

**IMPACT OF MICRO FINANCE INSTITUTION ON BUSINESS GROWTH OF  
THE PETTY WOMEN TRADERS**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS  
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**2020**

**CERTIFICATION**

The undersigned certifies that he has read and hereby recommends for acceptance by the Open University of Tanzania a dissertation titled: **“Impact of Micro Finance Institutions on Business Growth of the Petty Women Traders”**: in partial fulfillment of the requirements for the degree of Master of Business Administration (MBA) of the Open University of Tanzania.

.....

Dr. Salvio E. Macha

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## **DEDICATION**

I dedicate this proposal to God Almighty my creator, my strong pillar, my source of inspiration, wisdom, knowledge and understanding. He has been the source of my strength throughout this program and on His wings only have I soared. I also dedicate this work to my husband; Mr. John Mpokera who has encouraged me all the way and whose encouragement has made sure that I give it all it takes to finish that which I have started. To my children Ellijoy, Elvis and Elyn who have been affected in every way possible by this quest. Thank you. My love for you all can never be quantified. God bless you.

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## **ABSTRACT**

The purpose of this study was to analyse the impact of microfinance institutions on the business growth of the petty women traders. The study used a case study design of one SACCOS. The study used questionnaire to gather data, statistical tables, graphs and chart used for data presentations, Also SPSS program was used to produce various reports to find mean and standard deviation which were used for data analysis. The study uses eight indicators of business growth, to test the impact of SACCOS on business growth of the petty women traders, the result from the finding shows that five indicators out of eight performs well, while three indicators shows a weak performance. Therefore the study concludes that SACCOS plays a major role for the growth of business of the petty women traders in Karatu town ward. The study also identified a gap on the services provided by the SACCOS. For business growth, women traders have to be equipped with two things, Capital and knowledge and skills. SACCOS provide only capital, this study revealed that most women traders lack appropriate knowledge and skills to run their business which lead to slow rate of growth. The study recommends for the SACCOS to find means to expand their services to cover this basic need for business growth. From the findings, a further study has been recommended, to find out, to what extent does the knowledge and skills of women affect their business performance.

**Keywords:** Micro Finance Institution, Business Growth and Petty Women Traders

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## **LIST OF ABBREVIATIONS**

ASA	Association for Social Advancement
BOT	Bank of Tanzania
CIDA	Canadian International Development Aid
GNP	Gross National Product
ILO	International Labor Organization
MIS	Management Information Systems
NSGRP	National Growth and Poverty Reduction Strategy
RFI	Rural Financial Institution
SACCOS	Savings and Credit Cooperative Societies
SCCULT	Savings and Credit Cooperative Union League of Tanzania
SDI	Subsidy Dependence Index
SME	Small and Medium Enterprises
SPSS	Statistical Package for Social Scientist
UDSM	University of Dar-es-Salaam
USAID	United States Aid for International Development
WB	World Bank
WDR	World Development Report
WOCCU	World Council of Credit Unions



## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background to the Study**

Grameen Bank in Bangladesh introduced the idea of lending or giving very small sums of money to poor people to the world, the approach has been taken up by many non-governmental organizations, donor agencies and the United Nations as an essential part of their poverty-reduction efforts. David & Oliver (2011). There after microfinance institutions emerges.

Microfinance is the organization, which provide micro financial services; they include non-Governmental organizations (NGOs), credit unions, cooperatives, private commercial banks and non-banks financial institutions. Asamoah, Robinson, coated in Taiwo (2012), define microfinance as the provision of financial services such as loans, savings, insurance, money transfer, and payment facilities to low income groups. It also a means for poor people to increase their economic security such as assets and income thus reduce poverty.

Despite microfinance's global reach, the overwhelming majority of its clients remain in Asia. In Africa, the sector is growing quickly, but from a comparatively small base. At the end of 2008, microfinance institutions in sub-Saharan Africa reported reaching 16.5 million depositors and 6.5 million borrowers.

The Microfinance industry in Tanzania is in its blossoming stage of evolution. Its growth and development is a function of the support and effort of practitioners, donors and the Government working together to create an enabling environment for its

development, Millinga (2003). It is readily apparent that the government of Tanzania is committed to economic and financial reforms. In addition to the other reforms being implemented through its economic policy framework, the Government has shown commitment to reforming the financial sector. Although in the past many of the Government's reforms were mainly directed at the traditional banking sector, National Growth and Poverty Reduction Strategy, the Government's Second-Generation Financial Sector Reform Program (NSGRP, 2002), Operationalization of the Microfinance Policy and the legal and regulatory framework indicates renewed efforts and commitment to improving the financial system.

Despite some of the gains from these reforms - liberalized interest and exchange rates, liberalized access to credit among others - the government is acutely aware of the limitation of the traditional banking sector's ability to mobilize savings from and extends credit to poor people in rural and urban areas (Olomi, 2003). This population has a weak financial resource-base and is in dire need of financial services that cater for its unique circumstances. The traditional banking sector is unable to answer the needs of the poor populace because of four main reasons. First, formal financial sector perceives provision of credit in the poor as a very risky business since the target group doesn't have basic requirements and experience to handle the credit facilities. Second, collateral requirements are not easily attainable by the poor especially those in the rural areas. Third, the financial institution faces high operational and administrative costs, which in turn makes venturing into areas without an already established infrastructure difficult. Four, the financial institutions do not have a sound understanding of the dynamics of the small enterprises and its poor population (Randhawa & Gallardo, 2003).

With respect of formal sectors, banks and other financial institutions generally require significant collateral, have a preference for high income and high loan clients and have lengthy and bureaucratic application procedures (Wangwe, 2004). With respect to the informal sector, money-lenders usually charge excessively high interest rates, tend to undervalue collateral, and often allow racist and/or sexist attitudes to guide lending decisions. The failure of formal and informal financial sectors to provide affordable credit to the poor is often viewed as one of the main factors that reinforce the vicious circle of economic, social and demographical structures that ultimately cause poverty.

Based on the above reasons, the formal financial institutions and commercial banks are therefore not adequately equipped to provide micro-finance services in a low-income country thus have failed to serve the poor. There is therefore a need for financial institutions specializing in micro-finance to step up to the challenge and provide specialized financial services to low-income groups, who constitute the majority of the -Tanzania population. SACCOS have taken up the challenge and are trying to fill up the gap.

The Cooperative Societies Act of 1991 provided the basis for the development of Savings and Credit Cooperative Societies (SACCOs) as privately-owned and organized equity-based institutions (National microfinance policy, 2000). According to the savings and credit cooperative union league of Tanzania (1992) limited (SCCULT), there are 1507 registered SACCOS, with 217,248 individual members but only 761 are active SACCOS.

SACCOS affiliated to SCCULT count to 657 with 92,687 individual members. 242 SACCOS are Rural SACCOS whereas 415 are Urban SACCOS. SACCOS are ready to offer small size loans, which are considered as unprofitable to banks. The government of Tanzania views SACCOS as the main source of finance to rural and poor people and it regards them as the major agent of change and poverty alleviation. The government therefore conducted campaign to encourage people to form or join SACCOS (REDET, 2007).

SACCOS has been one of the means at which people can easily organize themselves and get Credit finances from formal institutions and Government. In 1997, the World Bank, USAID and other International donor agencies arranged an international summit on micro credit. In that summit, representatives of international donor agencies and micro credit organization have set a target to achieve. The target was to reach 100 million poor families the year 2007 (Morduch, 1999; Yunus, 1997).

## **1.2 Statement of the Problem**

The government of Tanzania views SACCOS as the main source of finance to rural and poor people and it regards them as the major agent of change and poverty alleviation. SACCOS offers micro and small size borrowers with loans who are generally considered as unprofitable to banks (Wangwe, 2004). Despite the rapid growth of SACCOS yet it has proven difficult to measure the actual impact of micro-finance on poverty alleviation. Researchers often rely on case studies and narrations.

This has prompted leading scholars to conclude that for 30 years into the microfinance movement we have little solid evidence that it improves the lives of clients in

measurable ways (David& Oliver 2011). Business growth is one of the indicators of poverty reduction; therefore, this study will base specifically to find proof of the contribution of SACCOS on the business growth. Specifically, to women, who have been marginalized for long, which lead to tremendous efforts being invested to them by various economic agent to promote them.

### **1.3 Research Objective**

#### **1.3.1 General Objective**

General Objective of this study was to assess the impact of micro finance institution on business growth of the petty women traders in Karatu District, using ELCT-ND SACCOS as a case study.

#### **1.3.2 Specific Objective**

Specifically, the study sought:

- (i) To investigate women access to credits at ELCT-ND SACCOS
- (ii) To analyze the impact of SACCOS microfinancing on the livelihood of women petty traders.
- (iii) To examine the contribution of ELCT-ND SACCOS to women petty traders business growth and development of Karatu District council.

### **1.4 Research Questions**

#### **1.4.1 General Research Question**

The main question of the study was what are the impacts of microfinance institutions on women petty traders business in Karatu district?

#### **1.4.2 Specific Research Questions**

- (i) How do women access to credits at ELCT-ND SACCOS and what are the challenges they are faced with?
- (ii) What is the impact of SACCOS microfinancing on the livelihood of women petty traders?
- (iii) How do the services of ELCT-ND SACCOS contribute to business growth and development of Karatu District council?

#### **1.5 Significance of the Study**

The study identified the impact of microfinance institutions credits, in particular Karatu SACCOS, on the livelihood of petty women traders and their business. The findings of the study will be helpful to the government since it presents a roadmap to measure the extent to which the national development goals of eradicating extreme poverty and hunger among local communities is progressing. It also shows the potential of petty women traders in stimulating the growth of the local and national economy.

The study also identified challenges and barriers to micro-credit access hence present a platform for policy makers on strategic ways to ensure that they adopt realistic reforms that favor the growth and development of SACCOS. Furthermore, the research will be useful to people especially women who wish to venture into petty trade as they seek to improve their ability to mobilize sources of capital through SACCOS.

## **1.6 Scope of the Study**

The study conducted at Karatu district and focused on impact of microfinance institutions in particular Karatu SACCO on the growth of petty women traders' business and socio-economic livelihood of the communities living in the region. Due to limited time and financial resources the study was restricted to Karatu district, which was taken as case study.

## **1.7 Organization of the Study**

This study is organized in three main chapters. Chapter one presents the background of the study, statement of the problem, objectives of the study, research questions, and relevance of the study. Chapter two discusses the theoretical and empirical literature review as well as the conceptual framework of the study. Chapter three presents the research methodology which included research design, scope, population and sample size, sampling and data collection procedures, data processing and analysis, chapter four present data analysis, interpretation and discussion of findings, Chapter five present summary of findings, conclusion and recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Theoretical Literature Review**

##### **2.1.1 Theories of Growth of the Firm**

###### **2.1.1.1 Stochastic and Deterministic Approaches**

One of the growth theories of firms includes the Stochastic and Deterministic Approaches. The stochastic model, which is also known as the Gibrat's Law, argues that all changes in size are due to chance. Thus, the size and age of firms has no effect on the growth of SMEs. According to Becchetti and Trovato (2002) empirical of the law has indicated that it only considers size and age as potential variables, which may significantly affect firm growth by neglecting other explanatory variables, which may significantly affect firm growth. The deterministic approach assumes, on the contrary, that differences in the rates of growth across firms depend on a set of observable industry and firm specific characteristics (Becchetti & Trovato, 2002 and Pier Giovanni 2002).

Geroski, (1995) argues that, firms are born undersized. Firms, which adapt to the market process, will grow in size to take advantage of scale economies. When we speak about firm growth, we refer to worker flows or the number of jobs created or destroyed over a period. However, we do not consider the number of people who changed of jobs over a period.

Correa, (1999) said, the analysis of firm growth is no different because there are different ways of measuring the growth of a firm. This diversification is sometimes



due to the purposes of each author but, more usually; it is due to lag of data. Ardishvili, (1998) and Delmar (1997) found similar growth indicators used in the empirical literature. Some of these indicators are financial or stock market value, number of employees, sales and revenue, productive capacity, value of production and added value of production.

#### **2.1.1.2 The Models of Learning and Selection (Learning Theory)**

Geroski (1995) emphasized that firm growth and survival depend on a firm's capacity to learn. Survival and post entry performance of new firms depends on their capacity to adopt to the environment and apply the correct strategies. The learning and selection approach emphasizes the ability of firms to learn, their capacity for innovation and sectorial features. This theory includes various factors in its calculation in measuring firm growth, these include number of workers, profit, productive shock, time, number of inputs, and current revenue and future revenue.

## **2.2 Conceptual Definitions**

**Interest rate;** is the yearly price charged by a lender to a borrower in order for the borrower to obtain a loan. This is usually expressed as a percentage of the total amount loaned. Interest is charged by lenders as compensation for the loss of the asset's use. In the case of lending money, the lender could have invested the funds instead of lending them out. With lending a large asset, the lender may have been able to generate income from the asset or they would have decided to use it themselves.

The simple interest rate formula

$$\text{Simple Interest} = P (\text{principal}) \times I (\text{annual interest rate}) \times N (\text{years})$$

**Collateral;** Is a property of value which a lender can seize and sell in the event loan payments are not made as agreed (Fleising, 1996).

**Empowerment;** According to Cheston and Kuhn, (2001) empowerment is the process of change by which individuals or groups with little or no power, gain the power and ability to make choices that affect their lives. They insist that empowerment is all about Change, choice and power.

**Savings;** Is money deposits to financial institutions, they are requirement for borrowing by some credit unions because they encourage financial discipline among borrowers and provide funds for lending which increase the ability of microfinance to provide credit to large number of borrowers.

This section presents a review of the existing relevant literature on Microfinance industry and the position of SACCOS in the whole context of financial deepening in Tanzania. It presents the definitions of the key terms and concepts used in the study. The literature will seek to identify the documented aspects of direct and indirect impacts of micro finance on women's life standard and their business as well. It will also review challenges faced by women in accessing loans from microfinance institutions.

### **2.2.1 Gender and Development**

Gender inequalities hinder economic growth and development, societies with gender discriminations reflects high poverty and poor governance, therefore improved gender equality is a critical component of any development strategy. That is why many

microfinances play a big role in empowering women so as to bring equality and hence poverty alleviation (Word Bank, 2001). In the gender policy of CIDA, (1999) cited in Cheston and Kuhn, (2001) elaborate that “Attention to gender equality is essential to sound development practice and at the heart of economic and social progress. Development results cannot be maximized and sustained without explicit attention to the different needs and interests of women and men.” CIDA support programs that provide access to productive assets, marketing and training to women.

Why targeting women? Beijing, (1995) cited in Cheston and Kuhn, (2001) “Empowerment of women and gender equality are prerequisites for achieving political, social, economic, cultural, and environmental security among all peoples.” Cheston and Kuhn, *ibid* states various rationale that placing a priority on increasing women’s access to microfinance credits.

- (i) Women are the poorest of the poor
- (ii) Women spend more of their income on their families
- (iii) Efficiency and sustainability: women show good records in repaying their loan which lead to efficiency and sustainability.
- (iv) Women right perspectives: equal access to financial resources is a human right issue.
- (v) Empowering women.

### **2.2.2 Evidence of Empowerment**

According to (Cheston and Kuhn, 2001) changes that are relevant to empowerment are such as: increased ability to decision making, increased self-confidence, increased

women status and gender relations in the home, reduced domestic violence, increased women's involvement and status in the community, increased women participation in political issues and women's rights.

## **2.3 Empirical Literature Review**

### **2.3.1 Review on Firm Growth**

Universitat Roriva (2007) write an article on the review of firm growth, the study uses a documentary review approach where both qualitative and quantitate data presentation methods were used.

This review highlighted four arguments on the importance of firm growth, thus firm growth is related very closely to firm survival, firm growth has consequences for employment, firm growth has an effect on economic growth and firm growth is a way to introduce innovation and technological change and lastly increase in market concentration. Also a study shed light on the importance of selection process, thus once a firm enters a market a selection process takes place whereby less efficient firms decrease in size and disappear and more efficient ones survive and grow.

The review also highlighted that there is no single theory or way to analyze growth of the firm may be because the definition of the firm itself is multiple and complex, the complexity which lead to emergence of different scholars with different perspectives and predictions of growth of the firm.

This study concludes that the firm growth is a complex process that is affected by both internal and external characteristics. The probability of growth is conditioned by firm

survival firm size. Also the result and rate of growth depend on the country concerned, available databases and time period. From this study review the researcher picked some of the indicators of firm growth, which has been used to test the growth of petty trades of women in Karatu Town.

### **2.3.2 Demand and Supply Side of SACCOS**

There exists an “absurd gap” between supply and demand in microfinance particularly in rural areas. Among the economically active poor of the developing world, there is strong demand for small-scale commercial financial services- for both credit and savings (Yaron and Piprek 2004). Where available these and other financial services help low- income people improve household and enterprise management, increase productivity, smooth income flows and consumption costs, enlarge and diversify their micro businesses, and increase their incomes. But the demand for commercial microfinance is rarely met by the formal financial sector. One reason is that the demand is generally not perceived. Another is that many actors in the formal sector believe wrongly, though that microfinance cannot be profitable for formal banking institutions (Fisher and Sriram, 2002).

Many institutions using the poverty lending approach provide micro credit to poor borrowers at low cost. But these institutions are typically not sustainable, primarily because their interest rates on loans are too low for full cost recovery. In addition, they do not meet the demand among the poor for voluntary savings services. Providing credit to the extremely poor and credit subsidies to the economically active poor is like trying to build a house by using a saw to hammer the nails and a screwdriver to cut the boards (Robinson 2001). In contrast the financial systems approach focuses on

commercial financial intermediation among poor borrowers and savers; its emphasis is on institutional self-sufficiency. With worldwide unmet demand for micro credit estimated in the hundreds of millions of people and characterized by requests from creditworthy borrowers for continuing access to loans of gradually increasing size, governments and donor funds cannot possibly finance micro credit on a global scale.

Bangladesh's Grameen Bank and some of its replicators in other countries represent leading examples of the poverty lending approach. The micro banking division of Bank Rakyat Indonesia (BRI), BancoSol in Bolivia and the Association for social Advancement (ASA) in Bangladesh are at the forefront of the financial systems approach.

In a discussion about the debate between the two views, Elizabeth Rhyne (2001) points out that, "everyone involved in microfinance shares a basic goal: to provide credit and savings services to thousands or millions of poor people in a sustainable way. Everyone wants to reach the poor and everyone believes sustainability is important". Rhyne is right that the debate is about the means, not the goals. But the means can limit the goals that can be achieved. Thousands of clients can be served through either method. But serving of millions of clients on a long-term basis in multiple competing institutions requires financial systems approach.

Rhyne (2001) goes on to say that "it became clear that the poverty/sustainability debate is ultimately about whether to subsidize interest rates". She comments further "there is in fact only one objective-outreach. Institutional sustainability is only but the means to achieve it". But within the past several decades' fully sustainable

commercial microfinance intermediaries have emerged. These intermediaries provide loans and voluntary savings services to the economically active poor and they offer easy access at reasonable cost. Their loan portfolios are financed by savings, commercial debt, and for-profit investments in varying combinations. These institutions have been able to attain wide outreach profitably, and they represent a globally affordable model.

Bank Rakyat Indonesia's micro banking system and Bolivia's BancoSol are once again referred to here as leading examples of profitable microfinance institutions. Their records show that Commercial microfinance institutions can attain nationwide outreach among the economically active poor, providing microfinance extensively and profitably. Overtime it has been proved that breadth of outreach to low income borrowers and savers depends on the self- sufficiency of the institution. "Just as new agricultural technologies spawned the green revolution in the 1970s and 1980s, new financial technologies are producing the microfinance revolution in the 1990s" (Berenbach and Churchill, 1997).

The demand for microfinance is best understood in the context of the population and income levels of developing countries, and of estimates of unmet global demand for formal sector financial services. According to the World Bank's World Development Report 1999/2000: Entering the 21st Century, in 1998 about 1.2billion people-24 percent of the population in developing countries and transition economies- live on less than \$1 a day. In 1999, 4.5 billion people, or 75 percent of the world, population, lived in low- and lower – middle- income economies. Of these, 2.4 billion were from lower income economies with an average annual GNP per capita of \$410, while 2.1

billion lived in lower- middle- income economies with an average annual GNP per capital of \$1200 (World Bank, World Development Report 2000/2001: Attacking poverty).

The following are crude but conservative assumptions:

- (i) Some 80 percent of the world's 4.5 billion people living in low- and lower-middle- income economies do not have access to formal sector financial services. (It is probably more accurate to say 90 percent, but these are conservative estimates.)
- (ii) Among these 3.6 billion people, the average household size is five people (720 million households)
- (iii) Half of these households (360million) account for the unmet demand for commercial savings or credit services from financial institutions.

The average productivity of these households could be increased substantially with access to appropriate institutional savings and credit services delivered locally. Because the benefits of financial services would extend to the dependents of microfinance clients, the economic activities and the quality of life of more than 1.8billion people could be improved by providing them with local access to formal Commercial microfinance. This is not a scale that can be reached by government- or donor- funded institutions. Microfinance demand can be made on a global scale only through the provision of financial services by self-sufficient institutions. In recognition of the huge unmet demand for microfinance, a micro credit summit held in Washington, D.C., in 1997 developed a charter stating that "credit is more than business. Just like food, credit is a human right."



A commitment was made “to ensure that 100million of the world’s poorest families, receive credit for self-employment and other financial and business services by the year 2005” (Muhammad Yunus, founder of Grameen Bank, in a speech to the Microcredit summit, February 2000). This aim is to be met through a campaign that sought to raise \$21.6 billion. Most of the demand for microfinance comes from households and enterprises operating in the unregulated, informal sector of the economy.

In addition, members in a majority of MFIs are very poor and they have a low level of education. They also own low value assets that cannot be pledged as collateral in commercial banks. Their low level of education limits them from developing bankable business plans, which is one of the lending requirements by commercial banks (Verspreet and Berlage, 1999; Chijoriga 2000; ILO 2002). These characteristics have typically deterred the formal financial sector from financing the informal enterprises. The problem is exacerbated by the limited influence of the poor people who require the financial services. They are usually unable to inform the formal markets about their creditworthiness or about their demand for savings services and loans. Paradoxically those who hold the power do not understand the demand and those who understand the demand do not hold the power and consequently services are not provided.

### **2.3.2 Building Institutional Capacity of SACCOS**

Pointing to the importance of financial development for economic growth, Reinhard Schmidt and Adalbert Winkler analyzed the requirements of building a successful financial institution. According to the analysis, three factors explain “why there are so

few successful microfinance institutions in the world” Unrealistic expectations on the part of donors or partner institutions, lack of awareness of the importance of governance and ownership issues, as well as adverse financial regulations by the host country. In recent years the focus has shifted dramatically from nurturing subsidized government-run institutions with cheap credit to developing institutional capacity and improving institutional performance for a broader range of RFIs. Institutional capacity refers to the degree to which operating procedures and regulations are embedded in the daily activities of an organization. Building this capacity is a continuous process aimed at improving the performance of an RFI and requires adherence to sound business principles and microfinance best practices.

There is no single formula for a successful RFI. The most appropriate modes of operation will be determined by the needs and socioeconomic characteristics of the target clientele as well as by the physical, economic and regulatory environment. A growing number of successful RFIs provide potentially replicable products and methodologies. These successes indicate ways of developing institutional capacity that will ensure responsive, sustainable and efficient services to the rural clients.

Understanding of informal financial market systems in a particular community can provide guidance on the range of workable practices within the community and identify market opportunities to better meet the demand for financial services in that community.

Perhaps the most important factor that determines the success of RFIs is ensuring appropriate governance. The powers and responsibilities of all decision-making

entities and individuals must be clearly defined and the boundaries of roles and responsibilities must be fully understood and consistently enforced. Management must have the autonomy and be held accountable for operational decisions, and clients' interests fully represented. The appropriate form of supervision and prudential regulation in an RFI will depend on the size, type, and ownership structure of the institution. External supervision becomes necessary and important at the same time when the institution mobilizes voluntary deposits from the general public. The Tanzanian legal, regulatory and supervisory framework is modeled along the same school of thought where the large financial cooperatives will be regulated by BOT while small and medium ones will be regulated and supervised by MCM.

Other key requirements for successful RFIs involve personnel, lending policies designed specifically for local clienteles, savings mobilization, and monitoring and information systems. Other success factors include; clearly defined strategies and objectives, motivated and skilled staff, Staff training and incentives systems, innovative low-cost systems and procedures that meet the special needs of rural clientele (examples include developing rural financial institutions that are able to provide the financial services to rural poor in a cost-effective manner, market interest rates on loans and high loan repayment rates, flexible loan terms and conditions, careful monitoring of loan repayments and incentives to clients for early repayments could improve loan repayment performance.

The other factors also include savings mobilization through flexible and accessible savings facilities and positive interest rates, risk diversification through lending for both agricultural and nonagricultural activities, geographic diversification and

integration with the formal financial system and advanced management information systems (MIS) that enable efficient and effective tracking of loans, monitoring of individual client's records and staff performance. These are essential and crucial for performance improvement.

### **2.3.3 Performance Criteria for SACCOS in Tanzania**

An overview of Microfinance institutions' performance in the context of Tanzania by Dr. Marceline Chijoriga found out that, despite growing numbers of clients of microfinance institutions, with women as the majority, overall performance of microfinance institutions in Tanzania with few exceptions is poor. Unclear mission statements, donor dependence and inadequate management and accounting practices were some of the shortcomings diagnosed. Dr. Chijoriga argues for a clear separation of commercial and anti-poverty objectives. "Microfinance institutions should clearly distinguish between poverty alleviation which is a development focus and profit making which is a commercial focus" (Chijoriga, 2000). Chijoriga also remarks that microfinance institutions frequently ignore equal gender relations with the result that in some cases women's dependence on husbands or other family members is intensified.

A framework introduced in 1992 for assessing the performance of RFIs proposes two primary criteria namely outreach and self-sustainability. It is based on the assumption that RFIs that provide a broad range of products and services to the target clientele in an efficient manner are likely to have the desired impact of expanding income and reducing poverty. Evaluating the performance of RFIs based on these criteria could serve as an easily quantifiable proxy for the impact of rural financial intermediation.

Outreach is measured by several indicators, such as number of clients, average loan size (as proxy for income level), and percentage of female clients and the radius of operation.

Self- sustainability is assessed by calculating an RFI's subsidy dependence index (SDI), which indicates the percentage by which an RFI's prevailing average on-lending, interest rate would have to increase to make itself sustainable (that is , subsidy independent). The SDI also indicates the cost to society of subsidizing an RFI measured against the interest earned by the RFI in the market place. The main factors that contribute to self-sustainability are adequate on-lending rates and interest rate spreads, high loan repayment rates, high levels of savings mobilization and low administrative costs.

#### **2.3.4 Commercialization of SACCOS in Pursuit of Commercial Microfinance**

SACCOS operate in many different countries and environments around the world. They are community based “financial cooperatives that are organized and operated according to basic cooperative principles: there are no external shareholders; the members are the owners of the institution, with each member having the right to one vote in the organization” (Ledgerwood 1999). They cater for a broad range of people of different social and economic strata, and they offer a wide range of financial services and products such as savings, credit and insurance.

The Microfinance industry often ignores the potential of SACCOS as financial service intermediaries because they are seen as failed models, a legacy of mismanaged agricultural marketing cooperatives of the 1970s and 1980s which earned the

cooperative movement a negative image. In the 1980s the World Council of Credit Unions (WOCCU) embarked on a new strategy to renovate and strengthen Credit Unions using a commercially oriented operating methodology. The new methodology which has been adopted by SACCOS in many parts of the world including Tanzania is linked to ten components:

- (i) Accounting and reporting transparency
- (ii) Financial discipline and prudential standards
- (iii) Operating efficiency
- (iv) Financial restructuring
- (v) Physical image enhancement
- (vi) Savings Mobilization
- (vii) Product diversification
- (viii) Aggressive market penetration and expansion of new market niches
- (ix) Best monitoring system
- (x) Stakeholder equilibrium

When these ten components are part of an integrated development plan, they provide a sure way for any SACCOS to transform itself into a commercially viable microfinance institution. The term commercialized SACCOS applies to any SACCOS that has adopted this ten-point methodology. Although there may be a sequential logic to the ten components, in practice, many need to be carried out simultaneously. The first five components are needed to “put the house in order”, so that members / clients will have trust and confidence in the SACCO. These components are manifested through, quality services, professional image and appropriate disclosure.

The sixth component, Savings mobilization, is mainly a function of attractive interest rates and trust. Excess liquidity is an interesting byproduct of successful savings mobilization, and product diversification, the seventh component, becomes an interesting and effective strategy to address the abundance of liquid resources. The eighth components, aggressive marketing and the expansion of new market niches, becomes possible with a broad and diverse selection of competitively priced products and services appropriate for different segments of the population.

### **2.3.5 Microfinance and Women Experience**

Evidence drawn across the continent shows that there are a lot of factors that are positively attracting women petty traders to participate in microcredit programming (Owunyo, et al., 2012). For instance, in Ghana, factors such as application procedures, membership to business association, amount of saving with financial institution and satisfaction of interest rate are favorable and enables small and medium enterprises to perform excellently.

Asamoah (2005) further alludes that the design used by microcredit schemes suites the poor and empower women both economically and socially. Economically, the working capital, turnover, profit/incomes and the savings of women had improved. Socially, women are able to finance their basic needs and self-confidence to participate in decision on investments in the household improved. In the design process, formation of groups by women acts as a prerequisite for effective use of micro-credit. Contrary, to the positive indicators Kojo (2012) identified difficulties experienced by women in Ghana in accessing loan which provide fundamental lesson in the study include:

- (i) Small size of the enterprises: most women own small enterprises which located in the service and retail sector. Small enterprises require small loans which are not profitable to banks.
- (ii) Lack of collateral: Women has small amount of capital, has no assets to be used as collateral. This is due to social and cultural norms where women are not allowed to own property.
- (iii) Lack of skills: Women have lower education level and they lack professional and management skills.
- (iv) Lack of information: Women entrepreneur lack information on the existence of credit facilities networks and borrowing conditions of financial institutions.
- (v) Lack of track records: women entrepreneurs lack proper records on the performance and operation of their business since they have been interrupted by family obligation or they lack the skills of financial recording, thus lost trust to financial institutions.
- (vi) Family obligations: women entrepreneur often combine their business activities with family obligation, which may be viewed with distrust by financial institutions.

### **2.3.6 Impact of Microfinance on Women**

Women interaction with microfinance activities made them to be more mobile and be interactive, they use most of their time at work instead of going to visit their friends and relatives. They also become less dependent, thus more respect is developed and even social acknowledgement within their community increased (Ada, 2007; Badri 2013). Cheston and Kuhn, (2001) also reported that through the credit they received



from microfinance they were able to participate in supporting the family as well as engaged themselves in development activities of the family, thus their level of decision making in areas like family planning, children's marriage, buying and selling property, and sending their daughters to school has increased.

Through the access to credit and participation in income-generating activities, women increase self-confidence (Ada, 2007; Cheston and Kuhn, 2001). An increase in working capital, improved relationships with suppliers and customers, more strategic planning and pricing, diversification and expansion of business into more profitable ones is reported as a result of credit from microfinance. Badri (2013) report that in Sudan the participation of women in micro-credit programs helps in promoting women empowerment both economically and socially, he further highlighted the economic impacts as having own income, contributing to household purchases, financing education of children, He also report a counter idea to other researcher that women did not manage to make savings to promote their micro-small business.

Through microfinance women are able to establish their own business, expand them into more profitable ones and hence contribute in the household income by providing money for food, clothing education, health services as well as recreational activities such as wedding. Some of the impacts of microfinance as identified by various researchers are as follows:

In business microfinance assist in increasing modern assets which in turn help business to grow, microfinance also help increasing working capital, increase economic power on saving and credit, as well as diversification and expansion into

more profitable products. In personal, microfinance is said to have impacts such as increasing ability to make decisions, increasing self-confidence, increasing status and gender relations.

Lastly microfinance has impact on family and community by Increasing involvement in activity and leadership by women in the community, increased girl's attendance at school, strengthened ties among women, increased women involve in all household decisions making, improved community and family life styles, increased respects from husband and increased participation in political issues.

### **2.3.7 Challenges Women Face in Accessing Microfinance**

In some parts of the world, women lack property right, there for they can't show legal ownership of property, they face some legal and cultural restrictions which limit their access to individual or big loans from microfinance as a result they get small loans which are not enough to start a profitable business. Some microfinance categories clients by gender, where women clients are given small loans than men, even their statistical financial information shows that the average loan size for men is higher than for women. This is just because of their gender, poverty and limited capacity of their business (Cheston, 2004; Ada, 2007). The fact also is supported by other researchers.

## **2.4 Research Gap**

The role of Microfinance industry in particular SACCOS in providing financial deepening services in rural parts of Tanzania. At the same time there is elaborate literature on gender inequalities that hinder the economic growth and development of women among our societies. The World Bank Report (2001) brings to bare the role of

microfinances in empowering women so as to bring equality and hence poverty alleviation.

Likewise, a gender policy enacted by CIDA, (1999) and cited in Cheston and Kuhn, (2001) elaborate that serious attention to gender equality is essential to sound development practice and at the heart of economic and social progress. Development results cannot be maximized and sustained without explicit attention to the different needs and interests of women and men.

However, according to Yaron and Piprek (2004) there exists an “absurd gap” between supply and demand in microfinance particularly in rural areas where SACCOS are the dominant players. Among the economically active poor of the developing world, there is strong demand for small-scale commercial financial services- for both credit and savings. This has been partly attributed to findings by Fisher and Sriram (2002) who purported that many actors in the formal sector believe wrongly, that microfinance cannot be profitable in the setting of rural areas. Dr. Marceline Chijoriga (2000) also found out the despite growing numbers of clients of microfinance institutions, with women as the majority, overall performance of microfinance institutions in Tanzania is poor.

It is quite evident that very few studies have been conducted in Tanzania on specific issues of the impact of SACCOS on the livelihood securities of women in particular in Karatu district. For instance, Owunyo, et al. (2012) only looked at the actors that are positively attracting women petty traders to participate in microcredit programming. In the contrary, Kojo (2012) researched on difficulties experienced by women in

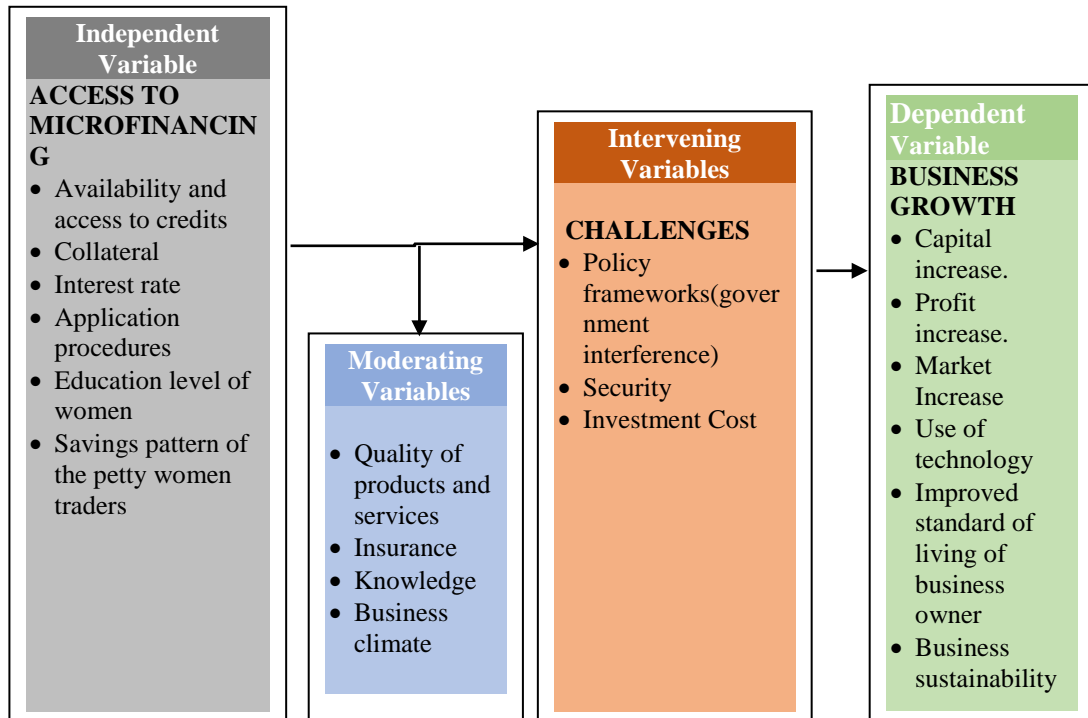
accessing loan, which provide fundamental lesson in the study. Ada (2007) study attempted to zero in on the subject but focused on non-tangible benefits of access to credit and participation in income-generating activities that women increased self-confidence, improved relationships with suppliers and customers etc.

Basically, no academic studies have been conducted on the tangible impact of SACCOS on the growth of petty women traders in Tanzania and the challenges they face in a district like Karatu. This study tries to fill that knowledge gap by focusing on ELCT-ND SACCOS with a distinct focus on petty women traders allied to the SACCOS.

## **2.5 Conceptual Framework**

The conceptual framework discusses the key variables, which will be used in this research. The discussion at conceptual level where the key variables have been distinguished clearly the different types of variables to be studied and specify nature of relationship between them. The linking has several merits such as defining the boundaries of investigation to guide the researcher.

The independent variables are social and economic variables which influencing empowering women petty traders this are like Interest rate, collateral/security, education, amount to borrow, business growth, life standard, employment, social cultural. In intermediate variables this are institutions that perform to make the independent variables to appear in the community and dependent variable is Microfinance institution. This is shown below in the diagram.



**Figure 2.1: Conceptual Framework**

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Research Philosophy**

This section presents research methodology used in data collection; it involves description of the area of the study, research design, research methods, sample and sample size, reliability and validity of data, data management and analysis.

#### **3.2 Research Design**

This study used a case study where ELCT-ND SACCOS used as a case study to represent other SACCOS in finding out the Impact of SACCOS on business growth by petty women traders in Karatu. Qualitative and quantitative approach will be used to represent data, Qualitative used to present data in a narration form whereas quantitative approach represents data in mathematical calculations, percentage and computations. However, Siame (2007) argues that, the qualitative research approach makes it easier to capture respondent's personal experiences to gain deeper and clearer understanding.

##### **3.2.1 Area of the Study**

The study conducted at the ward of Karatu town. The National Bureau of statistics (2013) indicates that Karatu ward has 26,617 populations, where there are 12,990 male and 13,627 female. The average household size in Karatu ward is 4.1. The major economic activity in Karatu ward is business including food and cash crops, industrial products and tourism, (restaurants, guests and hotels). The researcher has selected this

study area because Karatu is among the developing districts where micro finances plays a major role in empowering people, women being among of them.

### **3.2.2 Population of the Study**

According to Kothari (2007), the term population means an entire group of individuals, events or objects that have common observable characteristics. It refers to all elements that meet certain criteria for inclusion in a given universe. The total number of women petty traders in Karatu town is estimated to be 400 trader. Among them, the researcher will choose only few traders for the purpose of this study.

ELCT-ND SACCOS is among the micro finances which offers micro-loan to women petty traders in Karatu district. Thus, the study will make a deliberate effort to explore the quality of products and services that the SACCOS offers, knowledge of staff working in the SACCOS and the overall business climate, growth and development in Karatu.

### **3.2.3 Sample and Sampling Technique**

Studies revealed that there are many sampling techniques which includes Simple random sampling, Systematic sampling, stratified random sampling, Quota sampling, Cluster sampling, Snowball sampling and judgmental sampling (Creswell, 2003). This study utilized simple random and purposive as the main sampling strategy. The researcher's instinctive choice of the method informed by their suitability in getting hold of participants who are key to the study.

According to (Backer, 2002), a convenience sample is merely an available sample that appears to be able to offer answers of interest to the research study. Thus, the study

proposes to use sample size of 100 women, which will be drawn randomly from a targeted population of petty women traders at Karatu town ward and 6 ELCT-ND SACCOS staffs. Kothari (2006) defines sampling as mechanism of selecting a sample from study area. The researcher will pick only those respondents who fit (women petty traders) and show willingness to give information for the purpose of the study. This method will seek to be useful as it enabled the researcher to collect reliable and sufficient data.

**Table 3.1: Distribution of Respondents**

<b>Respondents Category</b>	<b>Number of respondents</b>
Karatu SACCO Staff	6
Women petty trades	100
Total	106

Source: Author, 2019

### **3.3 Procedure for Data Collection**

During the study both primary and secondary data collection techniques was used. Primary data collection methods were used to collect data during the study, observation, questionnaires and interviews were also used. The Secondary data collection method will be used to collect data in documentary review.

#### **3.3.1 Types of Data**

In this research two types of data, namely primary and secondary data were collected.

##### **3.3.1.1 Primary Data Collection**

In gathering data, the study used unstructured interviews (with both open and closed questions) for interviewing the targeted respondents. This helped the study to get



direct and precise data from the respondents as it gives wider chances for more clarification concerning the study because unstructured interviews are more flexible, reassure ability and avoidance of bias. The study interviewed members from the SACCOS, and the petty women traders. In addition, the study interviewed some of the SACCOS staff and the district officers and more extensively Karatu business community in order to gather empirical knowledge about people's experiences and impact of the SACCO in the study areas.

### **3.3.1.2 Secondary Data Collection**

Secondary data collected using different publication such as loan disbursement form from ELCT-ND SACCOS and District finance department. Pertinent issues to be captured include SACCOS portfolios, credits, collateral requirements, interest rate, the set application procedures, the micro policy frameworks. Therefore this study used both questionnaire, interview and documentary review to get the required data. Questionnaire (qualitative and quantitative, open and closed end) and interview used to both SACCOS staff and women petty traders while documentary review used to review SACCOS report and Information.

### **3.3.2 Method of Data Collection**

#### **3.3.2.1 Interview Method**

Enon (1998) defines an interview as a purposive conversation usually between two people but sometimes it involved more. Oxford Advanced Learner Dictionary (2005) explains that an interview is a formal meeting at which somebody is asked questions to see if she/he is suitable for a particular job or course of study at a college or university.

The interview method guided by questionnaire tool where respondents asked questions related to study. The method was suitable in this study because it help to capture information in detail. Structured and unstructured questions used to allow more discussion on the cultural background; these gave quick responses from interviewee through verbal communication. The interview used during collecting information from the staff of ELCT-ND SACCOS.

### **3.3.2.2 Questionnaires Method**

The word questionnaire is defined as a written list of questions that are answered by a number of people so that information can be collected from the answers. Kombo and Tromp (2006) stated that, the questionnaire is the most appropriate tool as it allows the researcher to collect information from a large sample with various background; the findings remain confidential, save time and since they are presented in a paper format and there is no opportunity for bias. The researcher, choose to use this tool because it is easy to apply when deal with a large number of participants and it also serves time. This tool used during collecting information from women petty traders. The researcher used questionnaires as an instrument for collecting data from participants. Open questions used where participants use their own words to add information about the question.

### **3.3.2.3 Documentary Review**

This involves deriving information by carefully studying written documents or visual information from sources (Enon, 1998). A document is a source of data in its own right (Denscombe, 1998). Documents are described as communications between parties in the study, where the researcher acts as verifier (Tellis, 1997). According to

Kombo and Tromp (2006) there are two major sources of data used in research. These are primary and secondary sources. Primary sources are data gathered directly from participants through interviews, focused group discussions, observation, circulars, minutes from meetings, newsletters, newspapers, teaching documents and photographs.

On the other side, a secondary source involves gathering data that already has been collected by somebody else. Examples of secondary data are those involved in collection and analysis of published materials from books, journal materials and electronically stored information. These sources are used because written materials can provide important insights into both public and private opinions.

### **3.4 Data Processing and Analysis**

Data from field was first sorted for accuracy and completeness. Data collected summarized in a meaningful way and then be entered into a computerized database specifically the SPSS analytical package. The interpretations based in descriptive and inferential statistical methods in respect to the main variables captured in the questionnaires which include availability and access to credits, quality of products and services, education level of the petty women traders, their savings pattern, quality of life standard of the women and the business growth trends.

Quantitative and qualitative data from the study analyzed and presented in form of tables, graphs, frequencies and percentages. The emerging patterns summarized and categorized according to the objectives of the study and presented as quantitative findings.

Responses from the interviewees was collated, compared and crosschecked to determine particularly the success factors and the general environment in which micro finance can thrive, the challenges facing them and adjustments that should be made for success and financial sustainability.

### **3.5 Measurement of Variables**

The main variables of the study were impacts of microfinance on business growth of women petty traders. The variables were measured by mean number of years the business has been operating, knowledge of business as measured by Likert scale, proportion of business registered and proportion of business women with access to credit.

### **3.6 Reliability and Validity of Data**

#### **3.6.1 Validity of the Instrument**

Validity means that the research findings truly represent the phenomenon the study is trying to measure (Mugenda and Mugenda 2003). To ensure validity of the instruments, the research instruments was given to supervisors for validation and the researcher got corrections on them as necessary.

#### **3.6.2 Reliability of Instruments**

Reliability of a research instrument concerns the extent to which the instrument yields the same results on repeated trials. To ensure reliability of the research instruments, the researcher tested and re-test the instruments in different situations and check the results if they are similar. During data collection, the researcher ensured that data collected is reliable and valid to the best of the researchers' knowledge.

### **3.7 Ethical Issues**

The study made a conscious effort to make sure top confidentiality and protection of rights of all participants. In this regard, the ethical considerations based on the principle of voluntary participation of the respondents thus nobody was coerced into participating in the research. In addition, efforts made to create awareness on the significance of research, and this yielded informed consent particularly among the petty women traders and ELCT-ND SACCOS members and officials. This implies that prospective research participants were fully informed about the procedures, confidential issues and any potential risks involved in research based on its requirement for the fulfilment of academic studies to enable the participants to give their consent and goodwill to participate.

Likewise, participants were assured that no information received in the findings made available to anyone who is not directly involved in the study. The questionnaires was also not marked in a way to provide marks of identify such as numbers or dates required.

## **CHAPTER FOUR**

### **INTERPRETATION, ANALYSIS AND DISCUSSION OF THE FINDING**

#### **4.1 Introduction**

This section presents the analysis and interpretation of data, which focused on the impact of microfinance institutions on business growth of the petty women traders “A Case of ELCT- ND SACCOS in Karatu District, in the whole context of economic growth and sustainable development. Also, how management can be enhanced to achieve intended goals and objectives of the Karatu SACCOS are discussed under three major intervention areas namely; operational effects on institutional transformation, work program transformation and personnel and financial reforms. The section starts with an analysis of the profile of the respondents followed by discussions on indicators for financial management and control practices at Karatu ELCT-ND SACCOS and subsequent indicators for financial stability of the ELCT-ND SACCOS and ends with a comprehensive analysis of the Challenges faced by the ELCT-ND SACCOS.

#### **4.2 Interpretation and Analysis of Results**

##### **4.2.1 Presentation of the Descriptive Statistics of Respondent's Biographical Data**

Table 4.1 summarizes the descriptive percentage of the respondent's demographic factors including (age, gender, marital status, academic qualifications and working experience). The study examined the age of the respondents and established that the most of the petty women traders who are engaged with ELCT-ND SACCOS are fairly young as shown by the average age of the women respondents who had attained age

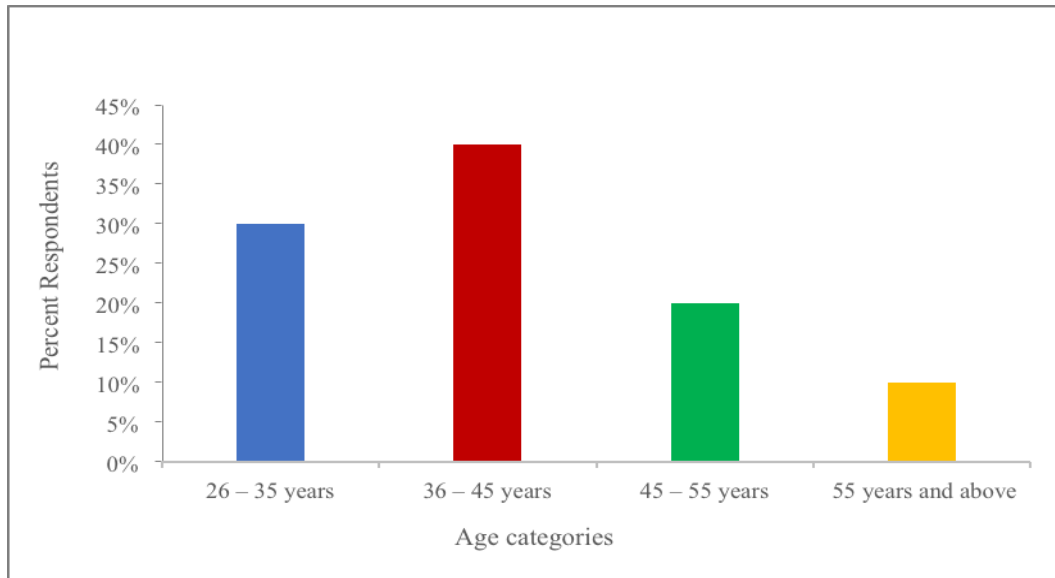
of less than 45 years old. This accounted for 69.2% and comprised of 30.2% of the petty women traders whose age ranged from 26 - 35 years of age while 39.2% of petty women traders were in the range between 36 - 45 years. Another 19.8% of petty women traders involved in the study had attained 46 - 55 years of age, and 10.4% of them had the age above 56 years.

The findings show that majority of the interviewed petty women traders had attained secondary education which accounted for 40% while a moderate proportion of the respondents were those who did not finish primary school education due to various social economic reasons. 25% of the women respondents had primary education certificates while a small proportion of the women respondents had acquired college certificates from local commercial colleges with a focus on training in hotel management, tour guides, business studies and languages.

**Table 4.1: Descriptive Statistics of Respondent's Biographical Data**

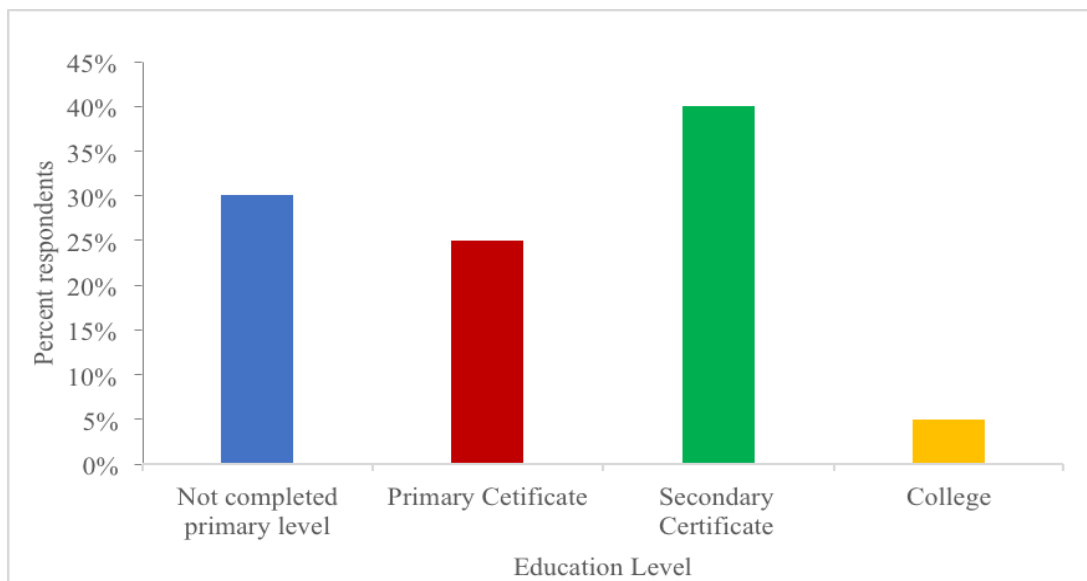
<b>Description</b>	<b>N</b>	<b>Percentage</b>
<b>Age</b>		
15-25	0	0
26-35	32	30.2
36-45	42	39.6
46-55	21	19.8
56+	11	10.4
<b>Academic qualifications</b>		
Not completed primary level	32	30.2
Primary Certificate	27	25.5
Secondary certificate	42	39.6
College certificate	5	4.7

Source: Field Data (2019)



**Figure 4.1: The Age Distribution of the Respondents**

Source: Field Data (2019)



**Figure 4.2: The Academic Qualifications of the Respondents**

Source: Field Data, 2019

#### **4.2.2 Presentation of Descriptive Statistics on the Nature, Size of Enterprise**

##### **Owned by Petty Women Traders and Years of Operation**

In this section the study investigated enterprise activities carried out by the petty women traders in Karatu. First the study took a cue and classified the enterprises in



four main sector namely; trade, manufacturing, services, and general supply sector as shown in Table 4.2 and Figure 4.3. From the figure it revealed that greater proportions of women are in Trade sub sector, where 32.1% of respondents involves in trade like retail shops of food materials, food grains, drinks, pharmacy, cosmetics, clothes shops, shoes shops, Second hand shoes and clothes and vegetables. About 30.2% provided services such as restaurants, bar, beauty salons, stationeries, guest houses, lodges and rental houses. On the other hand, 15.1% are perceived to be in the manufacturing mainly bakery, small textile and agro-processing activities such as processing flour mills, cooking oil refiners, tomato paste, chili paste and juice. Another 22.6% of the women were involved in general supply services for commodities such horticultural products (tomatoes, onions), vegetables, fruits (pawpaw, avocados, oranges, watermelon, bananas) and dairy products.

Another aspect of petty women businesses, focused on nature of business registration. This was in line with the government requirements that every business facility should be registered for ease of regulation and tax collection. Results show that about 40% of the enterprises were either got their trading business names registered by BRELA and given official trade licenses. Interestingly a good proportion of petty women businesses (48%) only had trading licenses from the Karatu Town Council. Only 12% of the petty women businesses had no formal registration.

Analysis of size of enterprises revealed varied information as depicted in Table 4.2 and Figure 4.4. From the above analysis, it could be said petty women businesses in Karatu shows a consistent trend of growth and development pattern. For example, majority of the businesses were considered as small scale, which accounted for 70%

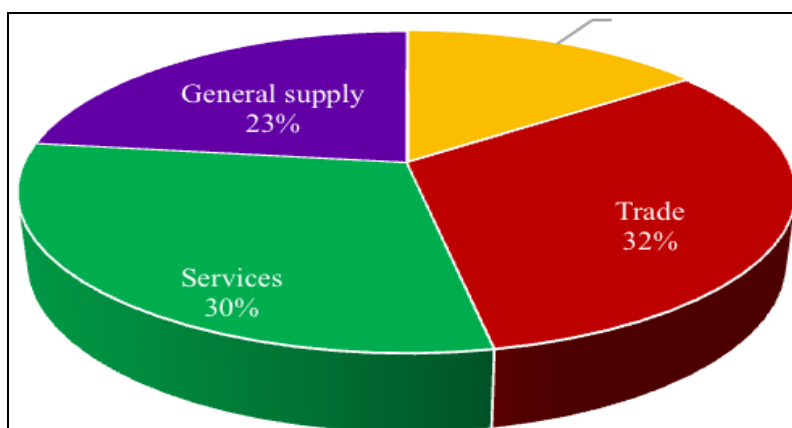
respondents. Further investigation revealed that most of the businesses in this category were established along family lines bringing with together the husband, wife and children. This was followed by 26% business, which were perceived to own businesses which could be classified as medium scale. And large scale is 4.7.

On years of operation, most enterprises (40%) were between 3 – 5 years indicating that they are still new and could be faced with operational challenges as they struggle to establish a reliable clientele base in Karatu. This was followed by 20% enterprises which were 6 - 10 years. In addition, the study revealed that 30% of the enterprises were still new and had only been in existence for 1 – 2 years. While those above 10 years are 10%.

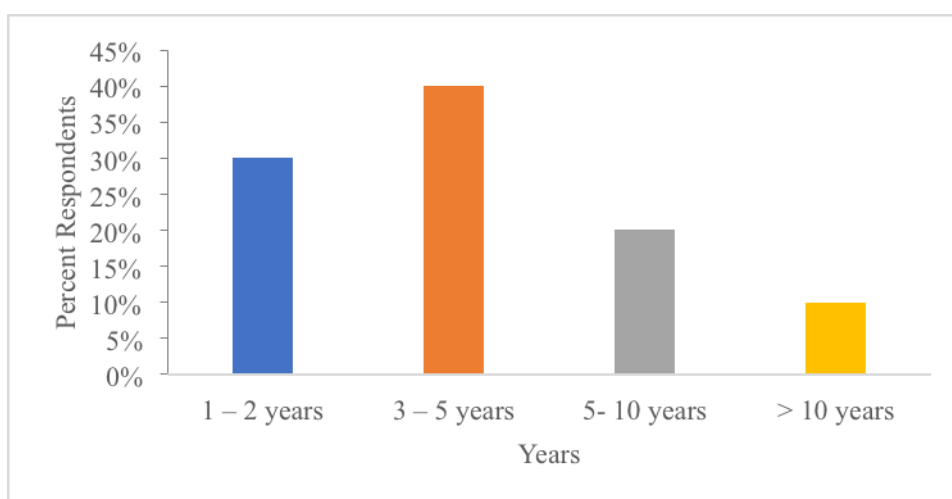
**Table 4.2: Nature, Size and Year of Operation of Enterprises Owned by Petty Women Traders**

<b>Description</b>	<b>N</b>	<b>Percentage</b>
<b>Nature of interprise</b>		
Manufacturing	16	15.1
Trade	34	32.1
Service	32	30.2
General supply	24	22.6
<b>Business registration</b>		
Business name (brela)	42	40
Trade lisence	51	48
Not registered	13	12
Other	0	0
<b>Year of oparation</b>		
1-2 years	32	30
3-5 years	42	40
6-10 years	21	20
More than 10 years	11	10
<b>Size</b>		
Small scale	72	69.8
Medium scale	30	26.4
Large scale	4	4.7

Source: Field Data (2019)

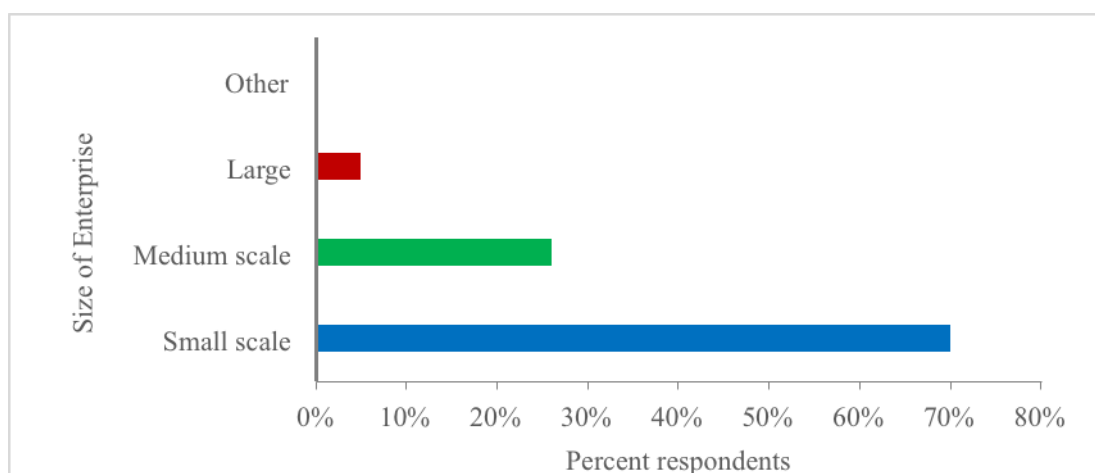


**Figure 4.3: Nature of Enterprises**



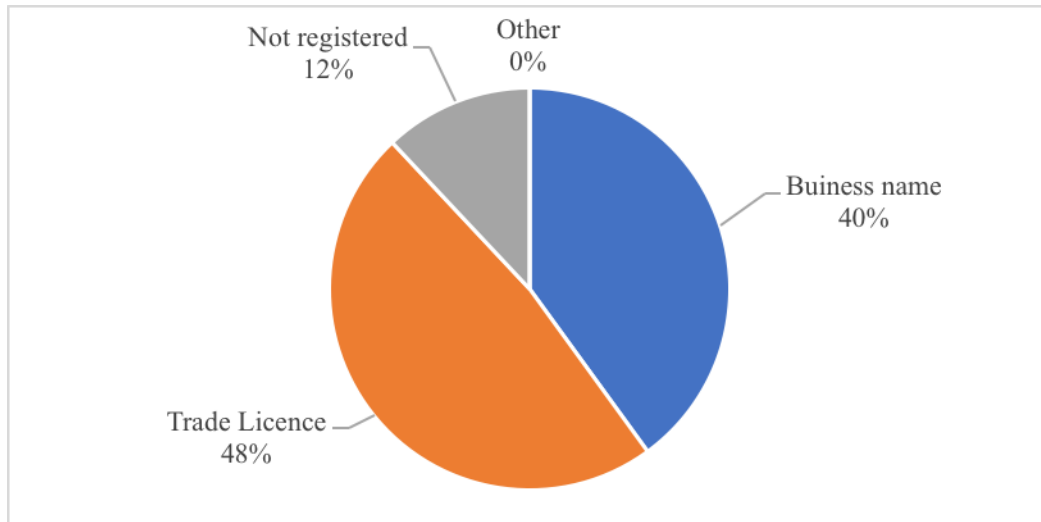
**Figure 4.4: Years of Operation**

Source: Field Data, 2019



**Figure 4.5: Size of Enterprises**

Source: Field Data, 2019



**Figure 4.6: Business Registration**

Source: Field Data (2019)

#### **4.2.3 Rating for Knowledge and Skills in Business**

The key to effective and efficient management is the knowledge and skills of the business operators. In this regard the study assessed the skill profiles and established that most of the petty women traders had a prerequisite knowledge useful in management of their varied businesses. In fact 33% of the petty women traders indicated their knowledge level as excellent. This was followed by 30% of the pretty women trader who were perceived to have good knowledge and skill levels. In the same domain, 12% petty women traders had fair knowledge and skills while 20% indicated for poor and 5% were not sure whether they had the right skill levels for effective management of their businesses.

**Table 4.3: Rating for Knowledge and Skills in Business**

Knowledge and Skills	%	Knowledge and Skills	%
▪ Excellent	33%	▪ Poor	20%
▪ Good	30%	▪ Not sure	5%
▪ Fair	12%	▪ Other	-

Source: Field Data, 2019

#### **4.2.4 Access and Demand for Financial Institutions in Karatu**

What opportunities exist for petty women traders in Karatu?

This section features an analysis of various opportunities for growth and development of petty women traders owned businesses in Karatu. The section also argues the case for development of the small scale enterprise as a means of wealth creation and rapid economic growth of Tanzania. Information of various perceived opportunities is presented in Table nine.

**Table 4.4: Opportunity for Growth and Development of Businesses in Karatu**

<b>Opportunity</b>	<b>Percent</b>
Access to financial services	46%
Market availability for businesses	83%
Access to technical expertise whenever required	27%
Peace and Political stability	87%
Business licensing and regulatory systems	33%
Good infrastructure	15%
Others	40%

Source: Field Data, 2019

Tracing from social economic profile, Tanzania is considered as a country endowed with enormous natural resources and enjoys political stability within East, Central and Southern Africa regions. This is perceived to be a major contributing factor to its rapid development; Karatu in particular has witnessed repaid growth with a population of being the gate way to major tourist attraction namely Ngorongoro Creator and Manyara National parks. This has created an enabling comparative advantage to the development of microfinance institutions such as ELCT-ND SACCOS, which accounted for 83% as a major opportunity for the growth of petty women traders' enterprises in the region. A similar high proportion (83%) indicated market availability as a great demand for goods, commodities and services, which is an excellent opportunity for developing businesses.

Another notable opportunity is access and availability of financial services (46%) such as microfinance institution as a great opportunity especially in regard to provision of capital finance for development of businesses. Moreover, 33% respondents indicated the existing reforms on the business licensing (kitambulisho cha mjasiriamali) and regulatory systems as a great opportunity from the development of the businesses by petty women traders. There was also a good indication of access to technical expertise to support the women whenever required. At the same time the women also indicated the presented of good infrastructure especially road networks to offer remarkable opportunity for business development in the region.

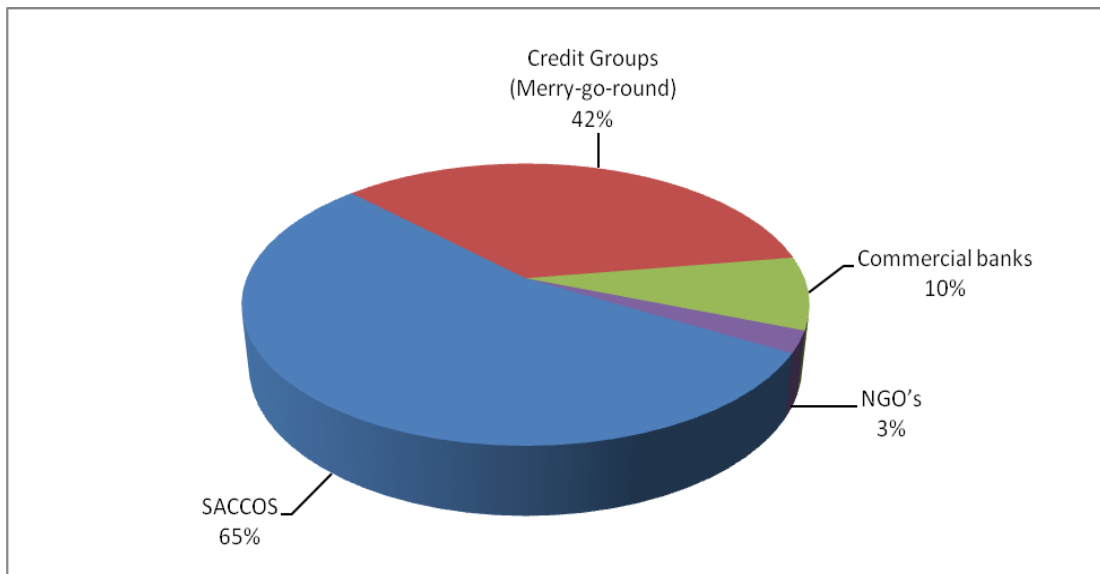
#### **4.2.5 Access to Financial Institutions**

As a follow-up of the already mentioned opportunities for business growth and development, this sub-section investigated and ranked access to formal and informal financial institution in Karatu especially those accessible to the petty women traders in order of popularity of the institutions. It is important to mention that the section allowed for multiple responds since it was revealed that many of the women accessed financial resources from more than one source.

**Table 4.5: Access to Financial Institutions**

<b>Type</b>	<b>Number</b>	<b>(%)</b>
▪ Credit groups	45	42%
▪ Commercial banks	11	10%
▪ NGOs	3	3%
▪ SACCOS	69	65%

Source: Field Data (2019)



**Figure 4.7: Access to Financial Institutions**

Source: Field Data (2019)

From the findings it is clear that SACCOS are the major source of financing to most petty women traders in Karatu which accounted for 65%. This was followed by informal credit systems known as VICOBA and Kibati “merry-go-round which accounted to 42% while the commercial banks accounted for a small proportion of 10% respondents. The presents of NGOs was also mentioned but to an insignificant degree as indicated by 3% respondents.

#### **4.2.6 Usage of SACCOS Services**

For purposes of this study, the major business development services offered by financial institutions include training, credit, insurance, advisory services, marketing assistance and business linkage promotion. Table 4.5, 4.6 and 4.7 illustrates the mean distribution value of the usage of various services obtained from Karatu SACCOS. From the analysis it shows that the mean value for the SACCOS member who use SACCOS for credit purposes is high (1.8) than those use for training and service purposes, followed by those use SACCOS for serving purposes (1.7).

For example, 100% petty women traders were aware of “financial service” but only 65% actually use the service. Specific services used include saving (75%), receiving their clients can deposit for them their money for payments business transactions (22%), and about 65% used the SACCO loan services. Although the petty women traders are also aware of training services, only an insignificant proportion of 32% had benefited from it. The implication here is that there is a strong need to increase the awareness of business services, which in turn will increase the usage.

**Table 4.6: Use SACCOS for Loan Services**

Number of employees

Use SACCOS for loan services	Mean	N	Std. Deviation
Yes	1.82	22	.664
No	1.44	78	.656
<b>Total</b>	<b>1.52</b>	<b>100</b>	<b>.674</b>

Source Field Data (2019)

**Table 4.7: Use SACCOS for Training Services**

Number of employees

Use SACCOS for training services	Mean	N	Std. Deviation
Yes	1.63	65	.720
No	1.31	35	.530
<b>Total</b>	<b>1.52</b>	<b>100</b>	<b>.674</b>

Source: Field Data (2019)

**Table 4.8: Use SACCOS for Saving Services**

Number of employees

Use SACCOS for saving services	Mean	N	Std. Deviation
Yes	1.72	32	.634
No	1.43	68	.676
<b>Total</b>	<b>1.52</b>	<b>100</b>	<b>.674</b>

Source: Field Data (2019)



#### 4.2.7 Startup Finance for Petty Women Traders in Karatu

The study also investigated how the petty women traders acquired start-up finance to enable them to establish the business as presented in Table 4.15. It is important to mention that finding in this question allowed for multiple responses since the traders sourced finances from varied sources. From the table, enterprises obtained capital for startup from varied sources. A good proportion of petty women traders estimated at 48% obtained their start-up finance from sale of agricultural proceeds while 39% generated finance from money from their savings as wages/salaries.

**Table 4.9: Source of Start-Up Capital for the Businesses**

<b>Duration</b>	<b>Percent (%)</b>
Petty Business/Agriculture	48%
Own savings from wages/salary	39%
Commercial Bank loans	3%
Relatives (Loan)	30%
Trade Credit	14%
Soft Loan from a Friend	13%
SACCOS Loan	59%
Merry-go-round (Credit groups)	28%
Sale of family property (plots/livestock)	12%
Other (Specify)	2%

Source: Field Data, 2019

There was also a good indication of enterprises, which were established by the petty women traders received funds from relatives including their children who are in employment positions, which accounted for 30%. About 3% businesses get startup capital from commercial bank loans, which clearly depict the insignificant role of the commercial financial institutions in supporting business growth by petty women traders. Another 13% borrowed soft loans from friends and relatives. It was also established that some petty women traders acquired their business through the traditional practice of inheritance especially from their relatives mainly husbands,

parents, brothers or any other close relative. There was also good evidence of the significant role of microfinance institutions as a source of capital financing for the petty women traders enterprises. A remarkable 59% obtained capital from ELCT-ND SACCOS

Some of the petty women traders also resorted to trading off their family property such as plots, livestock and sale of livestock products (12%) to generate a capital to establish or improve their businesses. Across section of the businesses also made deliberate effort to initiate their businesses by investing money obtained from local rotation credit systems commonly known as VIKOBA and “Kibati” literally translated to mean merry-go-round which accounted for 28%.

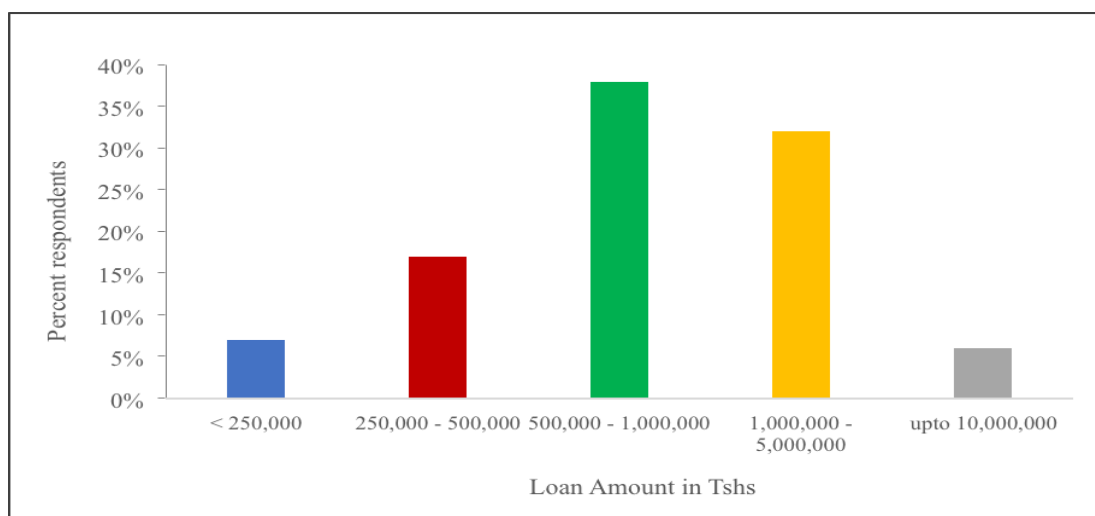
**Note:** The analysis allowed for multiple responses because the trades had many sources of startup financing.

#### **4.2.8 Amount of Loan Received by Petty Women Traders**

The study already established that majority of the petty women traders had access of loan from ELCT-ND SACCOS. Subsequently, this sub-section investigate the amount of credit obtained by the traders as presented in Table 4.15 and Figure 4.8. If a petty women trader obtained a loan from ELCT- ND SACCOS, how much was the loan.

**Table 4.10: Amount of Loan Received from the SACCOS**

<b>Loans in Tshs</b>	<b>No.</b>	<b>% Usage</b>
< 250,000	7	7%
250,000 - 500,000	40	38%
500,000 - 1,000,000	34	32%
1,000,000 - 5,000,000	18	17%
up to 10,000,000	6	6%



**Figure 4.8: Amount Loan Received**

Source: Field Data, 2019

The findings revealed that majority of the petty women traders obtained between Tshs 500,000 - 1,000,000 which accounted for 38% respondents. In depth analysis revealed that most of such traders were in the service and trading sector mainly provides sale of food products, groceries, fruit and vegetable vendors. This was followed by 32% who obtained Tshs 1,000,000 - 5,000,000.

This cadre comprised of traders in general supplies and manufacturing activities. Another 17% petty women traders had obtained loans ranging from Tshs 250,000 - 500,000. According to the traders the loan was used to supplement the establishment of varied enterprises such as sale of second hand clothes (mitumba), saloon businesses, posho mills, oil press, and sale of food grains. The however, 7% respondents also indicated having obtained up to Tshs 250,000.

Further analysis established that such traders were engaged in sale of mobile telecommunication vouchers and running local food kiosks selling tea, chapatti, mandazi, porridge and mixture of maize and beans commonly known as makande.

Last in this category were 6% petty traders who obtained loans ranging up to Tshs 10,000 mainly used in supplementing operations of stationery services, saloon, boutiques and general supplies.

#### 4.2.9 Satisfaction with Loans from the SACCOS

From the analysis in Tables 4.8, 4.9, 4.10, 4.11 and 4.12 it shows that the mean value for petty women traders who are not satisfied with the amount of loan they receive from the sacco due to various reason is high, (range from 1.0 to 1.7) as compared to those who satisfied, (range from 1.1 to 1.2).

**Table 4.11: Startup Capital from SACCOS \*SACCO Loan Very Adequate for all Operations**

Startup capital from SACCOS

Sacco loan very adequate for all operations	Mean	N	Std. Deviation
Yes	1.13	8	.354
No	1.43	92	.498
<b>Total</b>	<b>1.41</b>	<b>100</b>	<b>.494</b>

Source: Field Data (2019)

**Table 4.12: Startup Capital from SACCOS \*SACCO Loan Very Adequate to Sustain Business**

Statrtup capital from SACCOS

Sacco loan adequate to sustain business	Mean	N	Std. Deviation
Yes	1.18	22	.395
No	1.47	78	.503
<b>Total</b>	<b>1.41</b>	<b>100</b>	<b>.494</b>

Source Field Data (2019)

**Table 4.13: Startup Capital from SACCOS \*SACCO Loan Moderate for the Business**

Statrtup capital from SACCOS

<b>Sacco loan moderate for the business</b>	<b>Mean</b>	<b>N</b>	<b>Std. Deviation</b>
Yes	1.74	35	.443
No	1.23	65	.425
<b>Total</b>	<b>1.41</b>	<b>100</b>	<b>.494</b>

Source: Field Data (2019)

**Table 4.14: Startup Capital from SACCOS \*SACCO Loan Inadequate for the Business**

Statrtup capital from SACCOS

<b>Sacco loan inadequate for the business</b>	<b>Mean</b>	<b>N</b>	<b>Std. Deviation</b>
Yes	1.42	24	.504
No	1.41	76	.495
<b>Total</b>	<b>1.41</b>	<b>100</b>	<b>.494</b>

Source: Field Data (2019)

**Table 4.15: Startup Capital from SACCOS \*SACCO Loan Very Inadequate for all Operations**

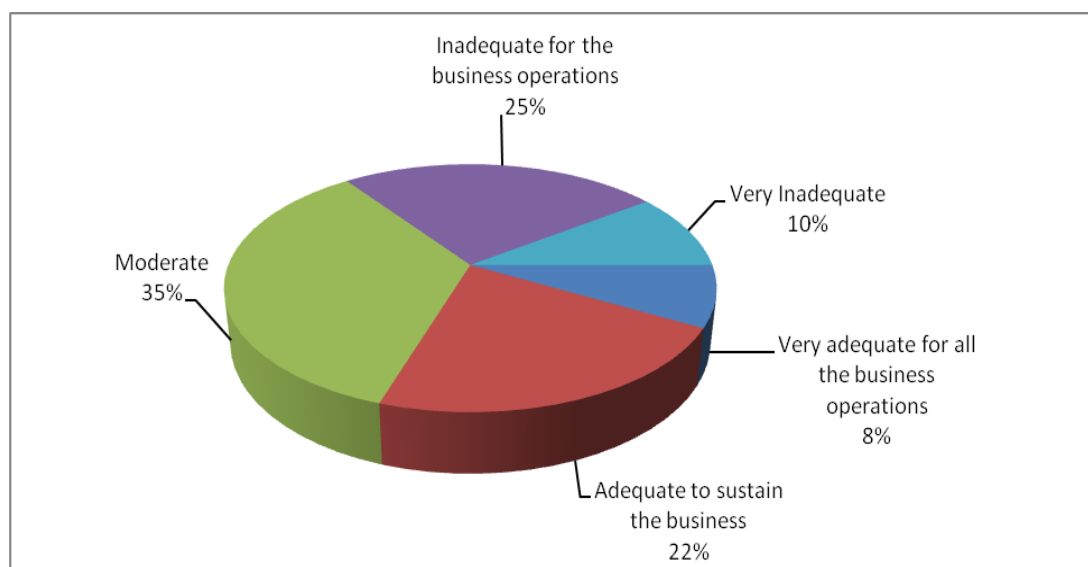
Statrtup capital from SACCOS

<b>Sacco loan very inadequate for all operations</b>	<b>Mean</b>	<b>N</b>	<b>Std. Deviation</b>
Yes	1.00	11	.000
No	1.46	89	.501
<b>Total</b>	<b>1.41</b>	<b>100</b>	<b>.494</b>

Source: Field Data (2019)

When asked their opinion on the loan amount obtained at start-up from ELCT-ND SACCOS the finding varied greatly as presented in Figure 4.10. Majority of the petty women traders indicated for moderate level of satisfaction, which accounted for 35%. This was followed by 22% respondents who perceived the loans to be adequate to sustain their businesses while 8% distinctly indicated that the loans were very adequate for their business operations.

The study however could not obtain pertinent business financial information to justify the perceived level of adequacy of the loan amounts in comparison to the return on the investments in the businesses. On the opposite side of the spectrum, 25% respondents mentioned that the loan amounts were inadequate for the business operations and likewise, 10% respondents indicated strongly that the loan amount was very inadequate.



**Figure 4.9: Opinion on Loan Amounts**

Source: Field Data, 2019

When asked about the interest for the loan offered by ELCT-ND SACCOS, an overwhelming proportion of 92% petty women traders clearly indicated paying interests for the loans and seemed to be happy about the interest rate set by the SACCOS.

Interest rates charged by the SACCOS currently stands at 10% per month calculated either on either flat rate or reducing balance method. However, the study also established that there was no clearly defined interest rates policy on fixing of interest rates. The factors such as inflation, operational expenses, and subsidies that should be

taken into account before setting interest rates were not considered. It is evident that the SACCO charges unsustainable interest rates that do not provide sufficient interest income to cater for the running expenses of the institution. This situation is worsened by the fact that many of the clientele have small size savings leading to low portfolio. This makes the operational and financial sustainability of the SACCO an uphill task. However, the SACCO management were quick to explain that they charge low interest to their members as a social mission of minding the economic welfare of their members.

#### **4.2.10 Benefits of SACCOS**

From the analysis, in Table 4.16 the mean value for Saccos member whose economic welfare has been improved due to the loans they receive from the Saccos is higher (1.8) than those who does not (1.6). I Table 4.17 Analysis also shows that as the business getting bigger and employees more number of employees, SACCOS has less impact on them, meaning that, they minimize/reduce the amount and /or frequency from taking loan from the Saccos. Most respondent argues that as the business grows, loan Saccos is not enough, there for they move to large bank loans.

The mean value for Saccos member whose house hold income has been improved due to the use of saccos loan service is 1.8, while it is 1.7 for those who saccos loan does not bring impact to their house hold income, Table 4.18. A mean value of 1.8 indicate that Saccos loan does not used to expand business, the same mean value is obtained for it opposite, Table 4.19. The highest mean value of petty traders, whose source of their household income comes from their business, is 2. This mean value shoes

obvious that trade is the backbone of household income; this has been analyzed in Table 4.20.

**Table 4.16: Use SACCOS for Loan Services \* Karatu SACCO has Improved Economic Welfare**

Use SACCOS for loan services

<b>Karatu Sacco has improved economic welfare</b>	<b>Mean</b>	<b>N</b>	<b>Std. Deviation</b>
Yes	1.81	81	.391
No	1.63	19	.496
<b>Total</b>	<b>1.78</b>	<b>100</b>	<b>.416</b>

**Table 4.17: Use SACCOS for Loan Services \* Number of Employees**

Use SACCOS for loan services

<b>Number of employees</b>	<b>Mean</b>	<b>N</b>	<b>Std. Deviation</b>
0	2.00	1	.
1 - 5 people	1.87	55	.336
6 - 10 people	1.66	35	.482
More than 10 people	1.67	9	.500
<b>Total</b>	<b>1.78</b>	<b>100</b>	<b>.416</b>

**Table 4.18: Use SACCOS for Loan Services \* Improvement in Household Income**

Use SACCOS for loan services

<b>Improvement in household income</b>	<b>Mean</b>	<b>N</b>	<b>Std. Deviation</b>
Yes	1.85	53	.361
No	1.70	47	.462
<b>Total</b>	<b>1.78</b>	<b>100</b>	<b>.416</b>

**Table 4.19: Use SACCOS for Loan Services \* Improvement in Expanding Business**

Use SACCOS for loan services

<b>Improvement in expanding business</b>	<b>Mean</b>	<b>N</b>	<b>Std. Deviation</b>
0	1.50	4	.577
Yes	1.79	84	.413
No	1.83	12	.389
<b>Total</b>	<b>1.78</b>	<b>100</b>	<b>.416</b>



**Table 4.20: Use SACCOS for Loan Services \* Source of Household Income is Petty Trade**

Use saccoos for loan services

Source of household income is petty trade	Mean	N	Std. Deviation
20,000.00	1.75	4	.500
25,000.00	2.00	1	.
30,000.00	1.75	4	.500
34,500.00	1.00	1	.
35,000.00	2.00	2	.000
40,000.00	1.67	3	.577
45,000.00	2.00	1	.
50,000.00	1.80	10	.422
60,000.00	1.80	5	.447
65,000.00	2.00	2	.000
70,000.00	1.50	4	.577
75,000.00	1.00	2	.000
80,000.00	2.00	5	.000
80,580.00	2.00	1	.
85,000.00	2.00	1	.
90,000.00	1.50	2	.707
91,580.00	2.00	1	.
100,000.00	1.86	14	.363
100,500.00	2.00	1	.
105,000.00	2.00	2	.000
107,700.00	1.00	1	.
110,000.00	1.50	2	.707
120,000.00	1.88	8	.354
125,000.00	2.00	1	.
130,000.00	2.00	1	.
135,500.00	2.00	1	.
150,000.00	1.86	14	.363
150,500.00	2.00	1	.
165,000.00	1.00	1	.
180,000.00	2.00	1	.
200,000.00	1.50	2	.707
220,000.00	1.00	1	.
<b>Total</b>	<b>1.78</b>	<b>100</b>	<b>.416</b>

### Employment Opportunities

Findings show that 55% enterprises employ 1 - 2 workers and mainly comprised of posho mills and groceries. An estimated proportion of 35% enterprises have 3 - 4 workers as shown in Table 4.18. These were mainly in small restaurant and general

supplies enterprises. Other 10% businesses petty women traders employed between 5 - 10 workers and were mainly saloons, local food kiosks and restaurant.

**Table 4.21: Employment Opportunities**

Number	%
• 1 - 2 workers	55%
• 3 – 4 workers	35%
• 5 – 10 workers	10%
<b>Total</b>	<b>100.00%</b>

Source: Field Data, 2019

Judging from the findings on the size of workforce in the women businesses the levels are still considered to be insignificant and does not serve the expected level of creating employment opportunities for the communities living in Karatu. Hence the theory that businesses can rapidly generate more employment opportunities to cater for the raising labor demands does not conform to the actual practical situation as evidenced by the businesses. One way to enhance the capacity of the businesses to respond to the intended goals and objective is the strengthening the capacity and resource base (finance) of the businesses to expand and be able employ more people in the industry.

#### **4.2.11 Opinion about the SACCO Services in Promoting Improved Livelihood**

According to petty women traders, the SACCOS services are on-going (54%) and have enabled the women traders to grow their businesses as shown in Table 4.19. However, 30% respondents indicated they are not aware of other products other than savings and credit. While 43% indicated they are aware of the other products such as trainings activities. Although 22% petty women traders suggested that SACCOS services are effective in promoting improved family conditions and livelihood

securities, 11% seem not to have witnessed serious contribution of the SACCOS in terms of change in their business trading pattern and living conditions thus their maintained that the SACCOS services were ineffective.

**Table 4.22: Opinion about the SACCO Services in Promoting Improved Livelihood**

<b>Opinion</b>	<b>%</b>	<b>Opinion</b>	<b>%</b>
Ineffective	11%	Effective	22%
No effect	15%	In progress	54%

Source: Field Data, 2019

Further investigation focused on assessment of tangible improvements that the petty women traders had achieved from their business as a result of the support received from the SACCO and results are displayed in Table 4.20. The findings revealed that 82% of petty women traders would expanded their business while 10% preferred to spread the risk thus would diversify into other business.

**Table 4.23: Opinion on Tangible Improvements for Involvement in SACCOS**

<b>Opinion</b>	<b>%</b>	<b>Opinion</b>	<b>%</b>
Increased household income	53%	Improved livelihood welfare ( <i>food, clothing, shelter, education of children etc</i> )	72%
Improved market for the business	88%	Diversified the business	10%
Expanded the business	84%	No change in the business	19%

Source: Field Data, 2019

On other specific improvements, 88% petty women traders had achieved expand their stock volumes thus increased market. Another high proportion of 72% improved their family livelihood welfare, which included purchase assets, food, clothing, shelter, and education of children. However, 53% had experienced more capital in terms of

increased household income. Although petty women traders were perceived to be enjoying several improvements as a result of the SACCOS about 19% petty women traders had not observed any tangible improvements, which can be attributed to the SACCOS intervention in Karatu.

#### 4.2.12 Opinion on Efficiency/Inefficiency of ELCT-ND SACCOS

Aspects of efficiency of ELCT-ND SACCO was measured against factors and products offered by the SACCOS as shown in Table 4.21. Results of the analysis on the facilities used in the operation of the SACCOS showed that 88% respondents agreed that the SACCOS has good facilities followed by those who were moderate (12%).

**Table 4.24: Opinion on Efficiency/Inefficiency of Karatu SACCO**

Factor	Opinion Scale				
	Very good	Good	Moderate	Poor	Very Poor
Facilities	-	88%	12%	-	-
Capital	-	61%	16%	19%	3%
Management	-	66%	4%	14%	10%
Time management	-	92%	-	2%	-
Improve appraisal system		48%	8%	10%	4%
Improved infrastructures	4%	72%	16%	3%	-
Computerised process	34%	40%	22%	3%	-
Qualified SACCO staff	25%	32%	36%	3%	3%

Source: Field Data, 2019

On Capital parameters, it was understood that ELCT-ND SACCO capital products are varied as a way of meeting the customer preference. Result indicated a good level of support with 61% respondents in agreement that the SACCOS had good Capital base especially those provided as loans to the clients. Another 16% were moderate while 19% indicated the capital base to be poor and 3% very poor depicting the capital base

of the SACCO to be weak. On general Management of SACCO affairs, 66% respondents agreed followed 4% respondents who were moderate while 14% respondents disagree depicting the management as poor and another 10% respondents indicated for very poor.

Another parameter considered in this domain was aspects of Time management. The result in this domain suggested that ELCT-ND SACCO staff are quite accessible and observes good time management in delaying with clients issues and general management issues as reflected by 92% who agreed by indicating the management as good. On improving of the appraisal system, it was revealed that 48% respondents were positive with the kind of system put in place and employed by the company and mentioned that the appraisal was good, however, 8% were moderate while 10% indicated it as poor. Likewise, on infrastructures there was a good indication that the respondents were happy with the improvements in company infrastructure which included telecommunication system for money transfer etc. thus the respondents were of the opinion that the company had done well. This was reflected by 4% respondents who strongly agreed indicating the improvement as very good and 72% respondents depicted it as good. However, still about 16% respondents held a dissenting opinion portraying the infrastructure to be weak.

Information on computerized process at the SACCO varied across various rating factors. One was whether the company provided a well-structured and clearly understood computerized process to guide its customers. Results show that 34% respondents strongly agreed depicting the computerized system to be very good followed by 40% (agreed) while 22% were moderate and another 3% thought it was

poor as shown in Table 4.14. The study also learnt that ELCT-NND SACCOS was operated by qualified staff. This was reported by 25% respondents who indicate the staff competence as very good, 32% (good) while 36% indicated for moderate and an equal proportion of 3% respondents indicated for poor and very poor suggestion that the staff are either not qualified or not effective in their work.

#### 4.2.13 SACCOS Performance Assessment

According to the results the respondent's opinion on various ELCT-ND SACCOS services was good and the staff seemed to be treating their customers fairly which included those who strongly agreed (9%) and those who agreed (77%) while the other 13% were neutral as shown in Table 4.22. The study also learnt that ELCT-ND SACCOS invested in high quality of service. This was reported by 70% respondents who agreed, 22% (neutral) while 4% disagreed with the notion of quality services. Another attribute assessed was in respect to loan system which was found to be attractive. In particular, 9% and 85% respondents strongly agree and agreed respectively that on the attractiveness of the loan.

**Table 4.25: SACCOS Performance Assessment**

Factor	Assessment Scale					
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	No Opinion
Treat clients fairly	9%	77%	13%	-	-	-
Offer Quality of service	-	70%	22%	4%	3%	-
Attractive loan system	9%	85%	6%	-	-	-
Accessibility	30%	62%	8%	-	-	-
Affordable products		32%	24%	40%	3%	-
Competitive interest rates	25%	34%	30%	4%	3%	-
Good loan repayment	4%	72%	16%	3%		

Source: Field Data, 2019

Aspects of accessibility were also assessed and results showed that majority of the respondents were in agreement with the accessibility status of the company. In particular, 30% and 62% respondents strongly agree and agreed respectively that they readily accessed SACCO services.

On affordability, it was revealed that 40% respondents agreed with that the Karatu SACCO products and services were affordable which had led to rapid adoption in the region. However, 32% were neutral while 24% disagreed. Likewise, on competitive interest rates the customers were of the opinion that the company had done well. This was reflected by 25% respondents who strongly agreed, 34% respondents agreed while 30% were neutral. However, still about 4% and 3% respondents held a dissenting opinion portraying the competitive interest rates to be high.

Likewise, on loan repayment aspect the respondents were of the opinion that the company had done well. This was reflected by 4% respondents who strongly agreed and 72% respondents agreed. However, still about 16% respondents held a dissenting opinion portraying the loan repayment system to be weak.

#### **4.2.14 Challenges in Economic Development for Petty Women Traders**

In this section the study discussed the major challenges facing women petty traders that impends the achievements of their business objectives. Interviews with respondents revealed that there exists a number of challenges that need to be addressed to the companies improve on management, growth and development of the petty women trader's businesses while at the same time enhance the enterprises chances of both operational and financial self-sustainability. These include aspects of

competition, limited access to capital, poor infrastructure and other support services as shown in Table 4.22.

**Table 4.26: Challenges Facing Petty Women Traders**

<b>Perceived Challenge</b>	<b>Percent (%)</b>
Lack of technology	76%
Inadequate capital	88%
Inadequate technical skills	62%
Unfavorable Government policies, regulations, laws	54%
Poor road networks	14%
Fluctuation of currency	27%
Insecurity	20%
Competition	89%

Source: Field Data, 2019

### **Competition**

As can be seen in Table 4.22, one of the most incapacitating challenge is competition which accounted for 88% respondents. Evidence provided by key informants show that there exists over 150 small and medium enterprises and over 100 informal business operators all within the market. Although the petty women traders experience good business throughout the year, the intensity of rivalry is high and determines the extent by which the value created by an industry is dissipated through head-to-head competition. The competition requires that petty women traders continuously innovate and improve their service which has a huge financial implication on operations of the enterprises. Those which cannot cope with the changing competition dynamics soon fail to survive.

### **Inadequate capital**

Table 21 also indicates inadequate capital (88%) as another serious challenge to the progress and development of the petty women traders. However, across section of the



respondents mainly managers and key informants explained that what was claimed to be inadequate capital was sometimes an indication of limited ability of the petty women traders to present their ideas to appropriate financiers such as banks since most of the petty women traders did not invest in smart business plans and strategic plans. However, it was also shown that there exists a big gap between the existing financial service providers and the potential petty women traders. Formal financial institutions and regulations require competently organized loan proposals presented by credible, formally licensed companies with traceable business history and collateral which most of the petty women traders lacks. Other businesses had even failed to attract customers which affected their cash flows while across section of the women had poor management of finances.

### **Lack technical skills**

Another noteworthy challenge was lack technical skills and adequately trained experienced petty women traders which accounted for 62% respondents. According to the petty traders business operators the main reasons for the poor state of operations by the local women was the education and training system in the country, which did not equip the people with the right skills, values and attitudes to enable them to be useful in many areas of the tourism sector. Because of this challenge most of the businesses sought technical expertise from neighboring countries, which had a high financial proposition that the petty women traders cannot manage. Major areas of expertise required include business management, communication and customer care practices, development of business proposal/plans, expertise in design work, technical issues such as financial systems etc.

#### **4.2.15 Challenges Faced by ELCT-ND SACCOS**

The third objective intended to find out financial management and control challenges faced ELCT-ND SACCOS. The respondents were asked to mention the financial management and control challenges faced by ELCT-ND SACCOS with respect to four factors namely delay refunds of member's deposit, liquidity, noncompliance and lack of financial knowledge. Information the challenges are featured in Table 4.23.

**Table 4.27: Challenges Faced by ELCT-ND SACCOS**

<b>Categories of Challenges</b>	<b>Percent (%)</b>
Delay Refunds	60
Liquidity	40
Non Compliance	38
Lack of Financial Knowledge	25

Sources: Field Data, 2019

#### **Delay of Refunds and Liquidity issues**

From the Table 4.27 it is evident that delay of refunds of members deposits as the greatest challenges face by the ELCT-ND SACCOS. This was revealed by 60% respondents who reported it as a problem. One of the rules of best practices in financial management is to ensure that the customer issues are addressed and acted on promptly. In particular, in cases of refunds which is a clearly points on the financial stability of the ELCT-SACCOS because it is believed that whenever there are adequate funds ELCT-ND SACCOS is in a position to meet its financial obligations and vice versa.

In addition to this challenge another 40%% of the stakeholders were worried about the liquidity situation of the ELCT-ND SACCOS. This confirms the perception on delay of refunds for members deposits since without solid liquidity then the ELCT-ND SACCOS cannot meet the refund requirements. It is important to mention that the

analysis of liquidity of an organization may commence with a review of the actual bank balance in absolute terms. Has the bank balance increased or decreased significantly? The liquidity of the business is measured by examining the relationship between current assets and current liability. These might just be the reason why across section of the members link the delay of refund of members deposits to financial management and control problems and not an aspect of liquidity.

Responding to the two major challenges of delay and liquidity, senior staff of the ELCT-ND SACCOS explained that the liquidity of ELCT-ND SACCOS varied from time to time due delaying of members repaying their emergence loan on time which they are supposed to pay on cash basis and the second reason is the delay of check from Government Treasury, that is money deducted from member's salaries on a monthly basis.

### **Non-Compliance**

According to this study aspects of compliance were perceived to either be a state of being in accordance with established guidance or legislation or as a process of becoming so. At ELCT-ND SACCOs financial reports are developed in compliance with standards established by COASCO. The Audit Report of 2017/2018 proved this as the opinion from the Auditor states a true and fair view of the organization. However, there exists a growing dissenting opinion from stakeholders especially about 38% respondents who seemed to indicate that the ELCT-ND SACCOS has not met the threshold for compliance. Although the proportion of the dissenting views were minimal it is a clearly picture that there is need for proper and sound financial management and control.

### **Lack of Financial Knowledge**

Financial knowledge is considered as a major prerequisite for proper financial management and control in any organization. Moreover, the ability for any ELCT-ND SACCOS to operate highly depends on the knowledge of the staff, management and board who are charged with the responsibility of overseeing the operations of the company. From the findings from the study it is obvious that stakeholders perceived lack of knowledge in financial management and control as a major challenge which impedes the growth and development of the ELCT-ND SACCOS as reflected by a small proportion of 25% respondents whose opinion was that the management and board members who are involved in preparation and approval of financial reports had enough knowledge on financial matters.

Further probing from across section of the members revealed that ELCT-ND SACCOS management and board had put a good strategy for ensuring that there are enough budgets for training and seminars in order to impact more knowledge to employees for performance improvement. If this is anything to go by it can be said that the ELCT-ND SACCOS is on its path to improving the quality of the company leaders so as to enhance its competitiveness in the microfinance subsector.

### **4.3 Discussion of Findings**

The main objective of the study was to assess the impact of micro finance institution on business growth of the petty women traders in Karatu District, using ELCT-ND SACCOS as a case study. The research used a case study approach and collected data using questionnaires, interviews and documentary evidence. Participants involved in the study were SACCOS staff, petty women traders, key opinion leaders and business

community who are familiar with the SACCOS operations in Karatu. The data collected were analyzed using descriptive statistics and content analysis.

The study established that intervention of ELCT-ND SACCOS has stimulus effect the business trading pattern by the petty women. It has enhanced the capacity of the women to engage in a wide range of businesses such as commodity trade and retail business, which used to be a preserve of men. Now the women conduct high value business such in the pharmaceutical industry, boutiques, restaurants, bars, modern guest houses, lodges and rental houses. Across section of the women are also engaged in the manufacturing sub sector which is in line with the currently policy agenda of industrial development. Although the recorded proportion of women engaging in the activities was low (15%), it was considered as a positive step towards meeting the goals of creation of employment opportunities and improving the rural economy. Main industrial products identified by the study included processing and packing of flour, cooking oil refining, rice milling, and processing of high value dairy products such as cultured milk (mtindi).

The study also established that the SACCOS has also led to a consistent trend of growth and development of businesses. Although, most of the business were established along family lines they have witnessed a steady growth pattern over 10 years of existence, which depicts sustainability of the enterprise. Notable limiting factor identified by the study is in terms of registration of the businesses. Majority of the cases only had trading licenses, which hampered their desire to seek financial support (loans) from commercial financial institutions. Similarly, the lack of legal registration was considered a drawback in the current political dispensation where the

government requires each business entity to participate in nation building activities through paying of taxes. It is without a doubt that petty women traders in Karatu have significant Knowledge and Skills for effective and efficient management of their enterprises, which accounted for over 63%. Such knowledge and skills were also necessary for critical analysis of financial operations of the businesses.

Tracing from socio economic profile, Karatu district of Arusha region is well endowed with enormous natural resources and the comparative advantage of being the gateway to Tanzanian tourist attraction sites such as Manyara National parks, the Ngorongoro crater (7<sup>th</sup> wonders of the world) and the Serengeti National. Thus, the involvement of women in trade is positive and has been a great opportunity for over 83% of the women to earn foreign income from the numerous numbers of tourists leading to wealth creation and rapid economic growth. Another opportunity lies on the shift in regulatory framework in the county which now allows petty traders to simple own business identification card costing Tshs 20,000 for one to operate business for a period of one year. This has cut down the business operational costs translating into increasing in revenue collection by the women.

Aspects of awareness and usage of ELCT-ND SACCOS services was remarkable. In fact over 65% of such traders used the SACCOS services and an over whelming proportion (100%) were aware of the services. The services included accessing loan support ranging from Tshs 500,000 – 1,000,000. There were also indicators of those who had built a good portfolio with the SACCOS which enabled them to receive loan offers between Tshs 5,000,000 to 1,000,000 which was commendable.

Contrary to the positive trend, there was slight cases of those who did not use the services for varied reason. One, were the unavailable services such as insurance and marketing services. This had posed a great threat to the business who are at risk of business loss in cases of calamities such as fire and robbery. Another issues pointed out was in relation to marketing services which are critical is promoting the sales volume and subsequent revenue turnover.

In the whole context of financial inclusion, the study exposed that the petty women traders were still disadvantage and most of them were compelled to finance their business from their own merge sources. These included sale of agricultural products (39%) and petty savings as wages/salaries (30%). Moreover, an estimated 13% depended on borrowed soft loans from friends and relatives. Only an insignificant proportion of 3% got startup capital from commercial bank loans. In this category ELCT-ND SACCOS stood out by supporting a remarkable 59% with startup capital. Other emerging credit systems featured in the study, which should be promoted, include VIKOBA and “Kibati” translated as merry-go-round.

Analysis of the cost benefit of ELCT-ND SACCOS revealed four important issues. Firstly, was the **Livelihood Improvement** where over 64% of the petty women traders generate their household livelihood. By implication they experienced changes in their family living conditions, gained ability to provide for the needs of the family including paying school fee for their children, meeting the medical bills, overcoming the problem of food shortages etc. Two, was the **Creation of Employment**. In fact, the SACCOS enhanced the capacity of the traders to provide employment for many youths in the region. Some of the business were transformed and were able to employ

an average of 5 people. By extrapolation, the 100 businesses contributed to over 500 people, which was commendable. Three, was *Improved Revenue Mobilization* where the businesses were observed to comply with the tax requirements enabling the government to mobilize revenues for improvement of the rural economy. Four, was the *Access to Basic Services and utilities*. The growing pattern of business in Karatu had led to good and reliable access to basic amenities to communities living in the region together with the high number of Tourists who currently use Karatu as their preferred stopover instead of staying in Arusha city.

Notable challenges identified in the study included Stiff Competition which was attributed to the problem of duplication of business activities. This clearly depicts lack of innovativeness among the petty women traders. This was followed by problems of Inadequate capital which according to the study was sometimes an indication of lack of prerequisites for accessing credit facilities. Aspects of inadequate technical skills were also featured which had led to poor state of operations. Across section of the women had limited education and training thus are not equip with the tools to meet the demands of first changing business environment.



## **CHAPTER FIVE**

### **SUMMARY OF FINDING, CONCLUSION AND RECOMMENDATION**

#### **5.1 Introduction**

This chapter presents the summary, conclusion, recommendations and areas for further study. The main objective of the study was to assess the impact of micro finance institution on business growth of the petty women traders in Karatu District, using ELCT-ND SACCOS as a case study.

#### **5.2 Summary of Findings**

##### **5.2.1 Access to Credit by Women Petty Traders**

Access to credit from microfinance is determined by interest rate, collateral, saving, procedures and availability of cash for credit.

From the findings, 34% of women traders agreed that they are satisfied by the amount of interest charged on credits from the ELCT SACCOS.

A mean value of 1.7 women traders put their savings into the SACCOS; also, study find out that woman fails to have good savings due to family responsibilities, most of the income generated from the business is used for food, schooling, hospital, and other social issues like weddings and funeral contributions.

Women traders agreed that there is no long procedures in loan application and payment systems, this amount to 62% of the women traders.

Women traders argues to face a challenge of inadequate capital to expand their business because they Lack high value collaterals to secure big loans.

Also only 40% of the SACCOS staff agreed that liquidity is a challenge to the SACCOS and 61% of the petty traders agreed that SACCOS has enough capital to meet their demand. Lastly, the study shows that 65% of women petty traders can access credit from the SACCOS since they met the entire requirement for credit.

### **5.2.2 Impact of SACCOS Loan on the Livelihood of Women Petty Traders**

Women traders argue that their household income has increased through the income they got from the business. 53% of women traders who had been took loan from the SACCOS confirm the increase in their household income.

A mean value of 1.8 women petty traders (equivalent to 72%) argues that their welfare in general has improved. The study findings indicate that women petty traders increase the rate of employment, where 90% of these businesses employs a range of 1 to 4 workers.

### **5.2.3 Contribution of SACCOS on Business Growth**

There are eight indicators of business growth, which are, Capital increase, profit increase, market increase, use of improved technology, business sustainability, business diversification and employment creation.

From the study findings, 59% of Karatu women petty traders obtain their business startup capital through loan from SACCOS. A mean value of 1.8 petty women traders (equivalent to 88%) has increased their business capital through loan from the SACCOS.

Eighty three percent of women argues that, at Karatu there is a good market availability for their business, while 88% confirm that the market for their goods and services has been increased due to the loan from SACCOS that has been invested in business.

Only 27% of women petty traders at Karatu has access to technical expertise. Most of the women traders have education level of form four to primary; only 4% has college education.

Sixty percent of women petty traders business sustain in operations from three years to ten years, 10% sustain in operations for more than 10 years.

Only 10% of women petty traders at karatu were able to diversify their business and start another small business.

Ninety percent of women petty traders business are able to employ one to 4 workers while only 10% of these businesses are able to employ more than ten workers.

Lastly, 76% of women petty traders agreed that there is a direct effect on their livelihood due to their involvement in SACCOS.

### **5.3 Conclusions**

#### **5.3.1 Access to Credit by Women Petty Traders**

Sixty-six percent of women traders were not satisfied with the amount of interest rate charged by SUCCOS, most of them urges that the amount is high there for its affects their business performance and growth in general, since most of the income from the business used to repay loan is instead of be re-invested for business growth.

From the study, the level of satisfaction by the loan from the SACCOS is low (1.1 mean value equivalent to 8%). Women petty traders Lack high value collaterals to

secure big loans for business, they also lack enough savings because they are overburdened by family responsibilities, they Lack saving skills and habit as well. Most of women do not involve them self with banks, they prefer to be fashionable, and out goings, therefor their saving is very low.

From the above findings, the researcher concludes that's despite of the fact that's SACCOS has the ability and friendly procedures for credit provisions, still the accessibility of credit by women petty traders is not satisfactory, accessibility to women has to be improved.

### **5.3.2 Impact of SACCOS Loan on the Livelihood of Women Petty Traders**

From the study findings, it is obvious that SACCOS has played a major role in improving the livelihood of women petty traders. Women are now able to take economic responsibility in the family. They are able to eat a well-balanced diet food, to take their children in English medium schools and participate in financing social issues like funerals weddings, kitchen party and birthdays.

### **5.3.3 Contribution of SACCOS on Business Growth**

Five indicators of the business growth from this study shows a good performance, while three indicators did not show good performance. The study finds that through SACCOS loans petty women traders increase their capital investments. They are able to improve their brands, packing and reach their customers in remote areas. This lead into profit increase, which in turn increase saving for more capital investment. In addition, Women petty traders business were able to survive into operations without bankrupt or stopping operations, some manage to diversify into other small business.

#### **5.4 Implication of the Study**

This finding above revealed that SACCOS has plays a big role in promoting business growth of the petty traders. This implies that Economic women empowerment cannot be successful without SACCOS. Hence, for women, they have a responsibility to maintain their member ship with SACCOS, grow their saving, find more value collaterals, which will enable them to acquire big loans. In addition, it is their responsibility to maintain their loyalty with SACCOS by repaying their loan on time, submitting valid documents and be royal to the SACCOS.

SACCOS has to increase their capital investment in order to increase the ability to finance these loans. It should re-look on the interest rate charged to the petty traders; find other ways of securing loans other than saving and value property. Also, consider the use of technology in record keeping for better performance of the SACCOS. For economic women empowerment, Government of Tanzania should look on the ways of subsidizing women loans. Should simplify business registration and licensing process to encourage more women petty traders to engage in business.

#### **5.5 Recommendations**

The recommendation below to be adopted and implemented by both SACCOS and the petty women traders, which have maximum impact on promoting entrepreneurship among the women. The major areas that the strategies focus include: creation of the enabling business environment, developing the infrastructure, strengthening financial and non-financial services and establishing and strengthening institutions supportive to microfinance development, capacity building for women entrepreneurship

development services providers and sensitization of women entrepreneurs on the role of Microfinance in enhancing their enterprise development.

- (i) Massive awareness creation and business promotion on the importance of Microfinance in particular its role in wealth creation, business development, improving livelihood securities, and economic development. There should be an affirmative action to support the activities such as organizing national and international exhibition to enable microfinance to learn from others.
- (ii) Enhancing access to financial services is paramount to entrepreneurship development. Microfinance service providers especially SACCO need to make loan process more flexible and increase the range and variety of their financial products and services so as attract more women and potential investors to engage in various such as real estates sector. At the petty women, entrepreneurs need to be thoroughly trained on best practices financial management in particular on management of loan funds. Other ways should include creation of innovative funds for commercializing new ideas such as business plan competitions, innovation and creative designs etc.
- (iii) The study also recommends improved infrastructural development, improved security and use of modern technology to ensure the businesses enjoy good and conducive environment for their operations and at the same time improve the microfinance operational processes.
- (iv) Train SACCOS staff on entrepreneurial development and business management skills. As an extension of this strategy, facilitate tailor-made business training programs for start-ups and for strengthening existing businesses based on microfinance services.

- (v) Promote business linkages between large and small enterprises owned by the women to enable them share experiences and information for the betterment of their operations.
- (vi) Strengthen marketing linkages to enable the enterprises to operate profitably and gain sustainability.
- (vii) Promote innovative financial products for microfinance such as hire purchase scheme, leasing particularly for women enterprises in manufacturing sectors, inventory financing, venture capital for businesses etc.
- (viii) Facilitate the transfer of technology to SACCOS, including upgrading of existing technologies to enable the petty women traders to operate on real time basis.

### **5.5 Limitation of the Study**

The study was conducted at ELCT-ND SACCOS Karatu district in Arusha region. The ELCT-ND SACCOS as a study area, adequate sample size was strategically selected to include all petty women traders within the population comprising staff and ordinary women who are members of the SACCOS. However, the study was carried out in only one SACCOS at Karatu, which may not be a true representative of all SACCOS in Karatu and Tanzania at large.

This study was conducted in ELCT-ND SACCOS where there is a good system established by the organization for the members especially for the targeted group of petty women traders to join once their venture into business in the district and decided themselves to register with the SACCOS. However, ELCT-ND SACCOS differs from other SACCOS based on monthly cash contribution from the petty women traders

which is relatively difficult for many of the women to participate, therefore ELCT-ND SACCOS might fail to represent a typical SACCOS in rural Tanzania.

## **5.6 Area for Further Research**

The study exposed that there existed limited low creativity and lack of innovativeness among the petty women business especially on management and entrepreneurial skills. In this regard, the study proposes for further research to determine the extent to which the technical skills affect the operational and financial self-sustainability of the petty women traders, operations and performance.



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## APPENDICES

### Appendix I: Questionnaire

#### Research topic

*The impact of microfinance institutions, on business growth of the petty women traders.*

No.	Date
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<b>Summary Information Sheet</b>	
Name of Respondent .....	
Sex of Respondent: <i>Male</i> [    ] <i>Female</i> [    ]	
Type of Business.....	
Type of Sub-sector Enterprise for the petty trades:	
<div style="display: flex; justify-content: space-around;"> <span>1. <i>Manufacturing</i></span> <span>2. <i>Trade</i></span> <span>3. <i>Service</i></span> </div> <div style="display: flex; justify-content: center;"> <span>[    ]</span> </div>	
Level of Education of the women:	
<div style="display: flex; justify-content: space-around;"> <span>1. <i>Primary</i></span> <span>2. <i>Secondary</i></span> <span>3. <i>Diploma</i></span> <span>[    ]</span> </div> <div style="display: flex; justify-content: space-around;"> <span>4. <i>Certificate course</i></span> <span>5. <i>Others</i></span> </div>	

#### Questionnaire

#### A. Establishment, Ownership and General information of Respondent/Business

1. How long has the business been operating and how do you classify the business?

Duration in years	Yes – 1, No - 2	Business classification	Yes – 1, No - 2
▪ less than 1 Year		▪ Small scale	
▪ 1- 2 years		▪ Medium scale	
▪ 3 – 5 years		▪ Large	
▪ More than 5 years		▪ Other (specify)	

2. How do you rate your knowledge and skills in business?

Education Level	Yes – 1, No – 2	Education Level	Yes – 1, No – 2
Excellent		Poor	
Good		Not sure	
Fair		Other	

3. Is the business registered

Registration	Yes – 1, No - 2	Remarks
▪ Business Name		
▪ Limited Company		
▪ Council License		
▪ Other (Specify)		

4. Access and Demand for financial institutions in Karatu?

5. What opportunities exist for women entrepreneurs in Karatu region?

Opportunity	Yes – 1, No – 2	remarks
Access to financial services		
Market availability for their businesses		
Access to technical expertise whenever required		
Political stability		
Business licensing and regulatory systems		
Good infrastructure		
Other (specify)		

6. In Karatu, what informal and formal financial intuitions are available to business owners especially women? Please rank them in order of popularity?

Institution	Yes – 1, No - 2	Remarks
Commercial banks		
Credit Groups (Merry-go-round)		
NGO's		
SACCOS		
Other (specify)		

7. Are you aware of Karatu SACCOS? Yes – 1, No – 2 [      ]

8. Are you a member of the SACCOS? Yes – 1, No – 2 [      ]

9. What benefits do you and other women traders receive from Karatu SACCOS?

Services received	Yes - 1, No - 2	Services not received	Yes - 1, No - 2
Loans		Loans	
Training		Training	
Savings		Savings	
Other (specify)		Other (specify)	

10. As a SACCO member, what services do you need that you are unable to get

Services not received	Yes - 1, No - 2	Services not received	Yes - 1, No - 2
Unavailable		Unaware of SACCO services	
Unaware of product		Expensive	
Other (specify)		Other (specify)	

11. Financing of Enterprises

12. How did you manage to mobilize financial resource (capital) to enable you establish your business?

Source of start-up capital	Yes – 1, No - 2	Remarks
Own savings		
Soft Loan from a Friend/Relative		
SACCO Loan		
Other Rotating Credit groups		
Money from sale of household property		
Other (Specify)		

If start-up money was obtained from Karatu SACCO, how much was the loan in Tshs?

Source of start-up capital	Yes – 1, No - 2	Source of start-up capital	Yes – 1, No - 2
50,000 – 100,000		300,001 – 400,000	
100,001 – 200,000		400,000 – 500,000	
200,001 – 300,000		More than 500,000	

13. What is your opinion about the amount of loan accessed from the SACCO in relation to the business?

Source of start-up capital	Yes – 1, No - 2	Remarks
Very adequate for all the business operations		
Adequate to sustain the business		
Moderate		
Inadequate for the business operations		
Very Inadequate		

14. Do you pay interest for the loan offered by Karatu SACCO? Yes – 1, No – 2  
[   ]

How do you rate the interest paid?

Interest Rate (% or Tsh)	How do you rate the interest rate					
	▪ <i>High</i>		▪ <i>Fair</i>		▪ <i>Low</i>	
Remarks						

15. How does the interest charged on loan affect your business? (Explain)

*Effect on the business*

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16. In your opinion does the interest for the loan offered by the SACCO affect the rate at which the petty women traders seek/acquire the loans from the SACCOC? Yes – 1, No – 2

*If yes, please explain the nature of effects*

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17. Why do you prefer to invest in the money for the SACCO in the business?

Factor	Yes – 1, No – 2	Remarks
High Return on investment		
Quick returns		
Family business		
Less competition		
Less risky		
Low operational overheads		
Experienced in the managing the business		
Other (specify)		

18. Livelihood Improvement?

19. What are your source(s) of household income? (Optional)

Source	Estimate Tsh/month	Source	Estimate Tsh/month
Salary (employment)		Sale of livestock	
Petty trade		Farming	
From relatives		Other (Mention)	

20. In your opinion, does establishment of Karatu SACCO improve economic welfare of women in Karatu?

Yes – 1, [ ] No – 2 [ ]

- If yes how does SACCOS improve the lives of women in business? (*Explain*)

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21. Do SACCOS products improve the lives of the poor in the community?

Yes – 1, [ ] No – 2 [ ]

22. What is your estimated income pattern from the business activity?

Item	Amount/Month
Average income	

23. From the above revenue pattern how do you describe your business production (profit) as a result of the support from the SACCO?

Item	Yes - 1, No - 2		Yes - 1, No - 2
Very Good		Bad	
Good		No effect	
Fair		Other	

24. How many people are employed in your business?

Source of start-up capital	Yes – 1, No - 2	Remarks
1 to 5		
5 to 10		
Over 10		

25. What is your opinion about the SACCO services in promoting improved livelihood of Women in Karatu?

Opinion	Yes - 1, No - 2	Opinion	Yes -1, No - 2
Ineffective		Effective	
No effect		In progress	

26. In your own opinion, what improvements have you achieved from your business as a result of the support received from the SACCO?

Opinion	Yes - 1, No - 2	Opinion	Yes -1, No - 2
Increased household income		Improved livelihood welfare ( <i>food, clothing, shelter, education of children etc</i> )	
Improved market for the business		Diversified the business	
Expanded the business		No change in the business	

27. How do you compare financing through banks and other informal SACCO financing? Which one do you prefer and why?

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28. Is the duration time for repaying loan appropriate to enable borrowers to repay on time?

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29. What is your opinion on efficiency/inefficiency of Karatu SACOO in Karatu?

Factor	Opinion Scale				
	Very good	Good	Moderate	Poor	Very Poor
Facilities					
Capital					
Management					
Time management					
Improve appraisal system					
Improved infrastructures					
Computerised process					
Qualified SACCO staff					

30. What is your opinion on SACCOS Performance assessment?

Distribution	Assessment Scale					
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	No Opinion
Treat clients fairly						
Offer Quality of service						
Attractive loan system						
Accessibility						
Affordable products						
Competitive interest rates						
Good loan repayment						

31. Challenges in economic development

32. What are some of major challenges facing women petty traders that impedes the achievements of their business objectives?

Challenge	Yes – 1, No - 2	Remarks
Inadequate technical skills		
Inadequate capital		
Lack of market		
Unfavourable Govt policies, regulations, laws		
Poor infrastructure		
Fluctuation of currency		
Insecurity for their business		
Discrimination in award of credit		
Other (specify)		

## Appendix II: Plagiarism Report

### IMPACT OF MICRO FINANCE INSTITUTION ON BUSINESS GROWTH OF THE PETTY WOMEN TRADERS

#### ORIGINALITY REPORT

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