

**MICROFINANCE INSTITUTIONS AND WOMEN ECONOMIC
EMPOWERMENT IN ARUSHA DISTRICT COUNCIL, TANZANIA**



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**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENT FOR THE DEGREE OF MASTER OF ARTS IN RURAL
DEVELOPMENT OF SOKOINE UNIVERSITY OF AGRICULTURE.**

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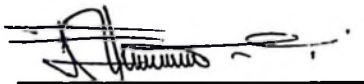
EXTENDED ABSTRACT

Women's access to microfinance services is considered as a doorway towards women's economic empowerment. Conversely, it is also argued that Microfinance Institutions are extracting money from poor women through high interest rates. The objective of this study was to examine whether and to what extent women's access to microfinance services has facilitated this course. The study was conducted in Arusha district council. A cross-sectional research design was adopted. Quantitative data were collected by the use of a questionnaire whereby 120 women of whom 60 were MFI's beneficiaries engaged in income generating activities and 60 non-beneficiaries were involved in the study. Key informant interviews were also used to collect qualitative data. Quantitative data were analysed using the Statistical Package for Social Sciences (SPSS) whereby descriptive and inferential statistics were computed. Likert and Index scales were constructed to gauge attitude towards MFIs and empowerment. Binary logistic regression analysis was used to identify factors influencing the access to MFIs services. T-test was used to compare the level of empowerment between beneficiaries and non-beneficiaries. The relationships between socio-demographic characteristics like age, education level, family size and economic empowerment were not significant except marital status. The relationship between microfinance services and women economic empowerment was statistically significant ($P < 0.005$). It is concluded that access to micro finance services has a positive impact on rural women's economic empowerment and can contribute into livelihoods improvement. It is recommended that government and non-governmental organisations should expand and facilitate financial access to rural women and broaden the financial sector client base so as to contribute to an improved livelihood. The Government of

Tanzania, through its specific microcredit schemes like Women Development Fund, Women's Bank, and other financial institutions targeting women; have to scale up the outreach of microfinance services to rural women.

DECLARATION

I, Msafiri Loth, do hereby declare to the Senate of Sokoine University of Agriculture that this research dissertation is my own original work done within the period of registration and that it has neither been submitted nor being concurrently submitted in any other institution.



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23.06.2016

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The above declaration is confirmed by



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23.6.2016

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DEDICATION

This work is dedicated to my family, my wife Messiah and my bouncing daughter Dorcas-Nashipa who endured my absence throughout the period of my master's degree studies. To my sister Nembris for your kind support.

TABLE OF CONTENTS

EXTENDED ABSTRACT	ii
DECLARATION	iv
COPYRIGHT	v
ACKNOWLEDGEMENTS	vi
DEDICATION	vii
TABLE OF CONTENTS	viii
LIST OF TABLES	x
LIST OF FIGURES	xi
LIST OF APPENDICES	xii
LIST OF ABBREVIATIONS	xiii
CHAPTER ONE	1
1.0 INTRODUCTION	1
1.1 Background Information	1
1.2 Problem Statement.....	3
1.3 Justification of the Study.....	4
1.4 Objectives of the Study	5
1.4.1 Overall objective	5
1.4.2 Specific objectives	5
1.4.3 Null hypothesis	5
1.5 Conceptual Framework.....	6
1.6 Organization of the Dissertation.....	7
REFERENCES	8

CHAPTER TWO	11
MANUSCRIPT ONE	11
Microfinance Services and Women Economic Empowerment in Arusha District Council.....	11
REFERENCES	23
CHAPTER THREE	26
MANUSCRIPT TWO	26
Women’s Access to Microfinance Services in Arusha District Council: Implication for Livelihood Improvement.....	26
REFERENCES	36
CHAPTER FOUR	40
4.0 CONCLUSIONS AND RECOMMENDATIONS	40
4.1 Conclusions	40
4.1.1 Women economic empowerment	40
4.1.2 Comparison of empowerment levels between MFI’s beneficiaries and non- beneficiaries.....	40
4.1.3 Women’s attitude towards MFI’s services.....	41
4.1.4 Challenges facing women in accessing microfinance services	41
4.2 Recommendations.....	42
4.3 Areas for Future Research.....	43
APPENDICES	44

LIST OF TABLES

Table 2.1: Social demographic characteristics of respondents in percentages	16
Table 2.2: Participation in decision making at household level in percentages	17
Table 2.3: Freedom of movement in percentages	18
Table 2.4: Personal autonomy in percentages.....	19
Table 2.5: Empowerment levels in percentages.....	20
Table 2.6: Differences on the empowerment levels	20
Table 2.7: Challenges facing access to MFI services.....	21
Table 2.8: Factors affecting women's access to microfinance services	22
Table 3.1: Social demographic characteristics of respondents	30
Table 3.2: Economic contribution to the household.....	31
Table 3.3: Business ownership, choice and initial capital	32
Table 3.4: Assets ownership	33
Table 3.5: Increased income, control over income and savings	34
Table 3.6: Women's attitude on MFI services.....	35

LIST OF FIGURES

Figure 1.1: A conceptual framework for understanding women’s economic empowerment in Arusha District Council 7

Figure 3.1: Saving status..... 34

LIST OF APPENDICES

Appendix 1: Questionnaire 44

Appendix 2: Checklist for key informants..... 49

LIST OF ABBREVIATIONS

ANOVA	Analysis of Variance
BRAC	Bangladesh Rural Advancement Committee
CEI	Cumulative Empowerment Index
CLKNET	Tanzania Country Level Knowledge Network
DFID	Department for International Development
DMI	Decision Making Index
FINCA	Foundation for International Community Assistance
FMI	Freedom of Movement Index
IDRC	International Development Research Centre
IFAD	International Fund for Agriculture Development
IGAs	Income Generating Activities
ILO	International Labour Organization
MFIs	Microfinance Institutions
NBS	National Bureau of Statistics
NGOs	Non-governmental Organizations
NSGD	National Strategy for Gender Development
NSGRP	National Strategy for Growth and Reduction of Poverty
OSCED	Ohio School on Credit for Economic Development
PAI	Personal Autonomy Index
PRIDE	Promotion of Rural Initiative and Development Enterprises
PTF	Presidential Trust Fund
PAI	Personal Autonomy Index
PTF	Presidential Trust Fund
ROSCAs	Rotating Savings and Credit Associations

SACCOS	Savings and Credit Cooperatives Societies
SPSS	Statistical Package for Social Sciences
TDV	Tanzania Development Vision
TWB	Tanzania Women Bank
WDF	Women Development Fund
WEEI	Women Economic Empowerment Index

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background Information

One factor among others inhibiting the attainment of women empowerment goal in many countries of the world is the populace's general inability to access factors of production, especially finance (Ifelunini, 2013). Women in many developing countries lack economic opportunities and autonomy, lack access to economic resources (including credit, land ownership and inheritance), limited access to education and support services as well as minimal participation in the decision-making process (Anderson and Eswaran, 2005). However, women economic empowerment through micro-finance and micro-credit services programmes has become popular in many countries of the world since 1990s (Malhotra *et al.*, 2002; Mayoux 2000) cited in Jeckoniah (2013). Thus, many development programmes and projects espousing for women economic empowerment emphasize on increasing women's access to financial services particularly credit, loan and skills acquisition, participation in income generating activities, participation in decision making and control over assets and resource.

Women's access to microfinance services has received the most significant recognition of its importance since the Beijing Women's conference in 1995 which among other objectives, tried to put women's accesses to credits on the international agenda (Lumid, 2012). Of particular interest is the possibility that microfinance support programmes can promote the success of women who may lack access to other forms of assistance (Ifelunini, 2013). IFAD (2009) in its report, outlined four main types of empowerment that can occur due to sustainable access to microfinance services by women; the first is on the

Economic empowerment in the sense that if women will be given access to money, they will be in a good position to start up a new business, invest in more profitable business, get assets and hence have the power to control the household income. Second is the increase in household well-being which is partly a result of economic empowerment. The third is combination of economic empowerment and increase of women power in decision making that leads to a wider social and political empowerment.

In addition, ILO (2007) stated that, microfinance institutions have a major role to play towards achieving Millennium Goals, one of which is to empower women; and assessed the relationship that exists between microfinance and women, one of which is that services provided to women influence women's power over decision making and enhance socio-economic status and that services like savings, credits and other products help women to contribute to world economic growth and sustainable livelihoods. A study of 16 different MFIs from all over the world pointed out that having access to MFIs services have led to an enhancement in the quality of life of clients, the majority being women, had increased their self-confidence, and had helped them diversify their livelihood security strategies and thereby increase their income (Robinson, 2001).

Women's economic empowerment has been acknowledged as a key variable of development in Sub-Saharan African countries where focusing on women's empowerment in development is not only expected to benefit women themselves but is also believed to improve the overall life standard for their families and to strengthen their communities (Kessy, 2009). In this regard, debates on how to empower women economically have been often centering on access to financial resources and participation in economic activities (Anderson and Eswaran, 2005). Li *et al.* (2011), Khan and Noreen (2011) found that

microfinance targeting women in developing countries contributes in generating economic activities and enhances their participation in family decision making process thus enabling poor women to attain greater power within and outside the household.

The Government of Tanzania has made a firm political commitment to support various initiatives that are focused on alleviating gender inequalities and women empowerment in economic, social, political, as well as education, training and employment at all levels. In this regard it has established policies, strategies and legal frameworks and institutional mechanisms which provide an enabling environment to advance gender equality and equity and women's advancement agenda (Lumid, 2012). The main objectives of the policies are gender mainstreaming, women's ownership of property, participation in decision-making and in developmental issues.

Economic empowerment has been a priority, and various initiatives have been undertaken to empower women economically, including the establishment of government owned micro-credits schemes like the Presidential Trust Fund (PTF), Women Development Fund (WDF) and Tanzania Women Bank (TWB), among others (Makombe *et al.*, 1999). Apart from governmental credits schemes, the 1990s financial reform in Tanzania allowed a development and rapid expansion of private micro-finance institutions and networks like PRIDE, FINCA and SACCOS, among others, which followed the Grameen Bank approach of having a group of women, rather than an individual, the group becomes a collateral (Lukas, 2013).

1.2 Problem Statement

Tanzania's micro-finance sector has recorded progress in terms of number and products offered (Ngalemwa and Urassa, 2014). Similarly, the number of adult women population

accessing credit and loans from micro-finance has increased from 7% to 10% of women's adult population from the years 2009 to 2013 respectively (NBS, 2012; FinScope, 2013). Yet, economic empowerment among women in Tanzania is still relatively low (World Bank, 2011; Khan and Noreen, 2012 and IDRC, 2013). Arusha district Council is among the districts in Tanzania endowed with a number of Microfinance institutions providing financial services to both men and women (Magesa *et al.*, 2013). However, it's hard to conclude on their implication to women's economic empowerment since the district was identified among the limping districts in enhancing women economic empowerment (Kimaro *et al.*, 2013).

Generally, the increased number of women accessing financial services from MFI and their improved economic status brings a question on the suitability of credit schemes on the economic empowerment of women. The implication of women's access to MFI services need a critical assessment as they are constrained by the norms, beliefs, customs and values through which societies differentiate between women and men (Nanor, 2008). The interest of this study was therefore, acceptable on the basis of inadequacy of information on the link between microfinance credit schemes and women economic empowerment in Arusha District Council. The focus of this study was to examine whether and to what extent women's access to microfinance has empowered them economically.

1.3 Justification of the Study

Women's access to microfinance services is considered as a doorway towards economic empowerment. Conversely, it is also argued that Microfinance Institutions are extorting money from poor women through high interest rates and causing higher social pressure. More information is required to ascertain whether and to what extent the prevailing credit schemes have impacted women's economic empowerment in Arusha District Council. The findings of this study informs policy makers and strategies on women economic

empowerment e.g Tanzania Development Vision (TDV) 2025, National Strategy for Growth and Reduction of Poverty (NSGRP I and II), National Women and Gender Development Policy (2000), and National Strategy for Gender Development (NSGD). There is a need to inform policy makers on how women concerns in credit scheme contribute to their empowerment, thus increase their potential to contribute to national development. The findings will also be important to stakeholders dealing with women's empowerment in the country as to suggest the ways to increase women empowerment and enhance the organized and planned ways for intervention through credit schemes.

1.4 Objectives of the Study

1.4.1 Overall objective

The overall objective was to examine the contribution of Microfinance institutions on women's economic empowerment in Arusha District Council.

1.4.2 Specific objectives

- i. To determine the level of women economic empowerment in the study area.
- ii. To compare the level of economic empowerment between beneficiaries and non-beneficiaries of Microfinance institutions.
- iii. To determine women's attitude towards Microfinance services.
- iv. To identify challenges facing women in access to MFIs services.

1.4.3 Null hypothesis

H₀: The level of women economic empowerment does not differ between MFIs beneficiaries and no-beneficiaries

1.5 Conceptual Framework

A working definition of women's economic empowerment which this study drew on is the definition by DFID (2012) which is a process that increases women's access to and control over economic resources and opportunities including financial services, property and other productive assets from which one can generate an income, skills development and market information. Therefore, women economic empowerment can be influenced by both women's socio-demographic characteristics (Age, Education level, marital status, family size) and access to financial resources from microfinance institutions (credit, loan, business skill acquisition, social capital and network diversity). Socio-demographic factors are expected to hinder or influence access to microfinance services. If women have access to these services, they will be able to participate in income generating activities whether to start a new business or improve the existing one. The expected result is being empowered economically, which is manifested through ownership and participation in income generating activities, ownership of assets, personal autonomy, and economic contribution to household, freedom of movement, increased income and savings and decision making. The conceptual framework is illustrated in Figure 1.1.

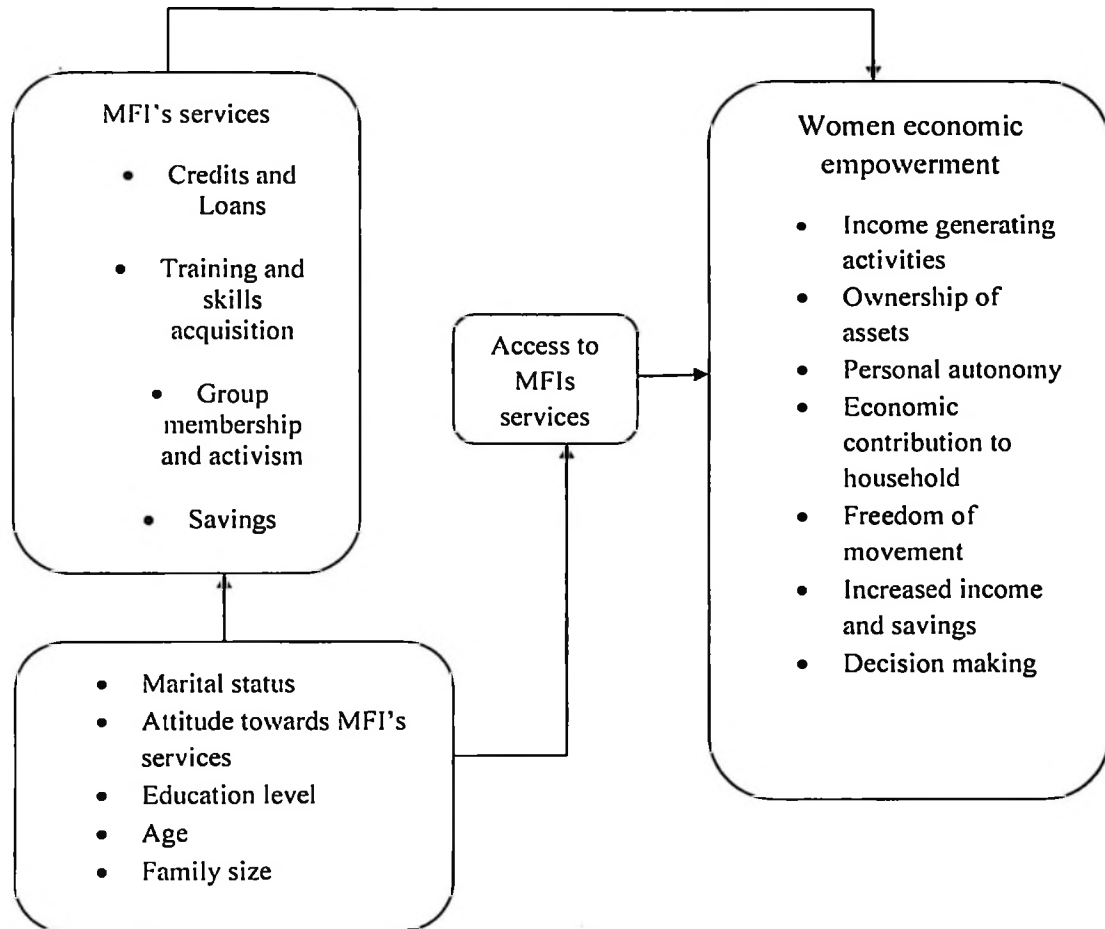


Figure 1.1: A conceptual framework for understanding women's economic empowerment in Arusha District Council

1.6 Organization of the Dissertation

This Dissertation is organized in four chapters. Chapter one consists of the extended abstract and introduction of the overall theme studied. Chapter two comprise manuscript one while chapter three contains manuscript two. Chapter four presents the conclusions and overall implications of the entire study's findings.

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CHAPTER TWO

MANUSCRIPT ONE

**Microfinance Services and Women Economic Empowerment in Arusha District
Council**

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Abstract

Women's economic empowerment is one of the highly debated development concern in Tanzania. Women's access to microfinance services is considered as a doorway for empowering women. Conversely, it is also argued that Microfinance Institutions (MFIs) are extracting money from poor women through high interest rates, causing higher social pressure and in some cases leading to domestic violence. The objective of this paper was to examine whether and to what extent women's access to microfinance services has facilitated this course. The study also sought factors affecting women's access to MFIs' services. A cross-sectional research design was adopted, and 120 women were involved in the study whereby 60 were beneficiary of MFIs services and the rest were non beneficiaries. The study found that onethird of respondents was categorized into higher level of empowerment whereas 41.5% were in the low empowerment category. The study also found that there was an association between women access to MFIs and their empowerment ($P < 0.001$), respondents marital was also associated with their economic empowerment ($P < 0.001$). The paper concludes that women access to MFIs has potential to contribute to women economic empowerment although it is faced with many challenges including high interest rates. It is recommended that government and non-governmental agencies and organisations involved in MFIs services should scale up their activities to reach more women while looking on better ways to manage challenges encountered by rural women including the higher interest rates.

Key words: Women, economic empowerment, MFI's services.

INTRODUCTION

Achieving women's economic empowerment is believed to be a key milestone in development initiatives in Tanzania. Economic empowerment of women has become a development agenda at both global and country levels particularly since the Beijing Women's conference in 1995 (Anderson and Eswaran, 2005) cited by Lumid (2012). In many developing countries, women are deprived socially and economically compared to men. Women lack economic opportunities and autonomy, lack access to economic resources (including credit, land ownership and inheritance), limited access to education and support services as well as minimal participation in the decision-making process (Anderson and Eswaran, 2005).

However, debates on how to empower women economically have often centred on access to financial resources and participation in economic activities (Swain and Wallentin, 2008). In some studies analysis on the empowerment outcome of women access to MFIs is narrow or missing. The literature is also inconclusive on whether women access to MFIs empowers women economically or not. The contenders argue that microfinance targeting women contributes in generating economic activities and enhance their participation in decision making process at the household level hence enabling poor women to attain economic power within and outside the households (Li *et al.*, 2011). And that it leads to an enhancement in the quality of life of clients, increase their self-confidence, and help them diversify their livelihood security strategies, hence, economic empowerment (IDRC, 2013). While some author argues that women access to MFIs does not necessarily translate into their economic empowerment (Mayoux, 2000; Mayoux, 2002; Majo, 2011).

In the process of empowering women economically, the government of Tanzania has attempted various measures which include among others the establishment of credits schemes such as the Presidential Trust Fund (PTF), Women Development Fund (WDF) and Tanzania Women Bank (TWB). Apart from governmental credit schemes, from 1980s and 1990s, the country has experienced rapid expansion of micro-finance institutions and networks like PRIDE, FINCA and SACCOs among others which follow the Grameen Bank approach of having a group of women, rather than an individual essentially, the group becomes the collateral (Lukas, 2013).

Although, Tanzania's micro-finance sector has recorded progress in terms of number and products offered, and similarly the number of adult women population accessing credit and loans from micro-finance (NBS, 2012; FinScope, 2013; Ngalemwa and Urassa, 2014), yet, its economic impacts to women economic empowerment have not yet been realized, and such impacts are difficult to generalize (World Bank, 2011; Khan and Noreen, 2012; Finscope, 2013; and IDRC, 2013). In Arusha District Council, Magesa *et al.* (2013) noted a number of microfinance institutions providing financial services to both men and women but their implication to women economic empowerment is hard to conclude or generalize since the district was identified as among the limping districts in women economic empowerment (Kimaro *et al.*, 2013). Therefore, this study was conducted in an attempt to feel that knowledge gap as more information is required to ascertain whether and to what extent microfinance have contributed to women's economic empowerment as well as identifying challenges and factors affecting women's access to MFI's services.

Schools of thought on credit for women economic empowerment

Literatures on the contribution made by microfinance institutions towards women economic empowerment are inconclusive; there are generally two contradicting schools of thought on what credit can do to the poor borrowers like women. The first school subscribes to a widely held view that credit, as source of finance, is a liberating tool that can be used by very poor to fight against poverty (Buckley, 1997; World Bank, 2001; Yunus, 2003). Some findings concur with this school, in Tanzania for example, Kirway and Lulu (2010), reported that Microfinance Institutions through SACCOs, have enabled women to provide families with different important needs like taking children to school, building houses and buying clothes. Similarly, Lumid (2012) asserted that, in terms of increasing access to productive and non-productive assets, women were mentioned to have purchased electronic items like Television and modern radios. Similar studies from Uganda by Barnes *et al.* (2001); and from Nigeria by Lakwo (2007) and Ojo (2009) have all supported this contention.

The second school, Adams and Von Pischke (1992) and Mosley and Hulme (1998) take a quite opposite stance of thought. The school subscribes to the radical stand point of the Ohio School of thought on credit for economic development that credit exacerbates poverty among the very poor. This view maintains that credit should not be given to the very poor but to less poor and non-poor who can undertake medium and large scale enterprises. Some previous studies in Tanzania like Majo (2011), agreed with this school by reporting that microfinance institutions seem to have many limitations and, thus cannot contribute effectively to the empowerment of the poor. Having found no significant improvement in securing an enhanced economic base, he concluded that the line between microfinance and women empowerment is not as strong as it is normally perceived.

Other studies such as Mushumbusi (2013) and Kulkarni (2011) argue that the connection between loans and women's economic empowerment is not straight forward or easy to make. They argue that handing money to women and giving them access to financial assets and resources does not create a sense of empowerment for women, thus there is a need to structure the microcredit schemes in such a way that the empowerment outcome will be realized. With these two contradicting schools, the supposition that microfinance empowers women remains controversial. At this point it is imperative to note that although a number of studies linking credit schemes and women economic empowerment have been conducted in Tanzania, they are inconclusive and difficult to generalize on what microfinance from various sources can do to the economic empowerment of women. Therefore, the focus of this paper was to examine whether and to what extent women's access to microfinance has empowered them economically and identifying challenges and factors affecting women's access to MFI's services in Arusha District Council.

METHODOLOGY

The study was conducted in Arusha District Council. The district was selected on the basis of having economically active women involved in small and medium scale trading activities, and agro-processing (Arusha District Council, 2014). Nevertheless, culturally the societies are still characterized by male dominance practices that do not support women's efforts but rather daunt (Magesa *et al.*, 2013). Women economic activities are associated with a potential demand for credit among this group. The study area was selected because it has a number of credit schemes that are run by both government and nongovernmental organisations and its strong patriarchy culture.

The study adopted a cross-sectional research design, whereby data were collected only once. Six villages were selected purposively from four wards based on the presence of the MFIs beneficiaries and total 120 respondents selected to participate in the study. Systematic sampling technique was used to select 60 respondents who were MFI beneficiaries from the MFIs registers and a comparative sample of 60 non-beneficiaries who share similar feature to those participating in MFIs activities were selected using simple random sampling procedures. Key informants and participants to focus group discussion were selected purposively based on their experience in MFIs activities. A descriptive statistical analysis was computed to establish the profiles of research participants and their distributions. Qualitative data were collected using key informant interviews. Chi-square (χ^2) and student t- test and binary logistic regression were employed to gauge relationship among key study variables.

The study adopted some of the most commonly used indicators in measuring women economic empowerment such as: control over savings and income (Goetz and Gupta, 1996; Pitt *et al.*, 2006); ownership of assets (Barnes *et al.*, 2001; Garikipati, 2008); decision-making (Hashemi and Rosenberg, 2006; Kabeer, 1997; kishor, 2000); mobility (Schuler, and Rottach, 2010); control over income and savings, contribution to family support (Malhotra and Schuler, 2005); increased income, increased role in decision-making Chen (1997). Some of these indicators were used to capture the impacts of MFI's intervention on women in Arusha district Council. Hence, women economic empowerment index (WEEI) was developed. A Cumulative/Composite Empowerment Index (CEI) was constructed based on women economic empowerment as also proposed by the human development index (UNDP, HDI, 2005; cited by Varghese, 2011:44 and IFPRI (2012:4). Four indicators of women's economic empowerment were measured, Person Autonomy Index (PAI), Decision-making Index (DMI), Economic Contribution to Household Index (ECHI), and Freedom of Movement Index (FMI). The respondents were requested to indicate their degree of involvement in issues related to each particular index, and the scores obtained were used to develop indices. Binary logistic regression analysis was used to identify factors influencing women's access to MFIs services. $Y = \beta_1\chi^1 + \beta_2\chi^2 + \beta_3\chi^3 + \dots + \beta_6\chi^6 + \sum$. Where Y = Access to MFIs services (1 = yes, 0 = otherwise), χ^1 =Age, χ^2 =Household size, χ^3 =Savings, χ^4 =High interest rate, χ^5 =Fear of being confiscated, χ^6 = education on loan and credit, β^1 - β^6 =Coefficient (marginal effect), \sum = Error term.

RESULTS AND DISCUSSION

Socio-demographic characteristics of the respondents

This paper found that education level of women beneficiaries and non-beneficiaries was relatively low, few respondents had acquired primary education while, a quarter of them reported to have no formal education (Table 2.1). There was no significant difference on the level of education between the two groups. These results imply that education level was not a criterion considered by microfinance institutions to determine ones access to its service. Majority of the respondents in all groups were married while few, 8.3% were single. The economic activities engaged in included: petty businesses like retail shops, food vending, hair dressing salon, and other businesses like selling animal feeds, second handed clothes, milling machine and grain selling, selling charcoal, tailoring as well as fruits and vegetables vending. Women engagement in variety of IGAs necessitates them to seek for loans, hence participation in MFIs.

Table 2.1: Social demographic characteristics of respondents in percentages (n=120)

Variable		Beneficiaries	Non-beneficiaries	All
Education level	No formal education	8.4	9.6	25
	Primary	14.4	12.6	37.5
	Secondary	9	9	25
	Post sec	4.2	4.8	12.5
Marital status	Single	1.8	4.2	8.3
	Married	24.6	26.4	70.5
	Widow	5.4	2.4	10.8
	Divorced	1.2	0	1.7
Main occupation	Separated	3	1.2	5.8
	Farmer/crop producer	10.2	9	26.7
	Petty business	22.2	25.8	66.7
Family size	Formal employment	3.6	1.2	6.7
	1-3	7.8	15	31.7
	4-6	18	16.2	48.3
	7 and above	9.6	4.8	20

Women economic empowerment

Decision making at household level

This study found that majority of the respondents 56.7% were able to make decision by themselves on what to do with money they have obtained from the business. The number of women beneficiaries who were able to make such decision was many compared to non-beneficiaries (Table 2). These imply that women who obtained credit and loan from microfinance institutions and run different income generating activities have gained the control over the money they have accrued. Similar findings was reported by Lumid (2012) from Tanzania who also found that women in Mbeya gained the ability of making control of the money from their business and most of them are keeping savings in different microfinance institutions to enable self-control and access. It is argued that household dynamics and decision making processes generally affect women more than men in their

ability to access financial services as there is a common belief that men exert an influence on women and their decisions over the use of money, especially when they are married (ICC, 2014).

The study also found that about half of respondent made decision by themselves on purchasing household daily needs like food. And 49.2% had a joint decision with their spouses on spending the income from the business such as to provide remittance to parents and helping relatives. In the same vein, Mushumbusi *et al.* (2013) found out that access to MFI services have improved the economic condition of women members in Manyara Urban areas compared to non-members in the same areas. On the other hand, the study also found that male had more authority over family resource especially in rural areas of Arusha District Council whereby few women both non-beneficiaries and beneficiaries rarely went together in selling their produces, or in transfer or mortgage household assets like land (Table 2.2). These findings imply that microfinance intervention on women's economic situation has less impact on some household issues since men in Arusha District hold to the great part the final say on household resource like land while women have less access to those resources. A similar trend was also reported by Razia and Loice (2013) from Kenya who found that women in rural constituency in Kenya need access to family productive assets and resources like land since they are not involved on the decision when such resource are sold or rented.

Table 2.2: Participation in decision making at household level in percentages (n=120)

Variables		Beneficiaries	Non-beneficiaries	All
Who makes decision on making household purchases for daily needs?	Husband	0.6	3.6	5.8
	Jointly	15.6	15.6	43.3
	Woman	19.8	16.8	50.8
Who makes decision on making large household purchases e.g. land, car, and motor bicycle?	Husband	4.8	19.2	33.3
	Jointly	19.8	9.6	40.8
	Woman	11.4	7.2	25.8
Decision to engage in income generating activity?	Husband	0.6	3.6	8.3
	Jointly	15.6	18	46.7
	Woman	19.8	12.6	45
Spending income from the business e.g. send money to parents and relatives?	Husband	0	4.8	6.7
	Jointly	16.2	19.2	49.2
	Woman	19.8	12	44.2
Who decide whether to sell or mortgage household assets like land?	Husband	3.6	19.2	35
	Jointly	18.6	9	38.2
	Woman	11.4	7.8	26.7
Who make decision on what to do with the money from the business?	Husband	0	2.4	3.3
	Jointly	10.8	18	40
	Woman	25.2	15.6	56.7

Freedom of movement

The results on freedom of movement are presented in Table 2.3. It was found that majority of women have relatively better freedom of movement. For example they frequently visit to financial institutions like PRIDE for loan repayment without seeking permission from husbands, parents or male partners. A similar trend applied to women who frequently attend meetings/training/group meetings as well as visiting market places outside the

village or nearby to sell or buy without seeking permission from husbands, parents or male partners. This was chiefly observed to women who took loan or credit from microfinance institutions than women who were non-beneficiaries. These results imply that microfinance institutions have facilitated an improvement in women's freedom of movement which is an important indicator of one's social empowerment. Women's participation in different income generating activities requires to some extent depends on one's freedom of movements which are in some instances limited by spouse or male members of the household.

Table 2.3: Freedom of movement in percentages (n=120)

Variable		Beneficiaries	Non-beneficiaries	All
Visiting market places outside the village or nearby to sell or buy	Never	6	22.2	39.2
	Occasional	7.8	5.4	18.3
	frequently	22.2	8.4	42.5
Visits to family, relatives within or away from the villages?	Never	4.8	18	29.2
	Occasional	17.4	10.2	38
	frequently	15.6	7.8	32.5
Attend meetings/ training/group meeting	Never	1.2	24.6	35.8
	Occasional	1.2	3.6	6.7
	frequently	33.6	7.8	57.5
Purchasing business items from distant shop/market	Never	4.2	21.6	35.8
	Occasional	3	4.8	10.8
	frequently	28.8	9.6	53.3
Visiting financial institutions e. g PRIDE for loan application or paying instalments	Never	0.6	28.2	40
	Occasional	1.8	0	2.5
	frequently	33.6	7.8	57.5

Personal autonomy

The study noted that women's access to microfinance services was assisted by men, this is because majority of women 61.7% both beneficiaries and non-beneficiaries revealed that they cannot seek financial help from such institutions until allowed by husbands or male partners. However, this difficulty was mostly higher to women non-beneficiaries than their counter parts. These finding compares to a study by Kausar (2013) who reported a similar tendency to women in Pakistan. It was also revealed that many women who are MFIs beneficiaries can go for business training without necessarily seeking permission from husbands, parents or male partners (Table 2.4). Also 39.2% of both beneficiaries and non-beneficiaries reported that they can help relatives with money e.g. paying school fees and medical charges without asking permission from husbands, parents or male partners. Similar findings were also reported by ICC (2014) from Mozambique where it was found that household dynamics and decision making processes generally affect women more than men in their ability to access financial services as there is a common belief that men exert an influence on women and their autonomy over the access and use of money.

Table 2.4: Personal autonomy in percentages (n=120)

Variable		Beneficiaries	Non-beneficiaries	All
Seeking financial help from MFIs	Never	17.4	27	61.7
	Occasional	1.8	1.2	4.2
	Generally	16.8	7.8	34.2
Set money aside for your personal use	Never	1.2	16.8	25
	Occasional	1.8	7.8	15.8
	Generally	31.2	11.4	59.2
Attending organizations or group regular meetings	Never	0	26.4	36.7
	Occasional	1.8	1.2	4.2
	Generally	34.2	8.4	59.2
Help a relative with money e. g paying school fees, medical charges	Never	5.4	21	36.7
	Occasional	10.8	6.6	24.2
	Generally	19.5	8.4	39.2
Changing an income generating activity	Never	6	24	41.7
	Occasional	4.8	2.4	10
	Generally	25.2	9.4	48.3
Acquiring business training	Never	0	22.2	30.8
	Occasional	2.4	3.6	8.3
	Generally	33.6	10.2	60.8

Empowerment levels

The study revealed that majority of women from both groups were categorized in the medium empowerment level and slightly more than one third were categorized at high empowerment level. Relatively, more women who were MFIs beneficiaries were found only in medium and high empowerment level while few non-beneficiaries were categorized in the higher level of empowerment (Table 2.5). These findings are contrary to other studies done from other parts of the world. For example a study by Mayoux (2012) in India, from South Africa by Derare (2014) and a study from Tanzania by Lumid (2012) found that women involved in MFIs were categorized into higher empowerment level. Furthermore, there were variations of empowerment from one aspect to another whereby high levels of empowerment were found in aspects of economic contribution to household, increased income and savings. On aspects like personal autonomy, it was observed that men were dominating women's autonomy and decision making at the household level on some aspects like productive assets such as land. These results imply that there has been little transformation in empowerment outcome obtained through their engagement in MFIs activities into other aspects of women's empowerment. These findings are comparable with the observation by Mason (2005) cited in Jeckoniah (2014) who also found that women in Kumasi are powerful economically but they are socially submissive to their husbands in the domestic arena.

Table 2.5: Empowerment levels in percentages (n=120)

Level of empowerment	MFI beneficiaries	Non-beneficiaries	All
Low empowerment	0	16.8	23.3
Medium empowerment	18	11.4	40.8
High empowerment	18	7.8	35.8

Comparison of empowerment levels

Although there were few women who were highly empowered in the area, yet there was a statistically significant difference in empowerment levels between MFIs beneficiaries and non-beneficiaries (Table 2.6). This is to say that, women who are accessing microfinance services were more likely to be categorized into higher empowerment than their counterpart. Table 2.6 shows ($P < 0.001$) implying that there was a statistically significant difference between beneficiaries and non-beneficiaries. The noted difference is attributed to MFIs intervention on women's economic empowerment.

Table 2.6: Differences on the empowerment levels (n=120)

Membership Status	Levene's Test for Equality of Variances			t-test for Equality of Means					95% Confidence Interval of the Difference	
	n	F-value	P-value	t-test	Degree of freedom	P-value	Mean difference	Standard deviation	Lower	Upper
Members	60	18.04	0.00	6.173	118	0.000	0.750	0.121	0.509	0.991
Non-members	60			6.173	99.89	0.000	0.750	0.121	0.509	0.991

Level of empowerment and socio-demographic characteristics

Chi-square (χ^2) statistics revealed that there was no statistically significant relationship between the level of economic empowerment and age of the respondents in all groups ($P > 0.005$). Likewise education level and the family size. Since there was no significant difference on the education level between beneficiaries to microfinance and non-beneficiaries, this gives a connotation that education level and one's family size are not the criterion considered by microfinance institutions in providing its services to clients. Marital status of the respondent beneficiaries and non-beneficiaries was observed to be significantly associated with the level of women economic empowerment ($p = 0.001$). These results imply that despite MFI's interventions, men determine women's empowerment at the family level. This tendency suggests that men does not only influence the relationship between women and microfinance institutions but also might exert a negative or positive influence on the use of money obtained from microfinance institutions. A similar trend was reported by Ndosu (2014) who argued that there is a difference on the level of empowerment between a married woman and the one who is not since a married woman might lack power on decision making in aspects like income from

production activities, inputs to use, and access to credit. In addition, chi-square (χ^2) test revealed a significant relationship between memberships to microfinance institutions and the level of economic empowerment ($P=0.000$). This means that women's reliance on microfinance services has a positive connotation on their economic empowerment.

Challenges facing women's access to MFI services

The study revealed challenges affecting women's access to MFI services. Men prejudice affects women negatively in many areas of their life. The study results also indicated that women's access to microfinance services was confronted by men. Similar obstacles towards women access to microfinance have been reported by other authors. Mongi (2005) in his study in western Arumeru District in Tanzania also found that men were reported to be an obstacle among others inhibiting women from accessing microfinance services. Other challenges were lack of education on loans and confidence, high interest rate charged on the loan and credit taken by beneficiaries. Lack financial literacy among women is a common problem facing not only women but also many Tanzania in this case. Similar trend has also been reported by Tanzania country level knowledge network CLKNET (2012) that majority of Tanzanians do not have enough knowledge on how to access financial services therefore, financial literacy is a big concern even among government officials.

Small loan amount provided in groups and uncommitted group members who pose burden on others by absconding from repaying the loan were among the challenges which was identified by women who were accessing credits from MFIs (Table 2.7). A similar trend was reported by Ifelunini (2013) who identified lack of trust among group members, short payback period, high interest rate on borrowing, limited amount of loan given and the educational level of the entrepreneur as challenges facing women in accessing credit and loan.

Table 2.7: Challenges facing access to MFI services (n=120)

Factor	n	%
Lack of business to seek a loan for	53	18
Prohibited by husbands	65	22
High interest rate	25	8.5
Fear of being confiscated	38	12.9
Having alternative source of capital and money	30	10.2
Small loan amount provided in groups	21	7.1
Uncommitted groups members who pose burden on others	18	6.1
Quick, early repayment schedule	22	7.5
Lack of education on loans and confidence	23	7.8

In addition, the study found some factors influencing women's access to microfinance services. Findings in Table 2.8 show that savings were related to ones access to credit ($P<0.01$).

Ones' education on loan and credit was found to have an association on ones access to credits and loans ($P<0.01$). These imply that the provision of education on the working of microfinance institutions increases the access of financial services provided. A similar

factor was reported by Ifelumini (2013) as a managerial factor affecting women entrepreneurs in accessing financial services from microfinance institutions.

Table 2.8: Factors affecting women's access to microfinance services (n=120)

Variable	B	Standard deviation	P
Age	-0.019	0.009	0.254
Family size	0.115	0.324	0.134
Savings	0.831	0.156	0.000*
High interest rate	0.145	0.139	0.651
Fear of being confiscated	-0.136	0.154	0.458
Education on loans	0.487	0.127	0.083**
Constant	-3.191	0.794	0.000

* = Significant at 0.01 and ** = Significant at 0.1

Conclusion and Recommendations

The study found significant relationship between memberships to microfinance institutions and the level of economic empowerment which suggests that micro-finance programmes have potential to contribute to the level of women economic empowerment. Women who accessed financial services from microfinance institutions experienced economic improvement than non-beneficiaries. However, the empowerment outcome obtained through engagement in MFIs does not necessarily translate into other aspect of their empowerment. The MFIs alone cannot effectively transform rural women to maintain and transform economic empowerment gained into other development activities. Men have also been reported to hinder the transformation of women's economic empowerment output into all other aspects of their life.

This paper recommend to the government and nongovernmental organisations involved in promoting women's access to MFIs to increase and expand their efforts to reach more access women especially rural women so that to empower them economically, they should also take a wholistic approach so as to solve the challenges women meet in their effort to empower them economically. The paper also recommends the promotion of financial literacy campaigns by government and nongovernmental organisations that will enable women to make more informed decisions about the access and the use of financial services.

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CHAPTER THREE

MANUSCRIPT TWO

**Women's Access to Microfinance Services in Arusha District Council: Implication
for Livelihood Improvement**

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Abstract

This paper aimed at examining women's access to Microfinance services and its association with their livelihood improvement in Arusha District Council, and the attitude that women have towards microfinance services for livelihood improvement. A cross sectional research design was adopted and data were collected using a questionnaire, a total of 120 women who were engaged in different income generating activities were involved. Descriptive statistical analysis and summated scale technique was applied to likert scale to gauge women's attitude towards MFIs. T-test was used to compare the economic contribution of MFIs into women livelihood between those participating in the MFIs activities and non beneficiaries. The study results revealed that women's access to microfinance services has a positive impact on their livelihoods. It was also found that majority of women involved in the study had positive attitude towards MFI services as compared to their non participant counterpart. Men were also reported to be obstacle to women's access to MFI services. It is recommended to the government and nongovernmental organisations to introduce and expand functional financial literacy to improve women knowledge on MFIs services and increase the efficiency in managing their IGAs as well as efforts to increase more women participation in microfinance credits scheme for their improved well being.

Key words: Women, MFI's services, Access, Livelihood.

INTRODUCTION

Women across the globe are reported to have been marginalized economically and socially, and this is believed to affect their livelihood (Anderson and Eswaran, 2005). The Department for International Development (DfID) and the Canadian Cooperative Association (CCA) argue that the transforming power of microfinance and other financial institutions can positively contribute into sustainable livelihood outcome of poor women (Egyir, 2010). Therefore, Access to Microfinance services is anticipated to improve women's livelihood; and in recent years such initiative has received the most significant recognition in developing countries. Access to microfinance services was also strongly implied in the endorsement by the Summit of the 2002 Monterrey Consensus, which stated that microfinance and credit for small and medium-sized enterprises in rural areas, particularly for women are important for enhancing the social and economic impact of the financial sector (Mayoux, 2002). Similarly, the 2005 World Summit outcome document recognized the need for access to financial services, in particular for the poor women.

Tanzania's micro-finance sector has recorded progress in terms of number and products offered (Ngalemwa and Urassa, 2014). Similarly, the number of adult women population accessing credits and loans from micro-finance rose from 7% to 10% of women's adult population from the years 2009 to 2013 respectively (NBS, 2012; FinScope, 2013). Arusha District Council is one of the Districts in Tanzania endowed with a number of Microfinance institutions providing financial services to both men and women (Magesa *et al.*, 2013). Nevertheless, it's hard to conclude or generalize on their implication to women's livelihood since the District is still identified among the limping districts in enhancing women's livelihood (Kimaro *et al.*, 2013). This paper examined the association between microfinance services and the improvement of rural women livelihoods in Arusha District Council, Tanzania. It also explore women's attitude on MFI's services towards their livelihood improvement.

School of thoughts on credits for livelihood improvement

Studies on the impact of microfinance on women's livelihood have produced mixed findings; some showing that microcredit has positive impact while other show that has negative impact (Buckley, 1997). Various studies from different parts of the world such as World Bank, (2001); Barnes *et al.* (2001); Iheduru (2002); Yunus, (2003); Kuzilwa (2005); Kayunze *et al.* (2005); Lakwo (2007); Ojo (2009); and Lumid (2012) among others constitutes the first school among the two contradicting schools of thought that have emerged on what credit can do to poor borrowers like women. This school subscribes to widely held view that credit as source of finance is the liberating tool that can be used by very poor to fight against poverty and improve their livelihoods. The second school, Adams and Von Pischke (1992); Mosley and Hulme (1998), take quite an opposite stance. The school subscribes to the radical stand point of the Ohio School on Credit for Economic Development (OSCED) that credit exacerbates poverty among the very poor. This view is maintaining that, credit should not be given to the very poor but to less poor and non-poor who can undertake medium and large scale enterprises. Several studies across the globe such as, Majo (2011); Kulkarni (2011); Wrigley (2011); Goetz and Gupta, (1996) among others reported findings that conforms to this school of thought.

However, the paradoxical nature of the reviewed literatures makes the implication of MFI services to the improvement of women's livelihood ambiguous. The livelihood of women

accessing MFI's services in Arusha District Council cannot be positioned in either of the schools above until location specific empirical evidence on the same is sought. That paradoxical nature suggests that, a change in women's livelihood caused by loans varies from one area to another and it might depend on factors like social relation, group dynamics and family life in a particular context. To that end, the study aimed at assessing the association between access to microfinance service and the improvement of women's livelihood in Arusha District Council and women's attitude on MFI's services towards their livelihood improvement.

METHODOLOGY

The study was conducted in Arusha District Council which is located in the north-eastern of Tanzania in Arusha Region. The district was selected on the basis of having economically active women involved in small and medium scale trading activities, and agro-processing (Arusha District Council, 2014). Nevertheless, culturally the societies are still characterized by male dominance practices that do not support women's efforts but rather discourage and under value (Magesa *et al.*, 2013). The identified women's economic activities in the district are associated with a potential demand for credit among this group, the prevailing credit schemes in the district both governmental and non-governmental are the reasons among others that made the district ideal for the study.

The study adopted a cross-sectional research design, whereby data were collected once in a time. Six villages were selected purposively from four wards based on having women engaged in MFIs and a total 120 respondents were selected to participate in the study. The unit of analysis was the individual women whereby 60 MFI beneficiaries and a comparative sample of 60 no-beneficiaries who also were participating in income generating activities were selected. Systematic sampling technique was used to obtain respondents from different women groups engaged in MFIs. Simple random sampling technique was used to obtain a comparative sample of respondents who were non-beneficiaries but sharing similar feature i.e. participation in income generating activities. A descriptive statistical analysis was done to establish the demographic characteristics and the distribution of respondents. The summated scale technique using Likert scale questions was used to measure the attitude of respondent. The study adopted some of the commonly used Livelihood outcomes like one's ability to own an income generating activity, increased income and savings, access to capital, economic contribution to the household, participation in household decision making, as well as owning assets as proxy indicators of livelihood change and improvement (Soini, 2005; WWF, 2008; Kristjanson *et al.*, 2008; Egyir, 2010; Rai *et al.*, 2012).

RESULTS AND DISCUSSION

Socio-demographic characteristics of the respondents

This section discusses the demographic characteristics of the respondents which include the education level, marital status, family size and the main economic activity of the respondents. The education level of all women involved in this study was relatively low with 37.5% who had acquired primary education while, 25% reported to have no formal education. Since majority of women both beneficiaries and non-beneficiaries ended up with the lower level of education, this suggest that these women cannot afford formal employment and thus their livelihood options are limited to embark on small

entrepreneurial activities. Findings also imply that education level was not a criterion that determined the involvement and access to financial services from microfinance institutions.

More than half of the studied population were engaged in petty businesses like retail shops, food vending, hair dressing salon, and other businesses like selling animal feeds, second handed clothes, milling machine and grain selling, selling charcoal, tailoring as well as fruits and vegetables vending (Table 3.1). In term of the marital status of the respondents, the study found that 70.5% of the studied population were married while few 8.3% were single. These findings imply that the married women are more likely to engage in IGAs that might necessitate the participation in MFIs programs than their counterparts. This might be due to family responsibilities including basic and daily needs like food and clothes for children and for those involved in microfinance institutions, petty business was the best option that does not only enable them to meet such family needs but also enables them to repay the loan as scheduled weekly.

Table 3.1: Social demographic characteristics of respondents (n = 120)

Variable		Beneficiaries (n= 60)		Non-beneficiaries (n = 60)		Overall	
		n	%	n	%	n	%
Education level	No formal	14	8.4	16	9.6	30	25
	Primary	24	14.4	21	12.6	45	37.5
	Secondary	15	9	15	9	30	25
	Post sec	7	4.2	8	4.8	15	12.5
Marital status	Single	3	1.8	7	4.2	10	8.3
	Married	41	24.6	47	26.4	88	70.5
	Widow	9	5.4	4	2.4	13	10.8
	Divorced	2	1.2	0	0	2	1.7
Main occupation	Separated	5	3	2	1.2	7	5.8
	Farmer/crop producer	17	10.2	15	9	32	26.7
	Petty business	37	22.2	43	25.8	80	66.7
	Formal employment	6	3.6	2	1.2	8	6.7
Family size	1-3	13	7.8	25	15	38	31.7
	4-6	30	18	27	16.2	57	48.3
	7 and above	16	9.6	8	4.8	24	20

Women's Livelihood Improvement

Economic Contribution to Household

Women ability to provide for their families particularly children with necessities like education is one of a noteworthy indicator of an improved livelihood. This study found a significant percentage of women who had been able to purchase clothes for children, paying school expenses for children without any financial support from husbands; parents or male partners with money accrued from their engagement with MFIs. A significant difference on the ability to make economic contribution to the house was noted between

MFI beneficiaries and non-beneficiaries to microfinance institutions. This suggests that women's access to financial services improves the welfare of the whole family. Women were impressed their increased financial ability which also reduced their dependence to their husbands instead they support themselves to meet family needs. Furthermore, the results in Table 3.2 revealed that the financial contribution made by these women went beyond their household needs by donating on social issues like wedding, funeral and traditional ceremonies without seeking financial support from husband, parents or male partners. These results concur with those of a study done in Morogoro rural by Kirway and Lulu (2010) who also found that microfinance institutions, especially SACCOs have improved women's livelihood as indicated by their ability to provide their families with different important needs.

Table 3.2: Economic contribution to the household

Variable		Beneficiaries (n=60)		Non-beneficiaries (n=60)		Overall	
		n	%	n	%	n	%
Are you able to pay school expenses for children without financial support from husband or parents?	Yes	48	28.8	35	21	83	69.2
	No	12	7.2	25	15	37	30.8
Are able to pay for health care expenses without financial support from husband or parents?	Yes	49	29.4	24	14.4	73	60.8
	No	11	6.6	36	21.6	47	29.2
Are you able to purchase clothes for children and for self without financial support from parents?	Yes	59	35.4	46	27.6	105	87.5
	No	1	0.6	14	8.4	15	12.5
Are you able to purchase household daily needs like food without financial support from husband or parents?	Yes	34	20.4	22	13.2	56	46.7
	No	26	15.6	38	22.8	64	53.3
To donate on social issues like wedding, funeral, traditional ceremony without financial support from husband or parents?	Yes	46	27.6	33	19.8	79	65.8
	No	14	8.4	27	16.2	41	34.2
Are you able to pay for housing repair expenses without financial support from husband or parents?	Yes	28	16.8	2	1.2	40	33.3
	No	32	19.2	48	28.8	80	66.7

Ownership of income generating activity

Economic activities are believed to ensure livelihood security for the poor women both in on farm (agriculture) activities and non-farm activities. Therefore, women's ability to own an income generating activity indicates the improved livelihood. Findings indicated that more than half of the respondents both beneficiaries and non-beneficiaries owned the business while other businesses managed by women were jointly owned by both women and their spouses. However, a significant difference was noted on the ownership of income generating activities between beneficiaries and non-beneficiaries to microfinance activities (Table 3.3). These results imply that access to loan, credit from MFIs created a gainful self-employment to women in the study area. Similar observation was reported by Salia (2014) who asserted that ownership of business to women who are accessing MFI's service was noticeable. On the aspects of diversifying sources of income to women though

activities required for a means of living, these results agrees with Chambers and Conway's perpetuation of the improved livelihood on the component of creation of working days (Chambers and Conway, 1992).

Business choice and sources of the initial capital

Majority of women involved in the study were found to have chosen by themselves the business they have ventured in. This was chiefly observed to MFIs beneficiaries, it was noted that out of 60 women beneficiaries involved in the study, 50 of them choose the business by themselves while it was only 25 out of 60 women non-beneficiaries who managed to choose the business by themselves. These results suggest that MFIs beneficiaries chose the businesses that assure them with a cash flow of money to enable them to repay the loan a scheduled weekly. This trend makes a distinction from studies like a study by De Goey (2012) in Dar-es-Salaam; the ICC (2014) in Mozambique; Ifelumini (2013) in Nigeria; Kausar (2013) in Pakistan which revealed that men tend to choose income generating activities in which women ventured in despite access to loan and credit from MFIs. Furthermore, in term of access to capital, it was revealed that few women both members and non-members to microfinance institutions obtained capital from their spouses while others obtained from Microfinance institutions (Table 3.3). These findings advocate for the efforts at the family, institutional and Governmental level to improve women's livelihood though provision of financial needs like start-up capital and permission to engage in income generating activities.

Table 3.3: Business ownership, choice and initial capital (n=120)

Variable	Categories	Beneficiaries		Non-beneficiaries		All	
		n	%	n	%	n	%
Business ownership	Husband	0	0	15	9	15	5.8
	Jointly	14	8.4	21	12.6	42	35
	Woman	46	27.6	24	14.4	70	59.2
Business Choice	Woman	50	30	25	15	75	65
	Husband	0	0	15	9	15	6.7
	Jointly	10	3.6	20	12	30	28.3
Source of initial capital	Husband	11	6.6	35	21	46	38.3
	Own accumulation	12	7.2	13	7.8	25	20.8
	MFIs	18	10.8	2	1.2	20	16.7
	Remittances	0	0	9	3.6	9	7.5
	MFIs & own accumulation	19	11.4	1	0.6	20	16.7

Assets ownership

This study found that productive assets like cows, chickens, sheep, pigs, house/rental house, piece of land, goats were minimally bought by both beneficiaries and non-beneficiaries. Such findings imply that the ability of women to buy for themselves productive assets with the money obtained from the business was still minimal in the study area. As argued by Filmer and Pritchett (2001), asset-based measures depict an individual or a household's long-run economic status and therefore do not necessarily account for

short-term fluctuations in economic well-being or economic shocks. This compares well with a study conducted in Zimbabwe by Barnes *et al.* (2001) which revealed that access to microcredit had no impact on women's ownership of fixed assets like land. The rate of ownership of communication assets was slightly higher compared to productive assets particularly to MFIs members. These results are similar to what Lumid (2012) reported from Mbeya that in terms of increasing access to non-productive assets, women were mentioned to have purchased electronic items like television and stereo radios and similar trend was evidenced in household assets like tables, sofas/chairs, refrigerator and wardrobe.

Furthermore, the rate of ownership of transport assets like a motorcar and farm implement assets like tractors and plough was only reported by very few respondents either of the groups except for hand hoes and motorbike that were minimally owned by few respondents. In addition, women were given a chance to mention any other assets bought and the following assets were mentioned by women MFIs beneficiaries, sewing machine for tailoring activities, scanner machine for stationery activities, gas cooker for home use as well as bed and mattress and steaming machine for salon activities (Table 3.4).

Table 3.4: Assets ownership (n=120)

Asset category	Type of asset	Beneficiaries (n=60)		Non-beneficiaries (n=60)		All	
		Yes	No	Yes	No	Yes	No
Transport assets	Motorcar	0	60	0	0	0	100
	Motorbike	4.8	31.2	3	33	10.8	89.2
	Bicycle	0	60	0	60	0	100
Communication assets	Radio	3.6	32.4	1.8	34.2	7.5	92.5
	Television	7.8	28.2	3.6	31.8	16.7	83.3
	Cellular phone	7.2	28.8	4.8	31.2	16.7	83.3
House assets	Tables	6.6	29.4	1.8	34.2	11.7	88.3
	Sofas set/Chairs	6	30	1.8	34.2	10.8	89.2
	Wardrobe	0.6	35.4	0.6	35.4	1.2	98.8
	Refrigerator	3	33	0.6	35.4	5	95
Productive assets	Cows	5.4	30.6	4.2	31.8	13.3	86.7
	Goats	0.6	35.4	0	36	0.8	99.2
	Sheep	1.8	34.2	3	33	6.7	93.7
	Pigs	0.6	35.4	0.6	35.4	1.7	98.3
	Chickens	4.8	31.2	3	33	10.8	89.2
	Piece of land	0.6	35.4	0	36	0.8	99.2
Farm implements	House	0.6	35.4	0.6	35.4	1.7	98.3
	Tractors	0	36	0	36	0	100
	Plough	0	36	0	36	0	100
	Hand hoes	1.2	34.8	2.4	33.6	5	95
Other assets	Sewing machine	0	36	0.6	35.4	0.8	98.2
	Stationary machine	0.6	35.4	0	36	0.8	98.2
	Gas cooker	0.6	35.4	0	36	0.8	98.2
	Bed/mattress	0.6	35.4	0	36	0.8	98.2
	Steaming machine	0.6	35.4	0	36	0.8	98.2

Increased income, control over income and savings

Increase in women's annual income is an incentive of the livelihood improvement efforts devoted by all actors. Findings of this study show that majority of the respondents had made saving of money accrued from their business and many respondents reported that they have control over saving and profit accrued from the business. Such observation was more likely to happen among microfinance beneficiaries than non-beneficiaries to microfinance institutions (Table 3.5). These results agree the regulations of MFIs which emphasize on saving among their clients as a sign of membership and in order to access loan and credit. These results also agree with the assertion that women are capable in improving their own livelihood with the income from the economic activities.

Table 3.5: Increased income, control over income and savings

Variable	Percent (n=120)					
	Beneficiaries		Non-beneficiaries		All	
	Yes	No	Yes	No	Yes	No
Do you have any savings?	34.2	1.8	16.8	19.2	70.8	29.2
Has the estimate of your income per annum increased?	25.8	10.2	13.2	22.8	54.2	45.8
Do you control the income from the business including savings?	31.8	4.2	15.6	20.4	65.8	34.2

Saving status

In describing their savings status, a big number of women involved in this study described their savings status as improved compared to rest who reported the deterioration of their saving status and other's savings remained the same. In addition, a T-test result revealed a significant difference in saving status between beneficiaries and non-beneficiaries to microfinance institutions. This shows that access to microfinance services improved the livelihoods of the beneficiaries to extent of keeping savings.

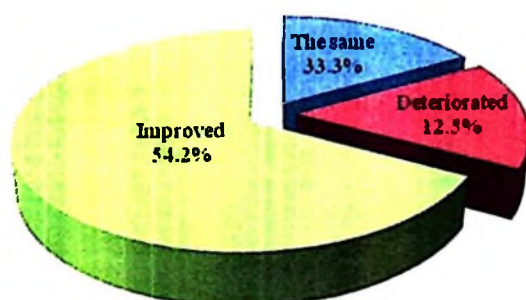


Figure 3.1: Saving status

Women's Attitude on MFI Services

It is widely held that attitude influence ones decision to participate in microfinance or not (Egyir, 2010). A Likert scale was used to capture women attitudes towards MFI service. Every respondent was requested to indicate whether she agree (2), disagree (1) or uncertain (0), with each of the statement. Number 1-5 of the statements in Table 3.6 had positive connotations, while statement 6-10 had negative connotations. The findings revealed three of the five statements with positive connotations. Generally there was a relatively higher score on positive statements than negative ones; implying positive attitude. The greatest propositions of the respondents (71.7%) agreed with the statement that MFIs services stimulated a number of women's owned IGAs. 65.8% agreed that women should join MFI for their economic empowerment and 53.3% had a positive attitude on the statement that MFI services enable women to improve their household condition. Of the five statements with negative connotations, the greatest propositions of the respondents (85%) agreed with the statement that participation in MFIs risk the ownership of productive and non-productive assets and 76.7% of the respondents agreed that MFIs services threaten women's economic contribution to the household due to frequent repayment. On the other hand, few respondents were uncertain with the statement that MFIs services give women a greater economic role in decision making at the household level. The overall attitude mean score for all statements was 62.2 out of 146.6 which show that majority of the respondents involved in the study both MFIs beneficiaries and non-beneficiaries had a positive attitude on MFIs services.

Table 3.6: Women's attitude on MFI services (n=120)

Statement	Uncertain			Disagree			Agree		
	n	%	Score	n	%	Score	n	%	Score
Women should join MFI for their economic empowerment	2	1.7	0	39	32.5	39	79	65.8	158
MFI services give women a greater economic role in decision making	12	10	0	51	42.5	51	57	47.5	114
MFI services stimulated a number of women's owned IGAs	6	5	0	28	23.3	28	86	71.7	172
MFI services improves women's expenditure on household needs	13	10.8	0	61	50.8	61	46	38.3	92
MFI services enable women to improve their household condition	15	12.5	0	41	34.2	41	64	53.3	128
Participation in MFI risks the ownership of productive and non-productive assets	3	2.5	0	15	12.5	15	102	85	204
MFI programs like regular meetings decreases women's time for their economic activities	2	1.7	0	54	45	54	64	53.3	128
The repayment schedule gives women little chance to increase income and savings	8	6.7	0	24	20	24	88	73.3	176
MFI services threaten women's economic contribution to the household due to frequent repayment	2	1.7	0	26	21.7	26	92	76.7	184
MFI loan amount does not enable women to significantly own and control over assets	4	3.3	0	61	50.8	61	55	45.8	110
Total		5.59	0		33.3	400		61.7	1466

Conclusions and recommendations

The main objective of the study was to find the association between access to microfinance services and the improvement of women's livelihood as well as women's attitudes on access to microfinance towards their livelihood improvement. The question on whether microcredit makes any difference on women borrower's livelihood has been revealed evidence of improvement in women's income per annum and savings, ownership of income generating activities as well as the economic contribution made in their household. The findings of the study enlighten on the fact that micro financing has a potential to positively impact on rural women's livelihoods. Therefore, women's access to credit as source of finance should be promoted as liberating tool that can be used by very poor women in the battle against poverty and for their improve their livelihood.

The study also revealed that when women are well informed on the workings of the financial system, they can act in ways that are beneficial to their livelihoods. Positive attitude towards MFI services sends a clear image that MFIs services are of the great demand therefore. The paper recommends the government and nongovernmental organisation to promote financial literacy campaigns that will enable women to make informed choices and decision on the use loan and credit.

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CHAPTER FOUR

4.0 CONCLUSIONS AND RECOMMENDATIONS

4.1 Conclusions

The following are the summary of the major findings of this study which is the basis for the recommendations given.

4.1.1 Women economic empowerment

The first specific objective of this study was to determine the level of women's economic empowerment. The results of the analysis in relation to this objective are shown in paper one. Few women were highly empowered. However, Microfinance beneficiaries were found in medium and high levels of empowerment, while majority of non-beneficiaries were in low empowerment level with few in medium and high level. The implications of these findings for local economic development are that, until all institutions starting from the family, public and private in the local economy play their roles in the provision of various economic and social infrastructures, the microfinance institutions alone cannot effectively support rural women to maintain high standards of living and contribute to local economy development.

4.1.2 Comparison of empowerment levels between MFI's beneficiaries and non-beneficiaries

The second specific objective of the study was to compare empowerment levels between MFI's beneficiaries and non-beneficiaries. The results in paper one rejected the null hypothesis that the level of women economic empowerment does not differ between beneficiaries and non-beneficiaries. Women from varied backgrounds i.e. Age, marital

status, family size, educational level, occupation, who have associated with microfinance institutions have indicated that they have benefited from their association with the micro-financial system to a large extent as compared to their counterparts who were not accessing financial services from microfinance institutions. This suggests to women engaged in different income generating activities that access to microfinance services has something extra can do to their IGAs and their economic status.

4.1.3 Women's attitude towards MFI's services

The third specific objective of the study was to determine women's attitude towards MFI's services. The overall women's attitude towards MFI's services was positive. This positive attitude towards MFIs services sends a clear image that MFIs services are of the great demand therefore. However, such positive attitude on MFIs services in the study area does not mean women's easier participation in the programme; men mediated the relationship between women and microfinance institutions. Negative attitudes on the workings of the financial system excluded few women from the benefits of the microfinance scheme in the study area. This might be stemming from low levels of education as it was observed that majority ended up with primary education.

4.1.4 Challenges facing women in accessing microfinance services

The fourth specific objective of the study was to identify challenges facing women in accessing microfinance services in the study area. The results of the analysis in relation to this objective are shown in paper two. Husband influence women access to financial services from microfinance. Many women could have been accessing MFIs services if their spouses do not interfere their decisions. This suggests that, men's chauvinism affects women negatively in accessing MFIs services.

4.2 Recommendations

The following recommendations are made on the basis of the empirical findings presented in the first and the second draft papers of this dissertation.

- i. Microfinance institutions alone cannot effectively support rural women to maintain high standards of living and contribute to local economy development, the study therefore recommends to all institutions (public and private) in the local economy to play their roles in the provision of various economic and social infrastructures to enable economic empowerment among women in rural areas.
- ii. The study recommends the promotion of financial literacy campaigns that will enlighten women and enable them to make more informed decisions about access and use of financial services. This can be done by the Government of Tanzania through its specific microcredit schemes like Women Development Fund, Women's Bank, and many other financial institutions targeting women.
- iii. The study recommends that, the development strategies that aim to empower rural women economically like access to microfinance services should be designed to enhance women's direct access to these financial services, i.e. not mediated through their husbands or male partners that has been a challenge.
- iv. The study recommends to microfinance institutions to reduce the interest rate charged on credit, and design financial products that respond to women's businesses and individual cash flow problems. Credit products should take into account the type of economic activities that women have engaged in.

4.3 Areas for Future Research

- i. The study found the relationship between microfinance and women in the study area to be mediated by men, no women accessed financial services without husband's consent. There is a need to investigate men's attitude towards women involvement in microfinance institutions.

- ii. Based on the assumption that bringing women together in groups will be more empowering than individual lending, there is need to gauge the efficiency of group lending versus individual lending since the study found some complaints associated with group lending like the burden caused by the failure of one group member to repay the loan.

APPENDICES

Appendix 1: Questionnaire

Microfinance Institutions and Women Economic Empowerment in, Arusha District
Council, Tanzania

Section A: Questionnaire Identification

Date of interview

Questionnaire No.....

Ward..... Village..... Hamlet/street.....

Section B: Background information/Characteristics of the Respondents

1. Respondent age.....

2. Education level

1=No formal education [] 2=Primary [] 3= Secondary []

4= post secondary [] 5= other specify

3. Marital status

1= Single [] 2= Married [] 3= Divorced [] 4=Separated [] 5=Widowed []

4. Main occupation

1= Farmer/crop producer [] 2= Farming & livestock keeping

3= Petty Business 4=Formal employment 5= Wage labourer

6= Other (Specify).....

5. Family size (.....)

Section C: Women Economic Empowerment

6. Are you a member to any microfinance institution?

1= No [] 2= Yes []

7. What kind of income generating activity are you engaged in?

1= Buying and selling milk [] 2= Retail shop [] 3= Food vending []

3= Selling charcoal [] 4= Hair dressing saloon [] 5=Tailoring

6= stationary 7= fruit vending and vegetables 8= other specify.....

8. What was the source of the initial capital invested?

1= Microfinance Institution [] 2= Husband []

- 3= Own accumulation [] 4=Remittance []
 5= MFI and own accumulation [] 6= other (specify).....

Ownership of IGA's

9. Who own the business?

1= husband 2= jointly 3= Woman

10. Who selected the business?

1= husband 2= jointly 3= Woman

11. Decision making index

Who makes decision on the following issues in your household?		Degree of mobility		
S/n		1	2	3
1	Making household purchases for daily needs?			
2	Making large household purchases e.g. land, car, and motor bicycle?			
3	To engage in income generating activity?			
4	Spending income from the business e.g. send money to parents and relatives?			
5	Who decide whether to sell, transfer or mortgage household asset like land?			
6	Who make the decision on what to do with the money from the business?			

Key: 1= husband 2= jointly 3= Woman

12. In general, how do you describe your decision making in the household at present?

1= deteriorated [] 2= stayed about the same [] 3= improved []

13. Freedom of movement Index

S/n	Do you go to the following areas without seeking permission from any one e.g. husband, parents?	Degree of mobility		
		1	2	3
1	Visiting market places outside the village or nearby to sell or buy			
2	Visits to family, relatives within or away from the villages?			

3	Attend meetings/ training/group meeting			
4	Purchasing business items from distant shop/market			
5	Visiting financial institutions e. g PRIDE for loan application or paying instalments			

Key: 1= Never 2= Occasionally 3= Frequently

14. Personal Autonomy Index

S/n	Can you do the following without seeking permission from any one e.g. Husband, parents?	1	2	3
1	Seeking financial help from MFIs.			
2	Set money aside for your personal use			
3	Attending organizations or group regular meetings			
4	Help a relative with money e. g paying school fees, medical charges			
5	Changing an income generating activity			
6	Acquiring business training			

Key: 1= Never 2= Occasionally 3= Generally

15. Index of Economic contribution to Household

S/n	Are you able to pay for the following without seeking financial support any one e. g husband, parents?	Contribution	
		Yes	No
1	School expenses for the children		
2	Health care expenses		
3	Purchasing respondent's and children's clothes		
4	Purchasing household daily needs like food		
5	Donations on social issues like wedding, funeral, traditional ceremony etc.		
6	Expenses for housing repair		

16. Assets index

		Type of asset	[tick]	[number]
Transport	1=	Motorcar	[]	[]
	2=	Motorbike	[]	[]
	3=	Bicycle	[]	[]
Communication	1=	Radio	[]	[]
	2=	Television	[]	[]
	3=	Cellular phone	[]	
House assets	1=	Tables	[]	[]
	2=	Sofas set/Chairs	[]	[]
	3=	Wardrobe	[]	[]
	4=	Refrigerator	[]	[]
Productive assets	1=	Cows	[]	[]
	2=	Goats	[]	[]
	3=	Sheep	[]	[]
	4=	Pigs	[]	[]
	5=	Chickens	[]	[]
	6=	Piece of land	[]	[]
	7=	House	[]	[]
Farm implements	1=	Tractor	[]	[]
	2=	Plough	[]	[]
	3=	Hand hoes	[]	[]
Other specify	1=		[]	[]
	2=		[]	[]
	3=		[]	[]

17. In general, how do you describe your Ownership over assets currently?

1= deteriorated [] 2= stayed about the same [] 3= improved []

Increased income and savings

18. Has the estimate of your income per annum increased?

1=No [] 2=Yes []

19. Do you have any savings?

1=No [] 2=Yes []

20. Do you control the income from the business including savings?

1=No [] 2=Yes []

21. What is the estimate of income from your business per year? [.....]

22. In general, how do you describe your savings presently?

1= deteriorated [] 2= stayed about the same [] 3= improved []

Section D: Women attitude towards MFI's services

23. Evaluate them in relation to your situations and then put a tick under the choices below.

5=strongly agree, 4=agree, 3=I don't know, 2=disagree, 1=strongly disagree

SN	Microfinance services	Agreement scale				
		1	2	3	4	5
1	Women should join micro-finance for economic empowerment					
2	MFIs services give women a greater economic role in decision- making					
3	MFIs services stimulated a number of women's owned IGAs					
4	MFIs services improved women's expenditure on household needs					
5	MFI's services enabled women to improve their household condition					
6	Participation in MFIs risk the ownership of productive and non-productive assets					
7	MFIs programs like regular meetings decrease women's time for economic activities.					
8	MFI's repayment schedule gives women little change to increase income and savings due to frequent repayment					
9	MFIs services threaten women's economic contribution to the household due to high interest rate					
10	MFI's loans amount does not enable women to significantly own and control assets					

Section E: Challenges facing women in accessing MFIs services

24. What are the challenges facing women in accessing MFI's services in this area?

- i.
- ii.....
- iii.....
- iv
- v.....
- vi.....

Thank you for cooperation

Appendix 2: Checklist for key informants

Date	
Name of the MFI	
Location	
Ward	
Village/street	
Name of the interviewee	
Position	

1. How is women economic empowerment defined in your organisation?
2. Given the rural context, what changes in women's lives can you say to have been attained from their access to MFIs services?
3. What ways does the organisation use to promote women economic empowerment?
4. In your own opinion, how do women perceive MFI's services in this area?
5. In your own opinion, what are the challenges facing women access to MFIs services?
6. Given such challenges, what ways does the organisation use to encourage participation of women in accessing its services?

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Thank you for cooperation