THE ROLE OF MICROFINANCE INSTITUTIONS IN THE EMPOWERMENT OF WOMEN: THE CASE OF PRIDE TANZANIA

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A Research Report Presented in Partial Fulfillment of the Requirement for the Degree award in Masters of Business Administration Corporate Management (MBA-CM) at Mzumbe University

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CERTIFICATION
The undersigned certifies that he has read and hereby recommends for acceptance by the Mzumbe University a dissertation entitled; “The Role of Microfinance Institutions in the Empowerment of Women: The Case of Pride Tanzania” which has been submitted in partial fulfillment of the requirement for the Masters of Business Administration MBA of the Mzumbe University.

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ACKNOWLEDGEMENT

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ABSTRACT

Microfinance involves activities directed at provision of access to financial services for working poor or small and micro-enterprises. Micro financial services comprise of micro credit, savings, micro leasing, micro insurance and any other forms of financial Institutions.

Microfinance plays a major role in improving women decision making by contributing in the economic activities.

The study focused on analyzing the role of Microfinance Institutions on women empowerment. Major focus of the study was on the women of Tanga region whose ways of life is reflected by their culture, religion as well as old customs. Major problems which are faced by these women include social cultural attitudes, legal barriers, lack of education and personal difficulties.

The researcher designed a case study for accessing detailed information on studied topic. Source of information was documents collected, Observations, questionnaires and interview sessions with the women in Tanga region as well as some of the staffs working in Pride Tanga offices. These methods enabled the researcher to collect all valid information and understand the impact created by Pride in the role of women empowerment.

It was found that the level of education, culture and ways of life had a major role to play in increasing poverty within the region. These cultural practices and ways of life made the women to lose their rights as well as ability to reduce poverty as they become highly dependent on their husbands.

Even though Pride has provided a major contribution on the empowerment to the women of Tanga region, there are still some challenges which are being faced by the institution such as the women being denied control over property, Lack of creativity from borrowers, high interest rates as well as high default rate as the women tend to diverge the funds to cater for household needs.

The researcher observed that a business can only be sustained and growth is inevitable depending on the management of the business owner. Proper management of businesses needs training; close study as well as enough capital required as well as allocation of the right resources for the growth of the business. In Tanzania, most of
the business women rarely have skills on running the business. Therefore, there is a need to have training to women on how to conduct businesses, not only for the readymade products but also on other ways of producing the products. Hence, giving training to women, together with motivation towards achievements will lead to a greater level of achievements.

In order to encourage more women to enter into microfinance institution lending program, there is a need to reduce the interest rates on loans. This can be done by increasing the number of legal microfinance service providers. Not only that, there is also the need for the Government to put strict conditions on the street money lenders as they charge high interest rates, which may take up all the profits acquired from the business of the borrower.
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CHAPTER ONE

PROBLEM SETTING

1.0 Introduction

Microfinance is a type of banking services that is provided to unemployed or low income individuals or groups who otherwise have no other means of gaining financial services. Amongst the aim of microfinance institution is to empower women as the women make up a large proportion of microfinance beneficiaries.

Traditionally, women (especially those in underdeveloped countries) have been unable to readily participate in economic activity. Keeping up with the objective of financial viability, an increasing number of microfinance institutions prefer women members as they believe that they are better and more reliable borrowers.

Working women contribute to national income of the country and maintain a sustainable livelihood of the families and communities, throughout the world. As they face many socio-cultural attitude, legal barriers, lack of education and personal difficulties. Traditionally, women have been marginalized.

They are rarely financially independent and often they are more vulnerable members of the society. About 70% of the worlds poor are women. Yet they have no access to credit and other financial services. Therefore, microfinance often target women. Microfinance is a critical tool to empower women from poor household. So, particularly women can get benefit from microfinance institutions as many microfinance institutions target only women, to empower them.

Promotion of Rural Initiative and Development Enterprises Limited (PRIDE Tanzania) is a micro finance institution involved in the provision of credit to small and micro entrepreneurs in Tanzania. It was incorporated on 5th may 1993 under cap. 212 as a company limited by guarantee. Microfinance institutions have become an important vehicle of development for developing economies. They are small scale, low investment projects that provide fulfilment and fairly immediate income
generation. This has a great impact on boosting self confidence which in turn affects family and social life.

Microfinance institutions greatly influence the women who, in developing economies, are generally uneducated or semi-educated, are dominated by men, and have relatively low societal status. Microfinance institutions encourage women to become economically self-sufficient, empower them to be emotionally self confident, and enable them to have a voice in the society. Their newly acquired influence reflects in improved living conditions at home and better prospects for their children’s future.

Economic empowerment of women not only positively impacts their own life situations but is also central to mobilising their potential for sustainable development and poverty alleviation. Women spend a higher percentage of their income on feeding and educating their children, which is aimed at the wellbeing of their families. Economic independence of women is crucial as it counteracts exploitation, feminization of poverty, discrimination and disregards of their fundamental human rights. Gender equality at the economic level therefore contributes directly to the reduction of poverty and overall development.

Empowerment of women means to let women survive and let them live a life with dignity, humanity, respect, self esteem and self reliance.

Kabeer (1999) stresses that women’s empowerment is the process to acquire the ability from which those who have been denied the ability to make the strategic life choices. Her emphasis that ability to exercise choice incorporates three interrelated dimensions: Resources, Agency and Achievements.

According to UNIFEM, “to generate choices, gaining the ability and exercise bargaining power”, “developing a sense of self worth, to secure desired changes, belief in one’s ability and the right to control one’s life” are important elements of women empowerment. Women will be empowered when they will have full control over their own life.
Chaudery and Nosheen (2009) women empowerment is one of important issues of present day development policies in developing countries. Since empowerment is multidimensional concept, it is determined by many socio economic factors and cultural norms. The author attempts to explore the determinants of women empowerment using regression analysis. The data was collected from a district of Southern Punjab, especially from rural urban and tribal areas and they have very limited access to all basic facilities.

The sample selected for survey by using stratified random sampling and all respondents belonging to the age group of 14-65 years. For women empowerment measurement four indices are developed in making a cumulative index. The results show that age, married women and women having Islamic view have statistically positive impact on women empowerment.

Cheston and Kuhn (2002) stated that microfinance programs have been potential to transform poor relation and to empower women especially by using case study of Sinapi Aba Trust. Although women access to financial resources has substantially increased yet loans given to women differ in sizes. In spite of this, just financial help is not enough to empower women and improve well being but if they are properly designed then they make important contribution to women empowerment. The writer explains empowerment indicators and measurement techniques.

The contribution of micro insurance, saving to empowerment, technology transfer through microfinance institutions, the relationship between microfinance programs, empowerment, family planning and cultural norms exist. He describes different theories of targeting women. Microfinance plays a major role in gender and development strategies because of its direct relationships to both poverty alleviation and women. As women are the poorest of the poor so greater financial security allows the women to become more empower in household and community affairs.

As women spend most of their income on their family needs particularly children’s education, diet, health care and clothing. Proponents of targeting women argue that
women repayment record is good and their behaviour is more cooperative than men. Access to financial resources does not alone empower women but also access to material (credit, property, and money), human and social resources (education, business). Empowerment is culturally relative term; it is itself not a western concept. Microfinance affect women’s ability or decision making and self confidence which is closely linked with knowledge, women’s status and gender relations at home. Microfinance program strengthen women’s economic autonomy and gives theme means to pursue non traditional activities. Through these programs women escaped from abusive relationship.

Rehman and Khan (2007) presents that microfinance is the provision of collateral free loans to poor people illiterate and don’t know how to read or write. The multiple linear regression analysis technique was used to explore the effects of different determinants on women empowerment and role of microfinance in female empowerment.

1.1 Background of the Problem

According to the 1988 population census, women constitute nearly 51% of the total population. Tanzania’s economy depends heavily on agriculture; about 90% of the able-bodied population is engaged in agriculture of which about 75% are women. Yet the status of women is still low, both economically and socially. In spite of the efforts made by the government, it remains a fact that very few women participate in decision making.

Women are deprived of equal access to education, health care, capital, decision making powers in all sectors i.e. political, social and business sector. Whereas the men are the one’s being credited with performing three quarters of all economic activities in developing countries. Microfinance services leads to the empowerment of women by positively influencing their decisions and contribute in creating self awareness and enhancing their overall socio economic status.
The incidence of poverty in the Third world is higher in women than men. Pearson (1992) asserts that there is substantial evidence that women have consistently lost out in the development process in these developing countries.

One reason for such a feature is that economic, social and cultural factors in the third world have combined to produce a situation in which most development efforts have tended to discount the potential social and economic contribution of women and has therefore failed to mobilize and benefit from women as a vital human resource.

Tanzania is considered to be one of the poorest countries in the world which is far less than the average sub Saharan Africa. In terms of purchasing power parity, it is reported to have the second lowest GDP per capita in the world next to Sierra Leone of which half of its population lives below the poverty line and has a vast majority of the poor households who live in rural areas.

Tanga region is located in the north east of Tanzania and has three coastal districts which are Pangani, Muheza and Tanga Municipality. Its coastline extends approximately 180 kms from the Kenya boader in the north to Saadani Game Reserve in the south. The population of approximately 379,000 live in two towns (Tanga 223,000 and Pangani 6000) and has 42 coastal villages.

In 1980’s, Tanga was among the highly respected region in Tanzania in terms of its economic strength and potential but its fortune fell at one time in a major economic distress. Her economy dropped sharply after her giant sisal and tea estates, coconut and cocoa plantations, well developed progressive farmers, fishing, forestry and many small and medium scale industries collapsed lost hope and a sense of direction By the early 1990’s, the residents of these three Districts were facing the consequences of unsustainable use of coastal resources, such as declining fish catches, deteriorating coral reef health and continued reduction of the mangroves and coastal forests.
The Government and community responses to these problems were inadequate but the villagers and the regional government authorities recognised the dependence on these natural resources and the need for controls over access and exploitation.

In Tanga, Religion and custom reinforce the norms of male authority in the households. According to the culture and the normal practice, the male and females affirm the right of a husband to make crucial decisions regarding the family and attribute this authority to Islam. Women’s power comes from men’s emotional need to maintain their marital intimacy in the absence of other source of intimacy. Women, on the other hand, have rich intimate and emotional relationships with other women and their children and are thus less dependent emotionally on men.

Some of the religious structures do push women in periphery while most of the decisions being made behind the curtains by men. Although there are some of the religious women groups who have been very active in implementing the Beijing Platform of Action, some conservative religious beliefs have been constraining women in pursuing gender equality and equity.

From a child’s earliest years, there is a separation of male and female domains. Peer groups, becoming important first in childhood, continue to be significant throughout the life cycle. Even before adolescence, boys and girls begin to exist in separate but proximate social worlds whereas the young girls are more constrained by domestic responsibilities while young boys are freer to range further field.

Women tend to get married by their late teens; most of them spend their next two decades involved with a growing number of young children. Despite the availability of birth control, women who are now middle aged have refrained from family planning. Consequently, they have frequently produced anywhere from six to thirteen children. They express feelings of loneliness and desolation that were mitigated only by their closeness to and dependence upon other women.
In the rural areas, such women depend far more on one another than on their spouses. Indeed, in addition to assistance with cooking and child care, women often provide one another a refuge from the afflictions of marriage, neglect, and unrealistic demands, verbal and physical abuse.

The introduction of microfinance services had similar reasons to that of other countries, that poor people faced hardship in accessing loans from commercial Banks. In order to overcome this problem, the National microfinance policy of 2000 was introduced as a basis for the evolution of an efficient and effective microfinance system to serve the low income segment of the society, and thereby contributing to economic growth and reduction of poverty.

The policy focused on the provision of financial services to households, small holder farmers and small and micro enterprise in rural as well as in the urban sector. This was aimed at making financial institutions become a more useful instrument towards poverty reduction. All these initiatives intended to improve availability of micro credit to low income earners in Tanzania.

It is thus the focus of this study to examine the roles of micro loans in relation to the economic empowerment of the individual borrowers putting a major focus on women of Tanga region who come from a society which is less exposed to the privileges for women empowerment when compare to a more commercial city like Dar es Salaam. For centuries, the East African Coast has been part of the western Indian ocean trading area. Therefore the communities are a mixture of ethnic groups and cultures primarily African, Arab and Asian. The predominant religion that dominates the area is that of Islam which has in turn imposed its culture and values which have a huge impact on the way of life within the society.

The participation of women in coastal resource use is rarely fully acknowledged and tends to receive little or non economic remuneration. The economy of most households in the coastal villages in Tanga region depends on a combination of activities and is essentially subsistence based. Fishing is by far the most important
economic activity. Agriculture and small scale trading are the second and third most important occupations while a significant number of people rely on other ways of using natural resources for their living example salt boiling, lime burning, charcoal making and house building. Therefore most of the house holds are not self sufficient in food.

A wealth ranking exercise which was conducted in three coastal villages in Tanga region in 1996 showed that women are among the poorest individuals within the society. 68% of the women were estimated to be in the poorest categories, whereas only 24% of men were in these categories. This is therefore presumably because women own and control very few resources and have limited earning potential (Gorman et al.,1996)

Pride Tanzania Ltd, Tanga branch is the second oldest branch of the entire pride network. It started its operations in 1995 at Tanga municipal, Tangamano hall. However due to the fast growing number of clients and the expanding operations of their business, it necessitated the company to acquire more offices to sustain the needs of every low income earner within the region.

Empowerment of women is one of very important issue in developing countries. As women are integral part of society, her status and participation in decision making as well as economic activities is relatively low. Microfinance institution as Pride plays a major role in improving women decision making by contributing in economic activities. In this study an attempt will be made to explore the socio economic determinants of women empowerment in which microfinance is crucial economic determinant.

Working women contribute to national income of the country and maintain a sustainable livelihood of the families and communities

Empowerment of women means to let women survive and let them live a life with dignity, humanity, respect, self esteem and self reliance.
1.2 Statement of the Problem

The economic history of women in Tanzania is obvious, that women in Tanzania own less of the economic wealth and property although they are the main producers. For example, in agriculture, 80% of the rural farming is done by women, but have less power to the production they make. Women forms the majority of the population in Tanzania (51%) and as we have noted they form the main economic actors by engaging in production of wealth, goods and services as well as playing the role of reproduction of human labour.

However, their contribution has been considered as insignificant because they are not given a monetary term. Studies have shown how women labour, regardless of the maximum contribution they make to the economy, is not fully recognized in the national accounting system and therefore they are not rewarded (their work is not added in the calculation in GDP).

Empowerment of women is one of the very important issues in developing countries. As women are an integral part of the society, their status and participation in decision making as well as economic activities is very low.

Working women contribute to national income of the country and maintain a sustainable livelihood of the families and communities throughout the world. As they face many socio-cultural attitude, legal barriers, lack of education and other personal difficulties.

Traditionally, women have been kept in a certain state of which they are not expected to act outside of their set margin within the society. Women are rarely financially independent and often they are more vulnerable members of the society. About 70% of world’s poor are women. Yet they have no access to credit and other financial services. Commercial banks often focus on men and formal businesses thus neglecting the women who make up a large and growing segment of the informal economy.
Women need to increase their power and control over the necessary resources for sustainable and dignified life. The issue that arises then is the extent to which the microfinance institutions have been able to empower the target groups, i.e. women. Earlier approaches, strategies and efforts failed to alleviate poverty among women because their focus was on women’s attainment of practical needs such as income, water, health facilities and labour saving technologies. Some of the empowerment components were being over-looked. As such, the programmes continued to reinforce oppressive gender relations.

This paper will concentrate on microfinance and its role in giving empowerment to women this study will specifically be concentrated to the women of Tanga as it is one of the least developing regions after its major economic distress. In general, the widespread and increasing of poverty is putting new pressures on women to contribute to the household income. Fertility is still very high with an average of five children born to each woman and in some coastal villages even more. On this situation it is only a small proportion of the female children that get to complete school.

1.3 Research Objectives

1.3.1 General Objectives
The General objective of the study was to identify the role of Microfinance on the women empowerment in Tanzania by focusing on the women in Tanga region.

1.3.2 Specific Objectives

- To determine how women access and use loans from Pride Tanzania
- To assess the sustainability of women’s income generating activities following loans received from Pride.
- To determine the contribution of Microfinance on women empowerment.

  - Research Questions
• To what extent has Pride contributed to the women empowerment within Tanga region?
• What are the challenges faced by Pride in providing services to the women?
• What are the factors limiting the process of empowerment of women on the loans supported by Pride?
• What factors have influenced or inhibited the process of poverty alleviation among women at household level?
• Are the women’s incomes generating activities funded by the credit scheme sustainable?
• How is the society reacting to the contribution of Pride within the region?

1.5 Significance of the study
Open up the mind of the researcher and be able to get experience for the first time he or she is doing the research in that institution.
Help the researcher to find different ways or methods to be used to satisfy the women in the whole process of women empowerment.
This enables the researcher to participate fully in his or her research so that he or she can be able to pursue the study.
It also builds or puts the researcher’s mind in the future work after his or her master’s degree.

The study will bring out the knowledge and understanding on the role of microfinance on women empowerment.
The research findings will be used as a literature review to the other researchers on the related topic.

1.6 Limitations of the Study
The focal point of the study is analyzing the role played by Microfinance Institutions on women empowerment. The study was then narrowed down into Tanga region and the individuals involved will be the women within the societies (both borrowing and non borrowing from the Institution) and staff of the Institution. I decided to use the
women from Tanga region as they are the ones who are still living based on their old customs as well as the influence of Islam in terms of dressing, customs, religion as well as socialization within the community facing uncertainty avoidance of new changes, decision making as well as level of education. The boundaries of the study were drawn within the existing factors (cultural, religion, borrowing needs and society overview) and their effect towards women empowerment.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction
The chapter presents the definitions of key terms in the study, and then followed by the review of theories related to the performance of the microfinance institutions and women empowerment. It also reviews the empirical literature in relation to the study and identified additional gaps. The chapter is concluded by conceptual framework which summarises the key variables identified in the reviewed literature.

2.2 Theoretical Literature Review
Ever since the Microfinance initiatives have started targeting women, there has been a strong debate of whether microfinance is actually been a critical aspect of women’s empowerment (Mayoux 2002/2006, Jyotish 2006, SIDA 2009). This debate has mostly been held in relation to those areas where gender based inequality has been a historic reality and women’s participation in income generating economic activities has been low

Moreover, Women have also lacked access to their economic rights, to property inheritance, bank loans, or even agriculture based credit as they have been perceived as merely the helping hands of the male farmers (Regmi 2011). In rare cases, agriculture based credit was provided to single women with children, as the burden of responsibility for agricultural farming became solely theirs in the absence of their husbands.

The concept of empowerment can be traced back by using theories of biology which consider the biological differences between men and women. The differences used by the theorists are based on men’s and women’s brain structure and reproductive organs. Darwin for example, argues that peoples of early stone ages were hunters, hence had to reason hard to invent hunting instruments (Darwin, 1859). Other natural scientist (Neural autonomist 19th century) further argued that men’s brain lobes are longer in size compared to those of women while parietal lobes of women are larger.
than that of men, and, brain lobes that are concerned with higher processes are those of men and the parietal lobes with lower processes being those of female (Asmov, 1970s). Under these theories, men concentrated to activities that needed deep thinking such as hunting, where as women were limited to child bearing. Therefore, Women insubordination according to Asmov (1970) is based on the psychological and biological differences between men and women.

It is theorized that age of respondents positively influence the women empowerment. Older women have more independence and empowerment than younger women as they have more experience with life, a better understanding of how to get what they want.

Education of husband often argued to increase the women empowerment. Mostly women are dependent economically and socially on the male members of the society, so the education of husband is considered important. If they are highly educated they are aware of the rights of females and will give them self confidence in taking decisions at the domestic level.

Number of sons is notified as the positive factor of women empowerment. It is common perception that sons will contribute to family income and carry the family name; provide all the necessary care and support to their parents when they are old while daughters are economic burden. So having a larger number of sons has more say in the family decision making and gives more empowerment and autonomy.

However, these theories were challenged by other theorists. For example, Wallerstonecraft a theorist, argued that, women were born equal to men and that the defects found in women are due to lack of proper education and unfavorable domestic environments that hindered their thinking potential compared to that of ‘men’ (Temba, 2004). This implies that the disempowerment of women is not a natural event, but it due to environmental factors.
Guérin et al. (2010) argue that, inequalities in the societies are considered to be the driving force of disempowerment. The author continues to argue that, household is the lowest level and centre of power struggle, negotiation and activities. This struggle may be between men and women, women and fellow women and vice versa and even between children and children of the same household or between children and the adult member of the family. Women’s empowerment is understood not necessarily to lead to less power for men, but men could also benefit from it, with the chance to live in a more equitable society and to explore new roles (Guérin et al. 2010).

There are different ways of which women can be empowered. For example, WFP (2010) identified four ways to empower women, which include supporting women’s education, training them as business leader, equipping them to become better farmers, and aiding those displaced by conflicts. With equal access to education, training and economic means, women can raise the living standards of their families and inject new life into the local community.

In addition to that, WFP (2010) identified that women in Africa are good investors, for example they re-invest about 90% of their income back in their households, compared to 30 to 40% from men. Hence, giving women the knowledge and skills they need to run business successfully is an efficient way to strengthen poor families.

Theoretically one of the purposes of microfinance service is to promote the status of women as a whole, for example, gaining respect and status within the household and amongst the kin is obvious (Guérin et al. 2010). Women do not seek to challenge the hierarchical order of female subordination. Though many of them are perfectly aware of their material and ideological dependence on men, they have internalized such structures, seeking to make their position in the pre-existing framework more comfortable rather than challenging that framework itself (Guérin et al. 2010).

According to Mayoux (2000a) and Johnson et al (1996) microfinance and empowerment can be viewed in three key paradigms which are; Feminist
empowerment paradigm, financial self-sustainability paradigm and Poverty alleviation paradigm. In ‘feminist empowerment paradigm’ microfinance is promoted as an entry point in the context of a wider strategy for women’s economic and socio-political empowerment that focuses on gender awareness and feminist organization. Under this paradigm, microfinance is part of a sectored strategy for change that identifies opportunities, constraints and bottlenecks within industries which, if addressed, can raise returns and prospects for large numbers of women.

In ‘financial self-sustainability paradigm’ it is assumed that increasing women’s access to microfinance services leads to individual economic empowerment through enabling women's decisions about savings and credit use, enabling women to set up micro-enterprises, and increasing incomes under their control.

In ‘poverty alleviation paradigm’, the main focus of the programs is on developing sustainable livelihoods, community development and social service provisions like literacy, healthcare and infrastructure development. The authors continue to argue that poverty alleviation and women’s empowerment are seen as inherently synergistic. The assumption is that increasing women’s access to microfinance will enable women to make a greater contribution to household income and thus, together with other interventions to increase household well-being, will translate into improved well-being for women and enable women to bring about wider changes in gender inequality.

However, microfinance and women empowerment needs a certain driving forces or motivation. Several theorists came up with several theories that describe the way in which people are motivated. Motivation presents psychological processes that cause the arousal, direction, and persistence of voluntary actions that are goal directed (Huitt, 2007). It is concerned with why people choose a particular course of action in preference to the others and why they continue with a chosen action over a long period (Huitt, 2007).
(United Nations Expert Group on women and finance, 1995) explains that, a woman’s role in the economy is an important determinant of her ability to provide health services, education and safe housing for herself and her family. It is also an impact on her decision making power, as well as her ability to speak and act against inequalities, injustice, and violence in her home as well as in the community. The ownership of working capital is a means to building women’s confidence, self respect, and the capacity to use her voice to shape her life and the lives of her family members.

Despite the fact that performance of borrowers in microfinance and hence empowerment are influenced by motivation, there are challenges. These challenges are related to the Darwin’s biological theory of struggle for existence, natural selection and divergence. According to Colneus (2010), the Darwin’s theory of natural selection have some key ‘facts’ and ‘inferences’, which include; Every species is fertile enough that, if all offspring survived to reproduce, the population will grow (fact).

A struggle for survive ensues (inference). Individual in a population vary significantly from one to another (fact). And, individuals less suited to the environment are less likely to survive and less likely to reproduce, where as, individual more suitable to the environment are more likely to survive and more likely to reproduce and live their inheritable traits to future generation which produces the process of natural selection.

This theory is applicable in real life to investors, particularly micro borrowers, including micro entrepreneurs. In business, competition is obviously there. Under such competition, some businesses do survive while others do perish. Those investors whose businesses survive and grow become more economically empowered, whereas, those investors whose businesses fail to perform are disempowered, and hence, poverty persists, and sometimes the situation of the borrowers becomes worse than before (Lindsay, 2010).
The theory can be related to the lending programs of the Microfinance Institution. For example, in China, group lending program faced a challenge in implementation of the programs because of geographical dispersion of people which made it difficult to form groups, poor network of trust and social cohesion in some of the regions (Armendariz et al 2002).

Other challenges related to Maslow theory include that; people do not necessarily satisfy their needs especially the higher level needs in the work setting, there is a doubt about the time which elapses between satisfaction of lower level needs and emergence of higher level needs, and human needs are not hierarchically arranged more than one need may be simultaneously (Huitt, 2007)

2.3 Empirical Literature Review
Since micro credit programmes have generally targeted poor women as clients, access to micro credit can empower them by increasing their contribution to household income and assets building, which is a significant contribution towards their increased self-worth and improved family status and increasing women’s social, political and financial power (Li, 2010; World Bank, 2007).

According to Keller (2006), a test for portfolio risk in microfinance has shown that the Grameen Bank has significantly helped the poor to increase household incomes, productivity, labour force participation, and rural wages, and that the level of absolute poverty was 75% lower in areas where it operated than in villages without it.

Manroth (2001) in the study of ‘how effective is microfinance in Eastern and Central European Countries and the New Independent States’, identified that increased household income due to increased productivity was the single most frequently observed positive effect of microfinance in the region which accounted about (76%) out of 21 Microfinance Institutions studied.
In contrast, other authors look microfinance in a negative way. For example Keller (2006), argue that, the demand for timely repayment increases friction and stress amongst loan officers and to the borrowers such that no reason is accepted for even minimal delays of loans. If poor people don’t have money to pay back for loan, they have to obtain it from the money lenders as new loans at exorbitant rates so as to pay for the first loan (Rahman, 1999; Mahmoud, 2003). The authors continue to argue that failure to timely loans repayments is sometimes accompanied with confiscation of valued properties of the borrowers.

In addition to that Lindsay (2010) in the report of ‘Microfinance developing paths to self sufficiency’ mentioned that borrowers of micro loans are charged at exorbitant rates. For example, in Mexico a commercialized micro finance institution, Azteca Bank charged interest rates between 50%-120% which is much higher than the average micro finance loan interest rate of 31% (Lindsay, 2010). For this case, borrowers who want to build good credit record will pay back their loans no matter how much their family needs it at the time and end up worse off. Therefore, loans create a debt trap that prohibits the poor from ever getting on in their businesses (Mahmoud, 2003).

Hence, borrowers are getting poor, oppressed, exploited and hopeless, and sometime, the situation becomes worse than before involve in the microfinance program. Therefore, this study based on these challenges identified, seeks to understand what is the situation of the borrowers’ enterprises in Tanzania?

In other studies, authors looked on how the borrowers were able to control enterprise finance. The aim of credit is for it to be invested in businesses so that can generate income, and hence betterment of borrowers households standard of living. This process of increasing the capacity of individual or group to make livelihood choices and to transform these choices into desired actions and outcomes is a result of an economic empowerment (Baliyima, 2008).
Driouchi (2005) in the study of Women Empowerment through Micro credit in the Rural Areas of Khenifra (Morocco) identified that in the sample of 75 women, 82.67% of them got an effective control of their loan use. These women injected their loan instalments in their personal activities while the other 17.33% of women didn’t exercise the control over loan use.

They, instead, gave their loans to their husbands, male children or other relatives. This implies that credit stimulated many borrowers to have self commitment and hence responsibilities. By doing this, borrowers become more experienced in issue related to fund allocation.

However, in some areas the situation is quite different. Kumar et al. (2010) in the study of ‘Microfinance and Women's Empowerment, in rural Southern India’ found negligence in using microcredit service for self employment as centre goal. The author identified that, out of 449 loans disbursed; only 4.5% was used for business purposes.

The credits were primarily directly used for health expenditure (22%), children's education (16%), housing (14.2%), financing of ceremonies (15%), and repaying previous debts (12%). This is misuse of loans. It implies that the borrowers use other means to pay the loans. Because of that these women borrowers will not be economically empowered, and possibly, they will continue to depend on others for loan repayments, and as a result the level of self confidence is in doubt.

A similar case is reported by Ngo (2009) in the study of ‘Microfinance and the Promise of Social Change’. The author identified that many women relinquish the use of their loans, in part or in whole, to their spouses. The act of women passing on their loans to male members of the household implies that women have no control over their loans, casting doubt on the empowering potential of microfinance. Therefore this study seeks to understand whether women borrowers in Tanzania are really able to control and allocate money to the intended purpose?
Women’s contributions to household expenses are much higher than their contributions to household income, as their income is usually devoted to household’s well-being, while men often spend part of their income on personal expenses (Kumar et al., 2010). Women’s participation in microcredit services lead to the accessibility of consumption, health care and contraception, improved decision-making power and better spatial mobility, access to property, decrease in domestic violence and strategic decisions (children’s education, the organization of ceremonies) (Kumar et al., 2010; Mencher, 1988).

Kabeer (2001) conducted an interview to female and male beneficiaries of a microcredit program in two provinces of Bangladesh and found that women who received loans have a higher self-worth and more access to money. In many cases the loans increased women’s decision making ability within the household, and led to more women owning assets and to more education for daughters. This implies that by empowering women many things of the households including children’s education are cared.

However, it is not the case in other households. For example; Gibb (2008), conducted a study of a microcredit program in the Bolivian cities La Paz and El Alto. She found that the loan program did have a positive effect on businesses of the women and on household assets, but a negative effect on level of education of the children or on women’s empowerment.

This implies that other households are only concerned with business performance and don’t care about the children education. Therefore this study seeks to know, if households in other parts of the world don’t care about children’s education, even if they are financially empowered, what about the households of the micro borrowers in Tanzania do? Is really women economic empowerment assist in fighting against ignorance and hence poverty?
2.4 Definition of Key terms

2.4.1 The Concept of Gender and Gender Relations

The concept of gender rose to prominence in the 1970’s as researchers looked for a way to conceptualise the social construction of masculinity and femininity. Attention was shifted away from the biological to social relations between women and men (Mbilinyi, 1992). The concept of gender concerns itself with examining two components of human beings, men and women, in order to improve both the understanding of their relations of status and inequalities, participation and also to proclaim equality of rights, responsibilities/role and capacity for both sexes (Muro, 1994).

According to this view, the problem of women and development concerns both men and women, and more specifically the relations between them. According to Cheryl (1990) gender relations in African indigenous societies were characterized by appropriation of women’s labour by men. Cattle were used in most societies as a means of appropriating women’s productive and reproductive labour. Women were acquired by men through bride price whereby cattle were a means of exchange.

Cheryl further explains that in the colonial and neo colonial periods gender relations became more oppressive. Colonial taxes like the hut tax were based on individual households requiring men to obtain revenue for paying the tax from women. Since most men had several women as wives and each woman had her own household; one man had several households from which to collect revenue.

In this study gender relations are discussed and analysed in the context of the relationship between the loaned who is a woman and her husband. The gender relations in question are participation in decision making, access to and control over resources, freedom to use own time, respect from husband and community, decision making on money use from loan and husband’s assistance in domestic chores.
2.4.2 Gender Analysis in Business

Gender relations can also be traced in the development of the culture of women involvement in small business and micro enterprises for income generation. Traditionally women in Tanzania used to confine themselves entirely to the agricultural sector and not in wage labour until after independence in 1961.

It has been observed that, the women who managed to establish themselves in urban areas were very much marginalized (Gaidzanwa, 1993). Such women used to squeeze themselves into fringe activities such as food selling, beer brewing and prostitution. The author also observes that in rural areas, women could not establish their own trades on land except for those who were married who engaged themselves in their husband’s activities as family unpaid workers in the farms, shops and crafts production.

Gender analysis of lending Institutions has revealed that despite the fact that women have excellent loan repayment records, they are still less represented in the portfolios for micro-producers and borrow on average smaller amounts than men (Buvinic, 1993). Buvinic argues that women are more represented in loans that require group collateral rather than material collateral which are given to men. Buvinic argues that these types of loans are least productive and do not have long term financial viability hence their failure to graduate their clients into the formal banking sector.

Using gender to analyze loan risk’s, Goetz and Gupta (1994) have observed that women may be preferred to men as participants in micro-credit programmes because they are seen to be more reliable and tractable and are easier for field workers to access. Focusing on gender power relations and control over the use of loans, according to Goetz and Gupta see loans as a way of strengthening male control over household resources without necessarily jeopardizing household access to that resource.
These authors agree on the fact that, poor men are almost as powerless as poor women in terms of access and control of resources hence their support of empowerment processes when they enable to bring much needed resources into their families.

In spite of the obvious merit of development policies which give priority to assisting women to start income generating activities, some Scholars (Pearson, 1992; Commack et al, 1988) have argued that there is a considerable concern among development practitioners about the lack of understanding by policy makers of gender relations and how they affect women negatively., for example, in the implementation of Structural Adjustment Programmes in the Third World Countries, it has been observed that as the total amount of goods and services the household can afford to buy falls, the share of women and girls of these shrinking resources has also tended to decline further.

In line with the above observation, Pearson (1992:113) points to the need of looking at the question of development process and hence reduce poverty among women and in households, changes in gender relations which are socially constructed must be made first. Researchers and studies in Tanzania are very elaborate and vocal on this (example TGNP, 1993; Mbughuni, 1994; Mbilinyi, 1992; Misana, 1995; Muro,1994; and Oman, 1991).

Looking at women engaged in small business and micro enterprises in developing countries, it can be concluded that they encounter a number of gender based problems, these problems include:

- Legal right to income possession especially among married women.
- Not having enough time to spend on their businesses due to many responsibilities at home.
- Poor education or lack of education forcing women to engage in unskilled labour with low remuneration.
- Lack of market and business information.
2.4.3 Poverty

Poverty at its broadest level can be conceived as a state of deprivation prohibitive of decent human life. This is caused by lack of resources and capabilities to acquire basic human needs as seen in many, but often mutually reinforcing parameters which include malnutrition, ignorance, prevalence of diseases, squalid surroundings, high infant, child and maternal mortality, low life expectancy, low per capita income, poor quality housing, inadequate clothing, low technological utilisation, environmental degradation, unemployment, rural-urban migration and poor communication.

Poverty is caused by both internal and external factors. Whereas the internal causes can be clustered into economic, environmental and social factors, the external causes relate to international trade, the debt burden and the refugee problem.

2.4.4 Women and Microfinance

Microfinance is the provision of appropriate financial services to significant numbers of low income and economically active people in order to improve their condition and local economies. Financial services can include one or any combination of the following: lending, savings, insurance, pension/retirement and payment services. (Kosiura 2001)

In 1991, the Government of Tanzania entered in financial sector reforms in order to create an effective and efficient financial system. As a result of the impact of some of financial reforms the Government realized that there had been a reduction of financial services to the poor people (Randhawa and Gallardo, 2003). In 2000 the government of Tanzania together with donor community started to implement the financial rural programs and it was the same year that National Microfinance Policy approval by the government was finalized.

In this statement of the overall microfinance policy, the Government recognizes the microfinance sector as an integral part of the financial sector, which falls within the general framework of its financial Sector Reform Policy Statement of 1991 (URT,
2000). Since then there had been a big growing number of Microfinance in Tanzania helping the poor people especially women.

Manroth (2001) defines microfinance as the provision of appropriate financial services to significant numbers of low income, economically active people in order to improve their conditions and local economies.

The author continues to argue that women are the target group for the loan. Empirical, a substantial and growing body of evidence has shown that increasing resources in the hands of a woman (rather than the men) has a greater impact on family welfare, in particular children’s health (child survival and nutrition rates) and education (NGO 2009). Also, theoretical and empirical grounds have shown that in struggling to alleviate poverty, women have greater ability to exert a greater autonomous in controlling of the available resources. In addition, microfinance is also frequently combined with the provision of social services, such as literacy or health care training and / business development services such as management or accounting training (Manroth 2001).

URT (2000) defines Microfinance as the provision of financial services to the low income households, small holder farmers, and small and micro- enterprises in rural areas as well as in the urban areas to people who have poor access to financial services from formal financial Institutions. Under this definitions a range of financial services are covered, which include savings, credits, payments, and other services. Hence, clients use these services to support their enterprises and economic activities as well as their household financial management and consumption needs.

This definition agrees with The Rural Financial Knowledge (2005) as cited in Bee (2007) that microfinance is the provision of financial services to the low income earners irrespective of where they are, rural or urban at more affordable terms.

The World Bank (2007) defines microfinance as the provision of very small loans to low income clients for self employment, often with the simultaneous collection of
small amounts of savings. The financial services are for people who lack access to the traditional banking services. The World Bank (2007) also identified and enumerated nine traditional features associated with “microfinance”. These include small transactions and minimum balances (whether loans, savings or insurance), loans for entrepreneurial activity, collateral free loans, group lending, target poor clients, target female clients, simple application processes, provision of services in underserved communities and market level interest rates.

For the case of this study, the definitions of Manroth (2001) and World Bank (2007) hold as they associate with the whole issue of women empowerment.

2.4.5 Empowerment

The term empowerment is not new notion (Sinha, Jha, & Negi, 2012) and it still lacks a clear definition (Hennink, Kiiti, Pilinger & Jayakaran, 2012). It has been related to the terms like self-direction, agency, liberation, autonomy, self determination, life of dignity in accordance with one’s values, capacity to fight for one’s rights, independence, own decision making, being free, awakening, self strength, capability, participation, control, own voice, self confidence and mobilization (Ibrahim & Allen, 2007; Narayan, 2002, Narayan, 2005a). The term has also been defined differently by different scholars and used in different context to mean something different (Malhotra, Schuler & Boender, 2002).

Petesch and others have defined empowerment as increasing both the capacity of individuals or groups to make purposeful choices and their capacity to transform these choices into desired actions and outcomes. (Petesch, Smulovitz, & Walton, 2005,p.40). This definition implies that empowerment is the process of increasing capacity of the poor people, excluded and disadvantage groups to make choices and to be able to use it to realize desired outcome. It is about the extent to which some categories of people are able to control their own destinies, even when the people with whom they interact oppose their interests (Mason, 2005).
Furthermore, Batliwala (1994) defined empowerment as the process by which the powerless gain great control over the circumstances of their lives. It includes both the control over resources (physical, human, intellectual, financial) and over ideology (beliefs, values and attitudes). The author stress that empowerment is the process which enables the poorer and subordinate groups gain control over resources and ideology which they were not possess prior to the process of empowering them which lead them to perceive as able and entitled to make decisions of their own (Rowlands, 1997).

According to the world bank, empowerment is the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives (Narayan, 2002, p.xviii). The definition of the concept of Empowerment is highly contentious in the context of development and social movements around the world.

In general, each definition strives to define and describe the ways in which power is expressed, both in social interaction and personal relationships. The concept of empowerment becomes extremely important in the context of sustainable development and how it is related to women.

Empowerment is the ability of individuals to gain control socially, politically, economically and psychologically through access to information, knowledge and skills, decision making and individuals self efficacy, community participation, and perceived control (Nikkah, 2010).

The author continues to argue that microfinance can empower women in some domains such as increased participation in decision making, more equitable status of women in the family and community, increased political power and rights, and increased self esteem. This concept of empowerment is supported by Baliyima (2008) that, empowerment is a psychological state, sense of competence control and entitlements that allow one to pursue concrete activities aimed at becoming powerful.
Rolands (1997) defines women empowerment as a process whereby women become able to organize themselves to increase their own self reliance, to assert their independence, right to make choices and to control resources which will assist in challenging and eliminating their own subordination. He continues to argue that, empowerment is a process that increases the capacity of the disempowered to act on their own behalf and analyse and understand their problems. They recognise their ability and increase their power control over resources necessary for a sustained and dignified life.

2.4.6 Role of Empowerment for Women
According to Basargekar (2010) empowerment can be linked to the access to financial services whereby a higher access to credit and savings and other economic resources such as business training, etc lead to better economic position of women leading further to better bargaining position at home and within the community; self empowerment which focuses on the power within which means development of self esteem, confidence and leadership qualities and the social and political empowerment which concentrate on power and power over which state that the social capital created through help from various networks in order to bring out social mobilization, build alliances and act as a collective force to bring out changes in gender based social structure.

In contrast, Temba (2004) defined empowerment as a process whereby the disempowered both men and women are prepared to take action and control with a purpose of overcoming structural inequality that has previously placed them in a disadvantaged position. It is a psychological state of the mind of an individual, a sense of feeling that one is competent and takes control of the situation. The author argues that power is not defined in terms of power over others but in terms of self reliance, inner strength and the ability to determine choices and exercise control over one’s life. The author also argues that empowerment is not only for women alone, hence is not gender biased.
Moreover, Ngo (2009) gave two reasons for considering women in the empowerment program. First, women with greater decision making authority within the household may be able to influence household outcomes such as investments in children’s health and education, in ways that are more inline with social objectives. Secondly, individual making few decisions in a wealthy household is different from an individual who has a greater say in a poor household even if their levels of welfare are comparable.

Hence empowerment for women implies giving power to control the available resources, to have decision on important issues related to the household resulting into improved standard of living of the households.

In addition to the above categories of empowerment, Temba (2004) has identified some indicators of empowerment. These include mobility, income security, decisions to make small purchases, freedom from domination within the household, and political and legal awareness. Despite of the slight difference among the authors, the definition of empowerment from all of them is falling on the same objective of poverty alleviation within the households.

2.4.7 Economic Empowerment for Women

According to Baliyima (2008) economic development is an attainment of independence, decision making, increased life standard, property ownership, increased level of confidence, address of disparities, values, altitudes including beliefs created by the society that affect welfare such as unfair treatment when assessing public services. Economic empowerment forms the base of women empowerment in other dimensions such as political and social.

Nikkah (2010) argues that, there are different ways of achieving economic empowerment but the popular one is through the provision of micro credit services which provides credit for the poor women who are usually excluded from formal credit institutions. The author continues to argue that through microfinance women are being empowered by putting capital in their hands and allowing them to earn an
independent income and help to contribute financially to their households and communities.

This economic empowerment is expected to generate increased self esteem, respect and other forms of empowerment for women beneficiaries. Li (2010) also supports the idea of empowerment that the use of micro credit leads women to have a greater control over their own financial assets such as income and savings, and hence strengthens women’s households by their greater role in the family decision-making process. Hence, microcredit service is important in economic empowerment of the women for the purpose of alleviating poverty.

2.4.8 Women empowerment in Developing Countries

Chaudery and Nosheen (2009) women empowerment is one of the important issues of present day development policies in developing countries. Since empowerment is a multidimensional concept, it is determined by many socio economic factors and cultural norms.

Cheston and Kuhn (2002) stated that microfinance programs have been potential to transform poor relation and to empower women especially by using case study of Sinapi Aba trust. Although women access to financial resources has substantially increased yet loans given to women differ in sizes. In spite of this, just financial help is not enough to empower women and improve well being but if they are properly designed then they make important contribution to women empowerment.

The writer explains empowerment indicators and measurement techniques. The contribution of micro insurance, saving to empowerment, technology transfer through microfinance institutions, the relationship between microfinance program, empowerment, family planning and cultural norms exist. He describes different theories of targeting women.

Microfinance plays a major role in gender and development strategies because of its direct relationship to both poverty alleviation and women. As women are the poorest of the poor so greater financial security allows the women to become more
empowered in household and community affairs. As women spend most of their income on their family needs particularly children’s education, diet, health care and clothing. Proponents of targeting women argue that women repayment record is good and their behavior is more cooperative than men.

Access to financial resources does not alone empower women but also access to material (credit, property, and money), human and social resources (education, business). Empowerment is culturally relative term; it is itself not a western concept. Microfinance affect women’s ability or decision making and self confidence which is closely linked with knowledge, women’s status and gender relations at home. Microfinance program strengthen women’s economic autonomy and gives them means to pursue nontraditional activities. Through these programs women escaped from abusive relationships.

2.4.9 Gender and Poverty

Although there is an overall agreement on the notion that men and women experience poverty differently, linking gender and poverty is a complex matter that has increasingly become the focus of analysis. The growing literature on poverty has helped to broaden the definition of poverty and generated greater recognition on the multi-dimensionality of poverty.

It called for better understanding of poverty not only in terms of income and expenditure, but in the broader sense of human poverty- a state of deprivation in capabilities (education, health, nutrition, etc) (Cagatay, 1998). Experts (Klassen, 2005, Cagatay 1998, Quisumbing et al, 1995 and others) argue that the household income/expenditure based measures, while they are important and provide comparative analysis of incidences of poverty experienced by women and men within the households.

The gender dimension of poverty emerge more clearly through approaches of social indicators and those that capture the intra household processes underlying resource allocation (DAI, 2005)
The challenge of measurements methodology aside, there is ample empirical evidence that establishes the linkage between gender inequality and poverty. Cagatay argues that from a human poverty or capabilities (education and health) perspective, women are poorer in most societies.

There are fundamental gender inequalities in access to and control over productive assets such as land, labor and credits, earned income as well as gender biases in the labor market that form the ground for women’s enhanced vulnerability to poverty. Women’s high illiteracy rate, lack of decision making power over their fertility and early marriage of girls limit their chances of coming out of poverty. In addition, due to the disproportionate gender division of labor in the household and their increased responsibilities for domestic and productive work, women tend to be poorer. Others argue that poverty is also related to the type of employment in which people are engaged, and the majority of the poor are in informal employment. In addition, Chen et al (2002) argue that there is a closer correlation between gender, informal employment and poverty which has not been adequately explored.

Is gender equality good for economic growth? Although some argue that economic growth can lead to greater equality, there is sufficient analytical work that suggests that gender equality can contribute to poverty reduction and economic growth. Klasen (1999) pointed out that gender inequalities in education have direct impact on growth, and through distorting incentives and indirect impact on investment and population growth.

Similarly, he stated that gender bias in employment is associated with low growth in Sub Sahara Africa, reducing growth by 0.3%. Furthermore, it is estimated that countries that are off track in meeting the gender parity in primary and secondary enrollments might lose 0.1-0.3 percent in annual economic growth between 1995 and 2005 and an average of 0.4 percent between 2005 and 2015 (Abu Ghaida and Klasen, 2002, cited in Grown, C, et al 2005).
2.4.10 Microfinance Interventions in Poverty Alleviation

An assessment of the impact of microfinance interventions depend on how poverty has been defined. Indicators of the impact of microfinance interventions include employment creation, business growth, and extent of benefit to women entrepreneurs, income promotion and raising standards of living. Other indicators are: reducing vulnerability, redistributing incomes, reducing dependency on powerful groups by the weaker ones and restructuring socio-political relations in favor of the poor.

Development practitioners in the area of poverty alleviation caution that there are a number of methodological problems and issues relating to impact assessment of microfinance interventions.

2.5 Conceptual Framework

There are different proposed frameworks by scholars and practitioners for measuring women empowerment. Chen (1997) proposed a consolidated framework for measuring the impact of micro enterprise services; Kabeer (2001c) also proposed a framework for measuring women empowerment. (Narayan, 2005b) proposed different frameworks for measuring women empowerment at different levels.

As it has been noted that Kabeer (2001c) concept of empowerment refers to the expansion in people’s ability to make strategic life choices in a context where this ability was previous denied. This concept is about getting out of disempowered position where you cannot make any choices and to be in an empowered position where one can be able to make choices.

In order to change in the ability to exercise choices, for Kabeer (2001c) empowerment can be thought of in terms of resources, agency and achievements. These resources can be material, social or human; resources form the condition under which choices are made.
Malhotra and Schuler (2005) provide a framework of dimensions and indicators of women’s empowerment in household, community and broader arena. Most of the indicators of empowerment by Malhotra and Schuler (2005) framework are economic, social, cultural, legal, political and psychological. Economic empowerment includes women’s control, access to credit, contribution to family support and increased household ownership of properties and assets. Social and cultural empowerment includes freedom of movement, lack of discrimination against daughters, commitment to educating daughters, participation in domestic decision making, control over sexual relations, ability to make child bearing decisions, control over spouse selection, and marriage timing and freedom from violence. Legal empowerment includes the knowledge of legal rights and mechanisms and familiar support for exercising rights.

Political empowerment includes the knowledge of political system and means of access to it, familial support on political engagement and ability to exercise right to vote. Psychological empowerment includes women increased self esteem, self worth and psychological wellbeing.

While it can be seen that definitions of women empowerment have from the outset, encompassed an economic dimension, this dimension has become increasingly visible within the international policy discourse in recent years. The Beijing Platform for Action spoke of the need to promote women’s economic independence, including employment, and ensuring equal access for all women. The Millennium Development Goals on gender equality and women’s empowerment adopted an increase in women’s share of non-agricultural employment as one of its indicators of women’s empowerment.

The model used in this study takes into account items related to three different categories: Parameters related directly to source of fund (MFIs), parameters related to the business or income generating activities and, parameters linked to the impact of the microcredit services.
The model starts by the MFIs, providing financing as well as assistance. This is the group of input variables. Women business project is the central item linking the two above provider of credit and the beneficiaries. Women are financially empowered through loans. The loans are invested in the enterprises with the aim of generating profit.

The borrower is again financially re-empowered by income from profit. Some of the profit is re-invested in the enterprise as capital gain, where the other is saved. Other part of income is used for educating children. The increased level of income from the enterprises makes a point of assessment for the borrowers that, how able are they in controlling enterprise finance?

Therefore, the model formulates the hypothesis that the interaction between input variables and functional parameters, given the contextual parameters observed, that will show a given realization of the role of microcredit toward economic empowerment, which is the output parameter.

**Figure 2.1 Microcredit empowerment model**

Borrower is funded Paying loan installments

Source; Author 2013
The authors argue that women were denied choices due to oppressive social, cultural, legal, economic and political structure which resulted being in the state of disempowerment. Their ability of making choice was very low and at some places women are not in position to make any choices. The ability of women to make choices is limited because most of the women are very poor within the society.

As shown in the figure above, women will move from the state of disempowerment to an empowered position through access to microfinance institutions. Access to microfinance services will enhance the ability of poor women to exercise choice and take strategic decision that affect their lives (Kabeer, 1999). When poor women access the microfinance services which provide them with start up and working capital, training, insurance and savings, it is expected that women will engage themselves in income generating activities where they will experience increase in productivity which will lead to a positive outcome as shown in figure above.

Mayoux (1999) argued that sustainable microfinance services alone might lead to women’s individual economic empowerment through stimulating women’s micro enterprise development, leading to increased income under women’s control. This study assumes that microfinance services empower women by enabling them to earn cash income through various types of entrepreneurial activities. These entrepreneurial activities increases their ability to contribute to their families support which increase women’s role in household decision making and control over allocation of resources within the household economic portfolio.

Access to credit does not necessarily imply control and decision making power for women members of Microfinance Institutions. Thus managerial activities and is measured by the respondent taking crucial decisions and planning in her income generating activity (Swain & Wallentin, 2008). Who control decision making regarding the use of credit, and who keeps, decides on, and uses any income generated from the business? These questions are critical for understanding the contribution of microfinance to women’s empowerment (Hunt & Kasynathan, 2001, Hunt & Kasynathan, 2002). It is well established in literature that an economically
active woman with her own independent savings and greater income share within the household, has more economic power (Swain & Wallentin, 2008) that strengthening women’s bargaining position within the household, so that they are better able to make independent decision as well as to play a more decisive role in joint decisions thereby making her more empowered and likely to challenge the prevailing norms that restrict her ability to make choices (Ashraf, Karlan, & Yin, 2008; Blumberg, 2005; Browning & Chiappori, 1998; Duflo, 2003; Mayoux, 1998; Schuler, Hashemi, & Riley, 1997).

It is believed that the increase in income from women business activities will help women to buy and own things which they were not able to own before because of either poverty or not allowed by the tradition in the society. Thus women will their own properties and assets (Chen, 1997) and also because of their access to finance and business activities might lead to the increase in household ownership of assets and properties (Malhotra & Schuler, 2005; Schuler & Hashemi, 1993; Schuler et al., 1995).

A household economic portfolio approach to impact assessment suggests that there may be observable, positive changes to the accumulation of household durable assets by women clients using the benefits of their access to microenterprise credit (Barnes et al., 2001a). Credits provide a lump sum of money that women tend to use for their enterprise.

The generation of profits from the use of the credits and better management of financial resources are likely to explain the ability of women households to make big expenditures that have an impact on women households acquiring assets (Barnes et al., 2001b). An increase in the value of durable assets purchased for the household, oneself, and/or an enterprise is regarded as a potentially strong indicator of the impact of microfinance programs on their clients (Barnes et al., 2001a). It serves as an indicator of an increase in the household’s asset base, which in turn is a proxy measure of the wealth level of a household (Barnes et al., 1999).
As women accessing microfinance services, these services start transforming and making changes in their lives. It is believed that increasing women’s access to microfinance leads to a set of mutually-reinforcing of increasing economic empowerment, improved well being and social, political and legal empowerment for women (Mayoux, 2002).

The economic empowerment changes the self perception of the women themselves and perception that others have on them. Women start believing in themselves that they are capable of doing business on their own and making decision and choices for their businesses and families. In the study by Hunt and Kasynathan (2001) found that most of the women valued most about being members in the credit groups are the confidence, knowledge, or training that they have gained.

Some of the women stated that they felt that they could take action against wrong doing after they become members of credit groups (Hunt & Kasynathan, 2001). This indicate that participating in microfinance services increases the women’s self esteem and self efficacy which lead to more active role in decision making both within the household and within the community. Chen (1997) defined self esteem as refer to how one values oneself and one’s contribution and how one feels that others value one’s self and one’s contributions.

. It is an individual’s judgments of self worth, which is derived from self evaluations based on competence or on attributes that are culturally invested with a certain value (Bandura, 1997; Nikkah et al.,2010). Self efficacy reflects women’s articulacy and confidence in speaking with outsiders, people of authority, children’s teachers and her service provider, her confidence in her ability to disagree with her husband and other family members, and her belief that she is effective in solving family problems (Schuler et al., 2010).

Women who are clients in most Microfinance Institutions are required to attend regular meetings and trainings organized by the institutions. Also before becoming a member or getting loan from the MFI’s women are receiving forms/letters and
required to get signatures for their forms from different local official for certification. These circumstances strengthen women mobility and their access to information. Mayoux (1999) stated that microfinance programs have contributed to some changes in gender roles. Where women who previously had no access to income set up economic activities and particularly where they are involved in marketing this may lead to significant changes in women’s mobility and knowledge of the world outside household.

2.5.1 Review of Studies done in Tanzania
Recent studies have shown that there are over 50 Microfinance Institutions in Tanzania but their overall performance has been poor. In her study Chijoriga evaluated the performance and financial sustainability of Microfinance institutions in Tanzania, in terms of the overall institutional and organizational strength, client outreach, and operational and financial performance. In the study, 28 Microfinance institutions and 194 Micro and small enterprises were randomly selected and visited in Dar es Salaam, Arusha, Morogoro, Mbeya and Zanzibar island.

The findings revealed that, the overall performance of Microfinance institutions in Tanzania is poor and only few of them have clear objectives, or a strong organizational structure. It was further observed that Microfinance Institutions in Tanzania lack participatory ownership and many are donor driven. Although client outreach is increasing, with branches opening in almost all regions of Tanzania mainland, still the institutions activities remain in and around urban areas. Their operational performance demonstrates low loan repayment rates and their capital structure are dependent on donor or government funding.

In conclusion, the author pointed to low population density, poor infrastructures and low household income levels as constraints to the institutions performance. Many of these institutions have no clear mission and objectives. Also their employees lack capacity in credit management and business skills. Among the questions which arise out of these research findings is whether these institutions whose performance is questionable will have any impact on poverty alleviation.
The studies on microfinance services, in Tanzania were carried out by Kuzilwa(2002) and Rweyemamu et al, (2003). Kuzilwa examined the role of credit in generating entrepreneurial activities. He used qualitative case studies with a sample survey of businesses that gained access to credit from a Tanzanian government financial source.

The findings revealed that the output of enterprises increased following the access to credit. It was further observed that the enterprises whose owners received business training and advice, performed better than those who did not receive training. He recommended that an environment should be created where informal and quasi-informal financial institutions can continue to be easily accessed by micro and small businesses.

Rweyemamu et al evaluated the performance of, and constraints facing, semi-formal microfinance institutions currently providing credit in the Mbeya and Mwanza regions. The primary data, which were supplemented, by secondary data, were collected through a formal survey of 222 farmers participatin in the Agricultural Development Programme in Mbozi and the Mwanza women Development Association in Ukerewe.

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

It was further revealed that poor infrastructure of the microfinance institutions led to high transportation costs, which increased the transaction costs in credit procurement, and disbursement and this ultimately hindered the effectiveness of the credit programmes. This happened because most of borrowers lived in rural areas, far
from credit offices. The coverage by Kuzilwa was on the National Entrepreneurship Development Fund only, while Rweyemamu et ai’s study was on assessing the micro- finance services for the agricultural sector only.

From the above evidence the researchers found that there was a strong need to study the schemes existing in Tanzania and see to what extent their operations contribute to poverty reduction in the country. From of this study, recommendations were made to policy makers so as to find alternatives through which financial services could be offered to the low income earning population or rather restructure the existing schemes for poverty reduction.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction
This chapter will present a research methodology which will include approach, design, area of the study, data collection, sampling design, reliability and validity of the study and analysis of data.

3.2 Area of Study
The study will incorporate the women in Tanga region by focusing on both rural and urban area. This will enable the researcher to get the view of both societies so as to analyze the impact created by PRIDE.

3.3 Research Design
The study to be used is descriptive research design approach as it will aim at identifying different characteristics of different variables in the study. Descie

3.4 Sampling Procedures
The procedure will include various groups which have benefited from PRIDE as well as other women within the same society so as to analyze the impact.

3.5 Methods and Tools of Data Collection
In the process of data collection the methods to be used are Interview, questionnaires, observation and documentary source. The research will employ both primary and secondary data. The study will aim at determining the frequency of occurrences or relationships among the variables. The study will be guided by interviews, observation methods and documentary methods in order to collect data from existing member of PRIDE and District officials.

3.5.1 Interview Method
A face to face interview will be conducted to collect data as a major data collection technique. In this study the researcher will conduct an interview to the area of study,
especially to those samples which are selected purposively, hence personal interview as well as telephone communication will be used in the process of data collect

3.5.2 Questionnaires Method
Questionnaire is a form containing a series of questions either structured or contracture to be filled in by respondents. In this study questionnaires will be used for data collection. Both close ended and open ended questionnaires. Questionnaires is very useful as a method of data collection for they have short questions, simple and easily understood, not time consuming and enabled a wide range of Data collection. Therefore, for those people who do not know English will be given questionnaires which will be designed in Swahili Language.

3.5.3 Documentary Source
This is another method of data collection where the study will extract data from office files, computers and other Pride documents which will help the researcher to make analysis of the study.

3.6 Types of Data Collection
3.6.1 Primary Data
In this study, Primary data is to be collected by using interview, observation and Questionnaires from members of PRIDE, community members, Government employees and district officials.

3.6.2 Secondary Data
This is a type of data to be used in the study. The Data to be collected is mainly available from office files, computers as well as other records which are available in the area of study. In this method, the researcher’s interest will be focusing on records pertaining to rate of interest, refund process of loan and amount of loans given to members.

3.7 Data Analysis
In this study the researcher will use both bivariate and multivariate data analysis. The influence of PRIDE in poverty reduction is to be analyzed by using bivariate analysis
on which simple statistics are to be used such as measure of dispersion – mean, mode, median, variance and standard derivation to measure the relationship such as a cross tabulation. Person correlation, person chi-square and percentages differences which will also be used. All these analysis to be conducted with the help of Statistical Packages for Social Sciences (SPSS). In bivariate, the study will analyze the relationship between poverty and many independent variables. The data is to be established from the area of study.
CHAPTER FOUR
DATA ANALYSIS AND DISCUSSION

4.0 Introduction
This chapter presents empirical, analysis and the discussions of the findings. The data present in line with our research questions developed in chapter 2. The chapter begins by providing the profile of our respondents. It with then present data, analysis and discussion

4.1 Respondents Profile
This study was conducted at Pride in Tanga. In connection with the area of this study, description of profile of respondents was presented in terms of the following variables: gender of the respondents, age, marital status, education levels, employment status and ownership structure of the business. The respondents of this study was divided into three categories, managerial level (managers), loan officers and bank customers (women entrepreneurs) for loans, we expected 10 respondents (9%) from managerial level, interview guide was prepared and all 10 respondents were successfully interviewed, 5 (4%) were from operational level (loan officers) while the remaining 23 (86.96%) respondents were loan customers for the bank under study. The respondent’s rate was satisfactory considering the nature of this Institution as an area for the study. An analysis of these variables provided socioeconomic context which helped the researcher to interpret other findings.

Table 4.1 Respondents Profile

<table>
<thead>
<tr>
<th>Respondents Profile</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>10</td>
<td>9%</td>
</tr>
<tr>
<td>Loan Officers</td>
<td>5</td>
<td>4%</td>
</tr>
<tr>
<td>Women Entrepreneurs</td>
<td>23</td>
<td>87%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>38</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Author, 2013
4.2 Age Group of the Respondents

From results of this study: those aging 18-35 were 7 (7%), those of the age between 36-45 were 6 (6%), 46-55 were 5 (5%) and those aging between 56 and above were 5 (5%). From these findings, most of the women entrepreneurs used for the study were aged 36-45 years. This is the age group of women who are still having the zeal and ambition to attain their business growth and improve their ways of life than those aging between 46-55 years. Age in any social setting is a factor used to measure respondent’s ability in any working organization. The researcher had an age group 18-35 because from 18 years, an individual is considered mature and fit to be employed or self-employment anywhere with the assumption that he/she has gone to school and attained some educational level of which employers find fit for working.

Table 4.2 : Age Group of Respondents

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-35</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>36-45</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>46-55</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>56 and above</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>23</td>
<td>23</td>
</tr>
</tbody>
</table>

Source: Author, 2013

4.3 Marital Status of Respondents

This table shows that three-quarters of women (75.4%) were married while a quarter (24.6%) were either single (10%), divorced (9%) or widowed (5.6%). The following table shows that for those who were married 72.5% said they were living under monogamous type of marriage while 27.5% were in polygamous marriages. The majority of the households (76.8%), were male-headed while female-headed were 23.1%, mostly constituting the singles, the widowed and the divorcees.

One would have expected female-headed households to be close to 25% to match the percentage of all those women who were single, widowed or divorced. However, it was found that even though a woman did not have a husband, she could be
controlled by a man who was her brother, her father, or a man she cohabits with who becomes the head of household.

Table 4.3: Women respondents by Marital Status

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Frequency (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>10%</td>
</tr>
<tr>
<td>Married</td>
<td>75.4%</td>
</tr>
<tr>
<td>Divorced</td>
<td>9%</td>
</tr>
<tr>
<td>Widowed</td>
<td>5.6%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Author, 2013

Table 4.4: Married Women Respondents by Type of Marriage

<table>
<thead>
<tr>
<th>Marital Type</th>
<th>Frequency (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monogamous</td>
<td>72.5%</td>
</tr>
<tr>
<td>Polygamous</td>
<td>27.5%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Author, 2013

Table 4.5: Household Headship by Gender

<table>
<thead>
<tr>
<th>Type of Headship</th>
<th>Frequency (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male- Headed</td>
<td>76.8%</td>
</tr>
<tr>
<td>Female- Headed</td>
<td>23.1%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Author, 2013

4.4 Educational Level of Customers

The study also assessed the level of education of respondents to determine maximum level of education achieved by majority of women entrepreneurs who are empowered by PRIDE. The results are presented in the table below:
Respondents were asked to state their highest level of education achieved by putting a tick against the specified level of education as recognized by education system of Tanzania. From the sample of 23 respondents, 9 (9%) of respondents had primary level of education, (6%) attained up to secondary school level, 4 (4%) attained the level of certificate in different courses, 2 (2%) were respondents had first degrees, 1 (1%) respondents attained the level of postgraduate degrees and 1 (1%) had masters degrees. Therefore majority of the respondents were of primary education, secondary, diploma and certificate levels of education. These findings imply that these kind of women are the ones who fails to get employed in various private and public institutions because of having low levels of education and most times if they get employed then they would end up receiving little wages at the end of the month. Therefore it might be a better option for them to employ themselves individually or as well as in groups.

4.5 Employment status of Respondents.

The study also was to determine the employment profile of women entrepreneurs receiving economic support from PRIDE. The table below presents findings from SPSS.
<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>self employed</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Unemployed</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Student</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>23</td>
<td>23</td>
</tr>
</tbody>
</table>

Source: The Author, 2013

The findings showed less than half of respondents 7(7%) were self employed, and very few were either employed, unemployed or students. The reason as to why the researcher had the above four categories of employment status was because the researcher assumed that not only those who were self employed received loans but the bank provided loans to both women who were employed, self employed and even students provided they had a motive to use the loan received for economic activities.

4.6 Ownership Structure of the business.

The study was also to find out the ownership structure of women entrepreneurs at the PRIDE. For that case the researcher distinguished between sole trade, family business, joint business (group) and others. The findings were as provided in the table.
Table 4.6: Ownership status of the business

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid sole trade</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Family business</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>joint business( women</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>18</td>
</tr>
<tr>
<td>groups)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>23</td>
</tr>
<tr>
<td>Total</td>
<td>23</td>
<td>23</td>
<td>23</td>
<td>23</td>
</tr>
</tbody>
</table>

Source: The Author, 2013

From the sample used, 10 respondents owned sole trade businesses, 5 belonged to family business category, 3(3%) of women interviewed belonged to joint women groups and only 5(5%) had other business structure like private limited company, partnership and the like.

4.7 Contribution of PRIDE to economic empowerment of women entrepreneurs

A number of questions were asked to the respondents to determine the contribution of PRIDE to economic empowerment, on assessing this contribution for each question they were required to state their level of agreement on the basis of a likert scale ranging from strongly disagree, disagree, neutral, agree and strongly agree.

On the question “PRIDE provides women entrepreneurs with startup capital to support their entrepreneurial activities”, the following were the responses women entrepreneurs provided on this question to address specific objective, number one: out of 23 respondents, 4 (4%) disagreed, 4 (4%) neither agreed nor disagreed, 10 (10%) agreed whereas 5 (5%) strongly agreed.

Generally, the respondents were positive and therefore it implies that they agree and appreciate the role which the Institution is playing in providing women with startup capital and in addition to that an implication of this finding is that the Institution
mission is in line with what women entrepreneurs perceive the motive of the institutions formation. The findings are shown in the table below:

Table 4.7 PRIDE provides women entrepreneurs with the startup capital to support their entrepreneurial activities

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Neutral</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Agree</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>23</td>
<td>23</td>
</tr>
</tbody>
</table>

Source: The Author, 2013

Study on the factors limiting the process of empowerment to women on the loans supported by PRIDE

On this significant objective, the researcher aimed at finding out the most significant factors limiting the empowerment of women entrepreneurs in accessing loans from the Institution. Among the factors given to the women to rate on the basis of the 5 point Likert scale were as following: Procedures in getting loans, the loan amount, collateral requirements, interest rates on loans and business proposal. In addition to that a number of questions were asked and the results were provided to aid analysis and generation of conclusion.

On the Question, “are the women’s income generating activities funded by the credit scheme sustainable”, the findings revealed that: out of 23 respondents 5 (5%) strongly agreed, 8 (8%) agreed and a few others disagreed. Therefore in total 10 (10%) of total respondents were of the view that the Institution possessed some factors which limit the process of empowerment to women. Procedures become limiting in the sense that too much documents are required for verification and assessment of the value of assets they own before being granted with the loan amount they require and most times women lack such requirements.
Since the Tanga women are often denied control over property, either because of property laws or traditional customs, they are unable to meet the collateral requirements. In addition the women entrepreneurs felt that the officers in the institutions sometimes do not take them seriously doubting on their ability to repay the loan. Their success rate in obtaining credit from the micro finance Institutions was 75 percent but in some cases the micro loan ceiling was too low to be of much value.

Moreover the researcher wanted to test whether high interest rates on loans discourage women borrowing from PRIDE and their findings were as follows: 5 (5%) of respondents strongly agreed, 10 (10%) agreed, 3 (3%) were neutral (neither agreed nor disagreed), 4 (4%) disagreed and only 3 (3%) strongly disagreed. Therefore the findings give a general implication that a high interest rate does discourage women from borrowing and lending cash from micro finance institutions. Hence, in order for the women entrepreneurs to be empowered economically, the microfinance institutions like PRIDE have to offer loans at a lower interest rates specifically to promote these women entrepreneurial abilities. Findings are summarized in the table below.

**Table 4.8: whether high interest rates offered by PRIDE discourage women from borrowing**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>strongly disagree</td>
<td>3</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>4</td>
<td>4.0</td>
<td>4.0</td>
<td>7.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>3</td>
<td>3.0</td>
<td>3.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Agree</td>
<td>10</td>
<td>10.0</td>
<td>10.0</td>
<td>20.0</td>
</tr>
<tr>
<td>strongly agree</td>
<td>5</td>
<td>5.0</td>
<td>5.0</td>
<td>25.0</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>25.0</td>
<td>25.0</td>
<td></td>
</tr>
</tbody>
</table>

*Source: The Author, 2013*
Another question of interest to the researcher was whether “small loan amounts offered by PRIDE discourage women entrepreneurs to borrow from the microfinance institution” and for this case respondents were asked to state their level of agreement therefore out of 30 respondents 8 (8%) strongly agreed with the statement, 8 (8%) agreed, 3 (3%) were neutral, 6 (6%) disagreed, 5(5%) strongly disagreed.

Generally the respondents agreed that small loan amount discourages borrowing, one reason for such response might be that the amount offered does not cover the business needs of these entrepreneurs to facilitate generation of principle plus interest amount to be repaid back to the institution. It is the advice of the researcher that at least the amount granted should be sufficient enough to repay the principle amount and interest as well as facilitate the growth of women entrepreneurs businesses.

| Table 4.9 Small loan amounts offered by PRIDE discourage women entrepreneurs to borrow from PRIDE |
|---------------|-------------|-------------|----------------|----------------------|
|               | Frequency   | Percent     | Valid Percent  | Cumulative Percent  |
| Valid         | 5           | 5           | 5              | 5                    |
| strongly disagree | 5           | 5           | 5              | 5                    |
| Disagree      | 6           | 6           | 6              | 11                   |
| Neutral       | 3           | 3           | 3              | 14                   |
| Agree         | 8           | 8           | 8              | 22                   |
| strongly agree | 8           | 8           | 8              | 30                   |
| Total         | 30          | 30          | 30             | 100                  |

Source: The Author, 2013

4.9 Study findings on challenges PRIDE face on economic empowerment of women entrepreneurs in Tanga.

Among the objectives of the researcher was to find out from the management of the institution the challenges they faced on empowering women economically. From the
in depth interview that was conducted to the managers and the loan officers of the institution the following were the findings:

Majority of their customers were not creative when it came to establishing sustainable businesses. Therefore this implied that one of the qualities an entrepreneur needs to possess is innovativeness/creativity but most entrepreneurs lack this factor thus they fail to develop and expand their business with the cash they receive from the institution.

Moreover, poverty was a major challenge the researcher came across during interviewing the managers and loan officers at PRIDE. What they said was that, poverty is a bigger challenge facing most women in Tanga in such a way that the money so received as loan from the institution is used to finance other non-commercial activities in their households. Among the mentioned uses of loan amount in their families were, food, medical treatment of family members and purchasing uniforms and school fees payment for their children. In addition to that, they could use the loan amounts to improve and repair their houses. Therefore this finding generally implies that, failure to repay loan on time could not be because they fail to generate cash out of the business but rather because the loan amount was partially used to finance other non-economic activities.

Also another finding from the interviews conducted as to what are the challenges facing the institution was on the type of lending provided. Group lending and individual borrowings were the kind of loans offered by the institution and for that case; the major challenge was on the number of groups that seek loans from the institution than the capacity of the institution.

Moreover the loan beneficiaries use the amount received for the purposes other than intended as a way of being empowered economically. The challenge in this situation is when the customers fail to repay their loan amount with interest on time causing sometimes loan defaulting or even the institution failure to provide more support to those wanting loans in the near future.

55
CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 Conclusion

Microfinance Institutions provide employment to the poor who have no other means of income. Women are highly represented in self employment and operating small income generating activity. Although women’s microfinance and small enterprises are significant in terms of reducing the household vulnerability to poverty, many of them are not reaching their growth potential due to various factors as summarized above.

Many of the constraints women micro and small enterprises face cannot be addressed with one single intervention or one single sector for that matter. The micro and small enterprises although their importance for poverty reduction is recognized, there is a little confidence among policy makers about their ability to contribute to the growth of the economy. Therefore, greater attention needs to be paid to the development of the sector in general to promoting women owned micro and small enterprises and ensure women’s economic empowerment as a way to reducing poverty and promoting growth.

This study used frequency distribution tables of the descriptive statistics from statistical package of social science (SPSS) to assess the role of microfinance on women empowerment in Tanga region. By using a sample of 23 clients, the study was able to answer all the objectives of the study which include; to assess the contribution of microloans on growth of women’s enterprises, to assess women’s involvement in enterprise management before and after loans and also to assess the influence of women on children education before and after loans.

Hence, the study was able to identify that many women after being empowered financially showed some changes in terms of economic, decision making power or management power and influence in family matters particularly relating to their children’s welfare. Loans increased their capitals such that many used their financed
borrowings to increase their entrepreneurial activities. According to the study, it showed that most of the borrowers used the loans for buying more goods and or services rendered increases. Others used to buy fixed assets and others used it for operational expenses.

Loans increased value of the enterprises, and hence increased economic activities that made more people to be employed. This ability of the borrowers in increasing the value of their enterprises associated several positive changes that represent the achievement dimension of economic empowerment.

Loans to women created a spirit of responsibility and eagerness for growth on their enterprises, hence creating a sense of seriousness in taking care of their businesses. This increased their levels of confidence towards management of their enterprises. Because of that, most women after getting loans they were able to manage business on their own. This implies that accessibility to microfinance services had boost the women’s entrepreneurial performance rather than being dependent of their spouses. Women play an important role in running the life and the wellbeing of their families. Accessibility to microfinance increased their economic empowerment and self confidence in running businesses and even ability to handle family matters.

Many women used their enterprise profits to finance their children’s education. Therefore, this tremendously decreased their submissiveness and improves their confidence in handling family matters including making family decisions. This results give light that without economic empowerment, women cannot challenge gender ideologies that have been long lived within their societies and hence restricting their social and economic performances to domestic issues. The above findings suggest that the potential in empowering women lies in their enhancement of economic situations and the alleviation of poverty.
5.2 Recommendation

Women play a major role in the societies as they are the mothers and the mirror image of the society. Most of the activities related to the households are handled by women. However, for a long time their contribution and participation in the family related issues had long time been ignored and in other societies their existence is only vital for child bearing. These old ideologies and customs should not be entertained within the modern societies. These days the Government and policy makers are on the mission of formulating policies and schemes which encourage the women participation in the economic alleviation and poverty reduction. However, more steps can be taken to ensure there is an effective implementation of those formulated policies.

Any business can only be sustained and growth is inevitable depending on the management of the business owner. Proper management of businesses needs training; close study as well as enough capital required as well as allocation of the right resources for the growth of the business. In Tanzania, most of the business women rarely have skills on running the business. Therefore, there is a need to have training to women on how to conduct businesses, not only for the readymade products but also on other ways of producing the products. Hence, giving training to women, together with motivation towards achievements will lead to a greater level of achievements.

In order to encourage more women to enter into microfinance institution lending program, there is a need to reduce the interest rates on loans. This can be done by increasing the number of legal microfinance service providers. Not only that, there is also the need for the Government to put strict conditions on the street money lenders as they charge high interest rates, which may take up all the profits acquired from the business of the borrower.

Lack of statistical data on the informal economy is a major problem for policy formulation and program development. Gender statistics on the characteristics of women and men entrepreneurs and their business practices, as well as their
institutions are necessary for informed decision making. Government statistical offices and their partners are key players in collecting, analyzing and disseminating key information. It is recommended that attention be paid to collect sufficient and detailed gender statistics on the micro and small enterprises.

Weak infrastructure has a limiting effect on both women and men small activities. Women entrepreneurs are disproportionately affected by the lack of or high cost of energy, water and transport. This plays amongst the major factors affecting the women developments and provides a major setback in attaining their economic growth.

Ensuring access to micro credits and training to women alone is not enough for having business growth. Projects that support women’s micro and small entrepreneurship need to take into account the various gender related challenges as summarized above, including time burden, lack of intra-household decision making power, low technology, limited access to markets and resources and limited supportive environment. Efforts should be made to empower women through various leadership programs that build women’s ability to progress in the business.

Promoting the growth of the women economic activity is a responsibility of various institutions. Coordination among these institutions is often weak or nonexistent. In some countries as many as four or five institutions such as ministry of trade and Industry, local government, rural development institutions, women’s affairs ministries and others; each doing the same thing without adequate consultations and harmonization. Sometimes lack of coordination leads to duplicative of efforts and wasting of resources. Therefore, recognizing division of labor among institutions and coordination of efforts should be promoted on a regular basis.

Improving vocational and technical education and training is an effective way of generating dynamic entrepreneurs. Girls and women’s participation in technical vocational education is low in many African Countries. There is the need to transform the gender segregated approach to vocational and technical training in which girls and women are trained in traditional occupations such as knitting,
cooking and others. Skills training programs need to be developed in conjunction with the labor market.
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APPENDIX I

RESEARCH QUESTIONNAIRES.
Dear respondent(s), I am a student of Mzumbe University pursuing Master Degree in Corporate Management conducting a study on the Role of Microfinance Institutions in the empowerment of Women. The purpose of this survey is to fill my academic requirements. Therefore, I kindly request for your assistance by furnishing me with the required information and data.

BACKGROUND INFORMATION.
Please tick in the most appropriate box

1. AGE
a) 20-25
b) 26-30
c) 31-35
d) 36-40
e) 41-45

2. Sex
(a) Male
(b) Female

3. Marital Status
(a) Married…………………
(b) Single…………………

4. Level of education Qualification
(a) Primary level……………
(b) Secondary Level…………
(c) Professional Certificate…………
(d) Diploma………………
(e) Degree……………………………….  (f) Masters……………………

QUESTIONS
1. Have you benefitted from the schemes offered by Pride Tanzania?
   (a) No……………………………….  (b) Yes……………………………….

2. If yes, fill the impact of its contribution to your business/ household in the space provided below, and if No give the reasons why?
   …………………………………………………………………………………………………………………………………………………
   …………………………………………………………………………………………………………………………………………………
   …………………………………………………………………………………………………………………………………………………

3. To what extent is Pride contributing in women empowerment?
   (a) Irrelevant  (b) Very Irrelevant
   (c) Relevant  (d) Very Relevant

4. Is the institution fully being acknowledged within your society?
   (a) Yes……………………………….  No……………………………….

5. Outline the major roles played in providing women empowerment, if No give reasons as to why?
   …………………………………………………………………………………………………………………………………………………
   …………………………………………………………………………………………………………………………………………………

6. Are the men/ husbands supportive of the schemes provided by the Institution?
   (a) Yes……………………………….  (b)
   No……………………………….

7. If yes briefly comment on men/husbands extent of support on encouraging their wives for the schemes?
   …………………………………………………………………………………………………………………………………………………
   …………………………………………………………………………………………………………………………………………………

8. Do the women encourage each other on obtaining loans from Pride?
9. If yes, give out those plans and if No, comment.

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…………………………………………………………………………………………
………………………………………………………………………………

10. Are the loans provided sufficient to cater for the women’s needs?
(a) Yes…………………………… (b) No……………………………………

11. If yes, briefly give out major criteria’s on amount schedule for obtaining loans
…………………………………………………………………………………………
…………………………………………………………………………………………

12. Is the repayment schedule sufficient and realistic?
(a) Yes……………………………………
   (b)……………………………………

13. Describe how the institution plans on repayment structure? Comments
…………………………………………………………………………………………
…………………………………………………………………………………………
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APPENDIX II

INTERVIEW GUIDE

Questions asked to staffs

In your own view briefly explain the meaning of Microfinance Institutions

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1. Is there any relationship between microfinance institutions and Banks?
(a) No..................................................... (b)
Yes............................................

2. Why should the institution base on the low income earners?
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Questions asked to the management

3. To what extent has Pride contributed in providing women empowerment within Tanga?

4. Are there any bad loans?
(a) Yes................................................. (b)
No.........................................................

5. What do you think are the main drawbacks that hinder women empowerment in Tanga?

6. How is the society reacting towards Pride’s contribution within the region?