

**THE ROLE OF MICROFINANCE ON THE SOCIO-ECONOMIC  
DEVELOPMENT OF WOMEN IN MKOANI DISTRICT - PEMBA  
ZANZIBAR**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE  
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**CERTIFICATION**

The undersigned certifies that he has read and hereby recommends for acceptance by the Open University of Tanzania a dissertation entitled: “*The Role of Microfinance on the Socio-Economic Development of Women in Mkoani District - Pemba Zanzibar*” in partial fulfillment of the requirements of the degree of Master of Project Management (MPM) of the Open University of Tanzania.

.....

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.....

Date

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.....  
Date

**DEDICATION**

I dedicate this dissertation to Almighty God who gave me life, idea, courage and power to pursue the study and my beloved parents Mr. Waly Mohammed and Ms Fatma Nassor. Also it is dedicated to my husband Mr Ali Hafidh Khamis for their encouragement, assistances, financial support, advices, understanding and prayers during the entire period of my study.

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## ABSTRACT

The general objective of the study is to examine microfinance impact on socio economic development of the women in the community. The study was conducted in South Region in Mkoani- District-Pemba Island. The sample size was 50 participants that responded to all questions and five MFIs staffs surveyed in order to assess its breadth and depth of its contributions in its respective operational areas. Client questionnaires, checklist for key informants and participant observation were employed for data collection. Content and structural-functional analyses techniques were applied to qualitative data and information. The results shows that women who accessed the loans from MFIs were able to improve their socio-economic status through starting up and or expanding business and enterprises, paying school fees for their children, purchase of household items like furniture, land, building of houses, confidence building, participation in leadership roles. Also the findings indicated that small amounts of money disbursed, diversion of funds, low returns on investment, short grace periods, unfavorable repayment schedules are the main challenges faced by woman in accessing and utilizing of MFIs services. Based on the results of this study, it was recommended that, MFIs could increase on the amount given as loans to the clients and assess repayment capabilities before loan provision.

**Keywords:** *Microfinance, Socio-economic Development and Microfinance Institution*

## TABLE OF CONTENTS

<b>CERTIFICATION .....</b>	<b>ii</b>
<b>COPYRIGHT .....</b>	<b>iii</b>
<b>DECLARATION.....</b>	<b>iv</b>
<b>DEDICATION.....</b>	<b>v</b>
<b>ACKNOWLEDGEMENT .....</b>	<b>vi</b>
<b>ABSTRACT .....</b>	<b>vii</b>
<b>LIST OF TABLES .....</b>	<b>xiii</b>
<b>LIST OF FIGURES .....</b>	<b>xiv</b>
<b>LIST OF ABBREVIATIONS .....</b>	<b>xv</b>
<b>CHAPTER ONE .....</b>	<b>1</b>
<b>INTRODUCTION.....</b>	<b>1</b>
1.1 Chapter Overview .....	1
1.2 Background of the Study .....	1
1.3 Problem Statement.....	7
1.4 Objectives .....	10
1.4.1 General Objective .....	10
1.4.2 Specific Objectives .....	10
1.5 Research Questions .....	10
1.5.1 General Research Question .....	10
1.5.2 Specific Research Questions .....	10
1.6 Significance of the Study.....	11
1.7 Scope of the Study.....	11
1.8 Organization of the Study.....	12

1.9	Limitation of the Study.....	13
1.10	Delimitation of the Study .....	13
	<b>CHAPTER TWO .....</b>	<b>14</b>
	<b>LITERATURE REVIEW .....</b>	<b>14</b>
2.1	Chapter Overview.....	14
2.2	Operational Definitions .....	14
2.2.1	Microfinance.....	14
2.2.2	Socio-economic .....	15
2.2.3	Socio-economic Development.....	15
2.2.4	Microfinance Institution/MFI.....	16
2.2.5	Microfinance Policy .....	16
2.3	Theoretical Literature Review .....	16
2.3.1	Grameen Bank Theory /Model.....	16
2.3.2	Self – Help Group Theory/Model.....	17
2.2.3	Federated Self-Help Group Theory/Model .....	18
2.3.4	A Cooperative Theory/Model.....	19
2.3.5	Economic Modernity Theory .....	19
2.4	Empirical Literature Review .....	20
2.5	Research Gap.....	25
2.6	Conceptual Framework .....	26
	<b>CHAPTER THREE .....</b>	<b>28</b>
	<b>RESEARCH METHODOLOGY .....</b>	<b>28</b>
3.1	Chapter Overviews .....	28
3.2	Research Design .....	28

3.3	Study Area.....	28
3.4	Population of the Study .....	29
3.5	Sampling Techniques and Sample Size.....	29
3.5.1	Sampling Techniques .....	29
3.6	Source of Data .....	31
3.6.1	Primary Source of Data .....	31
3.7	Data Collection Methods.....	31
3.7.1	Questionnaire Survey .....	31
3.7.2	Questionnaire Administration .....	32
3.8	Data Analysis and Presentation .....	33
3.8.1	Data Treatment .....	33
3.8.2	Data Analysis.....	33
3.9	Validity and Reliability .....	33
3.9.1	Validity .....	33
3.9.2	Reliability of the Study.....	35
<b>CHAPTER FOUR.....</b>		<b>37</b>
<b>ANALYSIS OF FINDING AND DISCUSSION .....</b>		<b>37</b>
4.1	Chapter Overviews .....	37
4.2	Reliability and Validity of the Data .....	37
4.2.1	Reliability .....	37
4.2.2	Validity .....	38
4.3	Demographic Characteristics of the Respondents.....	38
4.3.1	Gender of Respondents.....	38
4.3.2	Age Group of Respondents .....	39

4.3.3	Marital Status .....	41
4.3.4	Educational Level .....	42
4.3.5	The Occupation of the Respondents .....	44
4.4	Findings of the Study .....	45
4.4.1	Objective One: Examine the Accessibility and Loan Size from Microfinance to Woman in the Study Area .....	45
4.4.1.1	Loan Size Obtained from Micro-finance Institutions .....	45
4.4.2	Objective Two: Socio-economic Status of Women after Taking the Loan in Mkoani District.....	46
4.4.2.1	The Activity Done with the Money you Access from the MFIs.....	46
4.4.3	Objective Three: Examine the Role of Loan Provided by Microfinance Institutions on Women Socio-economic Development in Mkoani District - Pemba .....	47
4.4.3.1	The Role of Loan Size Provided by Microfinance Institutions on Women Socio-Economic Development .....	48
4.4.4	Objective Four: Find out the Challenges Facing Women of Mkoani District in the Credit Acquisition from Microfinance Institutions.....	50
4.4.4.1	The Challenges Facing Women of Mkoani District in the Credit Acquisition from Microfinance Institutions.....	50
4.4.4.2	Challenges in Utilizing the Funds that you Accessed from the Microfinance Institutions .....	53
4.4.4.3	Suggestions to Eliminate the Challenges Faced in Accessing and Utilizing the MFI Services .....	54

<b>CHAPTER FIVE .....</b>	<b>57</b>
<b>SUMMARY,CONCLUSION AND RECOMANADATION .....</b>	<b>57</b>
5.1 Chapter Overview.....	57
5.2 Summery of the Findings .....	57
5.3 Conclusion of the Study .....	58
5.3.1 The Role of Microfinance in the Socio-Economic Development of Women in Study Area .....	58
5.3.2 The Challenges Faced by Women when Dealing with Microfinance .....	59
5.4 Recommendations .....	60
5.3.1 Recommendations for Microfinance Institutions .....	60
5.4.2 Recommendations for the Government.....	61
5.4.3 Recommendations for MFI Clients .....	61
5.4.4 Recommendations for Further Research .....	61
<b>REFERENCES.....</b>	<b>62</b>
<b>APPENDICES .....</b>	<b>73</b>

## LIST OF TABLES

Table 4.1: Distribution of Respondents for the Survey MFIs in Mkoani District .....	30
Table 4.2: Reliability Analysis .....	38
Table 4.3: Distribution of Respondents in the Age Group for Women Accessed MFI in Mkoani District .....	40
Table 4.4: Distribution of Respondents on the Education Level Women who Obtained Services from MFI in Mkoani District .....	43
Table 4.5: Distribution of Respondents on Size of Loan Obtained from MFI .....	45
Table 4.6: Distribution of Respondents on the Challenges Facing Women of Mkoani District in the Credit Acquisition from Microfinance Institutions .....	51
Table 4.7: Distribution of on the Challenges in Utilizing the Funds that you Accessed from the Microfinance Institutions Respondents .....	54
Table 4.8: Distribution of Respondents on Suggestions to Eliminate the Challenges Faced in Accessing and Utilizing the MFI Services .....	55

## LIST OF FIGURES

Figure 2.1: Conceptual Framework .....	26
Figure 4.1: The Distribution of on Gender of Respondents.....	39
Figure 4.2: The Distribution of on the Marital Status of Respondents.....	41
Figure 4.3: The Distribution of on Occupation of the Respondents .....	44
Figure 4.4: Distribution of Respondents on the Activity Done with the Money you Access from the MFIs .....	46
Figure 4.5: Distribution of Respondents on the Role of Loan Size Provided by Microfinance Institutions on Women Socio-Economic Development .....	48

## **LIST OF ABBREVIATIONS**

AIDS	Acquired Immunodeficiency Syndrome
CRDB	Cooperative Rural Development Bank
GB	Grameen Bank
HBS	Household Budget Survey
MFI	Microfinance Institution
Msc	Master of Science
MSE	Money Saving Expert
NGO	Non-Governmental Organization
PRIDE	Plan of Recovery Individual Development
SME	Small Medium Enterprises
SACCOS	Saving and Credit Cooperative Society
SHG	Self Help Group
SBLP	Services Loan Based Policy
URT	United Republic of Tanzania
UNESCO	United Nations, Educational, Scientific and Cultural Organization
VSL	Village Saving and Loan
TZS	Tanzania Shillings

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Chapter Overview**

This chapter presents introduction part of the study; Organization of the chapter is based on overviews of microfinance and socioeconomic development. The first section of this chapter explains background of the study, second section explains problem statement, third section explains the objectives and research questions, fourth section explains the significance and scope of the study and last section explains organization, limitation and delimitation of the study.

#### **1.2 Background of the Study**

Throughout the world, the pursuit of development has taken the direction of socioeconomic development. Both men and women are involved in the development process although in the past the women, in comparison to men, were marginalized and disadvantaged in various aspects of development. Throughout the history of the development process, the development practitioners have tried to identify strategies that could promote the level of the women's participation in the race for development. Thus, various interventions such as microfinance lending have been specifically targeted at the women in a bid to improve their socio-economic levels of development.

Nowadays the term 'development' is used in many disciplines and serves in practice to define a recognized field of research. It is a dynamic concept. It has different meanings for different people. In fact, there is no agreement on the meaning of development among planners and thinkers either. Some people say it means increase

in income, other lay emphasis on employment, income, quality of life, happiness and so on. According to Mabogunje (1980), development was seen simply as economic growth, it implied a rapid rise in per capital productivity and a changed in economic structure.

Taking this as clue, when we use the term 'development' in the study, it implies an improvement in the material well-being of the people in a region or community. Material well-being of a region, a country or community can be identified with the increase in the real production, availability of infrastructural facilities, amenities and services, better employment opportunities, practice and adoption of new and modern technology and an increase in the rate of investment and consumption. Any changes for betterment in these parameters indicate development, Mabogunje (1980).

Socio-economic development with change in the quality of life and quantitative growth of various values. Quality of life can be improved by improving the conditions of health, nutrition, education, transport and communication and so on. Socio economic; encompass reduction of poverty, health, sustainable use of resources, education, food security and good governance.

Socio-economic development of any region, area or community depends upon various factors or components, which belong to different parameters and it is very difficult task to discuss each and every component of socio-economic development in detail, which includes, level per capita, level of agriculture development, level of industrial development, level of urbanization, occupational structure, level of educational development, health status, transport and communication and population characteristics.

Women experience the highest degree of deprivation from means of production that results to them having low economic status in the community. If we compare the lives of the inhabitants of poorest communities across the world especially third world countries, women are the poorest followed by children. This has been evidenced by women facing cases like malnutrition, AIDS, less access to primary health care, clean water, education, less government seats and informal productive activities followed by having low capital and poor technology which are hidden by ignorance, illiteracy and their potentiality in the society (NSGRP, 2002).

Microfinance is a facility that makes it possible for the focused poor people to get a small loan to start a business, pay for school fees, procure housing or receive health care (Microfinance vital to economic growth, 2005). Also, Microfinance is the provision of financial services to the poor and low-income people. Microfinance is a category of financial services targeting individuals and small businesses who lack access to conventional banking and related services, (Wikipedia, 2022). Such an initiative is instrumental in changing the poverty patterns in view of improved facilities to lessen the challenge posed by startup capital. Microfinance has been changing people's lives and revitalizing communities since the beginning of trade (United Nations, 2005).

It is also used to diversify the income, for example people with a small farm might also start a shop. This decreases vulnerability, because if the productivity of one activity decreases, the other income forms a safety net (Hermes *et al*, 2011). The entrepreneurial activities enable the poor to increase their income, which can be used to invest in the expansion of the business and the accumulation of assets, for example

livestock, tools or housing. Because of the lack of assets people are stuck in a situation of poverty and they are unable to increase their well-being (Ellis *et al*, 2003).

The promotion of microfinance started over two decades. This promotion intends to enable poor people access easily to credit for poverty alleviation. There has been an interest growing to find out the impact of these microfinance on poverty alleviation. Khandker (2005) did a study on Microfinance and Poverty in Bangladesh and found positive effects on poverty alleviation rates. He found that between 1991/92 and 1998/99, moderate poverty in all villages declined by 17%. Among program participants who had been members since 1991/92, their poverty rates declined by more than 20%.

Khandker (2005) estimates that more than half of this reduction is directly attributable to microfinance, and finds the impact to be greater for extreme poverty than moderate poverty. The author further found out that microfinance programs reduced average village poverty level by 1% each year in program areas. Microfinance thus helps not only poor participants but also the local economy. According to Khandker (2005) microfinance accounted for 40% of the entire reduction of moderate poverty in rural Bangladesh.

MkNelly and Christopher (1999) did a study on the impact of credit with education on mothers and their young children's nutrition in Bolivia by assigning communities to either a program or control group. This was followed by baseline data collection, thereby allowing program impact to be measured through simple comparison between the treatment and the control group. MkNelly and Christopher (1999) study found a

positive impact on income. Their results show that the majority of participants (67%) of the credit with education program in Bolivia felt that their incomes had „increased“ or „increased greatly“ since they joined the program. Additionally, McKnelly and Christopher (1999) find that clients of Lower Rural Bank Credit with education program in Ghana increased their incomes by 36 US dollar compared to US dollar 18 for non-clients per month.

Micro financing in Tanzania started in 1995 with SACCOS (saving and credit cooperative organization) and NGOs. It has since then contributed to the increasing success of international micro financing. Microfinance still remains a relatively new in Tanzania since it has not penetrated yet. Since 1995, microfinance has been linked on poverty alleviation programs and women (Harvey *et al.*, 2018). The government made efforts to ensure commercial banks have continued to provide financial support to the small entrepreneurial business.

However, a microfinance National Policy was implemented in 2002 encourage and support microfinances in the country. Since the implementation, micro financing was officially launched and recognized as a poverty alleviation too. Due to its increase exposure and use in the nation, commercial banks have developed interests in to offer microfinance. There are various microfinance services. These may include the CRDB, National Microfinance Bank, and AKIBA (Lindvert *et al.*, 2018).

There have been considerable studies in Tanzania that targeted to find out the impact of microfinance on poverty alleviation in Tanzania (Kessy and Urio, 2006; Mhunzi, 2012). The general consensus microfinance has positive impact on poverty alleviation.

The study revealed that the borrowers from MFIs invested in purchase of agricultural inputs and livestock establishment; trading in agricultural products, rural grocery and shop establishment. Other investments included food vendor, petty business establishment and carpentry. She also found that MFI created employment opportunities for rural people.

Zanzibar has several microfinance institutions all over the country that are issuing loans and deposit facilities to the communities. The institutions they include Finca, Brac, Blue, Bayport, Pride Microfinance and other small self-help groups (SACCOS and VSL) that organize themselves for purposes of accumulating savings and lending to members. In all these microfinance institutions, the women have always taken an active role and keen interest in the services they provide to them given their disadvantaged positions in the commercial banks.

Since the introduction of microcredit there has been an emphasis on the inclusion of women in the programs. Women in general are poorer than men and often have little opportunity to start a business, at the same time women are more reliable clients (Yunus *et al*, 2007). This way MFIs are able to meet both their financial and social goals. The focus on women has also caused a lot of criticism on microcredit, since it might increase dependence and vulnerability.

Nowadays, it is common to also provide microcredit to men and to allow men to become members of the support groups. Worldwide the majority of the clients is still female and MFIs continue to target women specifically (Armendariz *et al*, 2004). The purpose of this study is to look at the impact of microfinance beyond the economic

development; the focus will be on the changes in well-being from the perspective of the women group borrowers themselves after they have obtained microcredit.

The study focused on Mkoani District where there has been a presence of microfinance for a period of time, to ask the following research questions: after all the lending and borrowing in the study area, has the situation of the women improved? If so, how? If not, why? What can the microfinance institutions learn from this? What recommendations are made to the government of Zanzibar, NGOs and the communities for holistic development, especially of women?

This also only focused on the provision of credit and it did not include other elements of microfinance, like savings or insurance. Furthermore, this study mostly includes women who already have access to credit to be able to discuss the changes they have perceived since obtaining the loan.

### **1.3 Problem Statement**

Most of the women in Zanzibar are under employment, the proportion of unemployed females is lower than males (4.5 percent females compared to 11.1 percent for males) (HBS, 2014/2015) and they have engaged on small scale enterprises to meet their basic needs and increase the level of income. Therefore, they are taking loans for improving their activities. The proportion of households participated in informal savings increased from 10 percent in 2004/05 HBS to 18 percent in 2009/10 HBS. Similar pattern of increase was reported for the remaining types of saving. The proportion of households participating in different - types of savings has increased in all areas, though they are all still more common in urban areas. An access to bank loan

remains limited. The proportion of households who took a bank loan is 2.7 percent in 2009/10 HBS, this marks an increase compared to 1.6 percent of households who took loan in 2004/05.

It has been observed that in Mkoani, like in other districts in Zanzibar, microfinance has been applied as a poverty eradication strategy. It has been used to provide low-income people with small grants, micro-credits and other microfinance services as an impetus to exploit their productivity and develop their business to help them improve their livelihoods. Mkoani has increase in informal saving group system from 6.1 2004/05 to 15.1% 2009/2010 (HBS 2009/2010). This has a strong links with women in development. This means that for a long time, microfinance will be used as an intervention strategy to address the marginalized situation of women with the hope that when the women accessed credit facilities, they would achieve socio-economic development and thereby contribute to the development of their communities.

However, much as microfinance services have existed in Mkoani District for a period of time, there is lack of information on the good practices in the area and the exact magnitude of impact of the services on the women and how the loans are accessed and utilized in order to attain socio-economic development. The fact that poverty still exists by 15% (HBS, 2014/2015) amidst the attempts of provision of microfinance creates room for exploring how far microfinance has benefited the women in Mkoani District.

As credit demand increase soon after establishment of the co-operative societies Act no. 4 of 1986 and establishment of Zanzibar microfinance policy 2019 for clear

directive of microfinance for improving women access to soft loan. (Zanzibar Microfinance Policy, 2019). In another way SACCOS play important role on encouraging people to join on groups and establish their own organization of saving and credits that they lead them to take free interest loan. As at 30<sup>th</sup> June 2017, there are about 231 SACCOS (Pemba 93 and Unguja 138) with portfolio approximately of TZS 12.0 billion (data from Department of Co-operative).

Therefore, this study was examining the role of microfinance on socio-economic development of women in the community; it was discussing how the average loan size provided by microfinance institutions influence the income level of the poor women in community and its impact on poverty alleviation and women empowerment. In so doing, the study provides information about the role played by microfinance in the socio-economic development of the women in Mkoani District and how communities on improve their income level that leads to decrease their poverty and empowered them.

However, less is known about the role of microfinance on socio – economic development of women in Mkoani District. Furthermore, no researches have been done to identify socio-economic factors that influence household income in the study. Hence, this study intends to fill these gaps by providing findings on impact of microfinance on socio – economic development of women. The data generated from study they help policy maker to plan for proper improvement of microfinance in Zanzibar for the sake of community development under District, Regional and National at large.

## **1.4 Objectives**

### **1.4.1 General Objective**

The general objective of the study is to examine the role of microfinance on socio economic development of the women in Mkoani District.

### **1.4.2 Specific Objectives**

- (i) To assess socio-economic status of women in Mkoani District in Zanzibar.
- (ii) To determine the accessibility of loan from microfinance to woman in Mkoani District - Pemba Island.
- (iii) To examine the role of loan provided by microfinance institutions on women socio-economic development in Mkoani District - Pemba.
- (iv) To find out the challenges facing women of Mkoani District in the credit acquisition from microfinance institutions.

## **1.5 Research Questions**

### **1.5.1 General Research Question**

What is the role of microfinance on socio economic development of the women in Mkoani community?

### **1.5.2 Specific Research Questions**

- (i) What are socio- economic status of women in Mkoani District?
- (ii) How are the accessibility of microfinance to women at Mkoani District?
- (iii) What is the role of loan provided by microfinance institutions on women socio-economic development in Mkoani District?
- (iv) What is the challenges facing women of Mkoani District in the credit acquisition from microfinance institutions?

## **1.6 Significance of the Study**

Mkoani District as a local government institution has various development partners it works with to uphold the welfare of its community. In the field of microfinance, there are non-government organizations that promote their financial services to the community.

The District, however, is limited in terms of research findings on how these organizations implement their services and whether the community is benefiting from them or not. The study intended to establish and develop baseline data that would be used by scholars and credit institutions in Mkoani District for effective planning and program implementation.

This study was timely in its effort to establish the role of microfinance in the socio-economic development of women in Mkoani District in Pemba Island after various promotions, support and public awareness strategies had been carried out various microfinance institution.

## **1.7 Scope of the Study**

The study has been confined to the study area of Mkoani District, which was accessible and familiar to the researcher instead of the entire Pemba Island. This also reduced the costs of pre visits to the study area. The researcher also in a bid to cut costs has used only two research assistants who were thoroughly trained in the use of the relevant research tools. Selected Microfinance Institutions, local authorities, communities, NGOs, government institutions and other stakeholders in the study area have been the main focus of this research.

## **1.8 Organization of the Study**

The following section is a discussion of the specific content of each chapter. Chapter one introduces the research topic and explains the research problem. The objectives of the study and the guiding questions that formed the basis of the questionnaires and interviews are also expounded. The chapter also introduces the topic of microfinance and its importance to development and why there is need to research its role in the socio-economic development of women. The chapter presents the significance of the research and the challenges faced during the research and how these were overcome.

Chapter two contains a discussion of the literature specific to the research topic and research objectives and questions. The literature from the developed world, Africa, Tanzania and Zanzibar was reviewed. The chapter also discusses the statements made about microfinance and women in terms of impact, benefits and importance. The concept of microfinance, are also given due attention. The resolutions of the committees of the United Nations that promoted microfinance have also been highlighted. The divergent views by some researchers questioning whether there are benefits and what type of benefits accrued from microfinance by the women have also been discussed.

Chapter three is a detailed discussion of the methodology of the research. It discusses how the research was carried out and the methods used to collect analyses and record the data. It also discusses the major challenges faced during the data collection as well as the ways in which the challenges were handled.

Chapter four discusses the findings from the study as guided by the research questions and objectives. The findings were discussed under the following major themes:

demographic characteristics of respondents, the utilization of the loan, accessibility and loan size, impact of loan to MFIs client and challenges faced during access and utilization of the loan.

Chapter five, are the conclusions and recommendations of the study for consideration by the Zanzibar government, the microfinance institutions and the microfinance beneficiaries. The conclusions feature the major summaries that have been established during the research in relation to the objectives and guiding questions of the research. The recommendations are taken from the findings and provide important policy implications for the stakeholders. The recommendations aimed at encouraging the MFIs to make their programmed more accessible and effective to the beneficiaries.

### **1.9 Limitation of the Study**

The researcher was limited mostly to women respondents because it is the main target of the study to identify its role from the loan obtained from MFIs and few males who work on microfinance institutions. The study also faced a number of constrained including a lack of enough funds for movement during data collection and insufficient information related to microfinance books, journals and article at Mkoani center library.

### **1.10 Delimitation of the Study**

This study was confined to Mkoani District; in which it was accessible and familiar to the researcher instead of the entire Pemba Island.

The study it was concentrate only on the micro-financial institutions other than the commercial banks, the private sector banks and foreign banks do not fall within its preview.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Chapter Overview**

This chapter review the literature related to women and microfinance in the developed countries and undeveloped countries. Organization of the chapter is based in various documents related to the study. The first section of this chapter explains some operational definition of the subject under study, second section explain theoretical literature reviews, third section explain the empirical Literature Review and last section explain conceptual frame work of the study.

#### **2.2 Operational Definitions**

##### **2.2.1 Microfinance**

Microfinance is the term that has been used interchangeably with micro-credit. Microfinance refers to loans, savings, insurance, transfer services, micro-credit loans and other financial products targeted at low-income clients (United Nations, 2005). According to Menon (2005), microfinance or micro-credit is the extension of small loans to individuals who are too poor to qualify for traditional bank loans, as they have no assets to be offered as guarantee.

Microfinance is the provision of financial services to low-income clients, including consumers and the self-employed, who traditionally lack access to banking and related services (Christen *et al.*, 2004). The Association of Microfinance Institutions in Tanzania stated that microfinance can be defined as a form of banking service that is provided to low-income individuals or groups who would otherwise have no other

means of gaining financial services from formal financial institutions (Understanding the microfinance industry in Tanzania, 2008). The researcher therefore used the term ‘microfinance’ to mean small loans that are provided to the low income and or poor people.

### **2.2.2 Socio-economic**

Means the relationship between social behavior and economics. It examines how social norms, ethics, emerging popular sentiment, and other social philosophies influence community livelihood; Socio-economic system at the regional level refers to the way social and economic factors influence one another in local communities and households. These systems have a significant impact on the environment through deforestation, pollution, natural disasters, and energy production and use. Through tele-coupled systems, these interactions can lead to global impact. Local economies, food insecurity, and environmental hazards are all negative effects that are a direct outcome of socioeconomic systems.

### **2.2.3 Socio-economic Development**

This term has been synonymously used with the words social and economic development. In Tanzania, according to Burkey (1993), rural development workers define economic development as a process by which people through their own individual and or joint efforts boost production for direct consumption and have a surplus to sell for cash. The development workers also define social development as a process of gradual change in which people increase their awareness of their own capabilities and common interests and use this knowledge to analyze their needs, decide on solutions, organize themselves for cooperative efforts and mobilize their

own human, financial, and natural resources to improve, establish and maintain their own social services and institutions within the context of their own culture and their own political system (Burkey, 1993).

#### **2.2.4 Microfinance Institution/MFI**

Microfinance institution is the term that has been used to mean institutions that provide microfinance services. Microfinance institutions also known as MFIs, offer financial services to underserved, impoverished communities and these services include savings accounts, insurance, health care and personal development (Brennan, 2008). In Tanzania, the microfinance institutions are registered formal financial institutions that register depending on the legal status taken by the person/people registering the institution provided that it falls in any of the tiers under the Financial Institutions Statute (Understanding the microfinance industry in Tanzania, 2008).

#### **2.2.5 Microfinance Policy**

Microfinance Policy is one of the approaches that the government of the country has focused its attention in recent years in pursuit of its long-term vision of providing sustainable financial services to majority of its population (Rubambey, 2001).

### **2.3 Theoretical Literature Review**

#### **2.3.1 Grameen Bank Theory /Model**

The Grameen Bank of Bangladesh with a motive to serve poor rural women wishing to undertake income generating activities, has played a pioneer's role in this field, and has got the widest replication in many developing countries across the world. In this model, groups consisting of five members are formed on a voluntary basis. Each

member is required to make a saving deposit and payment on a loan at a given interval of time. The basic set-up involves joint-liability, where all members in the group are treated as being in default if any other member in the same group fails to meet her payment obligation (Besley & Coate, 1995), and dynamic incentives - which means that the borrower (or the group) is cut off from future borrowing if she fails to meet her payment instalments, and bigger loans are granted over time if the previous one has been paid back in an orderly manner (Morduch, 1999). These conditions make it of paramount importance that the choice of group members is suitable. Repayments are made in public, and this further enhances the motive to pay instalments as per the agreed upon rules in order not to lose face (Morduch & Armendariz, 2005). A salient feature of the Grameen Bank Model (which also happens to be prevalent among MFIs in general) is the focus on women.

Some of the significant features of the Grameen Bank Model are low transaction costs, no collateral (peer pressure is sufficient), repayment of loans in small amounts and at short intervals, and quick sanction of loan with little or no paper work. Repayment of loans in small chunk is one of the major reasons of high loan recovery rate of a Grameen Bank (Shodhganga, 2018).

### **2.3.2 Self – Help Group Theory/Model**

A Self-Help Group is an informal association of 10-20 persons, who have voluntarily come together for the business of saving and credit and to enhance the members' financial security as primary focus and other common interest of members such as area development, awareness, motivation, leadership, training and associating in other social intermediation programmes for the benefit of an entire community (Gangaiah *et*

*al.* 2006). NABARD defines it as a group of 20 or less people from a homogenous class who are willing to come together for addressing their common problems. They make regular savings and use the pooled savings to give interest-bearing loans to their members.

The process helps them imbibe the essentials of financial intermediation including prioritization of needs, setting self-determined terms for repayment and keeping books and records. It builds financial discipline and credit-history that encourages banks to lend them in certain multiples of their own savings and without any demand for collateral security. The size of 20 has been made mandatory because any group larger than this would need to be registered under the Indian legal system. These groups are expected to create a democratic culture with participations in debate and the decision-making process, which is possible only in small groups.

Savings, loans, loan-repayments are taken care of at the group level. These groups are in turn linked to a financial or a microfinance institution for sourcing of additional funds as well as depositing their savings (Shodhganga, 2018).

### **2.2.3 Federated Self-Help Group Theory/Model**

Since Self-Help Groups are a widely successful delivery model, the need arises to scale them up without compromising with success. The Federated Self-Help Group Model is one such way to scale up the previous model. A Federation of SHGs brings together several SHGs. Compared to a single SHG, a federation of SHGs has more than 1000 members.

In the Federated SHG model, there is a three-tier structure - the basic unit is the SHG, the middle tier is a cluster, and the topmost unit is an apex body, which represents the entire SHG. At the cluster level, each SHG is represented by two of its members. The representatives of each SHG meet regularly. Information about the groups to the apex body and vice versa is given by the cluster unit. The apex body is usually made up of 10 - 15 members and they form the link between the SHGs and the NGO supporting them. With the help of federations, an NGO with limited resources can have an impact on a large number of people, (Shodhganga, 2018).

#### **2.3.4 A Cooperative Theory/Model**

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise. Some co-operatives include member-financing and savings activities in their mandate. This model works on the principle that every community has enough human and financial resources to manage its own financial institutions. The members who own it are the members who use its services and can come from different sections of the same community - like agriculture, retail, wholesale etc. By proper networking, small- scale local institutions scale up and become sustainable while locals maintain ownership and control over their institution, (Shodhganga, 2018).

#### **2.3.5 Economic Modernity Theory**

While cultural modernity offers one perspective on how modernization increases women's empowerment, other earlier approaches remove the change in values from the positive influence of modern societies making a direct link between increasing

economic resources and greater human choice. Focusing on economic modernity factors, the classical modernization perspective considers increases in democracy and human choice as a direct outcome of economic development.

These scholars establish that increased economic development associates with a more broad-based distribution of educational and occupational resources. Greater access to educational and occupational resources increases women's chances of professional development, creating a larger pool of women eligible for power positions such as political office (Siaroff, 2000).

#### **2.4 Empirical Literature Review**

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

Raghurama, (2013) States that intervention of Self-Help Group Bank Linkage Programme (SBLP) has brightened lives of the rural poor. The Self Help Group movement has come to mean more than merely the provision of financial services to their group membership, which is composed mainly of poor women. There is a consensus that by joining SHGs, saving regularly and availing loans, women members

have been able to reduce their dependence their loan portfolio. However, in recent years these levels of performance are being found to be difficult to sustain.

Microfinance experts generally agree that women should be the primary focus of service delivery. Evidence shows that they are less likely to default on their loans than men (Awajobi, 2013). Therefore, the net impact cannot be determined a priori. Microcredit programs seem to reduce wage-employment and income, but raise self-employment and corresponding income for program participating households.

Amin (2003) used a unique panel dataset from northern Bangladesh with monthly consumption and income data for 229 households before they received loans. He found that while microcredit is successful in reaching the poor, it is less successful in reaching the vulnerable, especially the group most prone to destitution (the vulnerable poor). Coleman (1999) also finds little evidence of an impact on the programme participants.

The results, Coleman further explains were, consistent with Adams and von Pischke's assertion that "debt is not an effective tool for helping most poor people enhance their economic condition" and that the poor are poor because of reasons other than lack of access to credit.

According to Mosley (2001), microfinance makes a considerable contribution to the reduction of poverty through its impact on income and also has a positive impact on asset level. But the mechanism through which poverty reduction works varies between institutions. Generally, institutions that give, on average, smaller loans reduce poverty

much more by lifting borrowers above the poverty line, whilst institutions giving larger loans reduce it much more by expanding the demand for labour amongst poor people.

Mosley and Hulme (1997) found evidence of a trade-off between reaching the very poor and having substantial impact on household income. They found that programmes that targeted higher-income households (those near the poverty level) had a greater impact on household income. Those below the poverty line were not helped much and the very poorest were somewhat negatively affected. The poorest tended to be more averse to risk-taking.

They also used their loans for working capital or to maintain consumption levels rather than for fixed capital or improved technology. Since, microcredit programmes typically require loan repayment on a weekly basis; some critics argue that repayment comes from selling assets rather than from profits of micro-enterprises.

Hassan and Renteria-Guerrero (1997) made another empirical contribution in this area (Microfinance contributions). In their work “The experience of the Grameen Bank (GB) of Bangladesh in community development”, they examined the GB experience with a purpose of understanding the essential elements of its operations and the factors that enabled GB to reach the poor. This study revealed that the GB has established its credentials as an institution that aims at providing credit to the landless and asset less poor in rural areas. GB credit gives the recipients the power of entitlement to society’s productive goods and services with immediate effect, unlike most of the other

programmes for the poor that tend to create the unintended negative effect of dependency on the service providers.

From the study of Jonathan Adongo (2005), found that: Microfinance institutions provide the full range of financial services but on a smaller scale. This is suited to the needs of the rural poor. In Namibia, microfinance institutions operating in the rural areas can be distinguished as informal or formal. Informal microfinance institutions in Namibia are those that are not registered or governed by any legally mandated entity. They include informal groups, unregistered money lenders and burial societies.

Study done by Luyirika (2010) on the role of microfinance in the socio-economic development of women in a community, revealed that, microfinance institutions operating in Uganda provide services like training and skills development, insured credit facilities and savings mobilization, banking facilities, supervision and monitoring of the clients, provision of agriculture inputs like seeds and chemicals and physical items like animals (cows, goats, pigs, sheep etc.). The services are particularly provided to women groups, salary earners, and individual women and men. Also, study shows that, women who accessed the loans from MFIs were able to improve their socio-economic status through starting up and or expanding investments and enterprises, paying school fees for their children, purchase of household items like furniture, land and solar installation, building of houses, confidence building, participation in leadership roles etc.

In a study done by Kessy & Urio (2006) on contribution of MFI on poverty reduction in Tanzania, the researchers covered four regions of Tanzania, which are Dar es

Salaam, Zanzibar, Arusha and Mwanza. Both primary and secondary data were collected; primary data were collected from 352 MSE's through questionnaires, interviews were also conducted. PRIDE, which is a microfinance institution were used as a case study so as to get the insight of MFI operations.

The study findings pointed out that to large extent MFI operations in Tanzania has brought positive changes in the standard of living of people who access their services, clients of MFI complained about high interest rate charged, the weekly meeting was pointed out as barrier as the time spent in weekly meeting could be used to other productive activities. The study recommended MFI to lower its interest rate, increase grace period and provide proper training to MSEs.

Study done by Rweyemamu *et al*, (2003) evaluated the performance and constraints facing, semi-formal microfinance institutions currently providing credit in the Mbeya and Mwanza regions. The primary data, which were supplemented, by secondary data, were collected through a formal survey of 222 farmers participating in the Agricultural Development Programme in Mboziand the Mwanza Women Development Association in Ukerewe. Study revealed that the interest rates were a significant barrier to the borrowing decision.

Borrowers also cited problems with lengthy credit procurement procedures and the amount disbursed being inadequate. On the side of institutions, the study observed that both credit programmes experienced poor repayment rates, especially in the early years of operation, with farmers citing poor crop yields, low producer prices and untimely acquisition of loans as reasons for non-payment.

Study done by Haji (2013) evaluate the contribution of microfinance institutions to poverty reduction at south district in Zanzibar revealed that, MFIs have changed the life of poor people in a positive way. MFIs' clients have increased their incomes, capital invested and therefore expansion of their businesses. Despite these achievements it was further observed that some conditions like grace period for loan repayment, loan deposit (loan security) and MFIs coverage have been limiting factors for poor people to access the MFI services.

Therefore, in Zanzibar MFIs need empowerment initiatives including special tax incentives, business and entrepreneurship skills, and special policies that focus to empower in providing loans to indigenous enterprises and individuals who lacks collateral to access financial resources that will results into increasing income, creating employments, eradicating poverty and attaining development sustainability unless the poor will remain poor forever. The study concludes that, MFIs should be able to issue loans to needy potential customers and collaterals shouldn't act as barrier.

## **2.5 Research Gap**

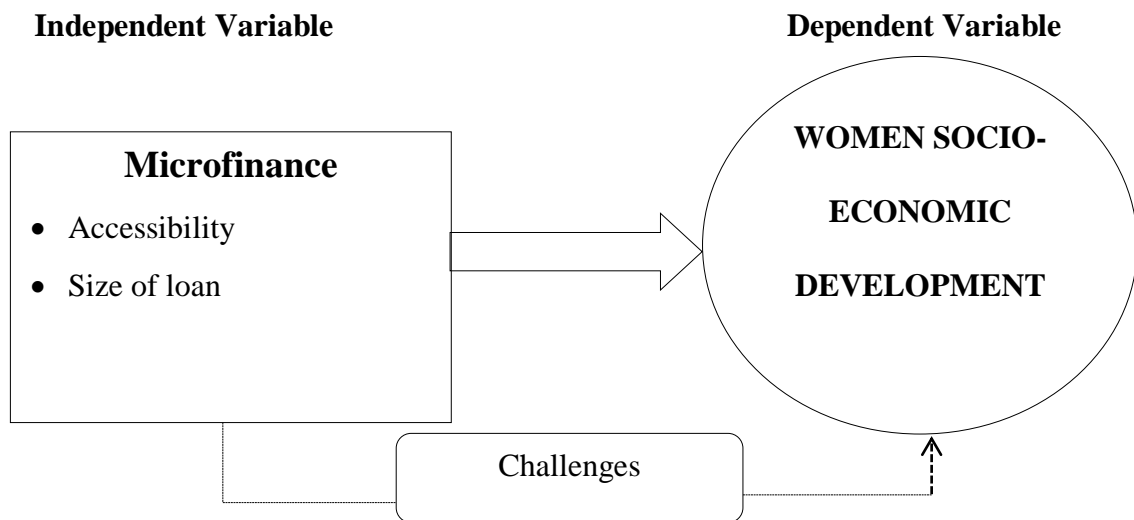
Microfinance has had strong links with women in development for some time. This means that for a long time, microfinance was used as an intervention strategy to address the marginalized situation of women with the hope that when the women accessed credit facilities, they would achieve socio-economic development and thereby contribute to the development of their communities.

However, much as microfinance services have existed in Mkoani District for a period of time, there is lack of information on the good practices in the area and the exact

magnitude of impact of the services on the women and how the loans are accessed and utilized in order to attain socio-economic development. The fact that poverty still exists amidst the attempts of provision of microfinance creates room for exploring how far microfinance has benefited the women in Mkoani.

## 2.6 Conceptual Framework

Conceptual framework is used by the researchers to easily illustrate the ideas and concepts upon which they intend to research on (Regoniel, 2015). It accumulates theory, principles, and rules which would simplify and strengthen readers' understanding of a subject matter.



**Figure 2.1: Conceptual Framework**

Source: Researcher, (2022)

From the Figure 2.1 of conceptual framework, the study assumes that dependent variable women socio-economic development access to loans from microfinance institutions. This is derived from the research general objective of examine microfinance impact on socio economic development of the women in Mkoani

District. The level at which client's economic status has been improved for the period from when they first took the loan to present. It is measured by women's capacity to earn income, ability to make decisions and control resources. For successful dependent variable the study assumes independent variables must be controlled.

The study assumes independent variables divided into two categories including, microfinance accessibility and loan size obtained by the client. Accessibility in both MFIs and loans is definitely more likely affect lending decisions of many women empowerment and decision power on resource use. While loan size influences women engagement in various income generating activities for improving household income as expected. Also, it was assumed that, challenges faced women during accessibility and utilization of loan had a great impact in success and empowerment of women on reaching their goal.

In summery; access to financial resources alone does not automatically translate into empowerment or equality; however, women must also have the ability to use the resources to meet their goals. In order for resources to empower women, they must be too able to use them for a purpose that they choose. Naila Kabeer (2013) uses the term agency to describe the processes of decision making, negotiation, and manipulation required for women to use resources effectively.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Chapter Overviews**

This chapter presents methods used to get the findings of the research. Organization of the chapter is based in overall of methodology. The first section of this chapter explains research design to study area and population of the study, second section explain sampling technique and sample size, third section explain the source of data, fourth section explain data collection methods, section five explains on how data was processed and analyzed and last section six explain reliability and validity of the study.

#### **3.2 Research Design**

A cross- sectional research design was used in this study. According to Bailey (1994), this design provides quick results and is accurate. It enables data to be collected at a single point in time, easier and economically worthwhile (Kothari, 2005). The study used both qualitative and quantitative methods of data collection and analysis so as to capture the details and adequate information. The use of both methods also ensured that the data was effectively interpreted using the numbers, figures as well as the narrative.

#### **3.3 Study Area**

Geographically, Zanzibar comprises two sister Islands of Unguja and Pemba, located between latitude 4° and 6° south of the Equator and between 39° and 40° East of the Greenwich. The Islands lie about 35 km in the Indian Ocean off the east coast of the

mainland Tanzania, with which they form the United Republic. This study was conducted in *Mkoani District* (South) Region of Pemba Island, the District have a 29 Shehia's (Grass - root Governmental Administrative Unity) under village level. The District have the population of 105,780 people (Population Census, 2012).

### **3.4 Population of the Study**

The study population refers to the large groups of people or things (Ruane, 2005). The study population for this research comprised of women beneficiaries from microfinance institutions, staff members of microfinance institutions, NGOs in Mkoani District, dealing/collaborating with microfinance institutions and local government officers in Mkoani district. The personnel from Mkoani District supervise and coordinate all the microfinance institutions in the entire district and other collaborators.

### **3.5 Sampling Techniques and Sample Size**

#### **3.5.1 Sampling Techniques**

Sampling was used to select the respondents from each microfinance institution selected for the study. A sample is a smaller sub set of the research/study population and samples that do a good job at conveying accurate information about the whole are referred to as representative samples (Ruane, 2005). Thus, the use of the sample in order to ascertain findings is commonly referred to as sampling (Ruane, 2005). In Mkoani District there is a total of 37 MFIs which have 2,906 members out of which 1,477 women and 1,429 males. 3.5.2 Sample Size.

It was from the large group of people who constituted from study population. Five SACCOS from Mkoani District was purposively selected to represent respective

SACCOS in the areas. This particular sample size was selected because it was easier to manage and it was enough to generate findings as well as to generalize the findings to a bigger population. Random sampling technique was used to select respondents from each selected SACCOS for interview.

The sampling intensity for this study was 10% of women recorded for each selected SACCOS. According to Kothari (2005), a random sample should at least constitute 10% of the total population to be a representative of that population.

**Table 4.1: Distribution of Respondents for the Survey MFIs in Mkoani District**

<b>SACCOS</b>	<b>Total number of women members</b>	<b>Number of respondent</b>	<b>Sample Size (%)</b>
Tuishi kwa Usalama	125	13	10
Chokocho	80	8	10
Faraghani	95	10	10
Mweneza	85	9	10
Kheri yetu	112	11	10
<b>Total</b>	<b>497</b>	<b>50</b>	<b>10</b>

**Source:** Department of Cooperative (2022)

The survey also includes seven key informants of whom five was loan officers operating in the selected microfinance institutions, while two was civil servants representing Mkoani district officer and Department of Cooperative. The sample size also took into account the fact that the respondents was the beneficiaries of two or more microfinance institutions thus getting more would imply interviewing the same people under different institutions. The financial limitations and the expanse of the area where the respondents were located also limit the sample size.

### **3.6 Source of Data**

#### **3.6.1 Primary Source of Data**

This study was relying on both quantitative and qualitative data from primary sources. Primary data was collected from selected respondents in selected microfinance institution to represent wider population in the study area. Based on the review of related literature and the study objectives, a structured questionnaire and interview with MFIs practitioner's guideline was prepared and administered for primary data collection.

### **3.7 Data Collection Methods**

Both primary and secondary data was collected. All primary data was collected through interviews, questionnaires and focus group discussion. Moreover, the existing publications, reports and other official documents concerning the subject was used for secondary information. Data and information gathered was then be summarized and statistically analyzed using frequencies and cross-tabulated in meaningful way for the test of significance among various responses and variables to answer the research questions.

#### **3.7.1 Questionnaire Survey**

A structured questionnaire was developed, pre-tested (with selected community outside research area), reviewed and administered. This questionnaire was divided into several parts, which reflect the type of information needed in addressing specific objectives of the study. Tentatively, the questionnaire was include parts on demographic characteristics of respondents (like, gender, marital status, education level, age level and occupation), identification of socio – economic status (like, have

been able purchase household item, have been able to educate their children, increase of income, have been able to start income generating activities and have been encouraged to make savings), the used of money accessed from the MFIs (including, bought home property, open up bank account, built a house, bought a plot of land, paid a school fee for children and set up/boosted retailed business) and key challenges to community faced in access microfinance services.

There were both open and closed ended questions with the purpose of disclosing the system of knowledge and structuring of ideas central to respondent own view of the research problem. In the case of closed questions, a checklist of answers was provided. Prior to the main survey, one day training was conducted to local experts who was assist in the administration of the questionnaire at community level. Local experts were used to gain trust of the community members, hence provide more reliable information.

### **3.7.2 Questionnaire Administration**

The Questionnaire was administered using local researchers under the supervision of principal researcher, two research assistants/data collectors that was trained to assist the principal researcher with the collection of data especially using the tested questionnaires. They were trained on how to administer the interview guide and the questionnaire and how to record any other useful information they came across in the field. Each of the research assistant was able to administer both the interview guide and the questionnaire to the respondents under the direct supervision and monitoring of the principal researcher. The field notes were made and edited immediately after data collection on a daily basis.

### **3.8 Data Analysis and Presentation**

#### **3.8.1 Data Treatment**

Collected information was edited, coded, categorized, tabulated and some fed into the Statistical Packages for Social Sciences (SPSS) or Excel computer programs for analysis. Irrelevant information discarded while missing gaps was filled through personnel contact in the field.

#### **3.8.2 Data Analysis**

Data from this study was quantitatively analyzed. Different statistical models were used for interpretations and in test of associations among variables based on the research objectives. Descriptive statistics was used to provide information on measure of central tendencies for the data. Frequency distribution tables and computation of proportions in percentage was used in analyzing the socioeconomic (categories) variables for the households.

Cross tabulation and test of association was done to show the degree of influence of dominant responses among other responses. Qualitative information was analyzed using the content and structural functional analysis techniques in which components of verbal discussions from different respondents was broken down into smallest meaningful units of information, values and attitudes of respondents.

### **3.9 Validity and Reliability**

#### **3.9.1 Validity**

Validity is defined as the extent to which an instrument measures what it purports to measure. Validity is the trying to explain the truth of research findings as explained by

Zohrabi, (2013). For example does IQ test measure intelligence? Validity is measured using both theoretical and empirical evidences. Theoretical assessment is where an idea of a construct is translated or represented into an operational measure. This study, adopted constructive validity to validate the believability of the instrument/questionnaire. Corbetta (2003) however, views a constructive validity as an ultimately combination of the two previous types of validity, i.e. content validity and criterion-related validity. Construct validity focuses on identifying correct operational measures for the concepts being studied; (Yin, 2009). As such, with it the researcher considered how the variable in question ought, theoretically, to relate to other variables. Marczyk, *et al.* (2005).

To meet the test of construct validity as with this study, an investigator first, outlines variables in terms of specific concepts and relate them to meet the original objectives of the study and then, identify operational measures or instruments that match the concepts preferably by citing published studies that make the same matches as recommends Yin (2009).

According to Yin (2009) one of tactics to enhance construct validity when doing case studies, is the use of multiple sources of evidence. In essence, to enhance construct validity of this study, triangulation (multiple sources of data) – collecting information from a diverse range of individuals and settings, using a variety of methods was used, (questionnaires, interviews and documentation) as recommended by Yin (2009) and Maxwell (1996). Thus, any case study finding or conclusion is likely to be more persuasive and exact as it is based on several different sources of information, following a cooperative mode (Yin, 2009).

As noted earlier, the triangulation strategy reduces the risk of chance associations and of systematic biases or distortions inherent in the use of only one method and allows a better assessment of the generality of the explanations that you develop, as no single method is completely free from all possible validity threats. (Maxwell, 1996; Maxwell, 1998:93-94; Yin, 2009) As noted earlier, a clear hallmark of applied research is the triangulation of methods and measures to compensate for the fallibility of any single method or measure, (Bickman & Rog (Eds.), 1998).

### **3.9.2 Reliability of the Study**

According to Drost (2011), reliability is “the extent to which measurements are repeatable when different people perform the measurement on different occasion, under different condition, supposedly with alternative instruments which measure the construct or skill. It is basically the repeatability or replication of research findings. When a study is conducted by a researcher under some conditions and then the same study is done again for the second time and yields the same results then the data is said to be reliable.

Reliability is the capability of a research instrument to generate similar results when used repeatedly under similar conditions. (Kumar, 2011); it indicates accuracy and predictability of a research instrument: the higher the reliability, the higher the accuracy. As observe Marczyk, et al. (2005), if the measurement is reliable, then there is less chance that the obtained score is due to random factors and measurement error. Data collection instrument - a questionnaire was tested on some purposive samples to validate its trustworthiness, relevance and effectiveness, for so to make the research more reliable. The piloted questionnaire was subjected to Cronbach’s Alpha

coefficient formula to examine the reliability of the questionnaire. Moreover, with intent of eliminating and so minimizing errors, the possibility of misinterpretations and omissions of data plus other discrepancies able to meddle in sound judgment, raw data collected from the respondents were scrutinized for believability (validity) and trustworthiness (reliability) through sorting, editing and coding.

## **CHAPTER FOUR**

### **ANALYSIS OF FINDING AND DISCUSSION**

#### **4.1 Chapter Overviews**

This chapter presents the results and discussion of the findings. Organization of the chapter is based on research objectives. The first section of this chapter describes the respondent's bio-data characteristics, second section explain the accessibility and loan size from microfinance to woman, section three explains the Socio-economic status of women after taking the loan and section four deals with the impact of loan size provided by microfinance institutions on women socio-economic development and last section five explain the challenges facing women in the credit acquisition from microfinance institutions and suggested solution from respondents.

#### **4.2 Reliability and Validity of the Data**

##### **4.2.1 Reliability**

Reliability means an instrument's ability to achieve consistent outcomes (Creswell *et al.*, 2003). Whenever repeated, the process is effective as it achieves the same results (Best & Khan, 2006). Reliability often explores the degree at which the knowledge provided by the same individuals, but variations at time, is associated.

To ensure reliability in this study, results were determined by SPSS to evaluate the Alpha coefficient of Cronbach where a value greater than 0.7 means that a data instrument is substantially highly reliable. The Cronbach's Alpha is a reliability coefficient that calculates how positively the items in a dataset relate to each other (Sekeral, 2003).

**Table 4.2: Reliability Analysis**

<b>Variable</b>	<b>Number of Respondents</b>	<b>Cronbach's Alpha</b>	<b>Number of items</b>
Demographic variables	50	0.814	5
Accessibility of loan	50	0.918	5
Loan size	50	0.876	5

Source: Field data 2022

#### **4.2.2 Validity**

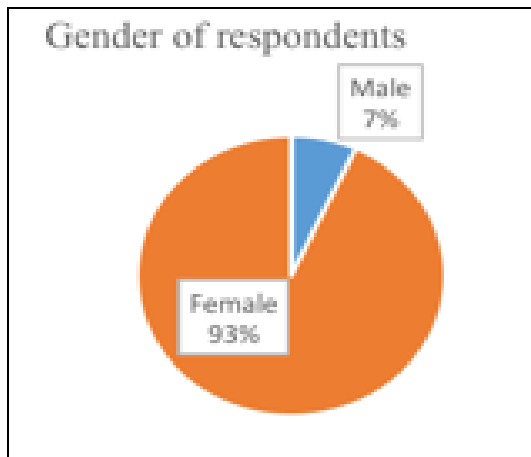
The methodology used to assess whether the research instrument can accurately calculate intended data and how explicitly research findings are can be called validity (Joppe, 2000). In other words, validity can be described as a reliable research tool. Whilst still being accurate, a system can be reliable (Kimberlin & Winetrstein, 2008). In this study, reliability was ensured through pilot study by test-re-test method in which 5 questionnaires were administered to employees. The same procedure was repeated to the same respondents after one week and it was confirmed that, the former and the latter responses matched. Saunders *et al.* (2009) suggests that it is appropriate as a matter of reliability to check that the tool is pre-tested before the final administration.

### **4.3 Demographic Characteristics of the Respondents**

#### **4.3.1 Gender of Respondents**

Results in Figure 4.1 shows that, 93% of the respondents were female and 7% were males, this comes from few male respondents who work in MFIs, which contacted during the study as indicated in Figure 4.1. This high percentage was because the study was focused mainly on the women who had been practically engaged in the access and utilization of the MFI services. This is also emphasized by Goodland *et al.*,

(1999), who found out that women have a special position in the provision of microfinance because they are often among the poor and they make a substantial contribution to District, Region and a country's development.



**Figure 4.1: The Distribution of (N=50) on Gender of Respondents**

Source: Field data, (2022)

The women, being the main actors in microfinance could be as a result they are very sympathetic to the welfare of their household members. These results agree with URT, (2001) who argue that majority of women constitute a significant proportion of on farm labor and other activities in rural household. Therefore, they try as much as possible to get involved in activities that would enable them earn income that could assist them to buy the daily necessities as well as social services such as health, education and land.

#### **4.3.2 Age Group of Respondents**

The results in Table 4.2 shows that, majority of respondents 50%, was older than forty years followed by 31% of the age group between 30 – 39 years old, 15.3% is between the age group of 18 -29 years old and lastly is 2.8% of the age group 50 years and

above. This could be attributed to fact that this age group above forty years has several responsibilities to undertake in the family development.

Thus, when the available funds are not enough, they resort to MFIs in order to fulfil their obligations in the family. It could also be that this particular age group that has the ability to negotiate the loan terms and get products that are rather comfortable to them.

**Table 4.3: Distribution of Respondents (N=50) in the Age Group for Women Accessed MFI in Mkoani District**

Age groups	Frequency	Percentages (%)
18 -29	11	15.3
30- 39	13	31.9
40 - 49	24	50.0
50 and above	2	2.8
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Field data, (2022)

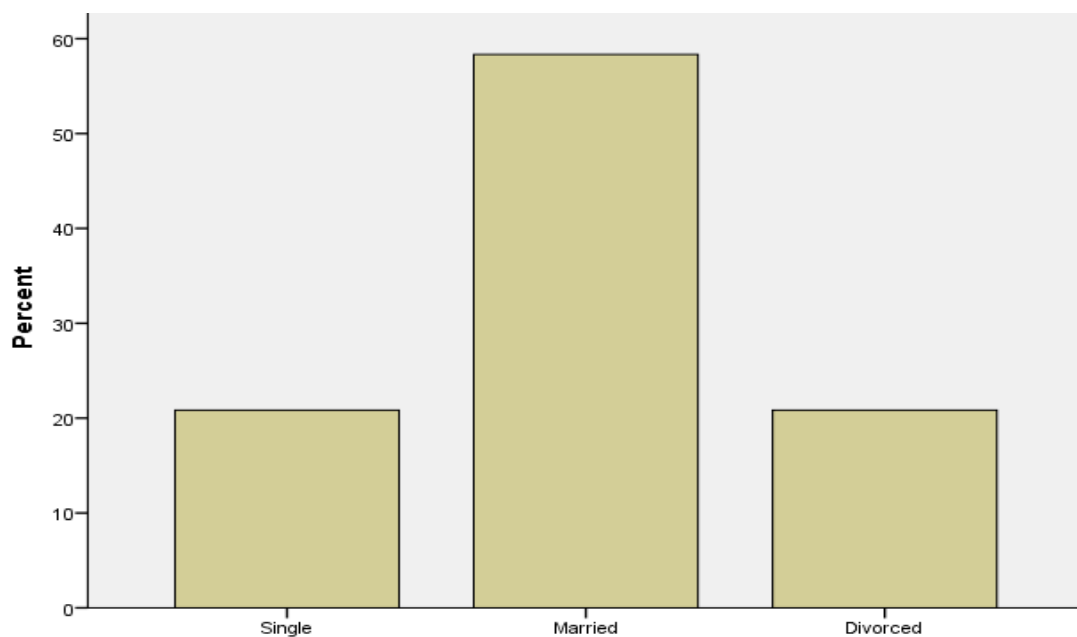
These people above forty years are also well respected in the community and are well known to the leaders of community and this minimizes the cases of defaulting and running away from the community. The MFIs are also hesitant to give loans to youth because they are mobile, they can move to another location any time before they complete the repayment.

Abdulimalik (2011) argue that, the age group distribution of between 31-50 years is tentatively an important age group for the highest number of active labour force and actual working age group to have a leading role in agricultural and none agricultural

income earnings. And according to Gunaratne (2002), the age of a person is usually a factor that can explain the level of production and efficiency. Thus, the MFIs concentrate more on the mature people who may have land titles, are permanent residents of the area and are well established in the area.

### 4.3.3 Marital Status

The Figure 4.2 shows that, majority of the respondents that was 58.3%, were either legally or traditionally married, followed by 20.8% were single and also 20.8% were divorced. This could be attributed to the fact that this is a predominantly Muslim community that encourages marriage especially polygamous marriage.



**Figure 4.2: The Distribution of (N=50) on the Marital Status of Respondents**

Results reveals that the majority of respondents were married and thus the researcher can generalize this results that marriage is important in the study area. Therefore, agricultural and other income generating activities are in many cases comfortably

done by marrying couples rather than those, which are not married. High percentage of respondents being married is an indication that households in the study area have great opportunity of reducing workload through responsibility sharing between men and women.

In turn both of them will have enough time to invest in other income generating activities and hence increase household incomes. Mtama *et al.* (1997) explained that, marriage has an effect on the production process as it increases labour availability in the household. Married people are economically active due to the fact that they have the duty of feeding, sheltering and clothing the families (ILFS, 2002).

Luyirika (2010) argue that, married persons were also found in his study that, married person are faithful in loan repayment than the single persons who would default and run away from the area without paying. It was also found that because some MFIs focus on women, the husbands encourage their women to get the loan to start a business, or pay school fees or purchase household items and they in turn assist in the loan repayment.

#### **4.3.4 Educational Level**

Results in Table 4.3 shows that, majority of respondents 44.0% were secondary education, 40% were university education, 8.0% were primary and tertiary education. The respondents exhibited a more educated attainment that could be attributed to the fact that the study area include both professional and non profesional MIF like Kheri yetu and Faraghani based on employed members, while chokocho, mweneza and tuishi kwa usalama mostly based on normal community members.

**Table 4.4: Distribution of Respondents (N=50) on the Education Level Women who Obtained Services from MFI in Mkoani District**

Parameters	Frequency	Percentages (%)
Primary education	4	8.0
Tertiary education	4	8.0
Secondary education	22	44.0
University education	20	40.0
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Field data, (2022)

The presence of people that have gone to school also eases the sensitization process and training about business development and loan utilization and repayment. This is because educated people would grasp the ideas faster than those with low education levels. It was also found out that the issues of expansion and diversification of businesses, asset accumulation, interest calculations were all found to be well understood and practiced by the educated people in the loan groups.

Education is an important component for development. Kajembe *et al.*, (1996) argue that, education tend to create awareness, positive attitudes, values and motivation. Education also tends to stimulate self-confidence and self-reliance and therefore there may not be development without education.

Educational level of the head of household plays a significant role in improving the livelihood of a household in accessing different sources of production. Skills and education increase working efficiency and productivity, making households with more educated heads more entitled to income, employment and food security (Mhintе, 2000).

#### 4.3.5 The Occupation of the Respondents

Result in Figure 4.3 shows that, majority of the respondents 39% were civil servants while 26% were petty traders, 18% were house wife and 17% were small holder farmers. This result implies that, more respondents are civil servants this due to the fact that, most of MFI under study his client is from Governmental Institutions and some this MFIs belongs to governmental institution members (eg, Kheri yangu and Faraghani) is belongs Governmental employed' organization and most its member is a teacher and other professional. They do that for the purpose of increasing the financial support to its members for improving the socio- economic development of his family.

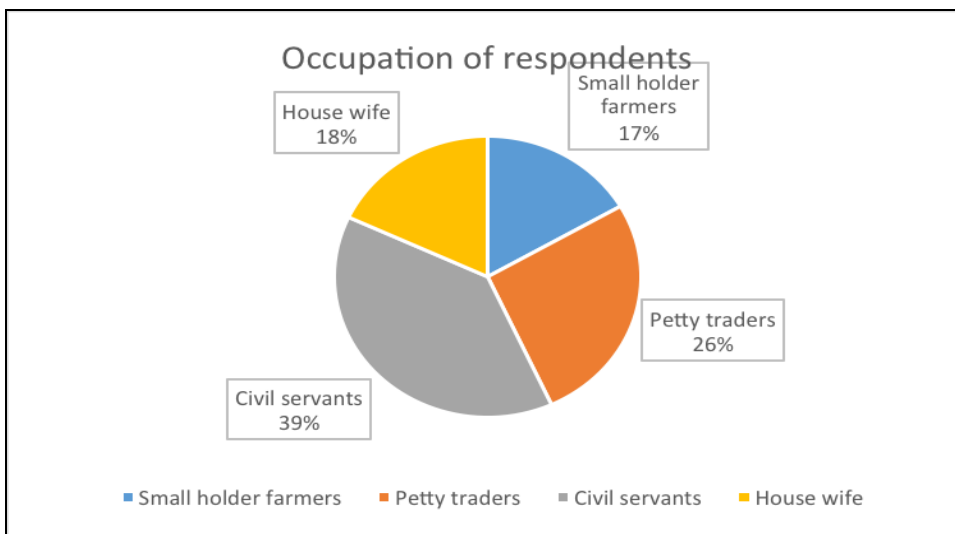


Figure 4.3: The Distribution of (N=50) on Occupation of the Respondents

Source: Field data, (2022)

Apart from the civil servants' professionals, the most of the respondents were petty traders. These people are attracted to microfinance services because they own no property, and require small amounts of money to inject in their small businesses. This is also affirmed by Meade (2000), who explains that the credit is targeted to the land less or asset less borrowers, and the moderately to extremely poor.

#### 4.4 Findings of the Study

##### 4.4.1 Objective One: Examine the Accessibility and Loan Size from Microfinance to Woman in the Study Area

In this specific objective, different indicators were mentioned in the list of questions and respondents were supposed to select the range of loan getting from MFI. In this perspective, different indicators on the loan size from microfinance were described and the results are shown below.

##### 4.4.1.1 Loan Size Obtained from Micro-finance Institutions

Results in the Table 4.4 reveal that, 60% of respondents they are they take the loan range from Tshs 600,000 – 1,000,000, 20% they take the loan range from Tshs 300,000 – 600,000 and lastly 20% they take loan size ranging from Tshs 100,000 – 300,00

**Table 4.5: Distribution of Respondents on Size of Loan Obtained from MFI (N=50)**

Range of loan size (Tshs)	Frequency	Percentage (%)
100,000 - 300,000	10	20.0
300,000 - 600,000	10	20.0
600,000 – 1,000,000	30	60.0
<b>Total</b>	<b>50</b>	<b>100.0</b>

Source: Field data, (2022)

This result implies that, majority of MFI under study they highest loan size range because they have ability to repay the loan taken due to that most of them is Governmental employed financial is better compared to other group of MFI member. Also, results concur with focus groups who argue that, Governmental employed

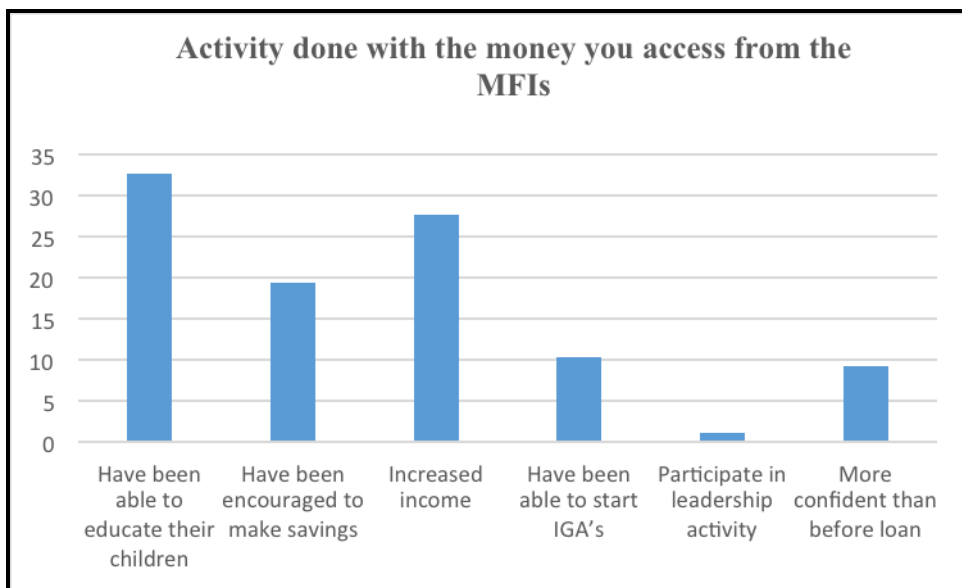
members are more capable to repay back the loan on time and taking another loan again compared to unemployed members.

#### **4.4.2 Objective Two: Socio-economic Status of Women after Taking the Loan in Mkoani District**

In this specific objective, different indicators were mentioned in the list of questions and respondents were supposed to select the range of activities done after taken the loan from MFI. In this perspective, different indicators on the activities done after taken the loan from microfinance were described and the results are shown below.

##### **4.4.2.1 The Activity Done with the Money you Access from the MFIs**

Results in Figure 4.4 revealed that, 35% bought home property, 27% of the respondents paid school fees, 20% Set up/boost retailed business, followed by 7.2% Built house, 6.3% Open up bank account and lastly 5.4% of respondent use the money to bought plot of land.



**Figure 4.4: Distribution of Respondents on the Activity Done with the Money you Access from the MFIs (N=50)**

Source: Field data, (2022)

This implies that, eligibility criteria for participation in MFIs is not too stringent that's why they have a lot of members joined in the microfinance institution and enjoyed its financial services provided to them.

It was established from the beneficiaries that they utilized the loan to bought home property, to pay for school fees, invest in their business and or expand the business. This was in line with the findings of other researchers who found out that the women at the forefront of the micro-credit movement use small loans to jumpstart a long chain of economic activity from this small beginning (Menon, 2005).

Nelson *et al.*, 1996 argue that, by contracting microfinance programs; women will automatically be empowered economically, and also miro-credit is viewed as a means to improve well-being by reducing household poverty and vulnerability.

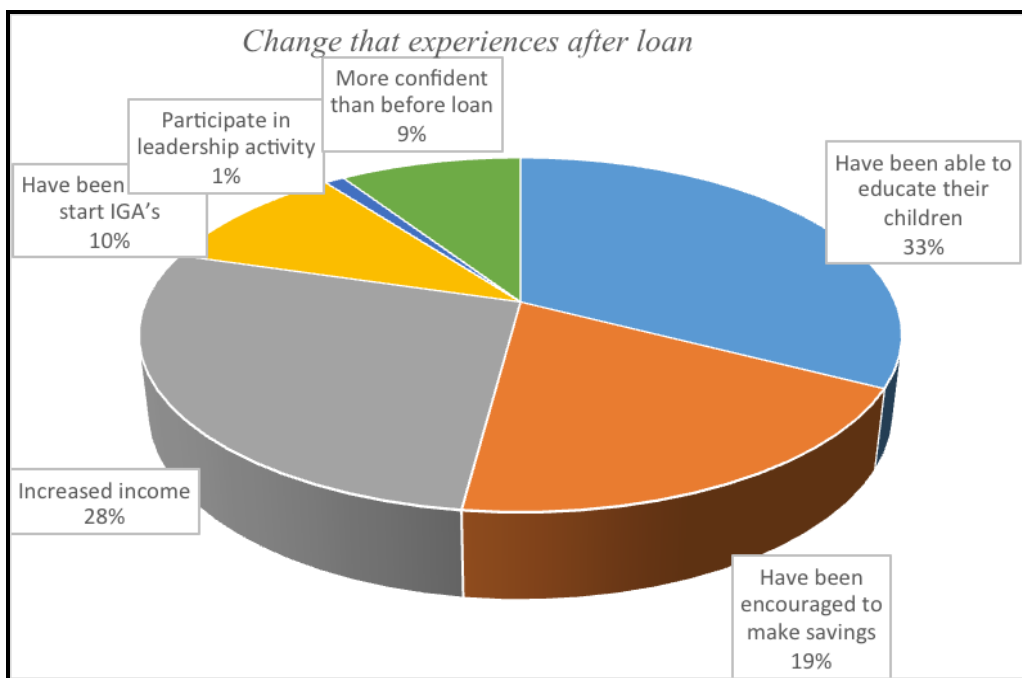
An increase in women's income has an effect in whole family which is more likely to benefit from credit targeted to women, compared with credit targeted to men (Kabeer, 2001).

#### **4.4.3 Objective Three: Examine the Role of Loan Provided by Microfinance Institutions on Women Socio-economic Development in Mkoani District - Pemba**

In this specific objective, different indicators were mentioned in the list of questions and respondents were supposed to select the role of loan getting from MFI. In this perspective, different indicators on the role of loan getting from microfinance were described and the results are shown below.

#### 4.4.3.1 The Role of Loan Size Provided by Microfinance Institutions on Women Socio-Economic Development

Results in Figure 4.5 revealed that, 33% have been able to educate their children, 28% of the respondents they have been able to increase their income, 19% have been encouraged to make savings, followed by 10% Have been able to start income generating activities', 9% more confident than before loan and lastly 1% of respondent use the money to participate in leadership activity



**Figure 4.5: Distribution of Respondents on the Role of Loan Size Provided by Microfinance Institutions on Women Socio-Economic Development (N=50)**

Source: Field data, (2022)

It was explained that, the MFIs in particular had been of impact to the women in the sense that the women had been able to use the money to educate their children through paying of school fees. This has especially been a big relief to the women who suffer the burden of looking after children when they have been abandoned by their fathers

or when the husbands have died. This meant that when the women benefited from the profits of their investments they channeled some of it to the education of their children. The school going children in schools as a result of meeting the dues of the school is an indicator of socio-economic development since the community had the access to the social service and was utilizing it effectively.

The respondents also reported that, through the MFIs' funds, the women in Mkoani District had been able to increase income, the income raised they help to start and or expand their income generating activities/enterprises. This is because with the provision of capital, it becomes easier for the women to start up income generating activities such as retail trade in shops, petty trade in fresh produce sold in daily markets or along the road sides, selling used clothes and shoes. The availability of the capital has also led the women to expand their stock in the shops and diversify into other enterprises in order to effectively increase their incomes. The existence of an income generating activity from where women earn daily income also shows that there was socio-economic development after having acquired the capital from microfinance to set it up. This is because the lack of capital is usually a set back to the socio-economic development of women.

The above benefits that were established as accruing to the women in Mkoani District, were similar to the findings of the study carried out by Muzaale (1994), who identified the expressed benefits to include, reduced dependence on husband support, support husbands to pay children school fees and medical expenses, ability to renovate or move to a better house, giving new vitality to a previously declining project, having money to work with and feeling respected.

This result concurs with MkNelly and Christopher (1999) on his study found a positive impact on income. Their results show that majority of participants (67%) of the credit with education program in Bolivia felt that their incomes had “increased” or “increased greatly” since they joined the microfinance program. Additionally, MkNelly and Christopher (1999) find that clients of Lower Pra Rural Bank Credit with education program in Ghana increased their incomes by 36 US dollar compared to US dollar 18 for non-clients per month.

#### **4.4.4 Objective Four: Find out the Challenges Facing Women of Mkoani District in the Credit Acquisition from Microfinance Institutions**

In this specific objective, different indicators were mentioned in the list of questions and respondents were supposed to select the challenges facing during credit acquisition from MFI. In this perspective, different indicators on the facing from microfinance were described and the results are shown below.

##### **4.4.4.1 The Challenges Facing Women of Mkoani District in the Credit Acquisition from Microfinance Institutions**

Result in Table 4.5 shows that, 16.7% report on long procedure to get the loan is a greatest challenge, 13.6% report on short repayment period, 11.4% report on too much paper work and initial expenses too high yet not catered for during loan repayment, 9.8% report on lack of investment opportunity, 9.1% report the challenge of small amounts given at a time, 7.6% report the challenge of lack of security and strict/inflexible term, 3.8% report on few microfinance institution and money is deducted yet interest has to be paid and last challenge mentioned is weekly repayment- hard to raise money on a weekly basis reported by 1.5% of respondents.

**Table 4.6: Distribution of Respondents on the Challenges Facing Women of Mkoani District in the Credit Acquisition from Microfinance Institutions (N=50)**

<b>Parameter</b>	<b>Frequency cases</b>	<b>Percentage (%)</b>
Lack of security	10	7.6
Few Microfinance institution	5	3.8
Short repayment period	18	13.6
Getting trust worthy group members	5	3.8
Strict/inflexible term	10	7.6
Weekly repayment- hard to raise money on a weekly basis	2	1.5
Small amounts given at a time	12	9.1
Long procedure to get the loan	22	16.7
Lack of investment opportunity	13	9.8
Too much paper work	15	11.4
Initial expenses too high yet not catered for during loan repayment	15	11.4
Money is deducted yet interest has to be paid	5	3.8
<b>Total</b>	<b>132</b>	<b>100.0</b>

Source: Field data, (2022)

This results implies that, the long procedure of accessing the loan was also mentioned by majority of the respondents as a big challenge faced when accessed money from microfinance institution. It was however reported that the period between the application and the actual disbursement was too long for the clients. At times the clients lost hope, forgot and tried other means only to be summoned to the MFI offices that their applications had been successful. The paper work involved in filling the forms and signing agreements and contracts was cited by eleven percent of the respondents as affecting the speed with which the clients handled the applications. It was also during focus group discussion pointed out that there were letters of recommendations required from local authorities or employers that would not be readily available and in some instances money was paid for the stamps. This discouraged the women from accessing the MFIs.

The above findings are in conformity with the results of the study by the Council for Economic Empowerment of Women of Africa – Tanzania chapter (2004: 14), which pointed out that some of the MFI methodologies and practices have shortcomings that limit its full potential to benefit the women. Some of the constraints were identified as high interest rates, short term nature of the loans and collateral requirements (Council for Economic Empowerment of Women of Africa – Tanzania chapter 2004: 14).

Kessy & Urio (2006), in his study revealed that, clients of MFI complained about high interest rate charged and the weekly meeting for loan repayment was pointed out as barrier as the time spent in weekly meeting could be used to other productive activities. Also, Lyuruka (2010) argue that, Monthly/weekly this period was too short for any meaningful profits to have been realized from which to get money for repaying part of the loan.

Zeller (2004) notes that despite the big effort by the governments of LICs and foreign donor agencies in establishing micro-credit schemes, it is estimated that only two percent of the population in the developing countries have accessed credit from these schemes. In a survey carried out in rural Zanzibar, Krain (1998) observed that credit from the formal financial sources meets only a small portion of the total credit demand of the poor women. He found out that credit from the formal financial sources accounted for only 9.9 percent of the total credit available to poor women. The remaining 90.1 percent is from the informal financial sources comprising mainly loans from relatives, neighbors, friends, rotational savings groups and one's superior at work ("boss") and other sources.

Krain (1998) observes that targeted credit schemes offer only small short-term working capital loans and are limited in scope mostly serving the urban and peri-urban clients. Further, he observes that credit schemes usually concentrate on financing micro- enterprises that have high turnover and generate regular income flows, unlike in women where the income flow is seasonal and profitability and turnover is low.

Furthermore, many small credit programmes tend to concentrate primarily on “productive” credit and neither offer easy-access consumption loans or flexible savings facilities which would contribute to poorer households coping strategies (Hulme and Mosley, 1996).

#### **4.4.4.2 Challenges in Utilizing the Funds that you Accessed from the Microfinance Institutions**

The respondents also revealed that they face challenges during the utilization of the finances received from the MFIs. They mentioned the below;

Results in Table 4.6 revealed that, majority of respondent 22.4% report on short repayment period, 14.4% report on diversion of funds to attend to other problems and life insurance is generally trick, 13.6% of respondents report on MFIs don't know/consider beneficiaries' problems like death of a beloved one or sickness, 11.2% of respondents report on difficulty of fulfilling repayment schedule and Small /low profits and lastly is small amounts of money yet pay with interest reported by 7.2% of the respondents.

**Table 4.7: Distribution of on the Challenges in Utilizing the Funds that you Accessed from the Microfinance Institutions Respondents (N=50)**

<b>Parameter</b>	<b>Frequency cases</b>	<b>Percentage (%)</b>
Difficulty of fulfilling repayment schedule	14	11.2
Diversion of funds to attend to other problems	18	14.4
Small amounts of money yet pay with interest	9	7.2
Small /low profits	14	11.2
Short repayment period	28	22.4
MFIs don't know/consider beneficiaries' problems like death of a beloved one or sickness	17	13.6
Life insurance is generally trick	18	14.4
<b>Total</b>	<b>125</b>	<b>100.0</b>

Source: Field data, (2022)

This results implies that, the short repayment period as explained earlier affected the flow of money from the business to the MFI. The twenty two percent of the respondents revealed that they had to borrow from other MFI to service the loans or risk the taking of their property by the MFI. The repayment period for some MFI was weekly while for others it was bi-weekly. For the respondents, this period was too short for any meaningful profits to have been realized from which to get money for repaying part of the loan. Fourteen percent of the respondents also mentioned that diversion of funds to attend to other problems it was difficult for them to fulfil the repayment schedules and they ended up defaulting. This could have been as a result of circumstances beyond their control like weather for farmers but the MFI would call them defaulters and confiscate their property.

#### **4.4.4.3 Suggestions to Eliminate the Challenges Faced in Accessing and Utilizing the MFI Services**

Results in Table 4.8 shows that, 23.7% of respondents suggest on increase on the money given, 15.4% of respondents suggest on handle individual clients instead of

whole group, 13.5% of respondents suggest on increase on the grace period, 10.9% of the respondents suggest on don't grab people property in case of failure to pay, 10.3% of the respondents suggest on diversify target business, 7.1% of respondents suggest on reduce interest rates, 5.8% of the respondents suggest on Government/local authorities intervention, 4.5% of the respondents suggest on collaboration of MFIs and support from employers and lastly 0.6% of the respondents suggest on limit client to one MFI.

**Table 4.8: Distribution of Respondents on Suggestions to Eliminate the Challenges Faced in Accessing and Utilizing the MFI Services (N=50)**

Parameters	Frequency cases	Percentage (%)
Reduce interest rates	11	7.1
Collaboration of MFIs	7	4.5
Support from employers	7	4.5
Government/local authorities intervention	9	5.8
limit client to one MFI	1	0.6
Increase on the money given	37	23.7
More sensitization	6	3.8
Increase on the grace period	21	13.5
Diversify target business	16	10.3
Don't grab people property in case of failure to pay	17	10.9
Handle individual clients instead of whole group	24	15.4
<b>Total</b>	<b>156</b>	<b>100.0</b>

Source: Field data, (2022)

This results implies that, the MFIs could increase the money given to the clients so as to allow them expand and diversify their investment opportunities. Furthermore, there is some suggestion from focus group discussion that, MFIs are requested to establish loan products for social problems like school fees, weddings and funerals, collaborate and share successes and failures so as to harmonize the service delivery and also to

elicit the support of employers of the clients to assist in the repayment of money by their staff/employees.

There was also a suggestion that, the MFIs should continuously sensitize their clients on loan utilization and repayment and discuss with their clients before they confiscate their property. This is because the clients say that if given more flexible terms they would be able to pay back the loan.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMANADATION**

#### **5.1 Chapter Overview**

This chapter explain the conclusion drawn from the research finding guided by research objectives and questions, then explain the recommendation for microfinance institution, for governmental and for microfinance clients as a main target.

#### **5.2 Summery of the Findings**

The study was aimed at establishing the impact played by microfinance in the socioeconomic development of the women in the study area. The literature on microfinance and how it operates was reviewed. There was also a review of the literature on support of microfinance in world, microfinance in Africa, Tanzania and in Zanzibar, in particular. There were fifty respondents that were used in the study and the qualitative and quantitative methods of research were employed to arrive at the results of the study. The study area was Mkoani District and the respondents included the women participating in the microfinance activities and loan officers in MFIs under study.

The first objective was on the accessibility and loan size for MFIs client and revealed that, 60% of respondents they are they take the loan range from Tshs 600,000 – 1,000,000, 20% they take the loan range from Tshs 300,000 – 600,000 and lastly 20% they take loan size ranging from Tshs 100,000 – 300,00.

Second objective was on socio-economic status of women after taking the loan and results revealed that, 35% bought home property, 27% of the respondents paid school

fees, 20% Set up/boost retailed business, followed by 7.2% Built house, 6.3% Open up bank account and lastly 5.4% of respondent use the money to bought plot of land.

Third objective was on the role of loan size provided by microfinance institutions on women socio-economic development and results indicated that, 33% have been able to educate their children, 28% of the respondents they have been able to increase their income, 19% have been encouraged to make savings, followed by 10% Have been able to start income generating activities', 9% more confident than before loan and lastly 1% of respondent use the money to participate in leadership activity.

Fourth objective was on the challenges facing women on credit acquisition from microfinance institutions results revealed that, 16.7% report on long procedure to get the loan is a greatest challenge, 13.6% report on short repayment period, 11.4% report on too much paper work and initial expenses too high yet not catered for during loan repayment, 9.8% report on lack of investment opportunity, 9.1% report the challenge of small amounts given at a time, 7.6% report the challenge of lack of security and strict/inflexible term, 3.8% report on few microfinance institution and money is deducted yet interest has to be paid and last challenge mentioned is weekly repayment- hard to raise money on a weekly basis reported by 1.5% of respondents.

### **5.3 Conclusion of the Study**

#### **5.3.1 The Role of Microfinance in the Socio-Economic Development of Women in Study Area**

There were two guiding questions whose conclusions are presented below:

One of the guiding questions that were used was *“Is there improvement of the economic status of women as a result of microfinance?”* The findings reveal that there

has been an improvement of the economic status of women as a result of microfinance. This was evidenced by the fact that the women have been able to earn, own and increase their incomes, establish income generating activities, mobilize savings, open personal bank accounts, meet the school fees for the children and purchase household property.

Another question asked was; *“Has microfinance improved the social status of women?”* The findings reveal that there has been an improvement of the social status of women as a result of microfinance. This was evidenced by the fact that the women have been able to meet social obligations through financial contributions, participate in civil and political leadership roles, increase their integrity and confidence in the community, open up their homes for meetings and visitors thus they have had to furnish the houses adequately. The women participating in the microfinance activities have also earned a status of being community advisors, opinion leaders, role models/examples and case studies in the community for research and consultations. The research concludes that there is a significant role played by microfinance in the socio-economic development of women in a community. This is evidenced by the benefits that the women have enjoyed as a result of their participation and access to the microfinance institution services.

### **5.3.2 The Challenges Faced by Women when Dealing with Microfinance**

The study also set out to find out the challenges faced by the women in accessing and utilizing the funds obtained from the microfinance institutions. This objective was guided by the research question: *“What challenges are women facing in accessing and utilizing the funds from microfinance institutions?”* It was established that women

face several challenges such as small amounts of money given, short grace period, diversion of funds, difficulties in fulfilling the repayment schedule, small profits on the investment, too many deductions made and actual money requested is not given, short repayment period, lack of empathy from the MFI, too few MFIs thus few choices and alternatives of accessing the loan facilities.

These challenges have also brought about some negative attitude about MFIs to the extent that they are regarded as property snatchers/grabbers because they confiscate the property of the defaulters. These MFIs are also regarded as a bad omen in the sense that when one gets a loan, due to anxieties and fears, the business may be affected. Thus, the poor performance in terms of poor payment and defaulting is caused by too much worry about the repayment instead of concentrating on working hard and getting alternative enterprises from which to get money to pay back the loan.

The research established that despite the challenges and misgivings of some community members about microfinance, it is regarded as a very practical and strategic intervention in providing the much-needed funds for the poor who may not have easy access to the mainstream financial services.

## **5.4 Recommendations**

### **5.3.1 Recommendations for Microfinance Institutions**

The respondents recommend that the MFIs could increase on the amount given as loans to the clients and assess repayment capabilities before loan provision. The MFIs are urged to establish loan products like the school fees and asset loans.

Further requests are made to the MFIs to continuously supervise, monitor and follow up their clients adequately and closely to avoid diversion of funds, to network and collaborate with other MFIs in the area and to improve on customer. The MFIs should also collaborate with and facilitate the local government technical and extension workers to monitor and supervise their clients in the areas where they operate. This is because the government workers are skilled and always in the field to promote government programmes in the villages.

#### **5.4.2 Recommendations for the Government**

The respondents also recommend that the government could protect the borrowers from the MFIs and also provide community sensitization and training guidelines for the access and utilization of MFI services.

#### **5.4.3 Recommendations for MFI Clients**

The respondents recommended that MFI clients in other MFIs should be trained thoroughly before undertaking credit facilities for an enterprise, use money for intended purposes only and avoid money misuse and diversion of funds. The clients are further encouraged to get more investment opportunities instead of only one, have an enterprise before borrowing the money and not to use credit to start investments but rather to expand or diversify investments.

#### **5.4.4 Recommendations for Further Research**

The respondents recommended further research to be carried out on the area of impact of microfinance institution on the small-scale business for women development in Pemba Island. This will provide clear insight on how MFIs improve socio-economic development of women in the Island.

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## **APPENDICES**

### **Appendix I: Questionnaire for MFIS Client**

Dear, Prof. / Dr. / Mr. / Mrs. / Miss,

I am conducting a study on **“Impact of microfinance on the socio-economic development of women in Mkoani district Pemba island - Zanzibar”**. For this purpose, I would like to obtain your opinion and really appreciate if you could respond to the questions that are contained herein. Kindly read all the instructions carefully and answer every question sincerely. There is no right or wrong answer.

I would like to assure you that your response would be treated as private and confidential and would be used for this academic research only.

I thank you very much for your anticipated cooperation.

Sincerely,

**Wardat.....**

**MSc in Project Planning and Management**

Faculty of Arts and Social Science

Open University

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***Questionnaire for microfinance beneficiaries***

***A. Biodata/ respondents background***

*i)Name of Respondent.....*

*ii)Age .....*

*iii)Sex:    Male ☐                      Female ☐*

*iv)Marital status: Married ☐   Divorced ☐   Widow ☐   Single ☐*

*v)What is your education level?*

<i>Primary education</i>	<input type="checkbox"/>
<i>Tertiary education</i>	<input type="checkbox"/>
<i>Secondary education</i>	<input type="checkbox"/>
<i>University education</i>	<input type="checkbox"/>

*vi)What is your occupation?*

<i>Small holder farmer</i>	<input type="checkbox"/>
<i>Petty trader</i>	<input type="checkbox"/>
<i>Civil servant</i>	<input type="checkbox"/>
<i>House wife</i>	<input type="checkbox"/>

***vii) What is the number of dependents in your family?.....***

**B) The accessibility and loan size from microfinance to woman in Mkoani**

**District**

**i) Have you taken the loan from microfinance institution?**

**Yes ☐                      No ☐**

ii) Which microfinance institution do you take the loan?

.....  
 .....  
 .....

iii) How much loan size have you taken?

- Tsh 100,000 to Tsh 300,000 /=
- Tsh 300,000 - 600,000/=
- Tsh 600,000 – 1,000,000/=

iv) Have you satisfied with amount of loan you get?

Yes

No

v) If no,

Why.....  
 .....

Socio-economic status of women after taking the loan in Mkoani District.

i) What services have you received from the MFIs?

<i>Loan for socio economic development</i>	
<i>Entrepreneurship training</i>	

ii) What have you done with the money you access from the MFIs?

<i>Bought home property</i>	
<i>Bought plot of land</i>	
<i>Set up/boost retailed business</i>	
<i>Paid school fees for children</i>	
<i>Built house</i>	
<i>Open up bank account</i>	

iii) How much amount of money did you save per month before getting loan?

.....

iv) How much amount of money did you save per month after getting loan?

.....

C) The role of loan size provided by microfinance institutions on women socio-economic development.

i) Have you found any changes from your level of economy after taking the loan?

Yes

☐

No

☐

*If yes, what change do you experiences?*

<i>Have been able to purchase household items</i>	
<i>Have been able to educate their children</i>	
<i>Have been encouraged to make savings</i>	
<i>Increased income</i>	
<i>Have been able to start Income generating activities</i>	
<i>Participate in leadership activity</i>	
<i>More confident than before loan</i>	

Are you satisfied from the achievements you get?

Yes

☐

No

☐

ii) If No, why

iii) Do you think microfinance has empowered the women in this community?

Yes

☐

No

☐

vi) If yes, Please explain in detail

.....

.....

.....

.....

...

D) The challenges facing women of Mkoani in the credit acquisition from microfinance institutions.

Do you experience any challenges in accessing microfinance services in this community?

Yes

☐

No

☐

If yes, what of this?

Challenges	Response/tick
Lack of security	
Few Microfinance institution	
High interest rate	
Short repayment period	
Getting trust worthy group members	
Strict/inflexible term	
Weekly repayment- hard to raise money on a weekly basis	
Small amounts given at a time	
Long procedure to get the loan	
Lack of investment opportunity	
Too much paper work	
Initial expenses too high yet not catered for during loan repayment	
Money is deducted yet interest has to be paid	

Do you experience any challenges in utilizing the funds that you accessed from the microfinance institutions?

Yes

☐

No

☐

If yes, list them;

Challenges faced	Response
Difficulty of fulfilling repayment schedule	
Diversion of funds to attend to other problems	
Small amounts of money yet pay with interest	
Small /low profits	
Short repayment period	
Too many deductions	
MFIs don't know/consider beneficiaries' problems like death of a beloved one or sickness	
Life insurance is generally trick	

- v) How can the challenges mentioned above be overcome/solution? (tick appropriate box, more than one answer is allowed)

Suggested solution	Response
Reduce interest rates	
Collaboration of MFIs	
Support from employers	
Government/local authorities intervention	
limit client to one MFI	
Increase on the money given	
More sensitization	
Increase on the grace period	
Diversify target business	
Don't grab people property in case of failure to pay	
Handle individual clients instead of whole group	
Consider loans for fees and other social problems	

**THANK YOU FOR YOUR COOPERATION**

## **Appendix II: Interview Guide for Key Informants**

### **Respondent**

Age: \_\_\_\_\_ Sex \_\_\_\_\_

Title \_\_\_\_\_ Marital Status \_\_\_\_\_

Role in microfinance institution \_\_\_\_\_

Name of \_\_\_\_\_

- 1) What would you say has been the impact of these MFIs on the economic status of women in this Mkoani community?
- 2) What would you say has been the impact of these MFIs on the social status of women in this area?
- 3) What challenges do you face in providing microfinance services to the women in this community?
- 4) What challenges if any do your clients face in accessing and utilizing the microfinance services?
- 5) What are the key things your clients have done as a result of microfinance services?
- 6) How can the challenges mentioned be overcome to effectively utilize the microfinance services?
- 7) What impact/effect would you like to see among your clients as a result of your services?
- 8) What is the attitude of the community (male and female) towards MFIs and their services?
- 9) What recommendations do you give for access, delivery and utilization of microfinance services in the community? Microfinance institution \_\_\_\_\_

**Thanks, you for your Cooperation**

**Appendix IV: Research Clearance Letter**