

**MICRO FINANCE AND URBAN WOMEN MICRO ENTREPRENEURS:  
THE CASE OF HANANASIF COMMUNITY DEVELOPMENT FUND  
KINONDONI, DAR ES SALAAM.**

**LUGANO ERICK KYEJO**

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## CERTIFICATION

The undersigned certify that he has read and hereby recommend for acceptance by the Open University of Tanzania, a dissertation entitled “**Micro Finance and Urban Women Micro Entrepreneurs -The case of Hananasif Community Development Fund –Kinondoni-Dar es Salaam,**” in partial fulfillment of the requirements for the degree of Masters of Business Administration (Human Resources Management) of The Open University of Tanzania.

.....

Dr. F. Barongo

**(Supervisor)**

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## DECLARATION

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.....  
Lugano Erick Kyejo

.....  
Date

## **DEDICATION**

This dissertation is dedicated to my mother, Hilda Martin Mugarula who first took me to school over thirty years ago and instilled in me a deep desire to learn since then.

## **ACKNOWLEDGEMENT**

This study owes much to other people. Thus, I thank the various writers whose work supplemented this study. I am most grateful to my supervisor, Dr F. Barongo, for his constructive criticisms and guidance throughout the study. I am also most grateful to officials of Hananasif Community Development Fund in Kinondoni District, especially Nestory Joseph for assisting me to have contact with women groups during the fieldwork. I wish to extend special gratitude to Hananasif women who participated in this study, for sharing their income generation experiences with me.

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## **ABSTRACT**

The research aimed at investigating the impact of micro finance Institutions on urban women micro entrepreneurs, the case of Hananasif micro-credit institution in Kinondoni district, Dar es Salaam, Tanzania. Women in their efforts to engage in income generating activities faced certain obstacles such as a lack of finance. Micro credit institutions have therefore taken upon themselves as a challenge in advancing credit to these women to enable them meet their practical and strategic gender needs.

The study attempted to find out women micro entrepreneurs and the micro enterprises they are engaged in, the credit sources and their accessibility. It further investigated whether the training, loan given, interest rate and repayment time are favorable for enterprise development. The study also investigated the product marketing techniques, profit made, the household income and expenditure. In pursuing answers to research objectives, the researcher came across various literature materials related to the study on micro financial institutions, women micro enterprise development and women empowerment.

This study employed a survey research design, and it involved a total of 45 respondents from Hananasif micro credit institution. Data collection methods and instruments ranged from questionnaire, documentary review, interview and observation. Data analysis procedures were generated and analyzed using both qualitative and quantitative methods such as tables to enable the presentation of data and hence give out the study results more comprehensively.

Despite the enhanced and visible roles assumed by these women due to the credit scheme, there were serious operational lapses: the loan given to these women was inadequate for most of them to run a viable micro enterprise, lack of time, lack of improved technology and ready market for products persisted. The study found out that despite the challenges women's micro enterprise activities have enhanced their contribution to household welfare financially. This has empowered and given them a voice in decision-making. The study concluded that micro credit schemes help reduce urban poverty and empower women.

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## LIST OF ABBREVIATIONS

BOT	Bank of Tanzania
CRDB	Cooperative and Rural Development Bank
DFID	Department for International Development
GDP	Gross Domestic Product
GNP	Gross National Product
ILO	International Labor Organization
IMF	International Monetary Fund
IFIs	International Financial Institutions
IGA	Income Generating Activities
IMF	International Monetary Fund
INGOs	International Non-governmental Organizations
NBC	National Bank of Commerce
NGOs	Non-governmental Organizations
MFI	Micro Finance Institutions
ROSCAS	Rotating Savings and Credit Association
SACCOS	Savings and Credit Cooperative Society
SAP	Structural Adjustment Programs
SIDA	Swedish International Development Agency
SRL	Sustainable Rural Livelihoods
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development program
UNHCS	United Nations Centre for Human Settlements
USD	United States Dollar
URT	United Republic of Tanzania
WB	World Bank

## **CHAPTER ONE**

### **1.0 INTRODUCTION AND BACKGROUND TO THE PROBLEM**

#### **1.1 Introduction**

For a number of years, women in Tanzania have been marginalized by being denied opportunities such as credit due to lack of collateral, including deep rooted traditional cultural barriers and existing social norms (URT, 2003b). The study's centre of attention was investigating the impact of micro finance Institutions to urban women micro entrepreneurs' economic empowerment. The study covered women groups that benefited from Hananasif micro-credit scheme, operated by Hananasif Community Development Fund located in Hananasif ward, Kinondoni municipality in Dar es Salaam, Tanzania.

The study explored challenges as well as opportunities, and how the micro credit as a tool of alleviation poverty have had impact upon the welfare of the women. Micro finance Institutions (MFIs) are financial Institutions that engage in relatively small financial transactions to serve low income households, etc who lack access to the Bank system. Micro credits are therefore, small size loans with shorter repayment periods; women are the major beneficiaries of the scheme.

The term beneficiary throughout this study is used to mean people (women) who take the loan. The informal sector in this study is integrated as individuals or groups of people who are engaged in legitimate (micro, small or medium scale) enterprises, some of whom may be regulated by the government but the vast majority is

considered to be operating outside the legal regulations of the state. A Micro entrepreneur in this study is a person who is engaged in micro-enterprise activities.

The informal sector in urban Tanzania involves a countless of mostly survival activities (Maliangkono *et al.*, 1990). It requires a low initial capital to set up an enterprise, has broad avenues for entry and exit, formal education is not necessary a prerequisite for entry. The informal sector is also sometimes referred to as “second economy,” and has grown dramatically during the adjustment period (Sarris *et al.*, 1993). In an extensive study of informal activities that were started between 1986 and 1987 in Tanzania, Vuorela (1992) indicated that “more than three quarters of informal activities were started between 1980 and 1987 a period of economic crisis and liberalization” (Vuorela, 1992:114).

In Tanzania, the depth and extent of poverty is still high with 50 percent of the population living below the poverty line (URT, 2003b). This signifies that the task of reducing poverty and improving living standards of the majority Tanzanians is still huge. The prevalence of high poverty levels also is also the major reason of the majority Tanzanians to enter into the informal sector in the form of entrepreneurship and small businesses (*ibid*). Indeed, in the fight against poverty, the majority women have resorted into the informal sector in the form of micro entrepreneurship and small businesses.

In several cultures in sub Saharan Africa women, suffer more from poverty than their men folks due to their gender, and due to the fact that in several cultures in

many African societies notably Tanzania discriminate against them. In Tanzania women comprise 51.08 percent of the population, (URT, 2003b), and have a significant role in socio economic development of the country. Despite of their importance, gender differences persist across many spheres in Tanzania, including in education, health, legal status, cultural perceptions, and in the economic arena (*ibid*). Most of these disparities have implications for the country's growth potential.

## **1.2 Background to the Problem**

Poverty in all its forms has attracted global concern recently and several efforts are being made to tackle it. These efforts are promoted in public policies in many developing countries notably Tanzania. The adverse effects of absolute poverty, which are manifested in hunger, illiteracy, ill health, total deprivation and many others, is affecting millions of people all around the World. Indeed, "...Arresting poverty means slowing poverty growth and reducing illiteracy, malnutrition and poor health, which hurt the productivity of the poor." (Khinkar, 1998:19).

Tanzania is one of the World's poorest economies in terms of per capita income; however it has achieved high overall growth rates based on gold production and tourism (UNDP World Development Report, 2013). Over 51 percent of the population lives below the official poverty line, with the majority of this population living in rural areas. Agriculture is the mainstay of the economy; and accounts for more than one –quarter of GDP, employs about 80% of the work force, and employs 80% of the work force (*ibid*). In Tanzania about 60 percent of women live in absolute poverty (Kanji, 2003). This is a result of the increasing poverty among the



rural and urban population generally, the growing gap between the rich and poor; women and men; and among women themselves (*ibid*).

The decline in real wages, rapid population growth, persistent inflation and the decline of the formal sector employment attributed to the rapid expansion of the informal sector (Bagachwa, 1999). The informal sector in Tanzania tends to be mainly dominated by youth and women (Maliangkono *et al.*, 1992). Figures from the UNDP human development report for Tanzania between 2002 to 2003, estimated that the number of new entrants to the labor force was between 600,000 and 700,000 annually, Comparing with less than 300,000 new jobs that are created each year, most of them generated by the informal sector (UNDP, 2003).

In Tanzania, women Constitute: 51 percent of the population 50 percent of employed population 88 percent of agriculture labor and 23 percent heads of household, this is according to the Household Budget Survey 2000/ 2001 of the National Bureau of Statistics, Tanzania. The number of households headed by women is estimated to have increased to 23 percent in 2000/ 01 from 6 percent in 1991/ 92. In the point of view of men and women in the Tanzanian economy, women play an important role in generating non farm income. However, time spent on household chores, proves to be a significant constraint on their participation in the off-farm labor market (Seebens, 2006).

The existing legal system does not reach the majority of women, particularly in rural areas (URT, 2002), In Tanzania, customary laws and practices remain discriminatory

against women on issues of property inheritance particularly on land, and the existence, side by side, of a multitude of statutory, religious and customary laws that might be conflicting (*ibid*). The Government of the United Republic of Tanzania committed itself to improve women's legal capacity through legal literacy schemes and mass campaigns to educate women and men on women's human rights. Also it has put in place a mechanism within the legal system that intends to protect women and children (URT, 2002).

Based on the increasing numbers of the poor in Sub Saharan Africa, and for that matter in and Tanzania it was compelling for Nations to address the phenomenon. Appropriate measures are therefore being put in place to reduce poverty levels. Policy makers in many developing countries notably Tanzania, have in recent years adopted some policies in both rural and urban areas that encourage women to go into enterprise development Pitt *et al.* (2003). This is done by making available to them credit facilities with education. Most of these programs target women because women are more credit constraint than men (*ibid*).

### **1.3 Statement of the Problem**

Women in Tanzania face a number of challenges due to their gender. Gender differences persist in several spheres including in education, health, legal status, cultural perceptions, in property ownership and in the economic arena. Gendered assumptions, however, contribute to a process whereby most women are allocated low paying, unskilled or lesser skilled work in both the formal and the informal sectors of the money economy. The terms upon which women and men compete for

employment are set by wider social relations, including cultural, economic and political arenas. These include the assumption that a woman's primary commitment is to care for a family at home, in the 'reproductive' sphere of life; and that each woman depends on a male provider for cash needs (*ibid*).

The existing legal system does not reach the majority of women, particularly in rural areas, also customary laws and practices remain discriminatory against women on several issues. In this regard, the majority of women in Tanzania suffer more the effects of absolute poverty, which are manifested in hunger, illiteracy, ill health, total deprivation and many others. Subject to ever rising cost of living and being required to fulfill their multiple roles, and in most cases heavy workload such as household chores and supporting their families financially, etc, most women in Tanzania have resorted to the informal enterprise development in the informal sector.

There are a number of reasons to evaluate the impact of micro-credit on women in Tanzania. Since it has been established that women play a major role in household production, it is important to understand their involvement in micro-finance programs. The mobilization of women's groups, who guarantee each other, in order to access loans, has raised interest in whether there is a close correlation between credit and women empowerment.

According to the Hananasif ward chairperson, the area under study, scores low in social and economic attainment in Kinondoni district, and the poverty level is relatively high. There is a special need therefore, to study the economic and social

changes attained by women in such an environment. Such empirical findings will also be used by other researchers to make comparisons with other districts in Tanzania. More importantly, there is a need to evaluate the positive and negative impacts of the loans offered by the MFIs in Tanzania in order to offer strategies for empowerment. The study aimed to reveal the constraints encountered by women who are in this program.

#### **1.4 Research Objectives**

The study was guided by the following general and specific research objectives as stated below.

##### **1.4.1 General Objective**

The General objective was to investigate the impact of micro credits on women economic development

##### **1.4.2 Specific Objectives**

Specific Objectives were

- 1) To determine the micro enterprises that women micro entrepreneurs in Hananasif are engaged in.
- 2) To identify the credit sources, their accessibility and its impact to enterprise development of women micro entrepreneurs in Hananasif.
- 3) To assess whether the training given, loan repayment time and the interest rate are favorable to women micro entrepreneurs in Hananasif.

- 4) To determine the Product Marketing Techniques, Profit Made, Household Income and Expenditure of women micro entrepreneurs in Hananasif.

## **1.5 Research Questions**

The following were research questions:

### **1.5.1 General Research question**

What is the impact of micro credit on women economic development in Hananasif Community?

### **1.5.2 Specific Research Questions**

- 1) What micro enterprises women micro entrepreneurs in Hananasif are engaged in?
- 2) What are the credit sources, accessibility and their impact to enterprise development?
- 3) Is the training, time given, interest rate and the loan repayment favorable to women micro entrepreneurs in Hananasif?
- 4) What are the product marketing techniques, profit made, household income and expenditure of women micro entrepreneurs in Hananasif?

## **1.6 Significance of the Research**

The Government in collaboration with National and International Nongovernmental Organizations have been taking various initiatives aiming and reducing and ultimately eradicate poverty in all its forms. One of the ways has been women empowerment in many facets including training and easing accessibility to micro enterprise development supported by micro credit Institutions. The study explores this initiative by studying the challenges and opportunities women involved in the small and micro enterprises are exposed to.

Findings from this study can be used to help microfinance institutions to better understand the valuable aspects of their programs, as well as provide suggestions to help implement their programs in a more effective manner, so as to promote women's economic empowerment. The study also contributes in the body of knowledge of Tanzania's development vision 2020, whereby the country aims to eradicate poverty by 2020. Also the study will contribute to recent debates on the roles of social capital and economic empowerment on Tanzanian women's welfare. In this light, the study in hand will benefit the Government of Tanzania and its agencies, MFIs, and all other organizations working to improve the wellbeing of Tanzania's women.

From a theoretical standpoint, this study also contributes to the limited amount of microfinance literature that originates in countries outside of India and Bangladesh. Different geopolitical and social contexts may mediate the impacts of microfinance; thus, research findings from India and Bangladesh may not necessarily have

universal application. East Africa is still an understudied region in the microfinance literature. Conducting my study in Hananasif, in the heart of a rapidly urbanizing Dar es Salaam city, provides culturally, geographically, and historically grounded recommendations to improve microfinance institutions in the East African region.

### **1.7 Limitations of the Study**

The researcher is a full time employee at Muhimbili University in Dar es Salaam, thus he had to undertake the field work, and compile findings in between working time. Finance was also a constraint; there were no sufficient funds as the researcher was self financing. Access to data was another limitation because it was at times difficult to obtain data especially from loan managers. This was due to the reason that most of the times they would be out of the office, giving training to other women groups located in other districts outside Kinondoni Municipality.

### **1.8 Delimitation to the Study**

To solve time limitations, the researcher had to wake up in the early hours of the following day in order to have at least two hours every day to work on the research before leaving home for work. Such time planning to a greater extent helped to solve the problem of relying exclusively on working time to compile data. To solve the problem of access to data particularly from loan officers, the researcher had to communicate with them in advance by phone before talking or visiting them. This proper time planning helped the researcher to solve the problem of time constraints.

## **1.9 Organization of the Study**

The study is divided into five chapters. Chapter one represents the introduction coupled with background information of the research topic, statement of the problem, purpose of the study, research questions, significance of the study, limitations and delimitation to the study. Chapter two represents literature review, and it comprises of the theoretical literature and empirical literature. Chapter three discusses the research methodology applied in the study. Chapter four gives detailed data presentation, analysis and discussion of the study. Chapter five gives the summary of the findings, conclusion and recommendations.



## **CHAPTER TWO**

### **2.0 LITERATURE REVIEW**

#### **2.1 Introduction**

This section is organized into two parts. The first part consists of theoretical literature, also in this part, conceptual terminologies that go beyond common language are defined. This will improve understanding of these terminologies to the readers outside the research (Locke *at al.*, 2000). The defined terms also enrich the researcher's thinking about the research and communicate the findings and ideas accurately (Wilkinson, 1991) and add precision to the study (Firestone, 1987). The second part consists of the empirical studies.

#### **2.2 Theoretical Literature**

##### **2.2.1 Poverty**

As part of the broader debate on globalization-growth-poverty, there has been a related debate on how to conceptualize and measure poverty. Some parties to this debate focus on the various dimensions of poverty that are not captured in the standard measures of what is now called 'income poverty', while others focus on how to improve the standard income-expenditure measures of income poverty (World Bank, 2000). Today, there are several broad approaches to conceptualizing and measuring poverty, including: the income and basic needs; the human development and the social inclusion.

The income and basic needs; this focuses on the income, expenditures and basic needs of the poor. The *human development*: that focuses on the health, education, longevity and other human capabilities of the poor; and *social inclusion*: that focuses on the political participation, social dialogue and 'voice' of the poor (UNDP, 2003). From the perspective of the poor, each of these dimensions of poverty is of critical importance. But none of these focuses on employment *per se*; even the income poverty school pays surprisingly little attention to the *sources* of income. However, the work arrangements of the poor represent a key pathway to their well-being, capabilities, dignity and freedom.

The Decent Work agenda of the ILO offers a critical missing dimension to the debate on poverty: one that unites the international drive to eradicate poverty with the fundamental right to work in freedom. Poverty reduction/eradication is a concept which was first promoted by NGOs in the 1980s; NGOs carry out poverty reduction initiatives by making available to the poor micro-credit for their income generating activities. Each of the four pillars of the agenda offers tools to help reduce poverty, through opportunities, Rights, protection and enabling the poor people's voices to be heard.

In the decent work agenda of the ILO, Opportunities refers to promotion of investments and policy support to job creation, entrepreneurship and sustainable livelihoods, and the requisite skills development. "Rights" refer to promotion of legal recognition and mobilization of effective demand to secure the right to work and associated rights at work. "Protection" refers to the extension of existing social security measures to cover the informal workforce and development of alternative

measures to insure them against illness, disability, loss of employment opportunities and old age. “Voice” refers to promotion of the representation and effective participation of the working poor in collective bargaining, conflict resolution and rule-setting bodies.

### **2.2.2 Urban Poverty and its Features**

Rakodi (1993) in her study of urban poverty in the developing world found that poverty has become increasingly concentrated in urban settlements. She identified three major types of vulnerable contexts that feature urban poverty as vulnerability arising from commercial exchange, vulnerability arising from the Interaction of the State and Policies and the Vulnerability arising from Urban Environmental and Health Risks (*ibid*).

The excessive reliance on market exchange by people in urban areas to buy goods and services they require is what is termed as Vulnerability arising from commercial exchange. There is extreme pressure to earn money to satisfy basic needs. The major asset the urban poor can sell in order to command income is their own labor, even though this labor is always constrained by the lack of choice due to low levels of education and training. Those without savings or saleable capital assets are extremely vulnerable to changes (Rakodi, 1993). In African Cities, retrenchment of lower grade civil service jobs and public sector wages, unemployment, etc, have been important source of vulnerability, even a few days without work can represent serious financial blow (Lugala, 1989).

Vulnerability arising from the Interaction of the State and Policies can be described by the fact that in urban areas, the poor are likely to have more contact with the state agents and police than their rural counterparts (Rakodi, 1993). While Government policies have an important positive impact upon poverty alleviation. Many poor people experience the State in negative ways as an oppressive bureaucracy that attempts to regulate their activities without understanding their needs (ibid). Examples are the frequent clashes between the City authorities' militiamen and the petty traders in several urban areas. Rakodi (1993) asserts that "...planners have little understanding about how the poor survive".(Rakodi, 1993: 65).

Vulnerability arising from Urban Environmental and Health Risks is a form of urban poverty arising from special environmental and health problems faced by the urban poor as a result of the spatial juxtaposition of industrial and residential functions, competition for land, high living densities and overcrowded housing in hazardous areas (Hardoy, *et al.*, 1992). The speed of urban growth and the inadequate pace at which clean water supply, sanitation and solid waste disposal services are expanded, and risks of traffic congestion and inability to implement effective controls over pollution poses serious urban environmental and health risks.

Cheap housing areas and heavy industrial areas tend to be located on lower cost land in cities, and in the absence of effective planning controls, this proximity can cause special environmental problems. For the people with very low earning levels, living on cheap land adjacent to economic opportunity is a rational choice despite the risk. Yet, such disasters have enormous implications for the vulnerability

of the poor, who may lose their homes, belongings, source of income and previous social networks if relocated (Hardoy, *et al.*, 1992).

### **2.2.3 Entrepreneur**

Various definitions of the entrepreneur have been presented by various authors. But all definitions revolve around the activities/functions performed or committing capital and taking risk of the psychological disposition of the actors (Rutashobya *et al.*, 1999). Definitions that focus on activities/function are more common and postulate that an entrepreneur does things in novel ways, undertakes new things, engineers new changes and discovers new markets. To summarize the above activities/functions with regard to an entrepreneur, thus it can be said that an entrepreneur is a person who brings about innovation (Rutashobya *et al.*, 1999).

However, Kristiansen (1999:139) postulates that the innovative element is variable according to context. Elaborating on this point, Kristiansen (1999) points out that in rural Africa, innovation need not necessarily be a result of sophisticated scientific or managerial research. Thus Kristiansen (1999) postulates that seeing and exploring a business opportunity ahead of others is an innovative quality. In this study the concept of entrepreneur is used to refer to all owners/operators of micro enterprises as elaborated by Kristiansen (1999). More specifically they were women micro entrepreneurs who took the initiative of starting micro enterprises, who shouldered

all the risks as well as financial, administrative and social responsibilities as owners and managers fully in charge of their business.

#### **2.2.4 Micro Finances**

Steel (2006) defines Micro Finance Institutions (MFIs) as agents and organizations that engage in relatively small financial transactions using specialized, character based methodologies to serve small farmers, low income households and others who lack access to the banking system. Such financial services needed by the poor include working capital loans, consumer credit and savings, money transfer services etc. MFIs may be formal intermediaries, informal, semi-informal, i.e. legally registered but under the central bank regulation. Microfinance credits are therefore, small size loans with shorter repayment periods whose regulations are flexible and easy to understand (Blis, 2002).

The formal providers of microfinance comprise those institutions which are subjected to government and Central Bank regulation. These include savings and credit cooperative/unions, specialist agricultural organizations, commercial banks and specialist agricultural financial organizations and finance programs operated by Nongovernmental organizations (Zellor *et al.*, 1997).

The informal providers of micro finance comprises of a multitude of different institutions and plays a significant role in many sub-Saharan African economies, despite the fact that this sector operates unofficially and escapes regulations Buckley (1996). It is worth noting that informal microfinance service providers can be

categorized in two groups namely, ones that are owned by their users, and those that are supplied by an individual normally at a profit (John *et al.*, 1997).

In recent decades MFIs have won one of the top positions in the global agenda as a significant tool for poverty reduction in development (Ledgerwood, 1999). To most scholars and practitioners, MFIs are seen as agents of social development not only because this is necessarily their aim, but also because they guarantee the return on investments. The MFIs are an intermediate between the financier and the clients as they reduce the costs of transaction and best guarantee the loan (*ibid*).

MFIs help to fight against income poverty, which is a characteristic pattern of many Sub Saharan African countries while at the same time facilitating capital accumulation necessary for both micro and macro economic development. MFIs are essential tools for poverty alleviation as they facilitate employment and income generation among disadvantaged members of the society (Cassiman, 1997). In fact MFIs are an important tool for the development of micro enterprises (Hulme, 1999). With the collapse of development Banks and Cooperatives, Today MFIs for many countries of the south hemisphere, have remained the only financial operators for the poor people in both rural and urban areas (*ibid*).

In Tanzania just like many of the developing countries, MFIs became extremely popular in the 1990s following the adoption of the SAPs as a set of donor oriented policies, that suppressed development Banks and agricultural credit Institutions (Kuzilwa, 2005). Since then there has been a proliferation of the MFIs with the

purpose of filling up the gap of providing small credits to the huge community of poor people both in rural and urban areas (*ibid*).

### **2.2.5 Evolution of Micro Finance in Tanzania**

Soon after the Arusha declaration in the late 1960s, the Tanzanian government established specific financial institutions; the National Bank of Commerce (NBC), and the Cooperative and Rural Development Bank (CRDB) to assist the poor farmers and small scale enterprises. Thus Before the establishment of the MFIs in the 1990s, most of the financial services were offered by CRDB and NBC. These had limitations (Chijoriga, 2000); The CRDB's small loans scheme encountered serious losses, poor recovery rates and high transaction costs. The NBC's women credit program established in 1989 was not viable due to political pressures, and had to alter its operations in 1991 due to Government interventions (*ibid*).

Other limitations show that the criteria used to issue loans to women by the National Bank of Commerce (NBC) and the Cooperative and Rural Development Bank were based on ownership of assets (*ibid*). Women who had their own farms and/or houses along with movable assets like cars and tractors were the ones who had access to loans. As two scholars noted, "The criteria adopted by both institutions tended to exclude the majority of rural Tanzanians, especially women, entrepreneurs who were already engaged in the formal commercial world, ownership of fixed property such as land with title deeds in their own name, and adequate cash in hand to provide initial capital" (Mbillinyi *et al.*, 2002).



The financial system restructuring of the 1990s as a set of WB and IMF led economic restructuring policies (Chijoriga, 2000), saw a wide range of programs initiated by the government, donors, NGOs, individuals, cooperatives and financial institutions that offered credit to the poor. Through the enactment of MFIs, a good number of micro finance institutions were established to cover the gap left by formal financial institutions (ibid). Rutashobya, (1991), observes that early MFIs took a form of solidarity schemes such as SACCOS, ROSCAS and individual schemes. However before the establishment of current informal schemes, some traditional credit savings such as *upatu*, *infogongho*, and *Ulugwayo* had existed especially among women (Rutashobya 1991, Ndeschau, 1999).

#### **2.2.6 Accessibility to Microfinance Services**

As a concrete measure aimed at reducing poverty, In 2005, Tanzania developed a credible Poverty Reduction Strategy (PRS), or *MKUKUTA* in swahili, now in its eighth year of implementation. (URT, 2003). It also committed itself to enhance women's economic capacity through making credit facilities available to a majority of women, building and supporting women entrepreneurial skill, improving their management capabilities, increasing training and access to technology (URT, 2003). NGOs for credit to women have also increased. Also a number of NGOs and donor agencies have made serious efforts to advance credit to women. These efforts have increased participation of women in income generation projects (*ibid*).

Despite the huge necessity of most urban women to engage into micro enterprises, Capital is one of the major barriers to development and success for micro-enterprises initiatives (ILO, 1998; ILO, 2003). Due to the small sizes of the businesses, and the lack of resources available to women's enterprises, women need micro-financial services in order to survive and grow their businesses. However, due to insufficient mechanisms and inadequate information in Tanzania on credit markets, banks are discouraged from and are unwilling to lend to micro-enterprises (URT, 2002). ILO (2003), reports that even to-date there are few business associations which focus on women enterprises. In this case, women entrepreneurs lack the opportunity to interact and learn new ideas and management skills from successful women entrepreneurs ILO (2003)

Most of the micro finance providers are located in cities, towns and municipalities in which they are registered with few branches countrywide. This results into a huge concentration of the same in urban areas. The greatest concentrations of the MFIs are located in the commercial capital, Dar es Salaam. It is only a few of the financial providers do offer services to rural areas (ILO, 2003, Chijoriga *et al.*, 1999). Also, it is worth noting that very few of these MFIs operate in the southern part of the country (*ibid*). Many MFIs do not offer start up loans assuming that clients should have at least some minimum amount to start up business to qualify for the loans (Cassimon, 1999). Furthermore, it has been reported that most of the micro credit institutions lack skilled manpower with banking and financial competence (*ibid*).

### **2.2.7 Categories of Informal Enterprises in Tanzania**

In Tanzania, the informal business is officially categorized under micro and small businesses, according to the number of the workforce and capital investment (URT, 2003:4). Micro enterprises are those that employ 1 to 4 people, with a capital investment of up to Tshs. 5 million, small enterprises employ 5 to 49 people with a capital investment of above Tshs. 5 million to Tshs. 200 million. Medium enterprises employ 50 to 99 with a capital investment of above Tshs. 200 million to Tshs. 800 million. Large scale enterprises employ over 100 people with a capital investment of over Tshs. 800 million (URT Ministry of Industry and Trade, 2002)

Most women's micro enterprises in Tanzania fall under the informal sector, and the majority micro entrepreneurs are engaged in traditional activities that have a low turnover (*ibid*). These include activities like table top markets located either at the road side or in front of their house, or street food vendors. Micro and small enterprise sector in Tanzania is the second leading employer after agriculture, the sector employs between 20 and 30 percent of the labor force (Massawe in ILO, 2002:6), and contributes between 35 and 40 percent of the gross domestic product. (Finseth in ILO, 2002:6).

### **2.2.8 The Role of Micro Enterprises in Development**

Micro enterprises have a potential to generate output, employment and income as well as being critical to innovation (Kanter, 2000:2). In this light, focusing and supporting micro enterprises can be justified (URT, 2003a: vii). Levisly (1993:5) observes that micro and small enterprises can have vital development functions in cities of the south, he cites these development functions as the ability to:

- i. Start up with very limited resources.
- ii. To operate in less populated rural areas with limited markets and poor infrastructure.
- iii. To help generate employment by using more labour in relation to capital invested.
- iv. To supply low cost items to the poor and certain circumstances, high cost quality products for the rich and export.
- v. To act as seed beds for entrepreneurial talents.

Indeed, the economic functions of macro and small enterprises support an increasingly large proportion of the population in many countries of the south. Taking Tanzania as an example, the micro and small enterprises were found to be the second leading employer, after peasant agriculture peasant agriculture (Masawe in ILO, 2002:6). It also contributed between 35 and 40 percent of the gross domestic product. (Finseth in ILO, 2002)

### **2.2.9 Women Empowerment**

Micro-finance programs have not only given women and men access to savings and credit, but have reached millions of people worldwide bringing them together regularly in organized groups (Mayoux, 1999). Although no ‘magic bullet’, they are potentially a very significant contribution to gender equality and women's empowerment, as well as pro-poor development and civil society strengthening. Through their contribution to women's ability to earn an income these programmes have potential to initiate a series of ‘virtuous spirals’ of economic empowerment, increased well-being for women and their families and wider social and have economic potential gains. They have also the potential to significantly change men's attitudes and behaviors as an essential component of achieving gender equality.

Targeting women became a major plank of donor poverty alleviation and gender strategies in the 1990s. This was the result of a number of factors example, Poverty reduction and financial sustainability. The Poverty reduction factor was due to the fact of increasing evidence that not only are women overrepresented amongst the poorest people, but are also more likely than men to spend their incomes on the welfare of children and dependents. Therefore poverty reduction programmes which target women are likely to be more effective. In the view of the financial sustainability factor was due to the increasing evidence in micro-finance of much higher repayment and savings discipline among women than men.

Narayan (2005) explained empowerment to mean the expansion of freedom of choice and action to shape one's life, that is, the control over resources and

decisions. Unfortunately, women freedom is mostly always curtailed by factors such as local culture, which positioned them in a subordinate position in relation to their men folks. Subordination is often embedded in a culture of unequal institutional relations. So therefore an institutional definition of “empowerment is the expansion of assets and capabilities of...[women] to participate in, negotiate with, influence, control, and hold accountable institutions that effect their lives” (*ibid*: 5).

From the above definition, it could be deduced that women are usually found in a subordinate positions within society as a whole or even at the household. Narayan concluded that this definition places more emphasis on institutions and interaction between poor women and more powerful actors.

Sen (1999) makes a compelling case for the notion that societies need to serve the women less as passive recipients of help, and more as dynamic promoters of social transformation. A view strongly buttressed by a body of evidence suggesting that education, employment and ownership rights of women have a powerful influence on their ability to control their environment, and contribute to economic development (Sen, 1999). Poverty manifests itself as material deprivation, and its causes could be attributed to unequal power attribute, that characterize domestic relations. These relations position women as subordinate, and dependent on their men folks who have control over the resources (Kabeer, 2003). Women lack power, therefore empowerment of women is an issue that is emphasized on in the field of development these days.

According to Malhotra *et al*, (2002:120) women's empowerment included cognitive and psychological elements involving their understanding of the conditions of subordination and causes of such conditions at both micro and macro levels of the society. It also involves understanding the need to make choices that are considered inconsistent with the prevailing cultural and social expectations. The author focuses more on the conscientisation and transforming aspects of women's empowerment. This is very important because without change in one's inner self removing the barrier to one's development would almost be impossible (*ibid*).

Kabeer (2003:170) defines empowerment as "the processes by which those who have been denied the ability to make choices acquire such ability. In other words, empowerment entails a process of change". She further went to indicate that empowerment could be explored closely through the following inter related pathways: agency, resources and achievements. Agency in relation to empowerment implies the ability to actively exercise choice which challenges power relations.

The ability of women to initiate their own income generation activities will enable them to decide for themselves, since they will have their own income which will give them the capacity to take decisions, protest, negotiate and bargain. Meanwhile, agency is exercised not in the abstract but through mobilization of resources which are the medium of power (*ibid*). Men have authority over women in so far as institutional rules, norms and conventions are concerned. Therefore, women's ability to gain access to resources is as important in process of empowerment as the resources themselves.

Empowerment requires a change in the conditions on which resources are acquired likewise an increase in access to resources (Kabeer, 2001). The ability to have access to income generation activities might improve women agency within the family. The reason being that, income generating activities would serve as an independent source of income for the family livelihood and hence a stronger “fallback” position to bargain/or negotiate from (*ibid*).

Women’s capabilities and their potential for living the lives they want, comes as a result of their access to resources and agency. This will give them the capability to build their livelihoods. Achievement in this case refers to the extent to which women potentials in terms of resources and agency are realized or fail to be realized. In other words, it is the outcome of their effort (*ibid*). Therefore women’s income generating activities are seen as evidence of progress in women empowerment, especially in situations where it is seen as contributing to their sense of independent (*ibid*) and not only serving as a livelihood strategy.

This definition covered two important dimensions of empowerment, namely the idea of process from a conditions of gender inequalities to gender equality and that of human agency and choice, to control resources, agency and achievement. In the empowerment process, resources are constricted as enabling factors or catalyst for empowerment while achievements are outcomes of empowerment. This is a very comprehensive definition as it has divided the process into its components and the relationship between them is shown.



Malhotra *et al*, (2002:7) define women empowerment as a “ process whereby women are able to organize themselves to increase their own self reliance to assert their independent right to make choices and to control resources which will assist in challenging and eliminating their own subordination”. This definition is important in that, it stresses the importance of disempowered women acting collectively in order to challenge the conditions of subordination.

The household is a complex, culturally varied and guided by a set of institutional arrangements. Urban households are therefore shaped by several factors. In Tanzania, culture still plays a major role in the organization of domestic activities, and few women also have part in the decision making process. But the ability of a woman to provide for the family economically may give her the opportunity to influence household decisions. To gain the chance to have a say in the decision making, a good number have engaged themselves in small enterprises to be able to contribute to the household welfare needs. In other words, their ability to contribute to the household welfare needs would afford them a minimum control and power in the family decision making process, which would lead to their empowerment.

Advocates of Resource Theory have suggested that when women make substantial income contributions to the household, power and control in decision making will shift in their favor Gurein, (2006).

The ingenuity in these women to be able to negotiate with the existing cultural factors in order to contribute to household decision making process enables them

to play a role of social actors. Other factors that have greater influence on urban household's decisions are: control and access to human, natural, productive and social factors (Valdivia *et al.*, 2001).

Despite the existence of the aforementioned obstacles which may be confronting women, they still; maneuver their way through provided they have differing varieties and densities of networks. They develop various ways and means to be able to exploit available opportunities. This implies that even though the majority urban women are denied the opportunity to take part in household decisions, regain it when they are able to contribute to the household welfare needs.

The above definitions of women's empowerment stress that women empowerment is a process of change in which women are significant actors. The change is about women regaining the ability to make decisions and affect outcomes of importance to themselves and their families. This is reflected in key words found in most definitions, namely options, choice, control and power (Malhotra *et al.*, 2002:6)

In its Endeavour to achieving women empowerment, Tanzania has ratified major international conventions of the United Nations that requires members to safe guard the well being of women. Also in aiming to achieving the millennium goals number one of eradicating extreme poverty and hunger and millennium goal number 3 of Promoting gender equality and empower women, Tanzanian policy makers have passed policies that address the said goals (URT, 2010).

Tanzania's development vision 2025 aims at achieving a high quality livelihood for its People attain good governance through the rule of law and develop a strong and competitive economy. In order to attain gender equality and the empowerment of women, gender is mainstreamed in all aspects of Development (*ibid*).

#### **2.2.10 Micro Finances and Women Socio- Economic Empowerment**

More detailed studies on micro credit based micro enterprises have been conducted in south Asia, particularly in Bangladesh (Mayoux, 2000: 25, Malhotra *et al*, 2002: 23.) Aclarly (1995:66) found that in Bangladesh, encouraging women to participate in micro enterprise enterprises activities increased the likelihood of empowerment although rarely occurred. Goetz et al (1995), reporting on the research carried in Bangladesh point out that micro credit based micro enterprises are not necessarily empowering women because men often control the loans. Ferdinand (1997) basing his studies on three NGOs from the same district in Bangladesh, concluded that micro credit based micro enterprises reinforce prevailing relations of power in both private and public domain because they are unable to challenge oppressive institutions.

On the positive side, Hashemi *et al*, (in Malhotra et al. 2002:38-42) found that micro credit based micro enterprises in Bangladesh empowered women in most domains as women acquired greater economic value. Similarly, Kabeer (in Malhotra *et al*, 2002: 38-42) found that in Bangladesh, micro credit based enterprises reduced the tradeoffs that women had to make between dimensions of

their well being while Schuler *et al*, (1996) found that there was a decrease in domestic violence due to micro credit based micro enterprises.

Fewer studies on micro credit based micro enterprises and women's empowerment have been done in Africa. Based on findings from seven group based micro credit programs in Cameroon, (Mayoux, 1999:972) points out that the programs do not enable women to challenge unequal rights. On the contrarily, they reinforced women's responsibilities for household expectations as husbands stopped fulfilling their responsibilities. Given these findings, the author concludes that there is a need to break away from the assumption, that micro credit programs make an automatic contribution to women's empowerment (Mayoux, 2001:462).

Hanak (2000:321-323) supports this negative assessment of micro credit programs relating to change in gender relations, with regard to FINCA and PRIDE activities in Jinja, Mbarara, Masaka and Kampala in Uganda. Hanak (2000) sees the training given by micro credit programs as means of making the credit beneficiaries repay their loans. Lakwo A (2007) observes that in Uganda, microfinance plays a crucial role in the empowerment of women in rural and urban livelihoods based on case studies in Haiti, Kenya, Malawi and Nigeria. The significance of micro credit in women empowerment is also observed by the United Nations Capital Development Fund (UNCDF) in conjunction with the United Nations development Fund (UNDP) microfinance programs impact assessment (2003).

Mayoux (2000:966) based on the data from the Self Help Development Foundation (SHDF) in Zimbabwe and CARE PULSE in Zambia notes that some women participants in these programs controlled at least part of the income from the micro credit based enterprises. These women acknowledge that financial independence was a big change for them. The author notes that in some cases women had to be tactful in order to avoid open conflict with their husbands due their newly gained financial independence. For example, women's control of income by SHDF participants was accompanied by some husbands stopping their contributions to household's expenditure on the pretext that their wives had income of their own (Mayoux, 1999:972).

Echoing the impact of increased financial independence, Hadjipateras (in Mayoux 1999:966) reports that women participants in ACORD sponsored programs in Port Sudan and Kasala in Sudan controlled income from their micro enterprises and had increased confidence in dealing with economic affairs. It also, reported that their husbands allowed them to have more say in running the household's financial affairs. This was a big change because previously women in these areas of Sudan were wholly dependent on their husbands. The author notes also that positive impacts were reported in ACORD-sponsored programs in Dire Dawa, Ethiopia.

Micro credit based micro enterprises have not only enabled women to have control over income, but these programs have contributed to some changes in gender roles by enabling women to be more mobile and gain knowledge of the World outside the household (Mayoux, 1999: 974). Hadjipateras (in Mayoux, 1999: 974)

points out that women participants in ACORD sponsored activities in Port Sudan whose movements were traditionally very restricted had greater mobility than previously. Stressing this fact, the author points out that micro enterprise activities, such as attending group meetings, gave them the justification for going out independently.

The findings by Mayoux (1999:75) on women participants in Mbonhweh Women's Development Association and Cameron Gatsby Trust (CGT) in Cameroon substantiate increased mobility of women whose movements were traditionally very restricted in Sudan. Micro enterprise activities have also enabled women to occupy management positions in management communities of either women only or mixed groups.

Kaihula (1995:155), in his studies in Tanzania, show that micro and small enterprise operators participated more in household decision making than before starting micro enterprises and made more decisions about the allocation of personal income as well. This fact is also echoed by Mbilinyi, (1999b:149), and Makombe *et al*, (1999:40). Mbilinyi, (1999b: 149;) points out that some women micro entrepreneurs own assets but does not specify the type and value of the assets owned.

Furthermore, Mbilinyi (1999) on her studies in Tanzania notes that instances of husbands ceasing to take care of their families as soon as wives start to earn some extra income is widespread (Mbilinyi, (1999b: 149;)). This is a form of resistance by

men to women's empowerment. Women who own property are reported to be careful so as not to antagonize their husbands (Kaihula, 1995:161). With regard to gendered division of labor in households, it seems to be non negotiable despite significant contributions by women to household income (Huntiton, 1998:292, Makombe *et al.*, 1999:43, 2005:245) .

Contrary to the case of micro credit based micro enterprises supported by micro credit programs, it is posited that women's micro enterprises in general contribute to a change in gender relations. Simard (1996:1963) found that the activities of urban women entrepreneurs in Nouakchott, Mauritania contribute to creating equilibrium in gender relations by enabling them to, slowly, penetrate the men's world. In the same vein, Mianda (1996: 1000-101) found that women garden producers in Kinshasa were able to gain some limited autonomy with regards to their husbands.

### **2.3 Empirical Literature**

Kuzilwa (2005) researched on the National Entrepreneurship Development fund in Tanzania focusing on the role of credit for women's enterprise development. His research findings point out that women mostly in developing countries do not have easy access to credit for their enterprises. This fact is further echoed from research findings by Lakwo (2005) on micro credits and women and empowerment in Uganda. Research findings by Iganiga (2008) on women micro credits in Nigeria also echo the same fact. Indeed most women in developing do not have easy access to micro credits, despite the dire need for the financial support to enhance their enterprises.

Research carried by Akinyi,(2009) to find out the rate of participation in the informal sector in Kenya between women and men, found that women as compared to men have a higher rate of participation in the informal sector . These research findings also revealed that lack of capital to start their own businesses is a major factor that leads these women to find support from micro credit institutions. The research findings further revealed that poverty, low household income, unemployment and the inability to save being the major push factors to find refuge into micro finance.

Research findings carried in several countries in South Asia, South America and Africa , and reported in the 2007 global entrepreneurship monitor report on women entrepreneurship by (Allen *et al*, 2008) revealed out that women mostly in developing countries lack the ability to save, yet savings are needed to protect income, act as a security for the loan, and could be reinvested in the business. These findings also show that savings is an important microfinance factor since the weekly savings contribute to group savings, and such savings are mobilized by the micro finance institutions for further lending to other clients (ibid). The research findings further found out that very few micro credit institutions target men.

Research findings by Chesten *et al*, (2002) on empowering women through microfinance in Ghana, a case study of Sinai Aba Trust, revealed that training is a vital source for developing human capital, also it plays a crucial role in providing learning opportunities for individuals to improve their skills, attributes and abilities. These research findings concluded that taking the peculiar situation of low education



levels and other discrimination, training is very important for women engaged in micro enterprises as it would provide skills and experience needed for business.

Research carried out by various authors (Brata 2004, Lawal *et al.*, 2009) on social capital and women led micro enterprises have found out that social capital in the form of social networks is a vital factor to start ups and growing firms of women driven enterprises in developing countries.

Research findings by (Brata 2004, Lawal *et al.*, 2009), however found out despite the positive impact of social capital on women led enterprises, the majority women lack social connections that are a source of information for success to micro factors (ibid). Hulme *et al.*, (1996), and Smith, (2002) have noted that women are good credit risk and that their business have a better family members impact than those run by men.

## **2.4 Research Gap**

It has been seen in the literature review that there are several broad ways of looking into urban poverty; either through the income and basic needs, the human development approach and the social inclusion approach (World Bank 2000). The above approaches to understanding poverty, when viewed in terms of urban poverty and its features, it has been shown that urban poverty has three types of vulnerability (Rakodi, 1993, UNDP, 2003). That is vulnerability arising from commercial exchange, vulnerability arising from the interaction from the interaction of the State and policies, and vulnerability arising from urban environment and health risks.

Most of the literature on micro finance and urban women economic development merely revolve on the basic needs and income approach, that is it looks at micro finance and women micro enterprise development in terms of vulnerability arising from commercial exchange. This is a vulnerability arising from excessive reliant on market exchange by people in urban areas to buy goods and services, that exerts on them extreme pressure to earn money to satisfy basic needs.

In point of view of research gap, there is a need to look into micro finance, women economic empowerment using the social inclusion approach. That is looking at poverty reduction through micro finance, women economic empowerment and vulnerability arising from State and Policies. While Government Policies have an important positive impact upon poverty alleviation, many poor people experience the state in negative ways as an oppressive bureaucracy that attempts to regulate their activities without understanding their needs (Hardroy *et al.*, 1992). This is evidenced and experienced from frequent clashes between city authorities' militiamen with petty traders such as cooked food vendors (*mama lishe*), hawkers (*machinga*) in several urban areas notably in Dar es Salaam.

## **CHAPTER THREE**

### **3.0 RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents in detail the proposed methodology adopted in this study. Kothari (2004) defines research methodology as “.....a way to systematically solve the research problem.” This chapter describes how the study was carried out in terms of study area, research design, sample techniques, data collection methods, data collection instruments, data management and data analysis procedure.

#### **3.2 Study Area**

The study was conducted in Dar es Salaam region, and covered women groups that benefit from Hananasif Community Development Fund’s micro credit scheme located in Hananasif Ward, at Kinondoni Municipality. Hananasif community has been one of the communities in Kinondoni Municipality that benefited financially from the UN-Habitat’s worldwide program of Cities without Slums. This program aimed at improving basic infrastructure of slum/informal settlements as well as improving the social economic conditions of one hundred million slum dwellers around the World by the year 2015.

Dar es Salaam region is one among major regions in Tanzania with the fastest growing microfinance industry due to the ever-increasing population and awareness

through the media. Dar es Salaam region was purposively chosen because it consists of varieties of groups and activities that exist in other regions as well. In this light, it was assumed that when data was collected and analyzed, the conclusion reflected the whole country. The choice of Dar es Salaam was also due to limited resources that include time and finance on the part of the researcher.

### **3.3 Research Design**

This study employed a survey research design. According to Kothari (2004), surveys are concerned with collection of information from a relatively small subset, the sample. Survey research design employs statistical expertise to capture patterns of behavior and attitude. Surveys provides flexibility, are cost effective measures of data collection and they are non experimental and descriptive. Survey research designs employs questionnaires and interviews to gather relevant data (Troachim, 1999). The employment of survey design is important when the researcher wants to collect data on phenomenon that cannot be directly observed such as attitudes or opinions of a wide range of subjects (Barongo *et al.*, 2011).

### **3.4 Population**

Population is a group of individuals, persons, objects or items from which samples are taken for measurement (Barongo *et al.*, 2011). In this study, the population was all women micro entrepreneurs in Dar es Salaam Region.

### **3.5 Sample, Sampling Technique and Procedure**

Sampling techniques and procedures are processes and techniques of selecting a suitable sample or a representative part of a population for the purpose of determining parameters or characteristics of the whole population (*ibid*). The researcher used a sample rather than a complete enumeration (a census) of the population for several reasons including economy, timelessness and accuracy (*ibid*). In this study the researcher used two sampling methods namely purposive sampling and simple random sampling.

#### **3.5.1 Sample**

According to Babbie (2004), the sample is a segment or representative of the population from which the researcher is interested to collect data, analyze, interpret and finally draw conclusion. When dealing with people it can be defined as a set of respondents selected from a large population for the purpose of survey (Barongo *et al.*, 2011).

#### **3.5.2 Sample Size**

According to Kamuzora (2008) as cited in Kothari (2003), the exact number of items selected from a population is what we call a sample size. It is recommended that a sample size should be of an optimum size, i.e. it should never be excessively large nor too small (Kothari, 2004). Thus, the sample size taken was 5 women groups,

each group consisting of 8 women. In light of this, the study involved a total of 45 respondents made up of 40 women respondents who were beneficiaries of the micro credit scheme, and reside in Kinondoni District. The other 4 respondents were staff members of Hananasif Community Development Fund and 1 sub ward executive officer. These 4 staff comprised of 3 Loan Officers, and 1 Director of the Micro Credit Scheme.

**Table 3.1 Sample Distribution**

<b>Respondent</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>	<b>%</b>
Executive Director	1		1	2.2%
Sub Ward executive	1		1	2.2%
Loan Officers	1	2	3	6.7%
5 Micro Credit groups, each Group comprise 8 women	-	40	40	88.9%
<b>Total</b>			45	100%

**Source: Field survey 2012**

### **3.5.3 Purposive Sampling**

Purposeful sampling is also known as deliberate sampling, meaning that the researcher will judge who to inquire. Under this method, the organizers of the enquiry purposely or deliberately chose the particular units of the universe for constituting a sample on the basis that a small mass that they so select out of a huge one will be typical or representative of the whole (Kothari, 2004). Purposeful sampling was used for selecting staff members of the micro credit scheme as well as

selecting the Sub Ward executive. Purposeful sampling was relevant for these units of enquiry because they possessed the most relevant information for the study under consideration due to the positions they hold in the micro credit scheme.

### **3.5.3 Simple Random Sampling**

Random sampling may also be known as chance sampling or probability sampling. Under random sampling each and every item of the universe has an equal chance of inclusion in the sample (Kothari, 2004). This sampling method was used in the selection of 5 women micro credit groups from the 20 women micro credit groups. Simple random sampling was relevant because it requires a minimum knowledge of the population in advance, it is free from classification errors and sampling errors can be easily computed and the accuracy of the estimate easily accessed.

### **3.6 Types of Data Collected**

Both primary and secondary data were collected and used in this research. Kothari (2004) defines primary data as data that are collected afresh and for the first time. On the other hand, secondary data is data that has been collected by someone else, and which has already passed through statistical process (*ibid*). The researcher collected secondary data from borrower's files, books, journals and other documents available at the micro credit office. Other supplementary secondary data on the research topic was obtained from public libraries. Primary data was gathered through interviews and observation.

### **3.7 Data Collection Methods**

Data collection methods refers to the way or mode of collecting data. In this study, the following data collection methods were employed:

#### **3.7.1 Interviews**

Personal interview is a method of collecting information usually carried out in a structured way. In other words under this method the investigator (or the interviewer) follows a rigid procedure laid down asking questions in a form and order prescribed (Kothari, 2004). They help the researcher capture direct quotations about people's perspectives and experiences. The researcher used both structured and semi structured interview. The structured interview was mainly closed ended questions to solicit demographic information from the respondents. The closed ended structured interview was used only on the women participants and sought information like age, size of current loan, type of business, marital status, and number of children, length of time with Hananasif Micro Credit scheme Tanzania, and educational level.

Semi-structured interviews were used on both officers and the women respondents. The researcher used semi-structured form of interview because he wanted to get the information he needed and at the same time give the interviewees some flexibility to express their opinions. It ensured comprehensiveness, "systematic-ness", and ensured effective use of time. The use of this type of interview gave the researcher the freedom to digress and probe further for clarifications while still staying on



course. According to Patton (2002: 276) “a combination strategy involves using a standardized interview format in the early part of an interview and then leaving the interviewer free to pursue any subjects of interest during the later part of the interview.”

Questions for micro credit officials were structured in English language. The interview for the micro credit officials were done in English while that of women micro entrepreneurs were done in Swahili. This was to enable the respondents to express themselves well without any language barrier and to feel at home with the interviewer. The ability of the researcher to speak, to write, and read both languages facilitated the exercise smoothly and helped to build a rapport with the women respondents.

### **3.7.2 Observation**

In order to cross check some of the information provided in the interview, the researcher also followed up with observation. “....observation method implies the collection of information by way of investigator’s own observation” (Kothari, 2004:17). The observation was used only on the women participants. The observation was done after the interview. Out of the 40 participants, the researcher observed only fifteen of them. The fifteen people observed were based on availability of time, the willingness of the participant to allow the researcher into their homes and businesses premises.

The researcher's role was to observe, listen, think and communicate. It was possible to observe the nature of their businesses and living conditions in their homes. At this point it was possible to observe socio-economic status of the women under study by looking at the nature and state of their houses, whether permanent or not. In addition it was possible to check on household assets and the respect and command women had within the household. This approach was most likely to assist the researcher in collecting data in a "naturally" or "situational" or at least in a contextual setting (Mason, 2002). Kothari (2004) stresses further the importance of observation "...it is important to collect observational data (in addition to longitudinal data) because what people say is not always what they do!" (Kothari, 2004:163).

### **3.7.3 Documentary Review**

The researcher used various official documents, for the purpose of getting relevant and reliable information associated with the micro credit scheme and the women groups under study. Among the documents reviewed were the micro credit's financial statements, borrower's files, registers of members, minutes of micro credit meetings and other documents available at the micro credit office such as journals, books. Other supplementary secondary data on the research topic was obtained from public libraries.

### **3.8 Data Collection Instruments**

The research utilised the following recording forms, also known as tools or instruments for data collection (Kothari, 2004).

#### **3.8.1 Interview Questions**

The researcher applied both open ended questionnaires from which questions were asked and the respondents were required to give their own answers, or from which respondents were required to choose. Also close ended questionnaires were used as well.

#### **3.8.2 Documentary Review Schedule**

This is a data collection instrument which is normally used to get information under the documentary review method, with this instrument various things were reviewed by the researcher to get relevant information. Through documentary review schedule it was possible to get the micro credit scheme's yearly performance report, physical and socio economic status report of Hananasif Ward.

#### **3.8.3 Interview Questionnaires**

This is a series of questions, each providing a number of alternative answers which the respondent can choose (Kothari, 2004). The researcher applied open ended

questionnaires from which questions were asked and the respondents was required to give their own answers and from which the respondent were required to choose. Also close ended questions were used as well.

### **3.9 Data Management.**

This aspect involved the control of data through its reliability and validity.

#### **3.9.1 Reliability of Data**

According to Ghauri *et al*, (2005) reliability refers to the suitability of the measure. Research reliability means how similar the result would be if another researcher conducted the same research in another place and time. If the required results would be similar, the research can be said to be reliable. Thus in this case, this study will be fairly easy done if it is repeated as it is by another person in another place and time. In a quantitative questionnaire the answer option are mostly fixed so it will not be complicated to come to the same conclusions. Furthermore, before the researcher concluded that a particular secondary data was reliable, the researcher sought out information as to who collected the data, what was the data source, what was the method used, as well as the time when the data was collected, etc.

### 3.9.2 Validity of Data

Validity determines whether the research truly measures what it was intended to measure or how truthful the research results are. In other words, the research instrument should allow hitting the bull's eye of your research objective (Kothari, 2004). To ensure validity, the measuring instruments (questionnaire) were pilot tested so as to refine and ensure that respondents have no problems in answering questions. This enabled the researcher to obtain some assessment of the question's validity, and the likely reliability of the data obtained.

### 3.10 Data Processing and Analysis

#### 3.10.1 Data Processing

Technically speaking processing implies editing, coding, classification and tabulation of collected data so that they are amenable to analysis (Kothari, 2004:122), so as to systematically organize mass of raw data collected in a manner that would facilitate its analysis, the researcher carried the following data processing operations:

*i). Editing:* This refers to the process of examining the collected raw data to detect errors and omissions and to correct these when possible (Kothari, 2004). Therefore, the researcher in this study checked carefully the completed questionnaires to ensure that the data were accurate, consistent with other facts gathered and arranged to facilitate coding and tabulation.

**ii). Coding:** This refers to the process of assigning numerals or other symbols to answers so that responses can be put into a limited number of categories or classes (Kothari, 2004). In this study the researcher aggregated responses from open ended questions into common theme and then categorized all responses obtained by assigning numbers to them. And for closed ended questions the researcher assigned numbers to them directly.

**iii). Classification:** Is a process of classifying data on the basis of common characteristics which can either be descriptive such as literacy, honest, etc, or numerical such as age, weight, income, etc (Kothari, 2004). This implies that raw data had to be reduced into homogenous groups so as to get meaningful relationships. Thus data having common characteristics was placed in one class and in this way the entire data was divided into a number of groups or classes. Classification was done according to class intervals.

**iv). Tabulation:** When mass data has been assembled, it becomes necessary for the researcher to arrange the same in some kind of concise and logical order. This procedure referred to as tabulation (Kothari, 2004). Tabulation is important as it facilitates the process of comparison as well as the summation of items and the detection of errors and omissions also conserves space and reduces explanatory and descriptive statements to a minimum (*ibid*). Thus, owing to these mentioned advantages of tabulation, the researcher used tables to summarize raw data and display them for further analysis in this study.

### **3.10.2 Data Analysis Procedure**

Data analysis consists of examining, categorizing, tabulating, or otherwise recombining evidence to address initial propositions of a study. According to Kothari (2004), data analysis involves reducing accumulated data to a manageable size by developing summaries, looking for patterns and applying statistical techniques. Analysis of qualitative data was done through categorizing, tabulating and expressing into frequencies and percentages to enable the presentation of data and hence give out the study results more comprehensively. The information was then interpreted in relation to the theories from literature review and empirical studies.

## **CHAPTER FOUR**

### **4.0 DATA PRESENTATION, ANALYSIS AND DISCUSSION**

#### **4.1 Introduction**

This chapter provides presentation and analysis of data collected from the study area. It begins with a presentation of the social demographic characteristics of women who are engaged in micro enterprises (MEs). With this approach, the author looked at their micro enterprises, identified their credit sources, accessibility and how much is given to them as credit and its impact to enterprise development.

The author further explored whether the training given, loan repayment time and the interest rate are favorable to these women micro entrepreneurs. Also their product marketing strategies, the problems they encounter, business risks spreading mechanisms, as well as benefits and aspirations are presented and discussed. All the respondents for this study are women.

#### **4.1 Socio-Demographic Characteristics of Respondents**

The socio demographic characteristics of respondents were first investigated because of being significant to this study. In this case, age, marital status, education status and household size were studied. The following are the researcher's findings.



#### 4.1.1 Respondents Age

The age of respondents was determined through the researcher's formal interviews with respondents as well as review of documents such as respondents open files. Table 1 indicates the findings.

**Table 4.1: Age Distribution of Women Respondents**

Age group	Absolute Figure	Percentage (%)
20-45	28	70
46-60	7	17.5
61 and above	5	12.5
Total	40	100

**Source:** Field survey, 2012

Data generated from the survey shows that 70 percent of the women respondents were within the age bracket of 20-45 years, which represent the economically active population. Most of the women economic activity involves the use of 'manpower', and that might have explained the reason why the active age group forms the majority. Perhaps, it could also be the period that these women welfare needs are high, since that is the reproductive age group. The needs of their growing children could also call for additional resources.

It is also clear from the table 4.1 that 17.5 percent of women are in the cohort of 46-60, and 12.5 percent of them are within the age group of 61 and above, which is above the retiring age of people in the formal sector employment in Tanzania. One possible reason behind the small numbers in the age group of 61 and above is that, most of them had grown up children who were catering for their welfare needs. Nung

(1996) noted that so far as the informal sector employment is concerned, it is not age but physical strength or weakness of one that determines the age of retirement. This goes to explain the reason why some women are above the retiring age but still engage in income generating activities.

Most of the women above the retirement age, were still actively involved in income generating activities remarked that they had no body to care for them. Thus they would better do something while they were still strong rather than beg, These remarks seem to suggest that since there is no social security or guaranteed pension in the informal sector, its workers are often forced to work as long as their health can allow.

The age of a woman has a great influence on her ability to partake in economic activities and, of course, chances of benefiting from the ongoing micro-enterprise in the survey area. The age of the respondent is very important because it gives an idea of the different age groups who are benefiting from the micro-credit institutions in the study area. It gives a rough idea as to whether one is in the child bearing cohort or not, which has implication on women participation in economic activities (Nung, 1996).

It's argued that, the limited time and erratic participation of younger women, that is, women with the burden of heavy childcare and household provisioning responsibilities, usually yields insufficient individual benefits to guarantee their programme involvement (Steele, 2006). But this is different for the women in the

study area. All the women in the study area have household provisioning responsibilities, which have compelled them to combine both productive and reproductive roles. The informal sector has therefore become a “safe haven” for these women due to its easy entry and low capital requirement.

Formal education is also not a requirement in securing a job in the sector. So these women are able to fit in well easily. Alternatively, these women are able to combine child bearing with their income generating activities due to child fostering, which allows family members especially grandmothers, to take care of children while their mothers work.

The age of the respondent is also a factor which influences the choice of activity of these women micro entrepreneurs. Economic activity such as the sale of snacks such as rice buns (*vitumbua*), pancakes (*chapatti*) and flour buns (*maandazi*) were found to be enterprises mostly preferred by the aged women micro entrepreneurs, because it demands sitting at one place. The young ones were mostly in enterprises that needed a lot of walking in marketing and searching for customers such as the sale of second hand clothes, selling of fried fish, cooking food, etc. The age of a woman can also offer her the opportunity in taking part in family decisions; elderly women are sometimes consulted for account of past events.

#### 4.1.2 Marital Status

The marital status of respondents was determined through the researcher's formal interviews with respondents as well as review of documents such as respondents open files. Table 4.2 indicates the findings.

**Table 4.2: Marital Status of Respondents**

Status	Absolute Figure	Percentage (%)
Single	4	10
Married	28	70
Widowed	6	15
Divorced	2	5
Total	40	100

**Source:** Field survey, 2012

From the data trend in table 4.2 above, 10 percent of the respondents were not married and 70 percent were married and still with their husbands. Meanwhile, 15 percent of them were widows and the remaining 5 percent have been divorced by their husbands. Marriage in most Tanzanian traditions is a social institution and highly cherished for social, economic and sociological reasons. So girls who get to the age of 20 are mostly required to marry in order to fulfill their reproductive roles. It is only women who choose to join the Catholic religious vocation as Reverend Sisters who are spared this community pressure.

The Table 4.2 suggests that widows come next in terms of numbers, after married women. This is as a result of rarely getting support from family members, especially those without grown-up children. They see income generating enterprises as a secured way of making money in order to take care of themselves and their dependants. "My trade is serving as both my husband and parent", remarked a

widow. Those who are still young, at times, remarry and this further buttresses the reason for the high incidence of married women in the micro enterprises. This could further be attributed to women's ability in claiming secondary ownership to productive resources of their husbands when married.

The remaining 5 percent represent divorcees. It is uncommon for women to divorce their husbands because of the high bride price associated with marriage in many Tanzanian communities. A woman who divorces her husband will be compelled to pay the bride price back to the husband's family. Even on the part of a man, it will be very unwise for him to divorce the wife and remarry unless on exceptional cases such as the woman inability to have children or infidelity, since that will mean making extra expenses. This explains the reason why the divorcees are very few as indicated in the above table.

Marriage is a social institution. It re-organizes society; and it is associated with socio economic, cultural and demographic variables at a variety of levels. When a man and a woman are joined in marriage, their respective families become affinal relatives automatically. It is therefore an institution through which kinship ties are both established and extended (Van de Walle, 1985). In most African cultures, women do not own productive resources like land. It is only men who have primary ownership of land; usually women only have secondary ownership of land through marriage.

Manuh (1998: 4) argued that, "it is as mothers that women secure claims in their marital homes and to their husband's assets". This implies that there are intra-

household differences in resource use and control between men and women in the study area. Despite the inhibitions associated with the cultural system, as actors capable of processing social experiences and devising coping strategies, women marry to increase access to productive resources. They are knowledgeable and capable, no matter or whatever uncertainty or constraint they might find themselves in. This means that, no matter the situation these women find themselves, exercise some kind of ‘power’, leverage or room to manoeuvre (Giddens, 1984) cited in Long, (2001).

High economic value has also been attached to children, thus necessitating women to marry and get children, and to gain prestige in society, most women have to marry. Similarly, children’s labor especially girls is more crucial both inside and outside the home in times of old age. For they usually take over responsibilities of the household chores when the mother is sick or old.

Weinrich (1982) cited in Horn (1994) reiterated that in Zimbabwe, a traditional family needs to be large in order to guarantee the material well-being of all its members, of children, the old, and the sick. And since this required continuity over time, everybody has the moral obligation to marry and to contribute to the social or biological reproduction of his/her kinship group. Child bearing is a basic value instilled in members of a society from childhood onwards and shirking such a responsibility is usually shunned, and compliance is ensured through social pressure.

### 4.1.3 Educational Background

The education and work status of respondents was determined through the researcher's formal interviews with respondents as well as review of documents such as respondents open files. Table 3 below indicates the findings.

**Table 4.3: Educational Background of Respondents**

<b>Status</b>	<b>Absolute Figure</b>	<b>Percentage (%)</b>
Illiterates	16	40
Non-formal education <sup>4</sup>	10	25
Primary	7	17.5
Secondary	3	7.5
College/Vocational	4	10
<b>Total</b>	<b>40</b>	<b>100</b>

**Source:** Field survey, 2012

It is quite clear from the above Table 4.3 that, the informal sector mostly employs people without recourse to their educational background. It can be seen that 40 percent of respondents had no formal education, 25 percent had non-formal education, the type of education offered to adults in the evenings, popularly termed as adult literacy courses, given to those who have not had the chance in benefiting from formal education. The aim is to teach them how to read, count and write. 17.5 percent primary school education level. 7.5 percent and 10 percent of them had education up to middle school and junior secondary /secondary/college/vocational training respectively. The variance in these findings could be attributed to the greater availability of special incentives in educational sector to encourage girls' education after the 1980s.

The low educational status associated with women could be a result of parents who prefer to send boys to school compared to girls. It is usually an assumption that girls would one day get married and move out to stay at the husband's house. So, it is deemed more worthwhile educating boys than girls. This assumption may not be applicable to educated parents in many cases.

Education equips the individual with the skills to read, write, record, receive training and seek information. It affords the individual the opportunity to access formal, government or white color jobs. The mentioned skills are very necessary when seeking a formal job. Formal education is an important way in which parents invest in the future. Both boys and girls are sent to school where possible. The formal sector is regulated and it has assured public pension. Admission into the sector depends on one's skills and qualifications. On the contrary, those without education had to be content with employment offered by the informal sector.

The informal sector covers a wide range of enterprises including individual home-based processing and manufacturing, petty trading, and street merchants. In comparison with the formal sector, the informal sector enterprises are very small, labour intensive and make up apparently a large proportion of women (Macdonald, 1999). It is survival oriented, labor-intensive operations with fluid avenues for entry and exit. The family remains the locus of activity and trust. Women in the informal sector have no access and if even at all, very little access to official sources of credit or information. They do not benefit from minimum wage and social security and have to provide for their own and family health needs (Manuh, 1998).



Workers in the informal sector often hold multiple jobs in different sectors to minimize risk. This goes to confirm Long's (1989) assertion that actors are capable when even under restricted situations, in formulating decisions and act upon them. Lastly, the informal sector has no public pension, so one could engage in the sector till he/she is weak and could no longer work.

#### 4.1.4 Household Size

The household size of respondents was determined through the researcher's formal interviews with respondents. Table 4 below indicates the findings.

**Table 4.4: Household Size of Respondents**

Size	Number	Percentage (%)
1-5	24	60
6-10	11	27.5
11-15	3	7.5
16-20	2	5
Total	<b>40</b>	<b>100</b>

**Source:** Field survey, 2012

Observation from Table 4.4 shows that 7.5 percent and 5 percent of the respondents have quite a large household size of 11-15 and 16-20 respectively. This is due to the extended family system which makes it incumbent on both a man and a woman to help in catering for children of deceased extended relations. Other dependants may also be brought in as house helpers/maid servants. Also, 27.5 percent had a household size of 6-10 while 60 percent has a household size of 1-5. Since these women are mostly the sole providers of the family livelihood, there shall always be pressure on their little resources.

Both Yanagisako (1979) and Mackintosh (1988), all cited in Gardiner (1997: 14), see the household “as the unit for analysis of domestic labor as it approximates more closely to the notion of a domestic unit, being normally defined as an individual or group of people who share living space and/or take at least some meals together”. The household is usually organized around human needs which have social, cultural, historical and psychological dimensions. These socially constructed needs include food, shelter, sleep, cleanliness, clothing, sex, reproduction, companionship and recreation (ibid: 14).

In this sense, the researcher considers the household as both members of the family groups that may or may not stay under one roof and eat from the same pot. The concept of the household in the context of the study area is therefore very complex and difficult to define. For example, local culture makes it incumbent on one to extend to his/her kinsfolk whenever they are in need, making the household boundaries flexible.

The household size may be a central matter in basic need measurement and poverty analysis but its definition is problematic. Rakodi (2002) has argued that the household size or composition is a determinant factor of the capabilities, choices and strategies available to it. Gonzalez *et al.* (2001) have also documented that the size of a household and the availability of income earners are very important elements of vulnerability. Poverty therefore is more prevalent in large household size with few income earners. This means that, in households where the woman is the only

breadwinner, members are likely to remain poor. This is because; there will always be pressure on her little resources for the upkeep of the household.

Manuh (ibid: 4-5) stated that women “income is indispensable for family survival regardless of the presence of men, since the system of allocation and distribution within many African households usually imposes individual responsibilities on men and women to meet their personal needs”. Small household size seems to be recommended. But in some sense, this assertion may not be a true base on the fact that, a large household size with many providers would be better than a small household size with one provider.

#### **4.2 Women’s Micro Entrepreneurs and their Micro Enterprises**

Micro Enterprises that women micro entrepreneurs are engaged in were determined through the researcher’s formal interviews with respondents as well as review of documents such as respondents open files. Observation was also conducted at some of the participants’ business places particularly those with fixed stalls. Table 4.5 below indicates the findings:

**Table 4.5: Women Micro Enterprises.**

<b>Economic Activity</b>	<b>Absolute Value</b>	<b>Percentage (%)</b>
Fish processing	18	40
Petty trading	8	17.8
Frying of bites ( <i>Chapati, Maandazi Vitumbua</i> )	7	15.6
Weaving	6	13.3
Selling clothes ( <i>Batiki, Vitenge and khanga</i> )	2	4.4
Cooked food selling	3	6.7

Poultry Keeping	1	2.2
Total	<b>45</b>	<b>100</b>

**Source:** Field survey, 2012

Data from the above Table 4.5 indicates that 18 respondents (40 percent) of the women are into fish processing, 8 respondents (17.8 percent) into petty trading and 7 respondents (15.6 percent) are doing Frying of bites (*chapati*, *vitumbua* and *maandazi*). The rest of the figures are 6 respondents (13.3 percent) for weaving, 3 respondents (6.7 percent) of them sell cooked food, and 2 respondents (4.4 percent) of them are into *batiki*, *vitenge* and *khanga* selling. The last activity, which is poultry keeping, was done by 1 respondent (2.2 percent) of the women economic activity. Meanwhile, the Table 4.5 reveals a total absolute value of 45 who are into various economic activities instead of the usual 40 respondents who were interviewed. This is due to the fact that some women are into more than one economic activity.

When quizzed why engaging in more than one economic activity, one respondent explained “it is not all the times that you can get a market for your products, so it is better having more than one so that you can always be sure of making sales in order to cater for the household basic needs”. This implies that occupational combination comes with economic security, because the multiple economic activities that these women micro entrepreneurs are engaged in is likely to ensure their family survival and improving their well being. The multiple occupational combinations adopted by these women help them to meet their practical gender needs as household welfare providers’.

#### **4.2.1 Fish Processing**

Fish Processing is a tedious process, which involves waking up early, and going to the sea side to buy fish, then prepare the fish by removing scales and the intestines, and then either fry them at a modern fish market owned and operated by the Municipality, and located at the seaside very close to where these women buy the fish. In this case there are no costs associated with transportation from the sea side to the modern fish market. Apart from providing income and employment for the women, fish for most women interviewed serves as the other important source of food at home.

#### **4.2.2 Weaving**

Weaving is yet another micro enterprise largely done by the women in the study area. Weaving involves the designing of artistic patterns on a piece of cloth used for decorating the furniture, bed sheets and pillows. Also some of the women were weaving floor mats, etc.

#### **4.2.3 Clothes (*Batiki, Vitenge and Khanga*) Selling**

This is one of the popular micro enterprises done by women in the study area. A *kitenge*, *khanga* and *batiki* are pieces of cloth usually worn by women. The materials are also used to make dress for women and shirts for men. The *Batiki*, *khanga* and

*Vitenge* are usually brought in bulk from wholesalers after which women micro entrepreneurs' sale them in retail to the final consumer.

#### **4.2.4 Frying of Bites**

Frying of bites such as *Vitumbua, chapati or maandazi* for sale is one of the popular micro activities engaged in by women in the study area. *Vitumbua chapati or maandazi* are bites that are commonly used for breakfast. Also, along the East African coast it's usually common for most families to take these light snacks with either porridge or tea for dinner. These micro enterprises are non-seasonal, thus prices don't fluctuate depending on the supply of raw materials. Women engaged in these types of enterprises usually continue with them throughout the year. Many women prefer frying *maandazi or chapati or vitumbua* at the front of their homes or by the roadside or at public places example close to bus stations, or in building sites under construction.

#### **4.2.5 Petty Trading**

For production to be complete, it has to reach the consumer. Women play a crucial role in the distribution and marketing of agricultural and many other industrial goods such as textile/garments, foot wears, household provisions, among others. Women who sell the above mentioned goods in large quantities had to commute between their homes and other major market centers in order to get market for their products.

Findings on social demographic characters found that, age influences the choice of income generating activity. Also due to the low levels of formal education of the

respondents, they find refuge in the informal sector because formal education is not a prerequisite for entry to do business in this sector. Respondents with a big household size also have the highest involvement in income generating activities; this indicates the pressure upon these respondents to earn income.

Findings into income generating activities revealed that these women micro entrepreneurs are into micro enterprise activities such as fish processing, poultry keeping, petty trading, used cloth selling and cooked food selling. These income generating activities are small scale in nature. Also as a measure to spread risks associated with employment in the informal sector, some of them engage in more than one income generating activity. These findings answer the first research question that aspires to find out the characteristic of women micro entrepreneurs and the income generating activities they are involved in.

#### **4.3 Credit Sources, Accessibility, Amount Received and Impact to Micro Enterprise Development**

The study investigated financial support in terms of credit sources that women micro enterprises draw upon as well the impact of these credit sources to enterprise development. Credit sources of respondents were determined through the researcher's formal interviews with respondents as well as review of documents such as respondents open files. Table 6 below indicates the findings:

**Table 4.6: Credit Sources**

<b>Source</b>	<b>Absolute</b>	<b>Percentage (%)</b>
NGOs and other micro-credit institutions	40	88.9
Private lenders	5	11.1
Bank	0	0
<b>Total</b>	<b>45</b>	<b>100</b>

**Source:** Field survey, 2012

From the above Table 4.6, 40 respondents (88.9 percent) of the women have received credit from NGOs and other credit institutions, 5 respondents (11.1 percent) took loans from private lenders and no women have ever received credit through the bank. The total number of 45 respondents shown above is as a result of some women receiving credit from more than one source. Almost all the respondents interviewed mentioned Hananasif Community Development Fund's micro credit scheme as a credit source for their businesses. This is usually supplemented by personal savings, which is noted to be derived from borrowing from private money lenders.

One woman gave an overview of the ordeal she went through in paying back a credit she obtained from a private lender. This is what she has to say, "The interest rate on credit obtained from individual money lenders are usually very high, and banks are neither better. We sometime have to sell our assets to be able to pay off the loan taken. The high interest rate being high is a stumbling block to many respondents benefiting from the micro credit scheme, considering the prices of the products sold by these women. They are not able to pay back the loan and still make profit. In such situations,



Micro enterprises represent an important means of earning income for women in developing Countries. But its growth depends on the availability of credit. For the purpose of this study, credit is small loans made available to poor people for income generating activities in order to generate income for their livelihood. It enables human capital to be leveraged with physical capital in order to increase income (Hollis, 2002). This ensures the evenly spread of consumption across time (*ibid*). Meanwhile, lack of it (capital) is a major problem facing small entrepreneurs especially women.

These women micro entrepreneurs are poor, and involved in trade such as fish processing, frying of bites (*vitumbua*, *maandazi* and *chapatti*), cooked food selling, and petty trading, etcetera. For these women, credit was unavailable to them from banks. This is because the banks demand collateral in the form of land or a house before making loans available to them. These immovable properties are not available to these women, rendering them unqualified for mainstream credit facilities. This explained why micro-credit institutions such as NGOs have to come to their aid, in making available to them credit facilities.

These observations answer the research question that aspires to find out the credit sources, and the accessibility of these credit sources and its impact to micro enterprise development.

**Table 4.7: Cross-tabulation of Amount Received by Women and Source**

<b>Amount (Tshs)</b>	<b>Micro-credit Institutions</b>	<b>Private Lenders Banks</b>	<b>Banks</b>
Less than 50,000	4	-	-
50,000-150,000	15	1	
150,000-250,000	6	2	
250,000-350,000	7	4	
350,000-450,000	3	3	
	<b>35</b>	<b>10</b>	<b>0</b>

**Source:** Field survey, 2012 1 Tshs= 1500 US \$

From the study, the percentage distribution of the amount of money received as loans by women revealed that 4 women had received loans less than Tshs 50,000, 15 of them took between Tshs 50,000 to Tshs. 150,000 and 6 reported receiving Tshs 150,000 - Tshs250, 000 Tshs from micro-credit institutions. The study further shows that 7 of the women took up to an amount of shs 250,000 – Tshs 350,000 and 3 of them also ever received a loan to the tune of Tshs.350,000 – Tshs. 450,000 from credit institution as a source.

Mention must be made here that some women also reported to have taken loans from private money lenders. The breakdown is as follows: 1 woman took Tshs. 50,000 – Tshs. 150,000, 2 women received Tshs. 150,000 – Tshs. 250,000 and 4 reported ever receiving Tshs. 250,000 –Tshs. 350,000. The last but not the least is 3 women receiving Tshs. 350,000 – Tshs. 450,000. None of the female interviewees ever received credit from the bank, due to the fact that they did not own any asset, which could serve as collateral security to guarantee their loans.

The women indicated that one could only qualify to get assistance or credit through group formation. An individual could therefore not obtain credit without being a member of a women's group. The group serves the purpose of a collateral security; the groups are liable for any loan facility obtained from the micro credit fund. This points out the importance of social capital to these women. Regular attendance to weekly meetings also forms part of the criteria used in giving out loans to women.

Moreover, any individual beneficiary who defaults in paying back her loan is harassed by her colleagues to pay. For a group's member's ability to pay back what she has taken guarantees the others the opportunity to access the next tranche of loan. A member who fails to pay may face the risk of assets seizure by her colleagues. This usually leads to social tension and embarrassment. There were reports about women who ran away from their current premises to avoid being harassed by their colleagues and credit officers; because they could not pay back what they collected.

#### **4.4 Training, Interest Rate and Period of Repayment Arrangements**

The interest rate loan repayment period imposed upon the respondents as well as the training component of the micro credit scheme being significant to this study were also investigated. The following are the researcher's findings.

According to credit officers of Hananasif Community Development Fund, group formation was also a pre-requisite for loan acquisition as already pointed out. The loan given out to the women attracts a simple interest rate of 13 percent. This means when one is given Tshs. 50,000 at a simple interest of 13 percent, then she/he

finally ends up by paying Tshs 63,000. This will be spread over sixteen weeks to enable these women pay off. The women complained that the charged interest was very high to most of them.

When the loans are given out to the women, they are only allowed a grace period of one week to begin paying back. The women complained that this period was very short for them to be able to pay back the loan coupled with the weekly compulsory savings that they are doing. “

The credit officers remarked that the loan scheme had run into problems because it was more or less like a revolving fund, and unfortunately some of those who benefited initially had not been able to repay the loans. Financial support from the United Nations Development Fund and the UN Habitat has been financially boosting the loan facility as a poverty reduction initiatives of these UN missions. This signifies that once the UN missions pull out its financial support, the loan scheme might face even bigger challenges and could even collapse altogether in the long run.

Training forms a component part of the micro credit scheme. Women have contact with credit officers weekly, and during such meetings they are educated on how to manage the credit efficiently. They are also educated on the benefits of savings thus being encouraged to save and also pay back the loan taken on time. Aside the fore mentioned is educating these women on family planning, personal hygiene, health care, environmental cleanliness, exclusive breastfeeding, etcetera.

#### 4.5. Products Marketing Techniques and Profit Made

Marketing of products forms a crucial part in any business; and therefore proper marketing skills enhance the smooth flow of products from the seller to the consumer. The means of marketing products was determined through the researcher's formal interviews with respondents. Table 4.9 below indicates the findings.

**Table 4.9: Marketing of Products**

Marketing Means	Absolute Figures	Percentage (%)
Self	40	83.3
occasional help from children & relatives	8	16.7
Non Relatives	0	0
<b>Total</b>	<b>48</b>	<b>100</b>

**Source:** Field survey, 2012

The information gathered reveals that all the 40 respondents (83.3 percent) interviewed market the products by themselves, 8 respondents (16.7 percent) interviewed get occasional help from their children and relatives. The reason is that the business is very small and therefore does not need more hands, and also for fear of not being able to pay for the services of extra hands hired. All the respondents market their products within the study district, *i.e* Kinondoni. However, those in poultry and the sale of sandals, cloth, and raw foodstuff at times send their products to neighboring districts to sell.

Most women especially those into snack and fish selling conduct their businesses by the road side, due to having no fixed premises. Those who own fixed stalls have to pay rent or tax. However, they occasionally face municipal authorities that force

them to pay road tolls. The women micro entrepreneurs complained bitterly about the way the paying of road tolls administered by the municipal authorities, since there times when the Municipal's militia men confiscate the merchandise of the women micro entrepreneurs. This confirms findings by Rakodi (1993), on vulnerability of poor people in urban areas arising from the interaction of State and Policies, "most poor people experience the State in negative ways, as a bureaucracy that attempts to regulate their activities without understanding their needs" Rakodi (1993:65).

Data on profits made weekly by these women out from their income generating activities varies depending on the type of trade one is into. It was difficult to obtain information on women's earnings because they never wanted the researcher to know exactly how much they were making as profit. They hid information fearing it could be used as a basis for taxation in future. Majority of them were engaged in small income generating activities mainly meant for consumption, a sort of 'from hand to mouth' activity, of which record keeping was thought not to be important according to them.

## **4.6 Discussion**

### **4.6.1 Micro-Credit Schemes; Aid to Household Poverty Reduction Initiatives**

Culture aspects in several developing countries has marginalized and discriminated against many women in terms of resource allocation (Steele, 2006). Most of these women are excluded from land ownership, which constitutes a major source of collateral for business and personal credits. However, this same culture has assigned

certain roles to these women, such as buying food ingredients, clothing the children, etc. In order to satisfy these gender based needs, these women have gone into income generating activities, with all the attendant problems. For they find it difficult to fully meet their household expenses.

Most of these women, share similar characteristics, such as low income and education levels, lack of collateral, etc. These characteristics limit them from accessing loans from main stream financial institutions such as banks. Micro credit institutions have been a major refuge that these poor women can access loans. This further confirms, Ledgerwood (2009), observation that, “Micro credit Institutions whether Governmental or Non Governmental have played a significant role in improving the incomes of poor women in poor countries (Ledgerwood, 2009:120), Most women micro entrepreneurs engage in income generating activities which are small scale and meant for consumption, which could at best be described as ‘from hand to mouth’. However, these income generating activities have helped improve the women ability to cater for household welfare needs.

Findings have shown that micro credit programs such as the Hananasif Community Development Fund’s micro credit scheme have had a significant positive impact on women. These women have gained more assets, greater control, and more say in household decision-making processes. Indeed as Narayan (2000) observes; “In the absence of the State, micro credit institutions have a vital role in making credit easily available to majority women in both rural and urban areas who otherwise could not access loans from mainstream credit institutions due to the lack of collateral” (Narayan, 2000:39).

Apart from being breadwinners of their respective households, some of these women give financial support to their husbands for example, to enable them hire farm laborers for those owning pieces of land outside the city centre. Unfortunately, some of the men do not pay back loans given to them by their wives. However, since married men could easily resort to their wives asking for money to meet pressing needs, these women usually gave out money to them as a sign of respect. They would usually be consulted by their husbands before certain household decisions were arrived at. This implies that credit facilities extended to these women has economically and socially empowered them.

#### **4.6.2 Managing Risks Associated with Employment in the Informal Sector**

##### **(i) Occupational Combination**

Findings from the micro enterprises that the respondents were engaged into revealed a total absolute value of 45 who are into various economic activities instead of the usual 40 respondents who were interviewed. This is due to the fact that some women are into more than one economic activity a strategy used to ensure steady income throughout the year, thus minimizing risks associated with employment in the informal sector.

The Informal sector as opposed to the formal sector, it lacks assured retirement ages and pensions. In this respect occupational combination play a major role in spreading these insecurities. The Encyclopedia of World Poverty describe people who are vulnerable or insecure as those who while not facing immediate problems, may do so in a very short notice. Examples of vulnerable insecure people “.....include



those who reliant on a single variable source of income, such as market vendors of commodities” (Encyclopedia of World Poverty 2006:1140).

The findings on occupational combination practiced by the women under study, are confirmed by Mbilinyi *et al.* (2002), ‘s work on gender patterns in employment in the informal sector , which found that women in their venture for diversifying income sources have taken advantage of new opportunities in producing vegetables for the urban markets on peripheral lands using labor-intensive methods. Also Makombe *et al.* (1999) on his study on micro credits and women empowerment and poverty alleviation in Tanga Region argues that in Tanzania, women micro entrepreneurs usually combine activities in the hope of spreading the risk.

## **(ii) Social Networks**

Respondents apply various strategies to minimize risks and insecurities associated with employment in the informal sector. These strategies are such as occupational combination described earlier on. In order to qualify for a micro credit, one has to be part of the group, because the micro credit is group based lending scheme. Respondents observed that they regard their micro credit group as on the crucial social networks they can rely on in their endeavors of improving their incomes as well as reducing income poverty. Indeed Anderson (2002) showing how micro credits and social capital are closely related , observes that Micro credits employs group lending techniques, building human capital and strengthening the social capital the community (Anderson, 2002).

### **4.6.3 Records and Training**

Keeping records on business activity is very important but unfortunately these women are at a disadvantage. The records would enable one to determine the cash inflows and outflows. About 80 percent or more of these women do not keep proper written records on their business apart from the few educated ones. Many of the women told me that even though they do not keep written records on their business does not mean that they do not keep records. Some of them questioned me “whether records keeping is only about writing it down on paper. It can also be done mentally, which is exactly what we are doing”.

The benefits of the training component according to the women is very helpful in the sense that, not only does it motivate members to pay back their loan promptly, but also entrepreneurial skills. The women mentioned that the training program helps them acquire business skills, enhances their economic activities and the ability to meet the welfare needs of their children.

Due to women’s involvement in the credit schemes, they are able to develop savings behavior and business skills. They are encouraged by credit officers to pay back the loan collected and save as well weekly. They are compelled to save because it is the loan conditionality. Many women would not have saved if it had not been a condition; having money on hand makes them more vulnerable to demands for money by their husbands and other relatives.

#### **4.6.4 Changing Terms of Marriage**

All respondents agreed to the fact that society or culture assigned different roles to the genders. Women on the other hand are responsible for feeding the children, buying food ingredients and cooking, keeping the house clean, processing of farm produce and storage, etcetera. The man according to the women is supposed to provide food, shelter, cloth, medical care, paying children school fees, taking care of farm work or pay for labor hired for farm work, and long term investments. To crown it all, they said the man is responsible for providing money for the upkeep of the family. These men assigned responsibilities are of late not being honored not even partially according to the respondents.

During the survey, all respondents made it clear that domestic activities such as fetching of water and firewood, washing, cooking, sweeping, processing of farm produce and storage are the responsibility of women. They reiterated that some men do not provide sufficient money, and so putting the entire burden on them and therefore rendering the credit that they receive inadequate.

For those families owning pieces of land outside the city, women had to give money to their husbands so that they could be able to hire farm labor, as revealed in the household income and expenditure patterns. Many of the men do not pay back the loans taken from their wives. This afforded them a role in decision-making. Men falling on their wives for domestic credit are somewhat a pointer to empowerment at work. As indicated earlier, Narayan (2005) has stated that empowerment is the expansion of freedom of choice and action to shape one's life or the control over

resources and decisions. She went further in explaining empowerment to mean the “expansion of assets and capabilities of ... [women] to participate in, negotiate with, influence, control, and hold accountable, institutions that affect their lives” (p.5).

But women’s ability to advance cash to their husbands affords them the opportunity in taking part in decision making process. This is buttressed by Kabeer (1998) cited in Hunt *et al.* (2001:49). when she stated that, “in the socio-cultural context of rural Bangladesh and India, where male guardianship is essential for economic and social security, social status, and even identity, research suggests that some female borrowers have been able to use credit to negotiate greater decision making power within the household” This suggests that even though women are denied the opportunity in taking part in household decisions, they regain it when they are able to contribute to household welfare needs.

#### **4.6.5 Challenges, Benefits and Aspirations**

Lack of technology is also a problem women respondent complained about. Majority of them process their product using manpower, which involves a lot of energy and time consuming. The adoption of crude technology is as a result of inadequate capital. Women also mentioned that it is very difficult combining economic activities at times, not mention their household activities too. This at times leads to conflict of roles. And in the attempt to pay attention to their economic activity at the expense of household chores sometimes bring about misunderstanding between the married couples.

Women are therefore always compelled to do the two alongside coupled with domestic activities which are left entirely in their care. They are mostly overburdened with work and have no time to rest, hence their inability to concentrate on their activities. They could not also hire additional hands to help because of the low level of their finances. The traffic congestions of Dar es Salaam is also a problem to some women who are into certain economic activities such as petty trading which involves traveling to other market centers, so it is often difficult reaching many market centers on time for the marketing of their products.

Another problem facing these women micro entrepreneurs especially those who are into clothes selling such as *Batiki*, *Vitenge* and *khangas*, was the habit whereby some of their customers take goods on credit, and promise to pay in installments. Women micro entrepreneurs complained that they are usually left at cross roads as to whether to let these long established customers go because some don't pay back on time, and this puts the business capital at risk. When asked as to why they don't let go this type of customers, they were of the opinion that most of the customers who pay in installments are usually long term customers, meaning they have been buying from the seller for a long time. Another issue is tax such as market tolls which the women complained was very high. They pay the market tolls whenever they appear with their products in the market. Failure in making sales on a particular day is not a guarantee for one not paying the tolls.

Most of the respondents have fixed stalls where they market their merchandise thus pay tax or rent, but some do not have fixed stalls, thus follow customers and occasionally find niches in the city centre with a large volume of pedestrians or

activities to market their products. Most of these women complained of the constant harassment by the city authority's militiamen, who invade them, and during such confrontations their merchandise is lost and they are also fined and at times robbed. Indeed, this confirms, observations by Rakodi (1993) that despite the fact that many Government policies have an important positive impact on poverty alleviation, still "planners have very little understanding about how the poor survive..." (Rakodi, 1993:65). The underutilized machinga complex in Dar es Salaam dotting the Ilala skyline like a sleeping giant because very few petty traders are willing to utilize it, and frequent clashes between petty traders and the City authorities' militiamen in several major Tanzanian Cities are vivid examples.

As already mentioned, it was difficult getting information on the women's incomes, simply because they were not prepared to give accurate account on it. There were several reasons of not telling me their earnings. Among them was the fact that most of them do not keep records of their earnings in banks. Also, since the informants do not pay taxes, giving information on their earnings seemed a risky business.

Despite the women's reluctance in disclosing accurate information on their income, some form of benefits associated with their income generating activities is indicated by the data gathered so far. Most of the informants were very positive about their income generating activities saying that these activities are profitable and have led to significant improvements in their living conditions. This is buttressed by research findings by Lakwo (2005) on micro credits and women economic empowerment in Jinja, Uganda, as well as Kuzilwa (2005) on National Entrepreneurship Development

Fund in Tanzania focusing on the role of micro credits and women's enterprises development. These researchers found out that micro credits have enhanced women's micro enterprises.

The ability to acquire personal belongings, support their husbands financially in farm labor, cloth and feed children and other members of the family indicated by several respondents make the income generating activities apparently beneficial. As one women micro entrepreneur proudly remarked about the benefits she has acquired, "....It has given us the opportunity to take part in household decision making, because we are able to provide for the family upkeep". Women empowerment in this case depends on their ability to own and control resources (Kabeer, 2001). The ability to provide all the basic items needed for the household make-up without recourse to the husband prevent misunderstanding between the man and woman.

Another woman micro entrepreneur gave an account of the benefits she has gained through her engagement in micro enterprises saying: "I have been able to pay school fees on my own for both my children and dependents in the past three years. I am also able to feed my family well. In addition to that, I have been able to buy certain basic items for myself and my children such as cooking utensils, cloth, books, soap, just to mention a few. I could never have afforded to do all these things three years back before joined the Hananasif Community Development Fund micro-credit scheme" Indeed, this verifies Narayan (2005), who explained empowerment to mean

the expansion of choice and action to shape one's life, that is the control over resources and decisions (Narayan, 2005).

One of the researcher's observations was that despite the fact that these women micro entrepreneurs claimed to be making profit, they did not cost their own labor. The interesting issue to note here is that these women were not only looking at monetary gains that they are making, but also other benefits that are associated with their activities. Just citing a vivid example; families of these women micro entrepreneurs get to enjoy the products for free which is usually a factor into the overall benefits of their businesses.

Other benefits women micro entrepreneurs proudly mentioned to have gained through their involvement with the micro credit scheme is the social educational component of the scheme. This educational component includes imparting women micro entrepreneurs with business skills, family planning, health care, environmental management skills, etc. The social education aspect of the project also leads to the empowerment of these women socially, as it keeps them updated.

When asked whether their aspirations have been fulfilled, varied answers were given: about 50 percent concluded that their expectations were fulfilled while 20 percent said it was somehow fulfilled. The rest of the 30 percent indicated that their aspirations were not fulfilled. These figures indicate that aspirations of the respondents seem to be partially satisfied.



Those who claimed their aspirations to have been fulfilled explained that they are able to pay off the credit taken and still take proper care of their family's need and even save. But those who have half way fulfilled needs complained that it was really difficult to pay back the loan and still provide for the family needs. This therefore compels them to work for more hours without enough rest. Those who were not satisfied at all said they were always having financial difficulties. Also, market for their products was a problem, a factor that made it impossible for them to pay back the loan collected. Both credit officers and colleague women were therefore always pressurizing them to pay back the credit, a thing women micro entrepreneurs remarked being an embarrassment to them.

#### **4.6.6 Respondents' Reservations about the Loan Scheme**

Respondents expressed some reservations about the micro credit scheme. One of them is capital; they complained that credit offered to them was inadequate and therefore not sufficient to start any profitable business. Respondents complained not only on the ceiling amount on the loan that one can take at once, but also of the high interest rate attached on the loan. Respondents also expressed misgivings on the loan repayment period; they complained that the one week grace period they are given before they start paying back the loan as too short.

#### **4.6.8 Proposals put forward by Respondents**

Respondents put forward the following proposals which according to them if proper attention is paid to them could help solve their problems:

- The government needs to boost up the informal sector so that it creates more jobs that would employ their sons and daughters. Employment would ease the household burden especially of their children over the age of 21 still depending on their parents because they can find no jobs.
- Reduction of the interest rate or it should be scraped off completely. And the time they will have to start paying back the credit collected should be extended from one week to four weeks or more. This will even encourage more women to enroll in the micro credit scheme.
- More micro credit schemes should be made available in the area for both men and women.
- The ceiling amount put on the amount a woman can collect from the micro credit scheme should be increased.

#### **4.7 Summary**

Social demographic characteristics of the survey women micro entrepreneurs have shown that most of the respondents fall within the age cohort of 20-45, which represents the economic and reproductive age group. The least represented are in the age of 61 and above (12.5 percent), which is above the retiring age in Tanzania. It also came to light that 28 respondents, (70 percent) were married women, this figure forms the highest number of women engaged in micro enterprise activities and many of them never had any form of formal education. This shows that the informal sector employment does not require formal education. Some of the women have a large household size, which has an implication on their economic activities.

Furthermore, it came to light that a large household size may mean many mouths to feed which calls for more time on unpaid domestic activities, and that may retard the growth of the business, because income generated would be channeled into household welfare needs at the expense of the business instead.

Age is a selective factor in the choice of an income generating activity, also that the economically active age group is in the range of 20-45 years, (70 percent of respondents). The fact that the highest group of respondents has a big household size, this fact increases pressure on them to earn money income for their extended families. It has also been shown that the majority married women are into the informal activities, this most probably signifies the existence of pressure on them to earn livelihoods for their families.

Education level was not necessarily a decisive factor to enter into the informal sector by the women micro entrepreneurs. The majority of them never had any informal education. Thus the informal sector with its broad avenues for entry and exist provides a refuge to the women micro entrepreneurs with or without any formal education. Indeed, education is not necessary a prerequisite for entry into the informal sector (Maliangkono *et al.*, 1990).

It has been shown that most women micro entrepreneurs can easily access micro credits given by micro credit institutions, since these credit institutions don't require collateral in the form of an immovable property such as land or house. These immovable properties are mostly not available to women. Applying for credit assistance as an individual one could not qualify to get assistance or credit. Group

loans serve the purpose of collateral security. This explains the fact why main stream credit institutions such as banks are unfavorable to low income micro entrepreneurs. Findings from this research have shown that no women micro entrepreneur has ever received loan through a Bank. This fact also answers the second research objective that aims to identify credit sources, its accessibility and its impact to enterprise development.

Women respondents complained of the high interest rate, short loan repayment time, lack of technology, lack of market for their products and inadequate finance as some of the problems facing them. Most of them had very positive views of the training component of the micro credit scheme that includes, basic book keeping, entrepreneurship skills, breast feeding, nutrition and hygiene. These observations answer the third research objective that aimed at finding out whether the training given, loan repayment time and the interest rate are favorable to women micro entrepreneurs.

It has been observed that most women micro entrepreneurs market their products within the study district, and do so by themselves so as to avoid “many hands” and thus avoidance of additional running costs. However those into poultry and the sale of sandals, cloth and raw foodstuff at times send their products to neighboring districts to sell. It wasn’t easy obtaining information on these women micro entrepreneur’s profits. They hesitated to give information in fear that doing so may be used as a basis for them to pay tax in future. These observations answer the fourth

research question that aimed at finding out the marketing techniques, household income as well as expenditure.

Generally, these women are into productive activities such as fish processing, poultry keeping, petty trading, used cloth selling and cooked food selling. Their main aim is to make profit, and this has made some of them engage in more than one trade. They all mentioned Hananasif Community Development Fund's micro credit scheme as their source of finance. Others also received credit from, private lenders and other credit institutions. Even though it was not easy getting information on women earnings, information gathered indicates that they were not making profit as such. Whatever profit they make is used in the purchase of household provisions. Despite this, their involvement in micro enterprises has increased their purchasing power as well as their decision making in household matters.

## **CHAPTER FIVE**

### **5.0 SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

In this final chapter, the researcher presents the summary of the findings from the study based on answering the four research questions presented, analyzed and discussed in chapter four. This chapter also presents the conclusion and recommendations of the study. Conclusion are the inferences or generalizations drawn from findings and relate to research questions, recommendations on other hand implied actions suggested to typical users of the research (Krishnaswami, 2003). The conclusion also provides a proposed area for further research.

#### **5.2 Summary of the Principal Findings**

Findings from the first research objective which was intended to examine the characteristic of women micro entrepreneurs and the income generating activities they are involved in. Typical results revealed that most of respondents fall within the age cohort of 20-45, which represents the economic and reproductive age group. The least represented are in the age of 61 and above, which is above the retiring age in Tanzania. It also came to light that married women (70 percent) forms the highest number of women engaged in micro enterprise activities and many of them never had any form of formal education. This shows that the informal sector employment does not require formal education.

Some of the women had large households which has implication on their economic activities by increasing pressure on them to earn money income for their extended families. It has also been shown that the majority of the married women are into the informal activities. This most probably signifies the existence of pressure on them to earn livelihoods for their families.

Furthermore, it came to light that a large household size may mean many mouths to feed which calls for more time on unpaid domestic activities, and that may retard the growth of the business, because income generated would be channeled into household welfare needs at the expense of the business instead.

Education level was not necessarily a decisive factor for entering into the informal sector by the women micro entrepreneurs. The majority of them had basic education, in Tanzania this is usually standard seven. Thus the informal sector with its broad avenues for entry and exist provides a refuge to the women micro entrepreneurs with or without any formal education. Indeed, education is not necessary a prerequisite for entry into the informal sector.

Thus the above observations answers the first research question; that age is a selective factor in the choice of an income generating activity, formal educational is not necessarily a prerequisite for entry into the informal sector. Large household size exerts pressure on women to earn money income to cater for these extended families.

The study was also conducted to identify credit sources, their accessibility and its impact to enterprise development of women micro entrepreneurs benefiting from the micro credit scheme as the second research objective demanded. Research findings shown in chapter four revealed that most women micro entrepreneurs can easily access micro credit given by micro credit institutions, since micro credits don't require collateral in the form of an immovable property such as land or house. These fixed properties are mostly not available to most women. Group loans serve the purpose of collateral security.

All respondents mentioned Hananasif Community Development Fund's micro credit scheme as their major source of finance. Others also received credit from, private lenders and it was interesting to note that none of the respondents received credit from Banks. These findings explain the fact why main stream credit institutions such as banks are unfavorable to low income micro entrepreneurs.

The research question also aspired to look into the credit given and its effect to micro enterprise development. Research findings have shown that credit given to them was inadequate to support any viable venture. They are therefore compelled to put the loan into supporting the family's routine subsistence. This means that most of such loans are at times put into the family livelihoods instead being invested into the intended micro enterprise. This in one way defeats the intended purpose of the credit scheme. Also credit is a determining factor in the type of technology to adopt, but since the credit advanced to these women is inadequate, this fact influences their choice of crude and labor intensive technology, and the production outcomes. The



above findings answers the second research question in the sense that micro credit institutions are easily accessible as compared to main stream credit institutions such as banks. Also credit given is not enough to run a viable micro enterprise. Although credit given is not able to contribute fully towards household poverty reduction due to various constraints skirting with the micro credit such as the interest rate, loan repayment time and the amount of credit given, these women are on the right path since their engagement into income enterprises leads to reduction in unemployment rate among women within households, it is a major source of women's income which has a positive impact on the households livelihoods, and is the economic basis of women financing households' social services such as health, education and water. Indeed, engagement into the micro credit scheme has improved their household financial needs.

The third research objective aimed at assessing whether the training given, loan repayment time and the interest rate are favorable to women micro entrepreneurs. It has been revealed that women beneficiaries complained that the charged interest of 13 percent was very high to most of them. There is an allowed grace period of one week only before one begins paying back. Women complained of this period as being too short for them to be able to pay back the loan coupled with the weekly compulsory savings that they are doing. Training as a component of the microcredit scheme educates women on how to manage the credit efficiently. In addition, education on family planning, health care, environmental cleanliness, exclusive breastfeeding, etcetera is given as part of the training. Respondents had very positive views about the training component of the micro credit scheme.

The above observations answer the third research objective in that the training component has improved the women knowledge in business management and other social skills. The loan repayment time however hinders the smooth running of their micro enterprises. The interest rate is somewhat high considering the prices of the women's products. They would not be able to pay back the loan and still make profit. In such situations, then one would not be far from right to say that the credit is not serving the intended purpose.

The fourth research objective aimed at determining the Product Marketing Techniques, Profit Made, Household Income and Expenditure. Findings have shown that most women micro entrepreneurs market their products within the study district, and do so by themselves so as to avoid "many hands" and thus avoidance additional running costs. However those into poultry and the sale of sandals, cloth and raw foodstuff at times send their products to neighboring districts to sell. It wasn't easy obtaining information on these women micro entrepreneur's profits. They hesitated to give information in fear that doing so may be used as a basis for them to pay tax in future.

The majority of women micro entrepreneurs in this study are involved in what could best be described as "hand to mouth." These are activities that are small scale in nature and meant for consumption, and thus keeping records on them was not important according to the majority of them. Even though it was not easy getting information on women earnings, information gathered indicates that most of them were not making profit as such. Whatever profit they make is used in the purchase of

household provisions. The above observations answer the fourth research objective that seeks to determine the marketing of products and profits obtained by the women micro entrepreneurs as well as the household income and expenditure

### **5.3 Conclusion**

From the study results and the above organized summary, it leads to conclude that micro-credit Institutions have had positive and significant effect on poverty reduction and women empowerment. They enabled women to go into gainfully self employment. Income from such enterprises is used for household provisioning and other essential basic services. This leads to improvement in the family livelihood. When women act as breadwinners for the families, it helps to give them gives them the opportunity of taking part in household decision-making.

But, in the case of some of the women in the study area, the credit given to them was inadequate to support any viable venture. They were therefore compelled to use the loans for supporting their family's routine subsistence. This, in one way or the other, defeats the intended purpose of the credit scheme. For women to remain in business and contribute to the family livelihood, it is important NGOs and government line agencies consider revising the terms of the micro credit schemes. This should be done to give women access to 'business money' instead of the usual 'pocket money' which does not properly help in poverty reduction.

Finally, although these women were not able to contribute fully towards household poverty reduction due to the various constraints skirting their enterprises, they were

still on the right path. Like in Derbile (2003), this study notes that enhanced micro enterprises provide the economic basis from which women are able to contribute to household poverty reduction; it leads to reduction in unemployment rate among women within the households; it is a major source of women's income, which has a positive impact on the household's livelihood; and it is the economic basis for women in financing households' social services such as health, education and water.

## **5.4 Recommendations**

In view of the aforementioned study results, summary and a brief comprehensive conclusion, this study recommends the following:

### **5.4.1 Reduction of Interest Rate**

Loans made available to these women attract interest. The interest charged add up in inflating the total amount these women are supposed to repay. Meanwhile, the activities of these women are not productive to be able to generate enough income to meet their gendered needs and repay the loans. They do not easily get market for their products because their products are homogeneous and geared towards the same market. For the credit to serve its intended purpose, which is poverty reduction, there is a need to reduce the interest rates.

### **5.4.2 Appropriate Technology**

The promotion of viable technology which is geared towards replacing labor efforts in women's repetitive work is highly recommended. Such technology should be well tested to ensure that it is appropriate to the prevailing conditions in the study area.

Productivity of micro and small-scale enterprises is likely to be increased through improvements in technology. Therefore using the appropriate technology such as motorized processing techniques by these women would lead to increase in production of their enterprises. It will also save them from exhausting all their energy during the production stages of their products, which at times, contributes to their ill-health. Simple loading/transportation equipment is recommended in order to spare them of the health risk associated with head portorage (carrying load on the head).

Energy is very vital to the activities of these women. They use charcoal as a fuel in processing their products. The use of wood based fuel has even contributed to the depletion of the forests in the surrounding semi urban areas. A very cheap and reliable source of energy is therefore recommended for these women. This means that, solar-powered equipment and gas suitable for micro and small-scale production should be made accessible at affordable prices. The recent discovered huge gas deposits in southern Tanzania should be a blessing to women micro entrepreneurs too wherever they are in Tanzania, in the sense that it is easily and affordable so that it could also enhance economic development of women micro entrepreneurs through availability of efficient fuel to process their products.

#### **5.4.3. 'Business Money' verses 'Pocket Money'**

The success of every business enterprise depends on the availability of credit. Therefore adequate business money is what is important for the development of these women's enterprises. The credit given to these women are woefully inadequate to be able to start to run a successful business. Such little loans made available to these

women are put into the family livelihoods instead of into business. Mahammoud (2006) has described as “‘pocket money’ the loan given to women and appealed to the government as well as Nongovernmental organizations operating micro credit schemes to increase it to more appreciable amount”.

Mahammoud (2006) went further to explain that what comes to the mind of a hungry person who has received money, be it loan or whatever, would be quenching the unpleasant blazing fire in him or her before any other thing else. And that is the same situation these women have found themselves in. This helps in contributing to the low recovery rate of the credits, and therefore may never help in alleviating poverty in the study area. The need in giving ‘business money’ instead of ‘pocket money’ to these women is highly recommended in this case.

‘Business money’ would help the women to be able to adopt modern technology in their production process which will go a long way in increasing output on a regular basis. This will enable these women meet their gendered household needs. Secondly, they will be able to pay back the loan. In that light, there is the need for the Government to negotiate on behalf of these women so that they get access to credit facilities from credit institutions without weighty collaterals. Institutions such as NGOs and Government line Agencies, which in one way assist women with credit for their income generating activities should also increase the amount one can get at a time.

#### **5.4.4. Bottom up Approach and Policy Design**

Bottom up approach as opposed to top - down approach to development initiatives is a development approach whereby the targeted beneficiaries are consulted, and asked what are their development goals and priorities (Carney, 1999). Top-down approach development approach is built on pre-conceptions about what exactly people are seeking and how they are most likely to achieve their goals. Bottom- up approach is very important in the design of policies. In most cases in the design of credit schemes for women, such factors are never taken into consideration neither are women consulted. These misconceptions in the design of poverty reduction policies put the intended beneficiaries at a very big disadvantage.

With Hananasif Community Development micro credit scheme project, women are expected to start with repayment of loan after one week of collection. They are likely to use the loans taken to start with the repayment instead of investing them in their businesses. And in situations where the credit has been invested in raw materials for production, the women had to resort to other alternative income sources such as borrowing or sale of personal assets in order to be able to meet the loan conditions. It is therefore prudent to take into consideration local factors and involve local actors during the planning stage of such policies, which are designed for improving the social economic well being of the beneficiaries.

#### **5.4.5. Engendering the Scheme**

The next issue worth considering is the number of beneficiaries of the credit scheme. Only few women are benefiting from the programme, which may not serve its intended purpose of reducing poverty in the area. There is therefore the importance of involving many women in the loan scheme. Consideration should also be given to men in the study area, so that they also gain access to credit schemes, which will go in a long way helping them too in their micro enterprises. When men get their independent incomes, the problem of women sharing their micro-credits with their husbands will be solved. As found out earlier, some men do not pay back the ‘domestic loans’ from their wives, and this has contributed in overburdening women, as they will have to work very hard to be able to earn extra income to repay the loan.

Guerin (2006) proposed that bringing men into micro-credit matters should be a priority. “In an effort to address gender issues, many programmes ignore men with the result of increasing tensions in the household ...” (*ibid*: 567). This explains why the men should also be given credit. The involvement of many people would also mean the introduction of more credit Institutions in the study area to be able to meet the needs of the increasing population.

#### **5.4. 6. Instituting Training Programmes**

Literacy, training, and formal education are factors that affect productivity and income. There is therefore the need for policy makers to put in measures in order to improve the education of women in the country. The promotion of female enrolment



in vocational/technical education in order to broaden their economic opportunities is an issue policy makers should consider very strictly. These women should be given literacy or training programmes, which should entail skills relevant to their economic activities. This calls for the increase in the functional literacy skills among the populace, and more especially women to be able to ensure their training needs and record keeping.

Women's ability to read and write well will ensure their trust in public officials. For they will be able to read for themselves documents kept on the loan scheme operations by the officials. Notwithstanding women's lack of skills/formal education to be able to keep records on their activities, there is a need to give capacity building training to the credit officers who would intend to train the women. This will help in building the women's capacities with regards to efficient management of the micro-credit. Parents should also be encouraged to give formal education to the girl-child. This will guarantee them access to formal jobs, which gives stable income and retirement pension.

## **5.6 Area for further study**

Possible directions for future research in this area include examining various issues and/or unintended consequences that may arise when strategic attempts to empower women are instituted at the expense of emasculating men. The researcher believes that it is also important to address and examine men's roles and their responses to the increased emphasis on the women in the community being empowered.

It has been observed that many micro credit schemes target women, very few do target men. Consideration should also be given to the men folks so that the loan helps them too in their micro enterprises. When men get their independent incomes, the problem of women sharing their micro-credits with their husbands will be solved.

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## APPENDICES

### APPENDIX 1

#### OPEN UNIVERSITY OF TANZANIA MBA PROGRAM

#### MICRO FINANCE AND URBAN WOMEN MICRO ENTREPRENEURS: THE CASE OF HANANASIF COMMUNITY DEVELOPMENT FUND – KINONDONI-DAR ES SALAAM.

##### Interview Questionnaire for Participating Women.

Lengo la dodoso hili ni kukusanya maoni ya wateja wa taasisi hii inayotoa huduma za kifedha kwa wanawake wafanya biashara ndogo ndogo faida na changamoto wanazokutana nazo wakiwa kama wakopaji wa taasisi hii. Taarifa hizi zitatumika kwa matumizi ya shule na si vinginevyo.

##### A. TAARIFA BINAFSI

1. Jinsia.....Mke ( ) Mme( )
2. Umri .....
3. Wasifu wa mteka ..... (a) Nimeolewa (b) sijaolewa(c) mjane (d) nimeachwa
4. Kiwango cha elimu..... (a) Msingi (b) Sekonadari(c) Chuo (d) nyingineyo, (tafadhali eleza) .....
5. Imani ..... (a) Mkristu (specify) ..... (b) Imani ya Kienyeji (c) Musilamu (d) Nyingineyo, (tafadhali eleza).

##### B. IDADI YA WATU KATIKA KAYA YAKO

6. Una watoto? (a) ndio (b) hapana. Kama ndio, wangapi? kiume..... kike.....
7. Una wategemezi?
8. Wanao na wategemezi wanakwenda shule ?..... Kama jibu ni ndio, Ni wangapi katika hao?.....

##### C. HALI YA KIUCHUMI

9. Ni shughuli gani ya kibiashara unayojihusha nayo?.....
10. Shughuli hii (hizi) za/ya kibiashara umeianza lini?.....
11. Kwa siku unaweza kuzalisha kiasi gani?.....
12. Una pata mkopo?..... Kama ndio, mkopo huo unaupata toka wapi( chanzo?.....
13. Unapata kiasi gain kama mkopo?.....
- 14.?Unakizi vigezo gani hili kupata mkopo?.....
- .....

15. Je ni kawaida yako kurudisha mkopo unaopata?..... kama ndio, ni mara ngapi?

Kwa wiki/mwezi/kila siku.....

16. Unalipa riba?..... Kama ndio, ni kwa kiwango gani?.....

17. Huwa unaomba kibali/ruhusa toka kwa yeyote hili kuomba mkopo? Kama ndio, ni nani? mume,

Baba mkwe, mama mkwe, wengine (tafadhali eleza).

18. Je mkopo unaopata unautumia vipi? Na na nani?.....

#### **D. MAFUNZO NA NYARAKA**

19a. Je unaendelea kuwa na mawasiliano na taasisi baada ya kupata mkopo?.....

19c. Kama ndio, ni mawasiliano kuhusu

nini??.....

19d. Je unaona jhaya mawasiliano yana umuhimu?

Eleza.....

#### **E. UZAJI NA USAMBAZAJI WA BIDHAA ZAKO**

20. Bidhaa zako unaziuza wapi?.....

21. Unauza hizi bidhaa mwenyewe au unauza kupitia mtu mwingine (eleza)

Kama unauza kupitia mtu mwingine, unamlipa? ....., kama ndio, kiasi gani?.....

22. Unapata faida katika biashara yako? Kama ndio, ni kiasi gain aidha kila siku/kwa wiki/kwa mwezi?

#### **F. MAPATO NA MATUMIZI KATIKA KAYA**

23. Unaweza kukadiria kipato chako kwa siku/kwa wiki/kwa mwezi?.....

24. Kipato chako unakitumia kwa kitu gani?.....

25. Je kwa kawaida huwa unaweka akiba toka katika kipato chako cha biashara?..... Kama ndio, kiasi gani?.....

26. Huwa una kawaida ya kuomba kibali/ruhusa toka kwa mumeo kuhusu jinsi utakavyotumia kipato chako?.....kama ndio/hapana, kwanini?.....

.....  
 ..

### **G. MAJUKUMU YA KIJINSIA**

27a. In your family, Katika familia yako, Ni nani anastahili kutoa fedha kwajili ya kutunza kaya?.....

27b. Majukumu yaliyoelezwa hapo juu yanafanywa na mtu stahili? Tafadhali eleza jibu lako.....

28. Nani huwa anafanya majukumu haya ya nyumbani?

(a) kufagia .....

(b) kupika.....

(c) kufua.....

(d) kuteka maji.....

(e) kununua/kufuata mkaa .....

29. Mme wako anafanya kazi gani ya kumuingizia kipato?

30. Huwa unamsaidia katika shughuli zake za kuingiza kipato Ndio/Hapana. Eleza.....

31. Je huwa naye anakusaidia katika shughuli zako za kujiingizia kipato?.....

32. Je umuhimu wako katika kaya umebadilika baada ya kuanza kupokea mkopo kwajili ya shughuli zako za kujiongezea kipato? Elezea

33. Ulipata wapi taarifa kuhusu uwepo na shughuli za taasisi hii?

### **H. CHANGAMOTO NA MATARAJIO**

34a. Je mkopo unaopewa kwa jili ya shughuli zako za kujiongezea kipato unakidhi kufanyia shughuli hizo?.....

34b. Tafadhali elezea jibu lako katika 34a

35. Je unaweza kusema kuwa mkopo unaotolewa umekuweziesha kuboresha maisha yako na famiia yako? Tafadhali elezea jibu lako

36a. Unakabiliana na changamoto\matatizo gani katika shuguli zako za kujiongezea kipato? Zitaje

36bJe unafikiri ni nini inaweza kuwa suluhisho ya changamoto/matatizo unayokumbana nayo hapo juu?

.....  
 .....

37. Je kwa mtizamo wako, ni nini kifanyike hili kuboresha mfumo wa utoaji mikopo ya taasisi hii?.....

.....

38. Kwa mtizamo wako, unafikiri ni nini kifanyike kuboresha hali ya maisha?

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

**AKHSANTE KWA KUTOA MUDA WAKO NA USHIRIKIANO**

## APPENDIX II

### OPEN UNIVERSITY OF TANZANIA MBA PROGRAM

#### MICRO FINANCE AND URBAN WOMEN MICRO ENTREPRENEURS: THE CASE OF HANANASIF COMMUNITY DEVELOPMENT FUND – KINONDONI-DAR ES SALAAM.

##### Interview Questionnaire for Officials.

**Note:** Skip questions which are not applicable.

1. When was this organization established in the Kinondoni District?

.....

2. What are your goals or aims ?

.....

3. Why are you located in the Kinondoni District?

.....

4. What criteria are used in the selection of women for assistance?

.....

5. Do you usually give preference to a type of Income Generating Activities (IGA)?

.....

6a. How do you reach out to your female clients?

.....

6b. How much do you give to these women?

.....

7. Did they need to have guarantors or collateral security before they are granted credit?

.....

8a. Do they pay back the credit received? Yes/No

8b. If yes, how long does it take them to start paying back the loans?

.....

9a. Do they pay back with interest? Yes/No.....

9b. If yes, what is the rate of interest? .....

10a. Do you organize training for the women about how to manage the credit?

Yes/No

10b. If yes, when, that is, is it before/after the credit has been received?

.....

11a. What is the purpose of the training scheme? .....

11b. Do the women view the training beneficial? Explain. ....

.....

12a. Do you involve the women in decision-making, and how?

.....

.....

12b. At what stages are they involved?

.....

.....

13. Why do you give credit to only women?

.....

.....

14a. Are there other organizations in the district working on women issues? Yes/No

14b. If yes, do you collaborate with them? Explain your answer.

.....

.....

15. What are the problems confronting these women who are into IGA?

.....

.....

16. Do you think the credit is able to boost IGA? Yes/No If yes, how?

.....

.....

17. Can you tell if your involvement in giving credit to these women have resulted in Improvements in women's life and Hananasifu as a whole? Explain.

.....

.....

18a. Do you encounter problems in your activities?

.....

.....

18b. What efforts are you making in order to overcome the problems identified in

18a.

THANKS FOR YOUR COOPERATION AND TIME

### APPENDIX III

#### Images from Field Observation.



Plate 1: Anita Mwambungu- a *vitenge*, *batiki* and *khanga* retail saler at Kariakoo, Dar es Salaam. Source: Field survey 2012



Plate 2: Taabu Joneke a *chapati* and tea saler along Morocco Road, Dar es Salaam. (Source: Field survey 2012:)



Plate 3: Pili Chande - at rice and *ugali* saler along Msasani Road, Dar es Salaam. (Source: Field survey 2012)