over ideology (beliefs, values and attitudes). The author stress that empowerment is the process which enables the poorer and subordinate groups gain control over resources and ideology which they were not possess prior to the process of empowering them which lead them to perceive as able and entitled to make decisions of their own Rowlands, (1997).

According to the World Bank's empowerment sourcebook, 'empowerment is the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives. 'Narayan, (2002).

2.2.2 Microfinance Institution

The term refers to the provision of financial services to low-income clients; including the self-employed. Financial services generally include savings and credit. However, some microfinance organizations also provide insurance and payment services. UNIFEM, (2001).“Microfinance” refers to a range of financial services provided to poor clients who are typically unserved or underserved by other financial institutions. Microfinance institutions (MFIs) provide loans, savings, insurance, and money transfers to micro-entrepreneurs to support productive activities, build assets, stabilize consumption, and protect against risks.

The most common microfinance product is microcredit, which is a small, collateral-free loan used to grow small businesses called microenterprises. A key feature of microcredit is that the lending decision is not based on the client’s available collateral, which may be limited. Rather it is based on the ability of the client’s microenterprise to effectively apply the loan to increase revenue, and in turn, repay the loan. MFIs deliver microcredit through three lending methodologies: village banking, solidarity groups, and individual loans.

Microfinance is important because without it, micro-entrepreneurs – the majority of whom are self-employed women living in urban areas – would lack sufficient working capital to grow their businesses and improve their standard of living. Without access to services like savings and insurance, micro-entrepreneurs are limited in their abilities to smooth consumption or withstand major life events.

Table 2.1: Tanzania Microfinance Institutions

Institution	Borrowers	Portfolio (US\$)	Products	Transp. Index	Participating Since	Age of Data
ABT	25,400	37,378,000	2	78	2012-May	08 mos.
AKIBA	26,900	36,852,000	4	42	2013-Aug	21 mos.
BELITA	5,800	492,000	1	29	2011-Dec	21 mos.
BRAC Tanzania	102,300	19,663,000	2	42	2011-Dec	21 mos.
F & K Finance	0	38,000	1	25	2011-Dec	43 mos.
FINCA Tanzania	78,400	31,517,000	3	94	2011-Dec	04 mos.
FMFC	1,500	392,000	6	40	2011-Dec	21 mos.
K-Finance Ltd	1,000	264,000	2	29	2011-Dec	21 mos.
Mbinga	1,000	2,986,000	3	12	2011-Dec	21 mos.
MCBL	3,600	2,837,000	6	34	2011-Dec	21 mos.
MDF Tanzania	600	148,000	1	20	2013-Aug	21 mos.
NMB	45,100	74,528,000	1	89	2011-Dec	21 mos.
Opportunit y	8,600	3,018,000	3	41	2011-Dec	21 mos.
PRIDE Tanzania	104,400	33,321,000	3	26	2013-Jul	21 mos.
Selfina	8,000	3,773,000	2	36	2011-Dec	43 mos.
Tujjenge Tanzania	10,000	2,060,000	4	38	2011-Dec	21 mos.
VF^Tanza nia	34,390	7,613,000	4	47	2013-Nov	15 mos.
Victoria	100	377,000	3	33	2011-Dec	43 mos.
YOSEFO	17,100	2,211,000	3	26	2011-Dec	43 mos

Source: www.mixmarket

In the early days, microfinance institutions typically began as small, non-governmental organizations (NGOs) that only offered microcredit and were funded by governments,

public institutions, or foundations. Today, in addition to traditional public funding sources, MFIs are also funded by investments from microfinance funds (also called microfinance investment vehicles, or MIVs), institutional investors, local commercial banks, and foundations.

Today as the size and number of MFIs continues to grow, so does the diversity of MFIs which now range from socially-driven NGOs to mainstream international banks. In mature microfinance markets such as Latin America and South Asia, many successful MFIs that began as NGOs have transformed into for-profit financial institutions, which allows them to provide microfinance services independently of donor funding. While the growth and development of the microfinance industry is impressive, the unmet need of financial access for the poor is enormous. Microfinance must continue to grow in order to meet this demand.

2.2.3 Solidarity Loans

Solidarity lending takes place through ‘solidarity groups’. These groups are a distinctive banking distribution channel used primarily to deliver microcredit to poor people. Solidarity lending lowers the costs to a financial institution related to assessing, managing and collecting loans, and can eliminate the need for collateral. Since there is a fixed cost associated with each loan delivered, a bank that bundles individual loans together and permits a group to manage individual relationships can realize substantial savings in administrative and management costs (Wikipedia).

These are group loans offered to micro entrepreneurs in a group of 5-6 people for tenure of 3 to 12 months. This product play a great role in improving the livelihood of the lower end group who initially missed the opportunity of accessing the loans in other commercial

banks due to stringent conditions such as collateral in terms of title deeds, etc. The group guarantee and simple securities like household items are pledged as collateral for group loans. Their big security against their loans is group guarantee and compulsory upfront special savings (www.acbtz.com).

2.2.4 Economic Empowerment

According to Cheston & Kuhn, (2002); the economic empowerment is bringing people on the outside of a decision process into it Rowlands, (1997). It is the ability to obtain an income that enables participation in economic decision making. Individual become empowered when they obtain, the right to determine choices in life and to influence the direction of change, through the ability to gain control over material and non-material resources Rowlands, (1997). According the UNIFEM, economic empowerment is gaining the ability to generate choices and exercise bargaining power, developing a sense of self-worth, a belief in one's ability to secure desired changes, and the right to control one's life. Empowerment is about change, choice, and power. It is a process of change by which individuals or groups with little or no power and ability to make choices that affect their lives.

Microfinance programs can have tremendous impact on the empowerment process if their products and services take these structures into account. In the order for women to be empowered, she needs access to the material, human, and social resources necessary to make strategic choices in her life. Not only have women been historically disadvantaged in access to material resources like credit, property, and money, but they have also been excluded from social resources like education or knowledge of some businesses.

2.3 Theoretical Literature Review

The theoretical rationale behind the idea that microfinance services promote economic women's empowerment is fairly straight forward. For women to develop economically they need to have access to funds so as to improve their businesses, and as many women have no securities so microfinances help to give them credits without any valuable collaterals like in group loans. Currently dominant within most donor agencies and in the models of micro-finance promoted in publications by USAID, World Bank, UNDP, CGAP and the Micro-credit Summit Campaign. Here the main consideration in program design is provision of financially self-sustainable micro-finance services to large numbers of poor people, particularly micro- and small entrepreneurs.

The focus is on setting of interest rate "right" to cover costs, to separate micro-finance from other interventions to enable separate accounting, to expand programs so as to capture economies of scale, to use groups to decrease costs of delivery. Gender lobbies have been able to argue for targeting women on the grounds of high female repayment rates and contribution of women's economic activity to economic growth. It is assumed that increasing women's access to micro-finance services will in itself lead to individual economic empowerment, well-being and social and political empowerment.

The main considerations are poverty reduction among the poorest, increased well-being and community development. The focus is on small savings and loan provision for consumption and production, group formation, etc. This justifies some level of subsidy for programs working with particular client groups or in particular contexts. Some programs have developed effective methodologies for poverty targeting and/or operating in remote areas. Gender lobbies in this context have argued for targeting women, because of higher levels of female poverty and because of women's responsibility for household well-being.

Poverty alleviation and women's empowerment are seen as two sides of the same coin. The assumption is that increasing women's access to micro-finance (together with other interventions to improve household well-being) will in itself increase women to bring about wider changes in gender inequality.

Micro-finance is promoted as an entry point in the Context of a wider strategy for women's economic and socio-political empowerment. The focus here is on gender awareness and feminist organization. Some programs have developed very effective means for integrating gender awareness into programs and for organizing women and men to challenge and change gender discrimination. Some also have legal rights support for women and engage in gender advocacy.

2.3.1 Microfinance and Non Ideal Theory.

Suppose we accept the argument of that the current international distributive order is seriously unjust, and that there are multiple agents failing to fulfill their distributive duties to others. It is true that their failure so to act means that many individuals are below a minimal threshold of decent provision, and also perhaps true that this consequence of individuals being presentably below a sufficientarian threshold means that their failure to act justly is particularly egregious, but the fact that their failure to act means that persons are below this threshold is not constitutive of their wrongdoing – redistribution would be required even if these wronged persons were to be brought up to the threshold by other means, such as a windfall gain of manna from heaven. This failure to act fulfill the requirements of justice is systematic, reflected in the provisions of existing international institutions and the character of contemporary international law by Pogge, (1992) and on-going. It also seems fair to say that it is predictable that distributive injustice will continue to be the norm. Even if one were to believe that there have been some positive signs on the

international distributive front in recent years, there are at least as any negative indicators, relating to, for example, increasing global inequality, slow action on climate change, and the recent lack of progress towards the Millennium Development Goals. All of this matters for a consideration of the ethics of microfinance. It means that such a consideration takes place squarely within the realm of non-ideal theory, against a backdrop of a lack of compliance with moral duties. Micro financial institutions target those individuals who are excluded by mainstream financial institutions, on account of their relative lack of affluence. As argued above, there are good reasons to think that such individuals would be in a much better position in a world where global distributive justice was realized.

2.3.2 Supply leading finance theory

This theory talks about Supplying finance in advance of the demand for it- arose in the World War II era of the late 1940s and 1950s. It refers to provision of loans in advance of the demand for credit, for the purpose of inducing economic growth. Prevailing ideas of the time were that the rural areas of developing countries were critically important for national development, that it was essential for economic growth that high yielding agricultural technologies be adopted rapidly and extensively, and that their adoption would often require substantial credit subsidies- because it was believed that most farmers would need more capital than they could save, and they could not pay the full cost of the credit they would need. Cheap and abundant credit is often regarded essential for the underdeveloped. This assumption has led donor agencies and government in developing countries to promote loans to the poor especially women.

2.3.3 Neo-Liberalism theory

Neo-liberalism became a dominant theory of development in the 1980s, and continues to be the theoretical motivation for influential organizations such as the World Bank and the

International Monetary Fund. Neo-liberal ideology relies on .such decisions will lead to the betterment of society through the growth of the market. This market should be as detached from the state as possible, with the state regulating rather than initiating economic activity. Economic growth and prosperity is the main goal of any development project, and “is considered of greater value than individual welfare, local culture and tradition, and the environment in development proposals.”

Micro-credit does not initially appear as an area in which neo-liberals would be interested. As a ‘bottom-up’ method of poverty alleviation, micro-credit clashes with the typically ‘top-down’ methodology of neo-liberalism. However, micro-credit for micro-enterprise becomes a neo-liberal construct when one views it as the formalizing an informal economy. According to a report on poverty reduction published by the World Bank, “Private enterprise operating through the market is the main engine of sustained economic growth.” By exposing pre-existing informal economic networks, as well as providing the opportunity for the creation of additional formal businesses, neo-liberalism posits that the macroeconomic situation of the state will improve.

2.4 Empirical Literature Review

2.4.1 General Studies

Taha, (2012) and Awojobi, (2013) are proponents of the school of thought that believe that micro-credits empower women economically. The scenario is that when women started saving in micro-finance institutions, after six months they have access to loans. They use the loans to support their business which increases their profits. However, not all who use their loans for their business can ‘break even’ (profit maximization). The savings and profits from their business act as income to the women which empowered them economically. In some cases, they use the profit and savings to expand their business.

Raghurama and ShakiraIrfana, (2013) States that intervention of Self-Help Group Bank Linkage Programme (SBLP) has brightened lives of the rural poor. The Self Help Group movement has come to mean more than merely the provision of financial services to their group membership, which is composed mainly of poor women. There is a consensus that by joining SHGs, saving regularly and availing loans, women members have been able to reduce their dependence their loan portfolio. However, in recent years these levels of performance are being found to be difficult to sustain.

Microfinance experts generally agree that women should be the primary focus of service delivery. Evidence shows that they are less likely to default on their loans than men. Industry data from 2006 for 704 MFIs reaching 52 million borrowers includes MFIs using the solidarity lending methodology (99.3% female clients) and MFIs using individual lending (51% female clients). The delinquency rate for solidarity lending was 0.9% after 30 days (individual lending—3.1%), while 0.3% of loans were written off (individual lending—0.9%). Because operating margins become tighter the smaller the loans delivered, many MFIs consider the risk of lending to men to be too high. This focus on women is questioned sometimes, however a recent study of microentrepreneurs from Sri Lanka published by the World Bank found that the return on capital for male-owned businesses (half of the sample) averaged 11%, whereas the return for women-owned businesses was 0% or slightly negative.

2.4.2 Studies in African Countries

Elizabeth M, (2011) case study of Kenya women microfinance bank limited, conducted to determine the extent to which microfinance has empowered women financial position in Kenya and to determine the influence of microfinance in reducing the gap between the

lower and the middle class income individuals especially those working in informal sector in Kenya. The research concluded that majority of the KWFT had not had any business experience before joining KWFT from where they were empowered on entrepreneurship which increased employment opportunities as they were trained on how to invest. KWFT offered them financial advisory skills and also organized forums where women exchanged business ideas and experiences.

The research recommends that MFIs like KWFT should review their product and services meant for formal sector and repackage them to suit clients from the informal sector, their main target, embark on training the women on entrepreneurship to enhance their skills on viable and sustainable investment ventures. Finally the research recommends that the government should formulate and review the existing policies on microfinance and financial empowerment to women in Kenya to incorporate the emerging issues due to volatility of the banking industry.

Osuji Casmir, (2014) took a study on impact of microcredit on the performance of women entrepreneurs in Delta state. The researcher found out that although micro-finance banks impacted positively on the economic conditions of the citizenry in many parts of the world Yunus, (1999); Kehinde, (2006), the high interest rates and short repayment periods have made the banks ineffective on the performance of women owned enterprises in Delta State. This is because of the shortness of the repayment period which gives no room for the loan to generate future income. In as much as accessibility of women entrepreneurs to micro-finance banks is very easy the provision of collateral or guarantor is not considered important in deciding on a loan application. However, in order to achieve the objectives of micro-finance policy and make it accessible to all and sundry

2.4.3 Empirical Studies in Tanzania

Mushumbusi, P. K. (2013) his article examines the effect of women's participation in microfinance institutions (MFIs) on various indicators of women's empowerment using quantitative and qualitative data collected from three regions of Tanzania in 2011/12. The study shown that participating in microfinance services could be a way for women to gain the ability to make strategic choices concerning their lives Kabeer, (2001). The results are consistent with prior research with the view that women's participation in microfinance services leads to an increased women's empowerment Leach & Sitaram, (2002); Pitt et al., (2006); Rai& Ravi, (2011). Women members of MFIs felt that they were more respected by their families and community as the result of contribution they are making.

First, this finding suggest that if poor women would be given an opportunity to access microfinance services will help to unlock their full economic potential and to develop a greater 'voice' in the home upon being recognized as earners of income and contributors to household budgets Wrigley-Asante, (2011). This would help women to move from being disempowered to the state of being able to exercise their denied rights. Second, access to microfinance services provides a platform where women could share their experiences and knowledge of different aspects of their lives. Women tend to be more willing than men to disclose their experiences and emotions to strangers and, in particular to other women Datta & Gailey, (2012). This would help women to develop a network of helping each other in challenging patriarchal attitudes and sharing the knowledge of their rights. Furthermore, women would be able to own assets like land and houses which were denied to them because of culture and traditions as to women who were able to bought land and built

Some studies suggest that microfinance services have varied effects on women and gender relationship Wrigley-Asante, (2011). Despite the fact that MFIs can empower women in

socio-economic status, and thereby reduce women's vulnerability to men's violence, microfinance services sometimes provoke violence in the home when 'empowered' women challenge gender norms Schuler, Hashemi, & Badal, (1998); Wrigley-Asante, (2011). In some cases, women's increased autonomy has led to the withdrawal of male support Mayoux, (1997); Silbertschmidt, (1999); Wrigley-Asante, (2011).

2.5 Research Gap

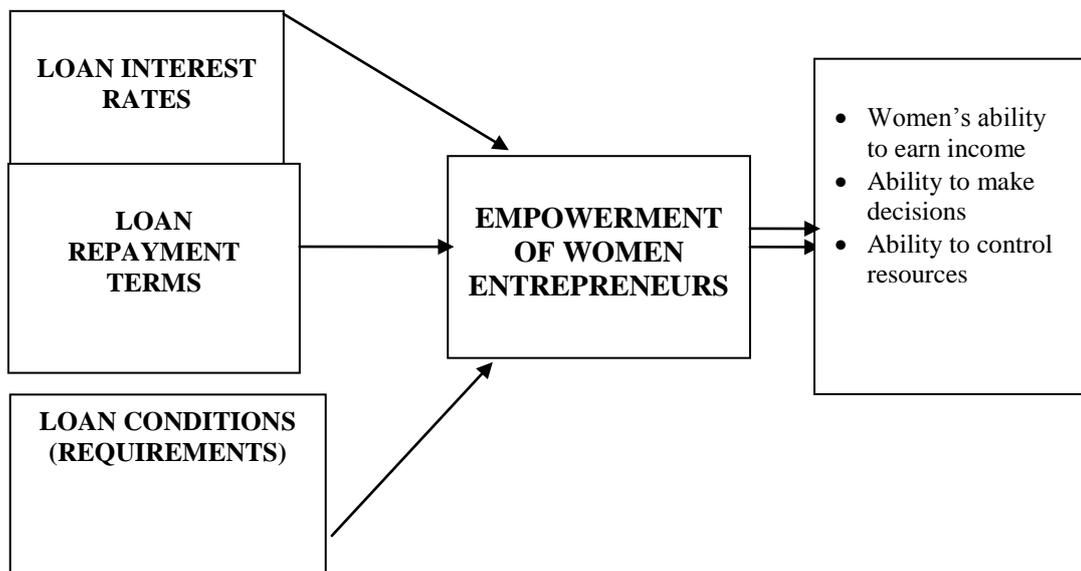
By considering the above reviewed empirical literature its evident that a good number of similar research have been done, but there are a number of gaps left ranging from products or services offered as well as nature of the organization studied. Elizabeth, (2011), conducted a research to determine the extent to which microfinance has empowered women financial position in Kenya and to determine the influence of microfinance in reducing the gap between lower and middle class income individuals especially those working in informal sector in Kenya. The study left a gap in time, their findings were for those women who had no businesses prior to approaching the microfinances for credit services, while the study conducted in Tanzania the clients had to have at least six months business experience in the same location prior to taking credit services. Osuji, (2013) studied the impact of microcredit on the performance of women entrepreneurs in Delta state. The study was conducted in Delta where most of the organization operates in an advanced working environment compared to those found in Tanzania. Therefore, their findings cannot be in favor of the Tanzania environment. Despite the fact that a number of research have been done to explore the contribution of microfinance and women economic empowerment, most of them were carried in other countries. Few studies have been done in Tanzania; this study will fill the existing gap left by previous literature.

2.6 Conceptual Framework

There are various factors and constraints which may explain why people are poor: inadequate amount and/ or quality of assets; constrained opportunities for welfare generation from assets; and qualitative factors such as vulnerability, powerlessness and social exclusion Gulli and Berger,(1999). The main contribution of financial services savings, credit and insurance is to address their financial constraints and to facilitate management of money (ibid)

Independent Variables

Dependent Variables



The Elements (Variables)

Figure 2.1 : Conceptual Diagram for Microfinances Effects on Women Empowerment

Other things remaining constant, two types of variables were studied in this research.

2.6.1 Independent Variable

- i. Interest rates on loans. The interest rate charged on loans is definitely more likely to affect lending decisions of many women, the changes in interest rates on loans will be observed and their effects on lending trend.
- ii. Loan repayment terms. This looks at the loan term and frequency of bringing the payment.
- iii. Loan conditions. What are the qualifications for a client to be able to secure a loan, and to what extent they limit women entrepreneurs to access loans.

2.6.2 Dependent Variable

Women's economic empowerment. The level at which clients economic status has been improved for the period from when they first took the loan to present. It is measured by women's capacity to earn income, ability to make decisions and control resources.

Bangladesh, R., *et.al* (2009) identified that "age, education levels of women and levels of income are significant factors that influence women empowerment". This study also confirms that although MF has impact on women's lives but there are other factors as well that are associated to women that affect their decision making ability and some of these will be examined in present study. The results of another study conducted by Noreen, (2011) showed that "women empowerment is considerably influenced by age, education of husband, father inherited assets, marital status, number of sons alive and microfinance".

Moreover it was also found that when loans were used by females, it resulted in better outcomes as compared to where loans were used by male family members. It was proposed that education facilities and family protection should be provided to get better outcomes, so these suggestions can used for future considerations. But in contrast to it, the findings of a

study conducted by Jayaweera,(2010), in context of education and empowerment in Asia, revealed that because of economic and social constraints that prevail in society education has not been able to confront social class differentiation that increases gender inequality in the family, labor market and society. The relationship between education and empowerment has nuances that are revealed in the contradictions in macro data and in the more insightful studies of gender inequality in qualitative studies.

2.7 Summary

Access to resources alone does not automatically translate into empowerment or equality; however, women must also have the ability to use the resources to meet their goals. In order for resources to empower women, they must be too able to use them for a purpose that they choose. Naila Kabeer uses the term agency to describe the processes of decision making, negotiation, and manipulation required for women to use resources effectively.

Since women's economic empowerment is the key to socio economic development of the community, bringing women into the mainstream of national development has been a major concern of government of Tanzania. The results suggest that women's access to credit contributes significantly to magnitude of the economic contributions reported by women, to the likelihood of an increase in asset holdings in their own names, to an increase in their exercise of purchasing power, and in their political and legal awareness as well as in combined economic empowerment index. Also Kabeer (1999), stresses that women's economic empowerment is about the process by which those who have been denied the ability to make strategic life choices acquire such ability. According to her, it is important to understand economic empowerment as a process and not an instrumentalist for advocacy.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1. Overview

This chapter describes the tools that were used when conducting a research study. Thus various steps which were adopted in conducting the study are explained. The areas covered include, research strategies, survey population, area of the survey, sampling design and procedure, variables and measurement procedures, methods of data collection, data processing and analysis techniques to be employed and results of the study (Rashid 2010). In the end we see how research methodology help give out final conclusion on how microfinance leads to women's economic empowerment.

3.2 Research Design

This study employed case study design; the researcher considered single case study for contribution of microfinance on women economic empowerment in Dar es Salaam where a detail and intensive analysis of the research problem was done. The choice of a case study was based on the advantage accrued from using case study design such as gaining insights in a wide sense; it described a unit of analysis and allowed conducting a thorough investigation and empirical enquiry of the organization. Moreover, the case study was chosen because also it was useful for answering cause and effect questions which enabled an understanding in depth of some aspects in which microfinance contribute to empowering women economy and identified the determinants that evidenced the economic empowerment to those women.

Despite a case study methodology has been criticized for its failure to provide a generalized conclusion but Hamel et al., (1993), forcefully argue that the relative size of the sample, whether it includes one or multiple cases, does not transform a multiple case

into a macroscopic study. However, even a single case could be considered acceptable, provided it meets the established objective, protocols, and establishing a procedure for analyzing the source material.

3.3 Research Strategy

3.3.1 Descriptive Research Strategy

Has been used to describe the relationship between variables. Its objective is was to measure the extent to which existence of microfinances affect women economic empowerment, how many women are interested in using banks and to which extent women customers perceive microfinance banking services as superior to others. This type of research was used because the researcher had substantial prior knowledge of the major variables which were to be investigated from the class notes and literatures.

Descriptive research was used so that the researcher would be able to describe the 'average use'. Such research can also be used to estimate what proportion of a given population of people is likely to behave in a certain way, and make specific predictions. Descriptive research starts with a hypothesis, which is a statement postulating a relationship between two variables. Subsequent data was gathered seeking to determine whether the hypothesis is true or false between variables.

3.3.2 Exploratory Studies Strategy

Exploratory studies are said to be valuable means of finding out what is happening; to seek new insights; to ask questions and to assess phenomena in new light Robson, (2002). It was particularly useful to clarify the understanding of the problem. The researcher diagnosed whether the interest offered by Akiba Bank contribute in economic women empowerment. Questionnaire was very much skillfully constructed and was submitted to

respondents who gave their understanding of the loans and savings services. It assessed how Akiba Bank has played part in the empowering women's economy.

3.4 Area of the Research or Survey

The research was carried out in Dar es salaam specifically buguruni, at Akiba commercial Bank (solidarity loan department). The reason for choosing that was because majorities were women who were most vulnerable and marginalized in Tanzania society, secondly was because Buguruni area is one of the most populated business place with lots of small businesses and a market place where many women sell food, fruits and do other micro and small businesses. Akiba Commercial bank's mission is to provide appropriate financial services to the micro, small and medium enterprises in the most efficient and sustainable manner always embracing social and environmental interest of all its stakeholders.

3.5 Survey Population

The clients and workers in loan department are the study population from this study. The population of this study was 660 comprising of staff and clients loan department from Akiba commercial bank plc operating in Buguruni , Dar es Salaam which represents one of the leading microfinance bank in Tanzania ,and the area zone covers many small businesses owned by women from Buguruni, Tabata, Ilala, Tazara And other nearby areas.

3.6 Sampling Techniques

Sampling procedure is defining plan for obtaining a sample from a given population. Sampling technique or procedure is adopted in selecting items for the sample. Sample design may as well lay down the number of items to be included in the sample i.e., the size of the sample. Sample design is determined before data are collected. There are many

sample designs from which a researcher can choose. Some designs are relatively more precise and easier to apply than others. Researcher must select/prepare a sample design which should be reliable and appropriate for his research study (Kothari, 2004).

3.6.1 Simple Random Technique

Simple Random sampling technique was used in collecting data from samples. Simple random sampling is a probability sampling whereby all members in the population have equal chance of being selected. Using simple random sampling enabled researcher to select the sample at random from the sampling frame without replacement. Simple random sampling is not biased since it will give equal chance to any member of a target population to be selected. The researcher was draw sample from including solidarity loan clients and bank employees. The sample unit selected was based on random and purposeful or judgmental techniques whereas random sampling was meant to have respondents from loan beneficiaries and bank staff while purposeful sampling was meant to have respondents from loan clients who are females only. Sample size was 50 respondents.

3.6.2 Purposive Sampling Technique

Purposive also known as judgmental sampling technique was used to focus on particular characteristics of a population that are of interest, which best enabled the researcher to answer the research questions. The benefit of using this method is that it gives chance for researcher to judge properly who are suitable to provide reliable information at right time for the study to be accomplished. Homogeneous sampling was applied to achieve selection of sample unit with similar characteristics, which in this case were female clients with businesses and who had loans with the bank.

3.7 Sample Size

This is the number of individuals selected from a population to constitute the sample. It is also the act of choosing the number of observations or replicates to include in a statistical sample. The sample size is an important feature of any empirical study in which the goal is to make inferences about a population from a sample. In practice, the sample size used in a study is determined based on the expenses of data collection, and the need to have sufficient statistical power.

The researcher used sample of 50 respondents on examining the contribution of microfinance on economic empowerment for women in Tanzania, specifically Dar es salaam. The sampling procedure that was used by the researcher to get the sample based on purposive and simple random sampling analysis in relation to number of clients and staff available in the loan section. The distributions of those 50 respondents, 45 of them were female loan clients and 5 of them were staffs in the loan department.

3.8 Methods of Data Collection

During the study both primary and secondary data were be used. Primary data was collected through interview and questionnaires conducted by the researcher. Secondary data was collected through documentation that is various authorized documents plus unpublished materials that relates to the research problem.

3.8.1 Questionnaire

There were two types of questionnaire. One was for female solidarity loan clients who had loans with the Bank, second type was for bank employees those in the loan department. Questionnaires were prepared in two languages English and Swahili to help clients understand the questions. The questionnaires for those who secured loans generally

covered factors for their success, loans conditions and repayment challenges and how loans have helped them economically.

Information from bank officials by way of questionnaires related to application of lending policies, factors limiting loan access to most women with micro business, problems bank officials encounter when dealing with clients and suggestions to the way forward. These approach enabled the researcher to grasp and identify the real situation which both female customers and ACB face in loan services, their inter linkages between them and their impact.

3.8.2 Interviews

Interview was conducted to collect additional information, the qualitative information that the questionnaires have failed to get. Structured interviews were prepared as a guide to get information from respondents who had loans from ACB – Buguruni Branch in Dar es Salaam. Interview was conducted to different groups for the purpose of complementing the information obtained in questionnaires or seeking new information.

3.8.3 Documentary Sources

Documentary source was used to gather secondary data. Document analysis was employed in order to get the detailed description about the procedure for loan used by ACB and also to get background information about the same. This method involved office records, lending policies and various official reports. However documentary review was used to clarify the theoretical framework of ACB loans and illuminate primary data, which is going to be collected through interview and questionnaire techniques.

3.9 Data Processing and Analysis

Analysis means the computation of certain indices or measure along with searching for patterns or relationship that exist among the data group Kothari, (1999).

This chapter presents and analyses the data. Data were collected, summarized and analyzed using MS Excel (2007) and Software Package for Social Scientist (SPSS) Version 19. Both Pearson Correlation Coefficients and Multiple Regression Analysis were used to analyze the data. Content analysis used to obtain descriptive statistics (including mean, standard deviation and variance) to draw conclusion for the study. The research findings were organized and presented in form of words and numbers by using frequency tables, histogram, charts and simple percentage method.

Mathematically the model is expressed as follows;

Model for the main objective

Equation 1:

$$WEE = f(\text{mfi, lc, ot})$$

$$WEE = \beta_0 + \beta_1\text{MFI} + \beta_2\text{LC} + \beta_3\text{OT} + \varepsilon$$

WEE = Women Economic Empowerment

MFI= Microfinance Institutions loans

LC= loan conditions

OT = other conditions.

β = intercept, $\beta_1 - \beta_3$ = Coefficient of the independent variables, ε =error term.

3.10 Measurement of Variables

The researcher used two variables. The first one is independent variable which is credit services offered by microfinance bank; their interest rates, loan conditions and loan

repayments terms to solidarity female clients, the second one was dependent variable which was the level of economic women empowerment of 2012,2013,2014 characterized by level of income, decision making and asset ownership. All the variable data were obtained from the bank by enquiring information and conducting interviews with the customers. This research used standard questions adopted from previous studies to measure the variables.

3.10.1 Women's Ability to Earn Income

Women clients ability to earn income was measured using face to face interview and questionnaires, Example of the questions were "I have earned more income after taking solidarity loan compared to before". A 5 point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) were employed to questions like ;have their income increased after joining Akiba bank. The purpose of a 5-point Likert scale was to offer respondents more choice and better capture variability in their attitudes and feelings Hinkin, (1995). Scores from the items were averaged to yield summary scores reflecting client's improvement in level of income. The instrument has been tested and used previously.

3.10.2 Decision Making

Questionnaires were used to measure the level of decision making that women have before and after joining Akiba bank, with this clients were given an opportunity to comment on their involvement in making decisions in their families and businesses. Example of the questions is "How would you rate your involvement in decision making after joining Akiba bank". 5-point Likert scale was employed ranging from 1(very low) to 5 (very high). Scores was averaged to yield the summary scores reflecting the work performance.

3.10.3 Asset Ownership.

Questionnaires were used to measure asset ownership of women before and after joining Akiba bank, With this clients were given an opportunity to comment on a number of asset they added in the business and at home. Example of the question0.s are "Is there a change in amount of assets you owned before and after joining the bank?". Answers were averaged to yield the summary scores reflecting the level of change in asset ownership.

3.11 Reliability and validity of data

Reliability defined as the extent to which results are consistent overtime Saunders, Lewis & Thornhill, (2012). Reliability has to do with accuracy and precision of measurement procedures. Validity implies applicability and usefulness of the data obtained through such reliable design and all the way to conclusive findings Kothari, (2007). Pilot study was done to test whether the tools are truly measuring what they intended to measure Kothari (2007). Reliability of the tool was made by piloting the questionnaires before a comprehensive exercise of data collection to see if the tool can give consistent response from different respondents.

3.12 Ethical issues

Ethical refers to the standards of behavior that guide researchers' conduct in relation to the rights of those who become the subject of research, or are affected by it Saunders, Lewis & Thornhill, (2012). In this study, the researcher ensured that there was confidentiality of the data provided by the respondents. In addition, researcher ensured anonymity of participant's identities. Before collecting the data, respondents were informed the purpose of the study and the way the results were used for.

CHAPERT FOUR

4.0 INTERPRETATION, ANALYSIS AND DISCUSSION OF THE FINDINGS

4.1 Introduction

This chapter presents and analyses the data. The information collected from respondents are discussed and reported in this chapter. The study comprised both qualitative and quantitative approaches for analyzing and presenting the findings. Quantitatively refers to numerical (numbers) presentations and Qualitative (words). This simplified the discussion and interpretation of the information.

The researcher provided a total of 50 questionnaires to female solidarity customers and loan employees. 45 were solidarity female customers who had loans in the bank and 5 were bank employees from the loan sector. The research areas was Buguruni Branch, out of the 50 questionnaire distributed, the researcher was able to collect 50(100%) responses. Based on the objectives, data were collected and discussed through research questions. Generally, all the questions focused on the contribution of microfinance institutions on women's economic empowerment.

4.2 Interpretation of Results

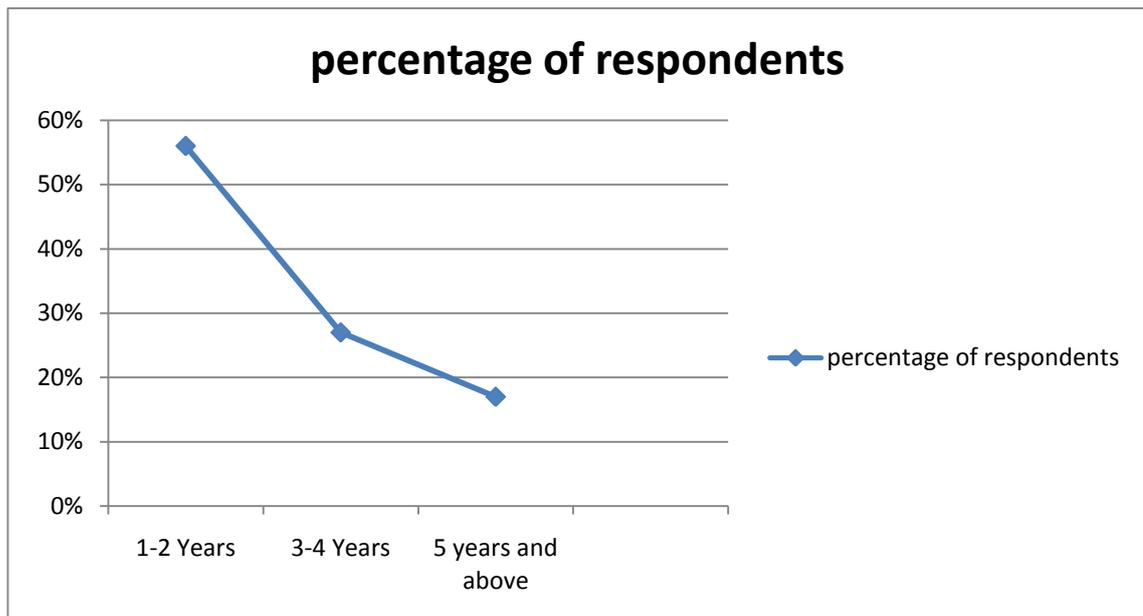
4.2.1 Number of Years as Customer of Akiba Bank

The following data was gathered by analyzing the number of years that respondents have been customers of Akiba Bank. The researcher asked respondents this question in order to determine how effective Akiba Bank has been in helping customers to eradicate poverty. The feedback from respondents was recorded as shown in the table and Figure 4.1.

Table 4.1 : Number of years as a customers of Akiba Bank

No. of years	Number of respondents	Percentage of respondents
1-2 years	25	56%
3-4 years	12	27%
5 years and above	8	17%
Total	45	100%

Source: Akiba Bank respondents report, 2015

**Figure 4.1 : Number of Years as a Customers of Akiba Bank**

Source: Akiba Bank research respondent report, 2015

The results show that 56% respondents have been customers of akiba bank for not more than two years, 27% respondents have been customers of akiba bank for not more than four years, 17% of respondents have been customers of Akiba Bank for up to 5 years or more.

These findings show that Akiba Bank has managed to help women to eradicate poverty and empower themselves economically within that period of time.

4.2.2 Approaches Used By Akiba Bank to Empower Women Economically

To find out approaches used by Akiba Bank in empowering women economically, each respondent was asked to mention one way through which Akiba Bank helps them to rise their economy. The objective was to determine the relationship of MFIs and women empowerment. Their answers were documented as shown in the Table and Figure 4.2.

Table 4.2 : Approaches used by Akiba Bank to Empower Women Economically

Approaches	Number of respondents	Percentage
Special Savings	10	20%
Training	7	14%
Loans	28	56%
Advice	5	10%
Total	50	100

Source: Akiba Bank Respondents Report, 2015

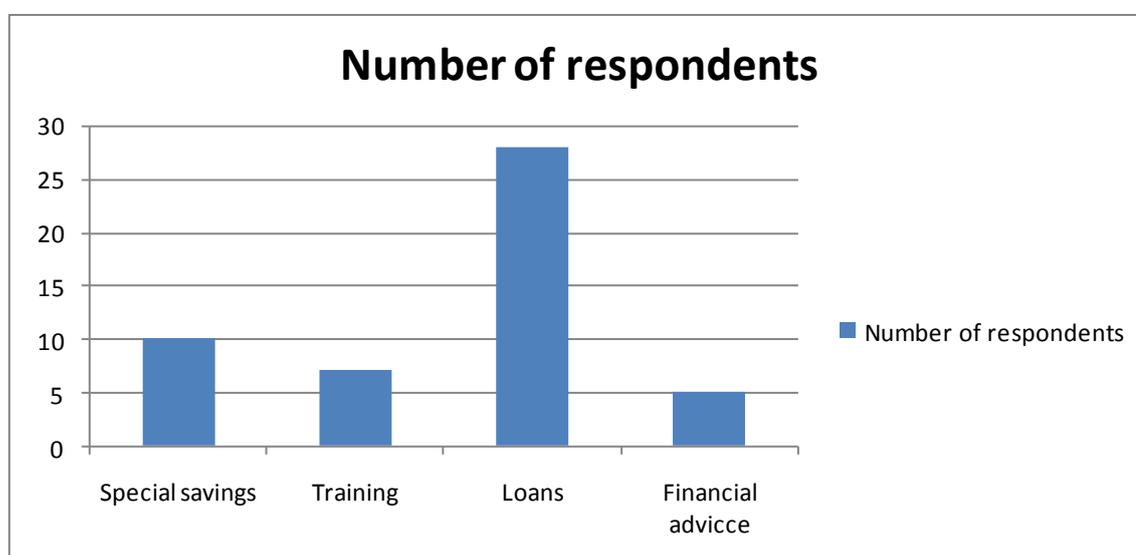


Figure 4.2 : Approaches used by Akiba Bank to Empower Women Economically
Source: Akiba Bank respondents report, 2015

The findings of the study show that 56% of respondents said that Akiba Bank helps to empower them by offering loans, 20% said by taking savings, 14% said by offering training and 10% said by giving business and loan usage advice.

4.2.3 Number of Solidarity Loans Issued to Women by Akiba Bank

The following data was collected from members of staff of Akiba Bank at buguruni branch, showing the number of loans issued to customers from the year 2012 to 2014. The objective was to establish the trend in the issuing of loans aimed at empowering women.

Table 4.3 : Number of Solidarity Loans Issued to Women by Akiba Bank from 2012-2014

Year	number of female clients
2012	459
2013	594
2014	653

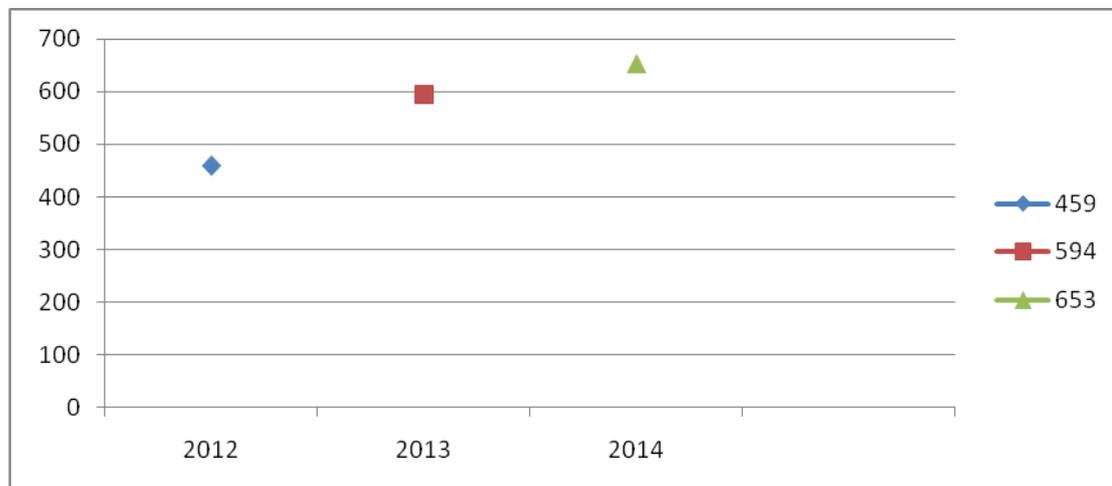


Figure 4.3 : Number of Solidarity Loans Issued to Women by Akiba Bank 2012-2014

Source: Akiba Bank Performance Indicator, 2015

The results show that the number of solidarity loans issued by Akiba Bank to customers from 2012 to 2014 has been a constant increase in number of female clients. This shows that Akiba Bank has been playing a very important role in empowering women economically.

4.2.4 Sources of Clients Capital before Joining Akiba Bank

After finding out that Akiba bank gives loans not to new business but those that have been conducted for not less than 6months, the researcher asked respondents to mention what were their sources of capital for starting their businesses. The feedback from respondents was recorded as shown in the table below:

Table 4.4 : Sources of clients capital before joining Akiba Bank

Sources of capital	Savings	Loan from other institutions	Contribution from relations	Total
No. of respondents	28	6	11	45
Percentage	62.2%	13.3%	24.4%	100%

Source: Akiba Bank respondents report, 2015

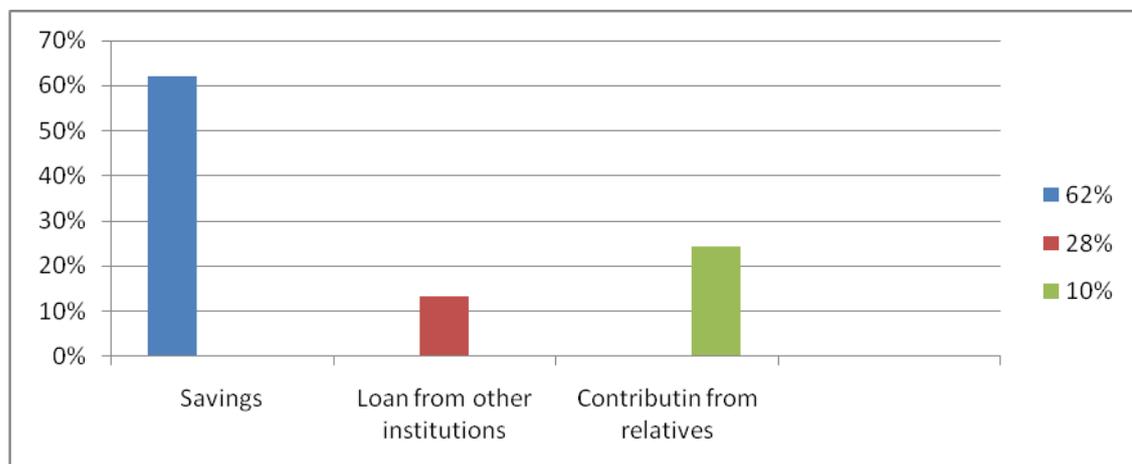


Figure 4.4 : Sources of Clients Capital Before Joining Akiba Bank

Source: Akiba Bank respondents report, 2015

The study found out that sources of capital of customers before joining the bank include; personal savings, loans from other cooperatives or associations, and contribution from relatives.

4.2.5 Improvement in Level of Income, decision Making and Control of Resources after Joining Akiba Bank

To analyze improvement in level of income of respondents after joining Akiba Bank, the researcher asked respondents to give their opinion on their income. The feedbacks from respondents were recorded as shown in the Table 4.5.

Table 4.5 : Improvement in Level of Income, Decision Making and Control of Resources after Joining Akiba Bank

Experience	Number of respondents	Percentage of respondents
Very Good	19	38%
Good	18	36%
Average	13	25%
Total	50	100%

Source: Akiba Bank respondent report, 2015

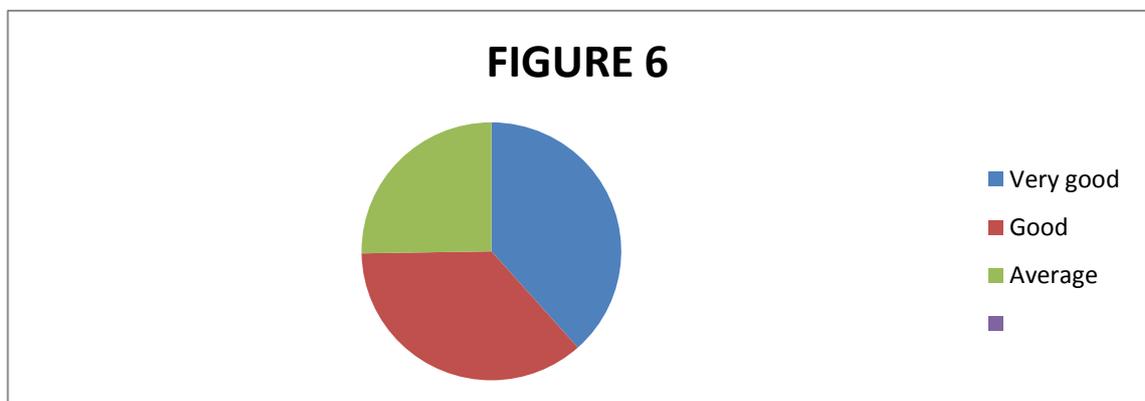


Figure 4.5 : Improvement in Level of Income, decision making and control of resources after Joining Akiba Bank

Source: Akiba Bank respondent report, 2015

From the findings of the study, 48.9% of respondents said that improvement in their level of income was Very Good, 33.3% of respondents said improvement in their level of income was good, and 17.8% of respondents said improvement in their level of income was Average. These findings support previous findings that Akiba Bank plays a very vital role in empowering women.

4.2.6 Challenges Faced by Solidarity Clients in Loan Repayment

From interviews conducted with members of staff of Akiba Bank, the researcher identified four main challenges faced by Solidarity female clients in loan repayment; dishonest loan officers who takes their payments but not present them in the bank, clients with multiple loans, not investing the loan in business, and low profit margins due to lack of good business knowledge.

Table 4.6 : Challenges Faced by Solidarity Clients in Loan Repayment

Challenges	Number of respondents	Percentage
Multiple loans from other banks	13	26%
Low profit margins	22	44%
Not investing the loan into business	13	26%
Dishonest loan officers	2	4%
Total	50	100

Source: Akiba Respondents report indicator, 2015

The findings show that 26% of respondents said that multiple loans from banks is a challenge as they end up using one loan to pay for the, 4% of respondents mentioned dishonest loan officers who takes monthly clients instalments and not bring them to the

bank, 44% of respondents mentioned low profit margins and 26% of respondents mentioned not investing the loans into business therefore fail to make profit out of the loan and repay. Thus, from the perception of respondents, among challenges faced by Akiba Bank in poverty eradication, low rates of loan repayment is the main challenge.

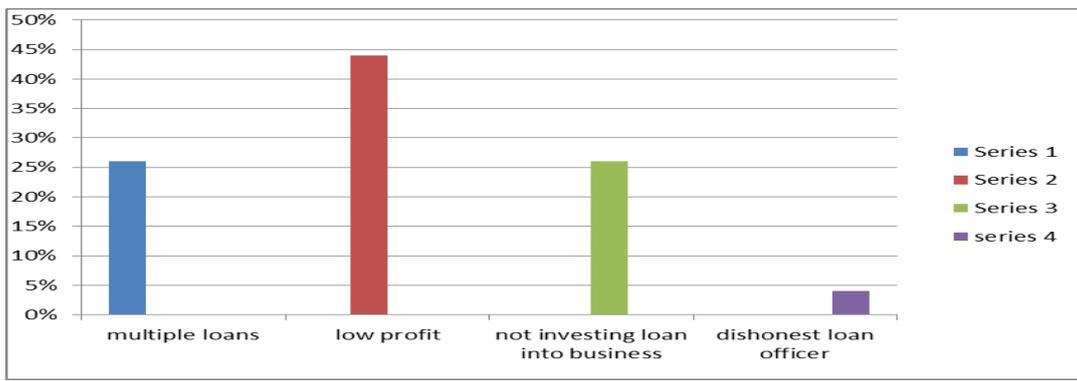


Figure 4.6 : Challenges Faced by Solidarity Clients in Loan Repayment

Source: Akiba Respondents report, 2015

4.2.7 Effectiveness of Akiba Loans in empowering women's Economy

The following data was gathered by analyzing the effectiveness of Akiba Bank in empowering female customers. The researcher asked respondents to rate the effectiveness of Akiba Bank in poverty reduction as either, "Very Effective", "Effective" or "Not Effective". The results are presented in the table and figure below:

Table 4.7 : Effectiveness of Akiba Bank in Women Empowerment

	Number of respondents	Percentage of respondents
Very effective	31	62%
Effective	14	28%
Not effective	5	10%
Total	50	100%

Source: Akiba Respondents report, 2015

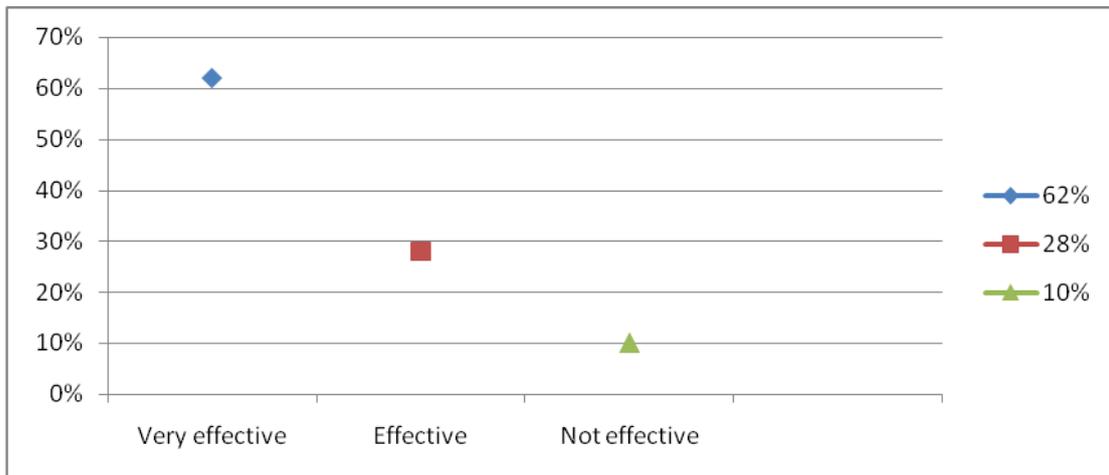


Figure 4.7 : Effectiveness of Akiba Bank in Women Empowerment

Source: Akiba Respondents report, 2015

The results show that 62% of respondents said that Akiba Bank is Very Effective in poverty eradication, 28% of respondents said that Akiba Bank Effective in poverty eradication and 10% of respondents said that Akiba Bank is not effective. This findings show that Akiba Bank is somehow effective in poverty eradication.

4.2.8 Clients Comments on Loans

The following data was collected from members of staff of Akiba Bank at buguruni branch, showing the number of loans issued to customers from the year 2012 to 2014. The objective was to establish the trend in the issuing of loans aimed at empowering women.

Table 4.8 : Clients Comments on Loans

Comments	
Interest rates are high	30
Loan conditions are hard	25
Increase loan repayment terms	28

4.3 Discussion of the Findings

The present study examines the contribution of microfinance institutions on women economic empowerment. The findings show that most of the respondents agree with the fact that microfinance has played a big part in advancing their economic condition and their living standard, the findings support study conducted by Raghurama and shakirairfana, (2013). In line with research questions number 1 about number of years as a customer of Akiba, 56% of the clients have been customers of the bank for two years and less, and the rest have been customers for longer period than that, this shows that as years go by women become more aware and involve themselves in microfinance services for financial assistance. In line with research question 2 about approaches used by Akiba bank to empower women economically, 56% replied it was through loans offered, 20% said it was through special saving, 14% through training and 10% through business advice.

In line with research question 3 about number of solidarity loans issued to women by Akiba bank from 2012/2014, the results shows that number of customers increases yearly as people become more aware of the benefits offered by microfinance institutions and its benefits. In line with research question number 4 about client's source of capital before joining Akiba bank up to 62% said they got their capital from personal savings, 27% said they got it from contributions of relatives and family and 5% said they got it from other institutions. According to research question number 5 which asked about clients improvement of level of income, decision making and control of resources after joining Akiba bank and 38% of respondents said it was very good, 36% ranged it as good and 25% said it was an average improvement. In line with research question number 6 which asked about challenges facing solidarity clients in loan repayment, respondents mentioned multiple loans, dishonest loan officers who used customers monthly repayments for personal use, not investing the loan into business and hence fail to make profit and repay

the loan, and low profit margins due to failure in business. In line with research question 7 which asked the effectiveness of Akiba loans in empowering women economy 62% agreed that the bank's loans were very effective in empowering women economically, The results are consistent with prior research with the view that women's participation in microfinance services leads to an increased women's empowerment Leach & Sitaram, (2002; Pitt et al., (2006); Rai & Ravi, (2011)..

In line with research question 8 were clients were asked to give their comments on loans, they commented about interest rates were high, loan conditions were hard and loan repayment terms should be increased, but at the same time they agreed that solidarity loans were much better compared to difficult conditions offered by individual loans from corporate banks or unofficial loans offered by friends or unregistered entities, the findings support Osiju Casmir, (2014)The researcher found out that although micro-finance banks impacted positively on the economic conditions of the citizenry in many parts of the world, the high interest rates and short repayment periods have made the banks ineffective on the performance of women owned enterprises in Delta State. This is because of the shortness of the repayment period which gives no room for the loan to generate future income.

CHAPTER FIVE

5.0 SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings, conclusions and recommendation made with regard to the study findings and objectives.

5.2 Summary of Findings

The study evaluates the impact of MFIs on women's empowerment. From the findings of the study, most women who approach the MFIs for loans are in the self-employed trading business. Various statistical techniques used to analyze data derived from objectives of study. Research questions were answered. The study findings show that dominant respondents were female comprising 88.9%.

All the women attested to the fact that the interest rates are high, loan repayment duration should be extended and reduce some of the requirements and conditions such as 20% special savings prior loan disbursement and minimum number of group members to less than five. Furthermore, a large percentage of the women agreed that MFIs increased their income, standard of living and as a result of these they have been empowered. In addition, the study was based on a small scale with just 50 respondents.

5.2.1 Research Objectives

The study on examining the contribution of microfinance to women's economic empowerment in Tanzania was done at Akiba commercial bank, buguruni branch and had four objectives, which was achieved through a desk study of documented information and detailed analysis of data collected mainly using questionnaires. The first objective of the study was to assess areas in the microfinance to help increase women empowerment

performance through analyzing various determinants of women's economic empowerment. The second objective of the study was to determine the relationship between microfinance institutions and women's economic empowerment. The third objective was to determine the sources through which women of Dar es Salaam find their capital for business or additional capital to expand their businesses. Lastly, the fourth objective is to recommend strategies to be adopted by microfinance to help increase women empowerment.

In addressing the first objective, 51% of respondents who have been customers of akiba bank for not more than two years were monitored their performance so that to assess areas in which microfinance has helped increase women empowerment through various determinants of women's economic empowerment. These findings show that Akiba Bank has managed to help women to eradicate poverty and empower themselves economically within that period of time by increasing their level of income, decision making ability and asset ownership compared to before joining the Bank.

The second objective of the study was to determine the relationship between microfinance institutions and women's economic empowerment. The findings of the study show women were indeed of finance and saving and microfinance institution was there to help poor people excluded from other traditional banks to access financial services. Data collected revealed that 56% of respondents said that Akiba Bank helps to empower them by offering loans and loan usage advice. This relationship established reveal that there is a need of check and balance of power by increasing transparency in loan process and establish formal procedures where every member should be included to know all the procedures. The main cause was established the overall objective of Akiba loan practices to ensure that contracting authorities guarantee best value for money for the citizens of the Tanzania. Therefore, there is need for developing countries to rectify and control bank loan acts in

offering that will ensure fair competition, transparency and accountability by establishing good corporate governance codes so as to assess efficiency and effectiveness of loans performance as case study at Akiba Bank has managed to help women to eradicate poverty and empower themselves economically within that period of time in Tanzania.

The third objective of the study was to determine the sources through which women of Dar as Salaam find capital or additional capital to expand their businesses. The results shown that 62.2% of respondents agree Akiba bank gives loans not to new business but those that have been conducted for not less than 6 months in the same business area. The study revealed that Akiba bank has been a big help in expanding their businesses by adding their working capital, and when asked about their original sources of capital before at the start of their business before joining Akiba bank most of them mentioned; personal savings, loans from other cooperatives or associations, and contribution from family and relatives.

Lastly, objective four was aimed at recommending strategies to be adopted by microfinance to help increase women empowerment. The study revealed, the current strategies to improve the bank loans methods/procedures were not effective. This was because, carefully defined and disciplined processes at every level were not maintained at Akiba commercial bank , loans activities were sometimes well monitored to ensure adherence to best practice at bank loan Department, the evaluation committee at Akiba commercial bank sometimes did not always conduct evaluations of the loans to ensure compliance, stringent mechanisms were not in place to ensure loans compliance at Akiba commercial bank, and some people who adhere to procurement procedures/laws are usually punished while others did not.

The study employed quantitative and qualitative data sets. The quantitative data was generated by household survey of borrowers in order to triangulate the findings and data sets, the research employed qualitative data gathering methods (questionnaires, group discussion, key information interview and personal observations). Thus detail understanding of the effect of the MFI was adequately learnt and the result of the study is likely viable. This methodological undertaken enabled the researcher to arrive at a reasonable conclusion.

5.3 Conclusion

The study concludes that women have been empowered through microfinance loans and savings services that they couldn't get from other traditional or big banks due to lack of big licenced businesses and securities. This can be traced in the tables that the level of participation and the status of the members are increasing day by day. They engaged themselves in self-employment activities like mama lishe, retail shops, vegetables and food crops in market places, clothes, charcoal etc. This has enhanced the improvement in their quality and standard of living. One can conclude that 'Micro Finance is the best tool for empowering women and which can be synergetic if exercised through Solidarity Group loans since members do not necessarily have to have business license and big collateral like houses or car, although after their businesses grow and expand they are expected to graduate and become individual customers with strong business and collateral, so this results in eradication of poverty and family problems which in turn to achievement of Millennium Development Goals (MDGs).

5.4 Recommendations

In respect to strategic bank loans and procedures in general, more consultation should be made with the wider community and with other Stakeholders in the loans system,

especially women members of the public who was directly affected by the outcomes of loans. Basing on the field findings, given the fact that women involved in bank loans did not have necessary skills to conduct their business competitively it is hereby recommended that the following recommendations are the most important ones that can be deduced by this research of the following are major recommendation:

i. Entrepreneur skills:

Government sector and nongovernment sector should empower women by having free seminars and training when inviting the entrepreneur to learn about business contact. Many women lack skills because of not attending training and support to marketing while seminars are being provided by government and private organization.

ii. Accessibility of financial resources

Women need training of banking and procedures of accessing money. The success of every business enterprise depends on the availability of credit. Therefore banks could help women enterprises by giving training and enough information about loans provided and procedures. Bank should increase time of repayment at least one month of grace period after loans being offered and one year to two of loan repayment, and make considerations of interest to be paid by these women entrepreneurs.

iii. To solve challenges faced by Akiba Bank in empowering women, Akiba Bank should try and lower the interest rates, and increase loan repayment terms.

iv. Akiba Bank should help their customers by making follow up in their business development and advise them on what to do so as to prosper after giving them loans,

instead of just waiting for payments and if they fail to pay sell their chattles or take their special savings from their accounts.

- v. Change some loan conditions like reducing minimum number of group members from five to four or three since it is difficult for clients to find a group of five people whom they know well and trust.
- vi. Reducing charges which 3.1% as application and insurance fee, 20% of the loan special saving prior taking the loan, and still the client needs to take business, chattle and group pictures, account opening cost. So when putting together all these costs some clients withdraw from the process because of too many charges than they can afford.

Therefore, if the government will amend the bank loans and accommodate the above recommendation, it will help to improve efficiency and effectiveness of women empowerment performance and achieve social economical.

5.5 Areas for Further Research

The important insight gained at examining the contribution of microfinance to women's economic empowerment in Tanzania which was done at Akiba commercial Bank, buguruni branch is to assess areas in the microfinance which will help increase women empowerment performance through to determinants of women's economic empowerment. Another issue was to determine the relationship between microfinance institutions and women's economic empowerment. Furthermore to determine the sources through which women of Dar es Salaam find their capital for business or additional capital to expand their businesses.

Lastly, recommend strategies to be adopted by microfinance to help increase women empowerment. Further research is needed in the field of loans in depth because of the increased interest and complexity involved in it. Suggest a comprehensive research to find out the effects of the public organizational funding on the loans methods and procedures. The findings here should give a strong basis as why organizations should invest and relay on more women banks as a better alternative. There is also need to find out the effects of aggregated loans in the public financial sector by the various loans entities.

This study looked at efficiency and effectiveness of loans performance. The researchers suggest that further studies should be carried out on bank loans performance but with emphasis on:

- (i) Challenges encountered when measuring loans performance in achieving targets.
- (ii) Benefits of measuring loan performance.

REFERENCES

- Awajobi, O. (2013). *Microfinance as a Strategy for Poverty Reduction: The Nigerian Experience*. (Master Thesis) Berlin School of Economics and Law, Berlin, Germany.
- Basu, A., Blavy, R., & Yulek, M. (2004) *Microfinance in Africa: Experience and Lessons from Selected African Countries*. IMF Working Paper, African Department.
- Batliwala, S. (1994). "The meaning of women's empowerment: New concepts from action", in Gita Sen, Adrienne Germain and Lincoln C. Chen eds *population policies reconsidered: Health, Empowerment and Rights*. Cambridge: Cambridge University press.
- Daley-Harris S. (2007). *Microcredit Summit Report*.
- Datta, P. B., & Gailey, R. (2012). *Empowering Women through Social Entrepreneurship: Case Study of a Women's Cooperative in India*. *Entrepreneurship Theory and Practice*, 36(3), 569–587.
- Elizabeth, M. (2011). *Microfinance and financial empowerment in Kenya. Evidence from self-help groups in India*. *International Review of Applied Economics*. *International Review of Applied Economics*, 23, 541-556.
- Guerin, I. & J, Palier (2005) *Micro-Finance Challenges: Empowerment or Disempowerment of the poor?* French Institute of Pondicherry, India
- Hage, G. & Margorite, B. (1999) *Microfinance and poverty reduction in Asia and Latin America*.
- Ibrahim, S., & Allen, E. (2007). *Agency and Empowerment: A Proposal for Internationally Comparable Indicators*. *Oxford Development Studies*, 35(4), 379–403.
- ILO. (2003) *Jobs, Gender and Small Enterprise in Tanzania: Factors Affecting Women Entrepreneurs in the MSE Sector*. Research report by the University of Dar es Salaam Entrepreneurship Centre (UDEC, 2002). ILO: Geneva.

- Kothari, C. R. (2007). *Research Methodology; Methods and Techniques*, New Age International Publishers, New Delhi
- Leach, F., & Sitaram, S. (2002). Microfinance and women's empowerment: A lesson from India. *Development in Practice*, 12(5), 575–588.
- Lont, H. & Hospes, O. (2004) (eds.) *Livelihood and Microfinance*, Delft: Eburon.
- Mushumbusi, P. K., & Jan, K. (2013). Empowering women through microfinance evidence from Tanzania. *ACRN Journal of Entrepreneurship Perspectives* Vol. 2, Issue 1, p. 31-59, Feb. 2013.
- MutaiRenny, K. (2013) Impact of microfinance on economic empowerment of women. *Journal of Global Business & Economics; Jan., 2014*, Vol. 8 Issue 1, p1
- Nalunkuma, J. (2006) *Microfinance and Outreach: A case study of Soroti Catholic Diocese* Integrated Development Organisation, The Hague: ISS
- Nchimbi, M. I. (2002) *Gender and Entrepreneurship in Tanzania: A Comparative Analysis of Male-Female's Start-up Motivation, Individual Characteristics and Perceptions of Business Success*, PhD Thesis. University of Dar es Salaam, Faculty of Commerce.
- Olomi, D. R., (2009) *African Entrepreneurship and small business development: Context and process*. Otme Company Limited, Dar es Salaam.
- Osuj, C. (2014). Impact of capital structure on financial performance of Nigerian firms. Pogge, (1992).
- Rai, A., & Ravi, S. (2011). Do Spouses Make Claims? Empowerment and Microfinance in India. *World Development*, 39(6), 913–921.
- Ranjula, B. S. & Fan, Y. W. (2009). Does Microfinance Empower Women? Evidence from self-help groups in India.
- Rugharama, S. & Irfans, S. (2013). *Origin, Growth and Performance of Self- Help Group Bank linkage program in India*.

- Rweyemamu, D. C., Kimaro M. P. & Urassa O. M. (2003). Assessing Micro-Finance Services in Agricultural Sector Development: A Case Study of Semi-Formal Financial Institutions in Tanzania.
- Saunders, L. & Thornhill, A. (2012). Research methods for business studies.
- Susy, C. & Lisa, K. (2002). Empowering women through Microfinance.
- Swain, R. B., & Wallentin, F. Y. (2009). Does microfinance empower women?
- Thomas, A., Blakley, D., Jeremy, S. & Justin, W. (2015). "Crowd funding in a prosocial micro lending environment: examining the role of intrinsic versus extrinsic cues". *Entrepreneurship Page 39 (1): 53–73.*
- Wrigley-Asante, C. (2011). Out of the dark but not out of the cage: women's empowerment and gender relations in the Dangme West district of Ghana. *Gender, Place & Culture, 1–20.*

APPENDICES

Appendix III: Questionnaire

Dear Respondent,

Am researching on contribution of Microfinance on women empowerment.

You are one of the few randomly selected people, whom I believe you have experience that you will be of value to me and I would like to know your views on whether the services offered by this bank to solidarity clients contribute to economic women empowerment. All information you give will be treated in confidence and will be used solely for this research and for academic purpose only. No source or individual will be identified or comment attributed to the originator. I thank for your co-operation.

**QUESTIONNAIRE FOR ACB EMPLOYEES (SOLIDARITY LOAN
DEPARTMENT)**

1. For how long have you been working with this organization? Years.

2. What is the rate of loan application from women with SMEs are you receiving?

Increasing (), Decreasing (), Constant ()

3. Does your organization make any effort to increase the awareness of borrowing to women? Explain

.....
.....

4. How do you see the business performance of the women with SMEs as your client before securing the loan and after getting the loan from your organization?

Improving (), not improving ().

Explain

.....
.....

5. What are the major challenges that you are facing with clients in your daily business operation, if any?

.....

6. What is the trend of loan recovery?

Increasing (), Decreasing (), Constant ().

7. How do you evaluate the credit performance of women with SMEs?

.....

8. What is your recommendation to the way forward in borrowing? Explain

.....

QUESTIONNAIRE FOR THE CLIENTS – ENGLISH VERSION

1. For how long have you been a customer of Akiba bank?

2. Was your enterprise a new one or it was existing before getting the loan?

New (), Old ().

3. If the answer in question 3 above is Old, what was the source of capital?

Explain

.....

4. What is/was your actual loan? Explain

.....

5. What difficulties were encountered in securing the loan?

.....

6. Is the loan obtained sufficient enough to meet your business need?

Yes (), No ().

7. Give the reasons for the answer No 6 above

.....

8. Did the loan help you economically?

9. Give reasons for the answer No.12 above

.....

10. What are the reasons that causes you not to pay your loan installments on time.

11. How would you rate your involvement in decision making and control of resources after joining Akibabank.

(a) Very low (b) low (c) normal (d) high (e) very high

12. I have earned more income after taking solidarity loans than before.

(a) Strongly agree (b) agree (c) normal (d) disagree (e) strongly disagree

13. Any other comment, if any about loans in general.

.....

QUESTIONNAIRE FOR CLIENTS- SWAHILI VERSION.

1. Unakiwangogani cha elimu ?.....
2. NI kwamdaganiume kuamtejawabenkiya Akiba .
3. Biasharayako ilikuandio kwanza unaianza au niyamudamrefu wakati unaombamkopo?
Mpya (), Zamani ()
4. Kama jibu la swali la 3 hapo juu ni zamani, mtaji wa kuanzia biashara ulipata wapi?.....
5. Ni lini ulianza kupata huduma katika benki ya ACB ?
.....
6. Mko po wakohalisi uli oomba nikiasigani ?
.....
7. Ni matatizo gani ulipiti katika kuombamkopo
8. Mko pouliopata unatosheleza mahitaji oyabiasharayako ?
Ndio (), Hapana ().
9. Fafanua natoamaelezo yajibu lako la 9 hapo juu
.....
10. Jemko pouhuo mekusaidiaki uchumi.....
Ndio (), Hapana ().
11. Fafanua jibu lako la swali la 12 hapo juu,
.....
.....
12. Umelipamko po wakokwawakati au la ?
.....

13. Ni sababu gani ili yopeleke akuweza/kushindwa kulipamkopowakokwawakati ?

Fafanua.....
.....

14. Unalinganisha je ushiriki wakokatika kufanyama amuziyaki familia nabi ashara baadaya kuanza kuchukua mkopobenki ya Akiba.

(a) ukochinisa (b) ukochini (c) wakawaida (d) ukojuu € ukojuusana

15. Nimekuwaniki patakipatoki kubwabaadaya kujiunganami kopoyavikundi kuliko zamani.

(a) nakubalisana (b) nakubali (c) kawaida (d) sikubali (e) sikubalisana

16. Toa maoni ya kokatika swalazimalinalohusumi kopokatika kukuza chumi wawanawake

.....