ROLE PLAYED BY FEMALE MANAGERS ON THE CAPITAL STRUCTURE IN MICROFINANCE INSTITUTIONS.

By

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CERTIFICATION

The undersigned certifies that he has read and hereby recommends for acceptance by the Mzumbe University a dissertation entitled: **"Roles Played By Female Managers in the Capital Structure Decision of Microfinance Institution A Case Study of Ilala Municipality",** in partial fulfillment of the requirements for the degree of Master of accounting and finance in (A&F), of the Mzumbe University.

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I, **Aneth Bunono John,**, declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other University for a similar or any other degree award.

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DEDICATION

This work is dedicated to my family, my mother Leticia Rwehabura and to all women who works hard tin their position to accomplish their goals and their organization goals. We Women, we are one big family and I wish to dedicate this to my family

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I would like to thank God for everything he has done to me for the entire process but also I want to thank myself for being there for me and I feel overwhelmed with gratitude to my family which has been there for me in all my days of pursuing this course when I could not show them love and parental care in the time when they needed it. My warm thanks and appreciation go to my supervisor Dr. DAUDI PASCAL who guided me through this challenging task. May God bless you abundantly. My heartfelt gratitude goes to my lecturers at Mzumbe University for all the guidance and encouragement whenever I needed it. I wish to thank my mother Leticia Rwehabura for being there for me when I needed her the most.my brother and my friends that have been with me from the start. Thanks to every person that contributed in my journey I can't mention you all but may the Lord reward you.

ABBREVIATIONS

MFI	Microfinance Institution
MIX	Microfinance institutions Information Exchange
FINCA	Foundation for International community Assistance
PRIDE	Promotion of rural initiatives development
WACC	weighted average cost of capital
NGOs	Non- governmental Organizations
SME	Small and medium enterprises
ROA	Return on asset
USA	Unites State of America
NMB	National Microfinance Bank

ABSTRACT

This paper intended to examine the roles played by female managers in the capital structure on microfinance institution (MFIs) by involving limited microfinance institutions found in Tanzania. The study attempt to assess the roles of female managers on the capital structure of the MFIs to see how female managers affect the capital structure of the firm this was done for the purpose of increasing the prospects for economic and social development.

The study was specifically intended to address the relationship between female managers and capital equity also to address the relationship between the female managers and borrowing amount of MFIs and to assess the relationship between female managers and deposit amount of MFIs. The study was carried out in Tanzania by obtaining information from five different institutions where by the sample was selected randomly selected for the study, the study research design adopted the secondary data collection method during collecting data and the data collected ware analyzed on the panel data analysis through the stata program.

Using data of five companies from Tanzania over a period of 2009-2019 we find different impact of the female mangers in capital structure decision of MFIs where by splitting the leverage in to borrowings and deposits, it has been discovers that female managers are highly associated with the deposits. This support the fact that there is a matching traits hypothesis between women where by the female managers have the great chance to attract the female client depositors. Since there is the effect of matching traits therefore we advise the cliental-effect capital structure in microfinance institutions.

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CHAPTER ONE

INTRODUCTION

1.1 Background information

As many as other countries in third world countries Tanzania as well face the economic crises early of 1980’s which push the country to adopt the macroeconomic policies as the response for the tragedy of the crises this was to insure that the country is shifting from the socialist economic system to the market oriented economic system so that to improve the situation. As the means to archive in the target the commercial banks was increased in number which was the result of financial liberation initiative policy of 1991, however the policy was successful the only people with physical collateral got the chance to receive the credit from the commercial banks and these at lower level which are the poor one was segregated from the services since the credit was limited to them due to lack of collateral (worldbank, 2001) As for this problem the bank of Tanzania decide to look for the means to help the poor to acquire loan and as the result to this the government of Tanzania choose to create the environment for the growth of the microfinance institution and microcredit institution throughout the country in order for them to be able to provide loan and credits to the poor so that to improve the living standard and economy of the poor.

The formation of microfinance institution was dedicated to the poor and low income earners and small business owners in order to provide the financial services that they cannot qualify to reserve to the other commercial banks, the services that ware aimed to be provided was the micro credits, saving and the micro insurance and some of other services as per institution (Khamis, 2013) however in our country the MFI’s has been most provide the micro loan and the saving service than other services.

The core target of those institutions was to provide financial services to the poor or low income earners who perform in to different economic activities who don’t have the opportunity to reserve the same financial services to the other commercial bank due to their nature of their problem of lack of securities. However the microfinance institution has playing a great contribution to the improvement and growth of many small business since the poor has been excluded from the opportunity to reserve financial services from the commercial bank hence allows them to compete in the industry and create equality on the economic growth and notably the MFI's has been considered as the great mechanism for the economic and income growth through strengthening the sources of income for the low income earners for them to be able to participate in economic growth (URT, 2017). The micro enterprises establish small business for them so that the poor can compete in to the market based economy by doing so the microfinance institution offered the small business loans that have favorable condition and term with a low interest rate that later on hell the low income earners to develop their business together with other financial services that help them to grow in their business and through the business development assistance the small enterprises improve their entrepreneurial behavior and build business integrity (URT, 2017)

Despite all of the effort microfinance institution have been facing several number of the problems which are lack of fund donors that can help to increase the capacity of institution to save more people, small support of the government through the policy and procedures that introduced by the government as well as the fund support, low management capacity of loans and ability to control loan defaults (Lohan, 2010). Even though there many challenges facing the microfinance institutions the greatest challenges that has been facing the operation of the MFI's is the problem of loan default (Muthoni, 2016)

Recently the rate of defaults has been increasing that the statistical data of developing countries show that for each 25 MFI's, 10 out of those 25 has been suffering and undergoing the default rare 1-4% equal to 40% which is acceptable and tolerable rate of international rate of default, the other 8 MFIs has the default rate of 4-7% equal to 32%, 4 has 7-11% that is equal to 16% and other 3 has the default rate of 11% that make 12% of the all MFIs. In Tanzania the problem of loan defaults has been reported by different microfinance that has been indicating to exceed to tolerable level of international level of loan defaulting something which is not a good sign to the development of microfinance institutions (Korankye, 2014).

In the case of capital structure the economist have been following the Modigliani and miller's capital structure irrelevance proposition the theory has been the way toward the understanding capital structure decision this has been considered for examination of both public listed firm and private firm as well as the banks, however it has been proven that the capital structure of the firm has been associated with different factors which can be the institution setting or cooperate governance (Roziq, 2019)despite this still the study was still concentrate on the capital structure regarding microfinance institutions.

Microfinance institution has been growing very rapidly and the growth facilitated by individual funding through the forced saving and depots from the public. The capital structure of the organization or institution change as the institution grow for example as the institution become matured the private debt capital become more available and when the institution reach its final stage of growth traditional equity financing become one of the financing strategy. The newly MFIs has been also allowed to borrow at borrow at cheap and at low interest rate from the capital market and banks so that they can also lend money to the poor at low interest as well (Fehir, 2006)

1.2 Statement of the problem

The issue of the female participation on the decision making especial regarding the financial perceptive has been overlooked and not completely understood not only that but the microfinance services was believed to be woman matter business (Mersland, Microfinance Financial and Social Perfomance, 2014) since the aim was to enable women to utilize resource and invest into small business through lending them capitals with low interest hence, it made female managers be more useful on the decision making on those microfinance institutions decision making because automatically they was benefit their fellow women (Miled & Jalel-Eddine, 2015)

Men and women differ in risk aversion it increases the interest of looking on the moderating role of female managers toward the capital structure. Women is considered more overconfidence and mutual trustworthy which makes great contribution on the financial decision (Beck, Behr, & Guettler, 2013).It has been reported that women are risk lovers and hence this made them more debts lovers (Aren & Hamamci, 2020) however, women has the uniqueness when comes to financial decision. (Monzurul Hoque, 2011)

The microfinance industry has been the best industry to try and assess the moderating roles of female managers on the capital structure decision this is due to female being well presented and involved on the microfinance industry because in the institution women has been acquiring different position as well as the top management compared to other institution or other industry (Aren & Hamamci, 2020). Even if the financing decision has been considered as the strict decision that need the board to decide and approve the decision the contribution of female managers on the choice of source of funding have been very interesting to know since the number of female managers of the MFIs has been increasing

However, institutions has different numbers of female mangers and has the different capital structure methods MFIs in the recent years the MFIs have been depending on internal and external grants and subsidizes as the source of financing however now days has been decreasing according to (Monzurul Hoque, 2011) there three major sources of financing in microfinance institution which is saving, capital from shareholders and loans, Where by at early stage of MFIs which is the stage of NGOs the organizations depend much on the grants from donor rather than the capital from investors or shareholders because at this stage the organization goals or target is nonprofit oriented.

Despite the strategy mentioned on the previous the female leadership have been the best managers for the MFIs according to (Gupta, 2014) since the large party of the microfinance customers and members are women this made them the right choice for the management because they knew better people they manage compared to men and because men and women differ when comes to risk behavior something which also make them different on the capital structure decision on the selection of the source of financing.

General information consider women as the best manager for MFIs and risk lover which made them to consider the debt option as the source of financing the MFIs and it is on this part where the study intend to examine the moderating roles of female managers on the capital structure formation,

1.3 Research objectives

These are purpose of why we decide to undergo the research for our study and are the main targets for this study

1.3.1 General objective

To examine roles of female managers on the capital structure in microfinance institutions

1.3.2 Specific objectives

- To examine the relationship between female managers and equity capital of MFIs.
- To assess the relationship between female managers leadership and level of borrowings of the MFIs.
- To examine the relationship between female managers leadership and amount of deposits of MIFs

1.4 Research questions.

For the study to archive its objectives the research was have to answer the following question so that after the study was be reaching to the conclusion based on what we are assessing and those question are as follow

- What is level of borrowing of the selected MFIs which have the female managers?
- What is level of equity capital of the selected MFIs that have female managers?
- What is the level deposits of the selected MFIs which have the female managers?

1.5 Significance of the study

1.5.1 To the female managers in microfinance institutions

The aim of this study clarify the moderating role of female mangers on the capital structure of the microfinance institution to check how is the female management can drug the microfinance institution towards the debts as the source of financing or the equity as the means of financing, There is different determinants of capital structure of the firms and the board of director and managers are one of the determinants of the capital structure of MFIs and the study is focusing on assessing on how the female managers moderate the capital structure will help the female managers to increase awareness about the capital structure.

1.5.2 To the government and policy makers

Since the microfinance was made especial for the low income earners and for the poor people especial women who run small business this will help the government to reach the targeted group and also the study will be useful for the government policy makes on how the government can finance the microfinance institution.

1.5.3 To the General public

Capital structure is the very important organ for any organization the capital structure is important on the growth of the any institute and that include the microfinance institution is important since it involve the decision on whether to use the equity or debt and when exactly a company required to borrow or to rise fund from within and this is the reason we opt to assess on how the female managers are making the decision regarding the capital structure of the institution when they are given position in the management

1.5.4 To the other researchers

Our paper was be much concentration on the assessment of the impact of the female managers on capital structure something which many studies have been overlooking on that issue and concentrate other factors like the performance issue and loan defaults in this sense the study is planning on conducting data from different institution in Tanzania almost 10 MFIs that found from the 2009 to 2019 so that to know the female managers impact on capital structure this will help the researchers who wish to conduct the same study on their research on the future by providing a full knowledge regarding a topic.

1.5.5 To the researcher

The study is very important to the researcher because the study conducted for the partial fulfilment of the requirement for award of the degree in accounts and finance so the study is one of the means to archive the degree hence the study itself is more significance to the researcher not only that but also the researcher will be with full knowledge about the microfinance and capital structure after fulfilment of the study.

1.6 Scope of the study

The study was be focusing on the assessing the moderating roles of female managers on capital structure of MFIs which found on Tanzania, looking on its impact on the selection of source of finance of the institution looking to the ratio differences between the debt and equity of the specific institutions. The study also was cover the level of the debts found on the as well as the equity ratios of the study area within the period of 10 years that is 2008-2018 and the study case area was selected due to its presence almost all over the country regions.

1.7 Limitation of study

Most of African companies have a problem of online data publication and based to the fact that the study based in Tanzania particular to the microfinance. There was a problem on that to some companies for example there ware very good company to be studied but we opt to drop it due to data missing

The study like other study faced some hardship on the process of correcting data this doe to the time factor that was enough to cover the entire process from writing propose to the report wring of dissertation. This is due to Corona lockdown which made a lot of offices to close down including colleges.

The other problem that the study face was the expenses in terms of the budget this was due to the cost of stationary and there was no any fund provided to to cover the cost so this was a little problem to the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Overview

This chapter combines and present the literature review about the study from the different sources and authors where by the review was be categorized in to categories that combines the definitions of concept as the first part, theoretical review as the second part, empirical literature review the third part and the conceptual frame work as the last part.

2.1 Theoretical literature review

This chapter concentrate much on reviewing what relative literatures has written about the topic that has been discussed by study concerning the roles of female managers on capital structures

Definition of concepts.

2.1.1 Microfinance

The definitions of the microfinance has been provided by different people every school or provide the definitions according to the financial services provided or the nature of loan offered and nature of clients, for stance microfinance has been defined by as the provision of financial services to the poor that involves the loan provision, insurance, saving only for the poor people and small enterprises which earn low, the microfinance turned to be worldwide known after Mohammed yunus the founder of Grammen bank received the nobble prize on 20016 for the his efforts toward the development of economics and social status of the poor people though the small loan lending to the poor (Islam, porporato, & Waweru, 2014) according to Yunus the main point was to fight against the disaster that was hindering the poor which was the poverty something which was successful since the idea was recognized by the his Government (Sultan & Latif, 2017)

For example (Hartarska & Nadolnyak, 2007) (John, 2014) defines the microfinance as the activity of providing the financial services to the people who are working in poor condition that are running small enterprises. Where by the services combines the provision of loan to small business owners, saving, leasing as well as the insurance at micro or law level

like others the (Pathak & Gywali, 2012) explain that microfinance is the act of providing money in cash as well in-kind money but in small amount to the poor and small business owners in order to lift their living standard and improve their business,

However in general microfinance has been the only way to reach and help the poor and law income earners according to (Lascelles & Mendelson, 2011) large number of worldwide population has been saved by the microfinance industry currently something which was imposing the competition between the microfinance institution and the commercial banks

There have been a confusion of microfinance and microcredit however some literature has been using it interchangeably but in to reality there some different between the two in a smallpart the microcredit is one of the parts of microfinance which deals with the provision of while microfinance involve other services more than loan provision as it is explained that microfinance involves credit services and noncredit services hence the microcredit become a component of the microfinance (Barry, 2011) ,

The financial institution now days is no longer the new phenomena to the world especial on the developing countries, most of the researchers on the field of financial institution investigate and wrote about the microfinance institutions and come out with the different findings on developing countries which also involve Tanzania.

Microfinance has been the great help to the most of the less developing nation and developed nation as well especial on the micro business this has been the one among the reasons of economic and social growth of the micro business available in most of micro business however microfinance is the source of employment creation, resource utilization as well as the well peaceful manners

Most of the developing countries such as India, Malaysia and Sri Lanka has been taking the micro business and microfinance sectors as the important and great sector that contribute to the economy (Ahmed, 2018)

It has been indicated that the serving service that provided by microfinance institution was the means of fund creation which assist and finance the growth of microenterprises as well as the sustainability of the microfinance institution where by (Morduch, 1999) argued that microfinance institution through the serving services it give chance to the poor to accumulate surplus which help them on the later emergences that demand fund

2.1.2 Microfinance Institution in Tanzania

In Tanzania microfinance have been grouped in to three categories each according to its nature of formation and services provided the first division is the non – governmental organization (NGOs), the second category is the member based microfinance institution (MB-MFIs) for example SACCOs and the third category is the Banking institution which also now days offer microfinance services.

The Non-governmental organization NGOs combines different institution like FINCA PRIDE, BRAC, ASSA, and MEDA which offer loan to group of individuals to the agreement of social collateral security whereby each member of group stands as security however there also individual lending for the clients with collateral for the security. For the case of member based microfinance institution (MB- MFIs) it combines SACCOSS and SACAS where by loan is only offered to the registered members only where by the savings of members loaned to members and create profit through the interest, however the commercial banks like NMB, CRDB, ACCESS, ACB and others are also offering the microfinance services to the low income earners with the same procedures as the NGOs.

2.1.2 Microfinance and capital structure

2.1.2.1 Capital structure definition

The capital structure of the microfinance id defined as the financing structure that used to finance the microfinance daily activities expenses and the investment or growth of the MFIs that combines the debt which can be can be short term or long term mostly from bonds and loans and equity that can be drown from retained earnings, issued shares that may preferred shares or common stock as well. Some authors like (Bogan, 2009) defined a capital structure as a systematic and balance financial model that balance the equity and debts which finance the daily activities of organization, assets and growth of the particular organization.

The capital structure is the overall combination of the main source of financing the company or an organization which is equity within the organizations that called internal financing and debt that is external financing, where by the debt can be direct from short and long term loans or insuring of bonds that can also be a short term or long term as well while the capital from equity can be derived from insuring of shares, retrained earnings or from the common and preferred stock. The diagram bellow show the capital structure

2.1.2.2 Components of capital structure

Component of capital structure

Shareholders fund	borrowed fund
Equity capital	Debenture
Preference capital	Term loans
Retained earnings	Public deposits

Source from researcher 2020

Equity capital is the party which represent the amount that the is the shareholders has though purchasing the owners capital in terms of share (Singh, 2014) however the capital is posted t the risk of being loosed or gaining the profit normally the equity capita can be defined as the book value of every asset in the company after subtracting the liabilities

Since the company may generate surplus that to be used as the company Retained earnings (Kenton, 2020) this involves the amount of the profit generated that is required to be paid to the shareholders this amount can be paid as the dividends to the shareholders or reined for the company expansion purpose though the investments activities however company believe in better utilization of capital if the money is retained and this gives extra profit to the shareholders.

Capital structure also must be formulated by the shareholder fund which means that the company must have is own amount on the investment this includes the amounts that shareholders invested in the company equity (Bragg, 2018) this is after excluding the total liabilities from the total assets and this amount is refundable if the company undergoes liquidation.

Another component of the capital structure is the Borrowed fund, this is the amount that the company owned by different parts that can be the loan from banks and other institutions or from individuals in the company or from outside, the loan taken can be for long or short time that can may be given the government or from the deposits or may from the foreigners direct investors

Public deposit as the source of financing in the company is the debts that a company collect from the public in order to rise fund this is done through inviting the public directly by making advertisement apart from that the loan given is unsecured since the company only issue a receipt to the one that opt to invest or to lend the money and the debt is only for short terms for six months up to three years this made it to be a short term source of financing (Chad, 2015) the companies prefer having the public deposits since they are cheaper in interest rates compared to the loan given by bank however public will be attracted to invest in the well organized and structured company

For the case of term loans those are debts which a company take to finance its activities and they can be long or short term loans and the company apply for it according to the purpose (Tuovila, 2020) that may be a short term project or long term project but the company add the amount to the capital of the firm for the financing purpose

2.2 Capital structure Theoretical review

The capital structure theories has been defined as the systematic way on selecting the best mixing of the equity capital and debt capital when comes to the financing the organization activities, however there have been different scholars both competing on combining the debt financing and equity finance based on the market value of firm (Ross, 2019) according to Ross there more than one theory and all the he explain them as follow

2.2.1 Net income approach theory

The first theory mentioned is the theory of Net income approach the approach was discovered by David Durand in 1952 where by his approach based on the financial leverage that assumes the company requires optimal capital structure(Ross, 2019)whereby proves that the change in financial leverage can only be caused by the changes on the cost of capital by saying so David proves that by showing that if by any chance the debt ratio of the firm increases then the capital structure will also increase due to the increase of debts but eventually the weighted average cost of capital for that firm will drop down and decrease and this will cause the value of the firm to increase however if there is no any tax charges to the capital then the value of WACC will remain unchangeable but if the tax is available WACC will be reduced and boost the value of the firm.

2.2.2 Modigliani and Miller theory

The other theory of capital structure is the theory M&M theorem this theory was named after their names since they were two professors known as Franco Modigliani and Metron Miller whereby they come to conclusion on the capital structure theory of the perfect market according to them the value of the firm does not depends on how the capital structure of the company have been used but only depends on how the firm earn the their capital and how a firm risk its underlying assets. The M&M theory after conclusion it comes out with the two scenarios, the first scenario is when there is no tax information and the second is when there is a tax information. At the first assumption if the tax information is not available on the two identical microfinance institution the value of these firm will remain constant as before and the value of capital structure won't be affected by the option of source of financing that opted to finance the asset while for the second scenario say that if the tax information is available then the debt will have the power to increase the value of the firm and to reduce WACC as well and mangers will opt the debts as the source of financing in the capital structure

Apart from M&M theory the other theory is the Traditional theory on this theory every company is believed to has its own optimal mix of debt and equity that eventually drop down WACC and boost the firm value at optimal level the marginal cost of debt is considered to be equal to the marginal cost of equity and when it happen for debt and equity to differ will eventual increase the value of the firm through the rising or falling of the leverage for the firm itself.

2.3 Capital structure policies

Since the capital structure as it is reported and explain by different authors to be the combination of the equity and debt (patil, 2013) there some policies that guide the structuring of the capital structure and every firm may opt to choose its own and the policy have been categorized in to five category which can be explained as follow

i) None debt policy

This policy is the policy which do not involve the debt at all in financing its operation and in investment, they also called the Zero debt policy for a company that do not involve any debt the organization is able to finance itself from its own earing and this can be from the retaining earnings or selling of part of its investment during the need of capital for the investment firm like this they do not borrow from outside at all and they are ok with the level of investment they have and normally they use the stability strategy

ii) Limited debt policy

The policy is almost similar but not exactly the same to the Zero debt policy because its ratio of borrowing is almost near zero value this made it to have the ratio of less than 1:1 a company which use this strategy they always borrow only when they have to get additional fund for the expansion and the retained amount is not enough for the expenses a company with a policy like this normally use the restricted growth strategy for their capital growth.

iii) Debt- Equity ratio 1:1 policy

This policy involving the firm which took the debts but at very minimal level which do not exceed the retained earning this is done in order to avoid the risk of paying high interest hence the company opt to borrow below their capital or to the exactly level of equity that shareholders possess for the firm with this policy the prefer insuring of new share to accumulate capital than borrowing than what they have and the policy is used by the firm with the restricted growth strategy.

iv) Debt- Equity ratio 2:1 policy

This policy allow the firm capital structure to have debts two times the amount of the equity which means the company prefer borrowing for financing much than the fund from shareholders so for growth strategy a firm will be taking loans and the company can choose to internal borrowing or external borrowing and the expansion projects depends more in debts than in cash accumulated by the firm itself and that why the firm is free to choose internal or external growth strategy.

v) Maximum possible Debt policy

This policy financing is only applicable to small and medium enterprises but not for the big enterprises since is not friendly due to high level of debt ratios whereby for the medium enterprises which at least has cash for capital is required to opt the ratio of 2:1 where by the can borrow 2 times its equity capital while the small industrial enterprises is allowed to borrow up to three times its equity capital (3:1) because a company like this is expected to have minimum amount of cash from their earning and need extra cash for the growth and small enterprises do not have enough cash for running its production expenses.

2.4 Determinants of capital structure

According to this study There some factors that was determine the structure of the capital structure which means it determine the debts and equity ratios in the capital structure according to him he analyze the following as the determinant of the capital structure.

a) Size

This is the size of the firm tend to determine the capital structure for the company which large in size we expect it to have enough assets that can save as the security for the debts that a firm may want to borrow also the size of the firm was eventually attract the investors to invest and a company like this was have enough preferential shares and this was increase equity of the fund also a large company is expected to have the large amount of sells something was generate cash to its capital structure compared to the company with a small size

b) Profitability

There some studies which has proven profitability of the firm have a negative impact with the leverage of the firm and this is because the company with the maximum profit they are the one with possibility of paying large amount to tax also the high profitable companies are more advised to take loans so that the managers can concentrate mostly on loan repayment than spending profit unnecessary to the project that do not generate profit to the company or in unnecessary expenses

c) Tangibility

Those are the tangibles assets that can posted for secured loan and there is proven to be positive relationship with debts and leverage and this is due to the reason that the tangible assets help the company to acquire loan that add value to the capital structure. Leverage ratio as well as the debt ratios for the company with the large amount of tangible assets is expected to be above the ratios of the company with less tangibles assets less compared to the

d) Liquidity

Liquidity is the ability of the form to meet and afford to cover its expenses of the daily operation directly from the daily cash flow. This is considered to be important on the capital structure planning normally the coverage ratio is used on the liquidity assessment whereby the coverage of the fixed financial charges by the total cash flow is assessed to see if the firm liquidity is stable enough to pay interest and principle of loans if the company opt to borrow fund as the capita for financing

e) Competitively parity

The competitively party affect the capital decision for the companies that save the same purpose of the company under the same industry that have almost the same optimal capital structure through their debt to equity ratios the company like this have the bench mark hence, made the capital structure planning decisions to depend on the bench mark that a company lies with

f) The nature of the industry

This is the nature of the industry which the firm is running within this determine the amount of debts that accompany can take comfortably without risking the company assets and capital on undergoing bankruptcy (Shawa, 2020), in case the firm sales and revenues fluctuate from time to time a company like this should have the low leverage ratios because a company like this was always have the operational expenses burden to carry on.

2.5 Microfinance capital structure

It has proven by different sources that there is a relationship between the capital structure and performance of the microfinance institution as per both negative and positive relationship (Gill, Biger, & Mathur, 2011). The profitability level of the institute has the positive relationship with the short term debts and has negative relationship with the long term debt which means that the firm which means that the firm the short term debt as the source of finance perform better and as the result the return on assets and returns on equity will be higher compared to the one with the long term debt as the source of financing (Mahfuzah & Raj, 2012)

There some of indicators that has been taken as the primary measure of capital structures that has the value of borrowed funds which is short or long term also combine the equity fund that can be stockholders or donated as per (Bogan, 2009) he has done the analysis which he took the information on the MIX data base whereby he took the leverage as the first measure which measured as the ratio of total liabilities divided by total asset even though is not easy to get the exactly amount of debt contacted by the microfinance institution however the effect of female managers on capital structure was directly assessed on the \amount borrowed divided to the amount on the asset and deposit divided by total asset (Tchuigoua, 2014)

The other measure that can be considered as the measure of capital structure is the ratio of donated fund from the different donors and other contributors and total asset of the firm the donation can be inform of the cash donation and grants however some writers has defined the donation by involving it as the ratio of total asset (Bogan, 2009)never the less but the donated can be taken at a book value of asset either the donated value is considered as the under estimator of the scale of the subsides but the expenses of the microfinance do not included on the donated equity (Kar, 2009)

There is a correlation between the capital structure and the firm performance not only on the MFIs firms but on most of the industries (Abeywardhana, 2016) That indicates that the firm performance depends very much on the structure of source of financing which also proven by the agency theory where by the high leverage reduce the agency cost, never the less but for the long term debts has been taken to meet the daily operation cost of the firm that mostly has the less impact on the managers pressure on the performance which was soon lower the profit of the firm

There some different study like (Apetrei & Bolufer, 2017) that proven that there is a causality between the large debt financing and sustainability, efficiency and outreach of the firm where by the firm that depends largely on debt have the ability to save the large number of borrowers which made it be more sustainable where by leverage has negative impact on financial sustainability of the MFIs

2.6 Female managers in MFIs management

2.6.1 Female managers and risk aversion

According to the past studies it has been proven that women are taken to the higher position in the microfinance institutions in order to reduce risk in the organization as it is woman are considered more risk averse compared with men which means they fear taking risk (Jianakoplos & Bernasek, 2007) all of these researchers conduct a research in order to cross check who loves taking risk between the men and women and the results shows that men are much risk takers this also proved by the different business done by men like the gabling games and the interaction risk taking while women are very care full when comes to investment decision (Croson & Gneezy, 2009) those two researcher conduct an economic study and comes out with the finding that prove that women have the negative correlation to risk taking while men proved to be positive correlated

Since then men has been considered more overconfidence on their decision regarding different insures concerned to women because men tend to believe so much on their knowledge compared to women (Mura, 2016)this also made men to be more confidence when comes corporate decision compared to men however it has been proven that when women works with men the risk averse behavior disappear and become a risk takers this is due to the fact that female managers adopt the male behavior after she succeed to fight against the male domination culture hence become the more helping to the success of the company this made female managers more risk taking than male managers(Adam & Ferreira, 2007)

2.6.2 Critical mass of the female managers in the management

This is driven from the critical mass theory where by it concentrate on board mass diversification that gives the hypothesis which sate one as the token, two as the presence and three stand for voice (Arendt, 2018)this theory believing in large number of female managers in the body where by in the body with more than three female managers these managers can create wonders and make the organization more successful since thy was sense the test of the ownership and togetherness and not fell like they are outsiders. According to (Konrad, 2008)female managers can be negatively associated with the firm performance but when the female managers reach the 30% of the board of managers they become positively related with the firm performance this is due to critical mass theory.

2.6.3 Female manager and firm performance

Female managers has been proven to have more advantage attributes compared to men in the management women are more useful in advising and monitoring the organization board and help the organization to archive its goals where some study which prove women to be much useful and important on the performance of the firm for example some scholar like (Adam & Ferreira, 2007) has proven that female managers are positively correlated with the firm performance through their research which assess the relationship between woman and governess as well as firm performance also further research proven that having women on the highest position in the management tend to increase the performance of the firm (Sinclair & Francoeur, 2008) not only that but also the short term goals and long term goal of the firm tend to be archived when women is on the top management (Gulamhussen & Fonte, 2015) said that female managers are much better use in the boardroom of the bank undergoing assessment regarding the role played by female managers in the bank's boardrooms.

2.6.4 Female manager and MFIs performance.

Different studies has been focusing on the assessment of the relationship between the female man agent and firm performance since the main target of their study is to cross check on the impact of female leadership on the microfinance performance (Walela & Okwemba, 2005) tells that there is a positive correlation between the female leadership and financial performance where by the microfinance which has the female managers tend to provide more compared to the one with male managers but without the changes or any push from the advancement of the governance however many studies tend to overlook and forget about the impact and role played by the female managers on the microfinance institutions capital structure and our this was be main target of our study where by the study was be concentrating on filling the gap.

2.6.5 Female managers and capital structure.

There different scholars that has been explaining the relationship between the female leadership and microfinance institutions performance according to (Mersland, Banking and Finance, 2014) (Mersland, Banking and Finance, 2014) (Mersland, Microfinance Financial and Social Perfomance, 2014) the microfinance institution has been the best industry which its performance has the great positive relationship with the female leadership management this is due to its mission orientation, entrepreneurial nature, diverse institutional conditions and high percentage of female leaders however it has been proven that in microfinance industry the female chief executive officer and female chairman of the board has the great influence on the performance of the microfinance organization.

Female borrowers has been recognized to be the largest market part of the microfinance institution this make the women loan lending become the first priority to the microfinance and microcredit institution and as the result investing on women has been the major success to the microfinance institution (Armendariz & Morduch, 2010)however it has been identified that woman possess positions in microfinance highly than in commercial banks or other industry this proven that women have been performing better in microfinance industry than in any other industry according to (Adam & Ferreira, 2007)

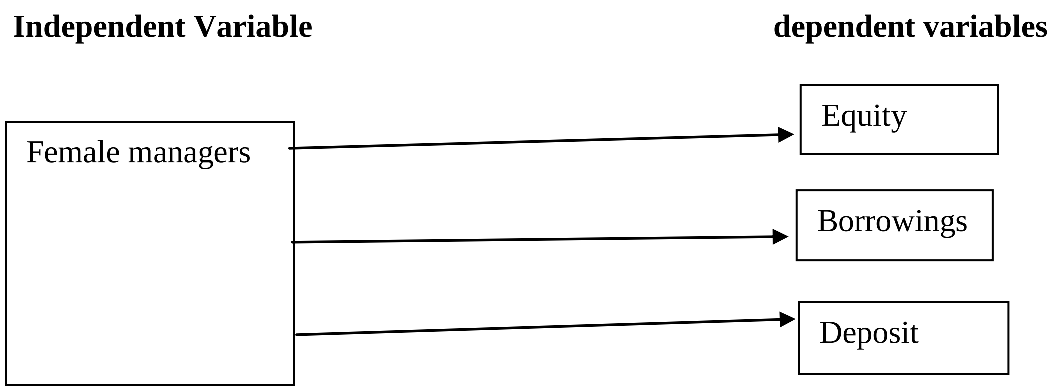
However as per women leadership has been playing a great role on the financial performance of the microfinance because microfinance is customized by mostly women clients and this make the woman CEOs managers and managers turn to be the best option (Gupta, 2014)since they know the market better than men and this be the opportunity by believing that that the leadership with the same traits as the market will perform better than the one without the traits, The female leadership has been more successful in microfinance institution which is large number of client are women (Gupta, 2014) which means that the reason for the women leadership to be more important in MFIs is doe to women lending becoming the main target of the institution this is because the female leaders understand and knows what their fellow women want which is proven by matching theory.

2.7 Research gap

By considering the overview of the literature reviewed it is obvious that a lot of studies has been done concerning the entire reason of the female ensues in the industry microfinance institution but despite of the studies conducted there still the gap to be fixed or to be answered by the study of our paper however a lot of studies has been done on the contribution of microfinance on women empowerment also the contribution microfinance to growth of small and medium enterprises. Howe despite of the social studies that have been conducted in the industry of the microfinance there also the financial and economic studies that have been done regarding the capital structure of the microfinance where by some studies was done on the factor affecting the capital structure of the microfinance institution and merits and demerits of component of the capital structure. Also the study have been doing concerning the performance of female mangers and female managers on the microfinance institutions by concentrating on the result and output of the female leaders in the management and therefore the study can't match with our study because the study has been done on the assessment of performance of them without involving the capital structure which is the base of the performance and for that we take in to consideration to study about the role played by the female managers on the capital structure of microfinance institutions.

2.8 conceptual frame work

Figure 2. 1 Conceptual frame work for the relationship between the female managers and capital structure in the microfinance institutions



Source: researcher (2020)

Description of framework

The capital structure decision and arrangement (dependent variable) can be a resulted from different factors which means that the factors can be direct and indirect cause factors the direct cause factors are also noted as the independent factors and indirect cause factors can also called as the dependent variables. Independent variables are the variables which cause or influence the existing of the other factor or dependent variables where by dependent variables are the variables or factors that influenced by other factors or caused by the other variables on the other part relationship of those two variables are caused by the intermediate variables which intervene and connect direct and indirect variables.

The female leadership of managers has been the variable which we consider to be independent variable which influence the capital structure of the microfinance so the study was looking if female managers are positive or negative associated with microfinance institution borrowings, equity capital, deposits and leverages which means the female managers can have the direct impact on the capital structure or not something which at the end was be answered by the study however we expect for the female managers to have different impact on those component since the components on the capital structure might have different relationship toward the female managers decisions of the capital structure of the microfinance institutions.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter combines the research methodologies that used to collect data from the different sources which describe and explain the research designs, sampling technique, study area and tool of data collection

3. 1 Area of the study

The researcher opt Tanzania as the area of the study by studying the microfinance institutions that found in Tanzania but also registered in the Microfinance Information Exchange Database Tanzania has been selected because it is a developing country and large number of microfinance institutions are found in developing country where by there is large number of low and middle income earners who conducting small business and this made a researcher to opt Tanzania as the study area.

The place is selected as the area of the study due to the fact that large number of microfinance institutions is found in Tanzania where by 60% of the financial services institutions found in the country is microfinance institutions so it lead to check on the role of female managers on the capital structures of the particular microfinance instructions found in in Tanzania

3.2 Research design

The research design consist all about the arrangement of data gathering and data analysis and how they were presented in order to enable a research to reach to its final conclusion however a research design is also the strategy to integrate the components of the research in cohesive and coherent way (Creswell, 2014), it's a way to structure the whole study in a manner that the research question can be answered and provide the clear picture that can be understood.

The study use the research design that involve the empirical data from the microfinance institution exchange data base (MIX) by selecting the microfinance institutions in Tanzania that found on MIX data base. The case study design ware applied in order to get the deepest answers and the contextual analysis of the study situation in order to reach to the final conclusion.

3.3 Targeted population and sample size.

3.3.1 Targeted population.

Population can be defined as the set of objectives or person that share the common characteristics (Okolo, 1990) so research population is a set or group of person or objectives that a researcher intended to look for something in them so that to find a conclusion however it's a group the population can be small or large in size it depends o what research want to search for though the population or group

Since the study focused on the assessment of the role played by female managers on the capital structure of microfinance institutions found in Tanzania hence the targeted population was be combining two categories first category is the list of microfinance institution that found in Tanzania and second is the number of female managers found on these institution since large number of microfinance institutions mostly save the female customers it won't be harder to find institutions that managed by females hence simplify the sampling procedures.

3.3.2 Sample size

Microfinance institutions data were gathered from the microfinance information exchange (MIX) data base this is the portfolio which provide differ information of individual microfinance institutions. The aim of MIX database is provide clear and transparency on the information which aim to insure reliability and comparability of information that found on each institution that consist both social and financial information and it considered as most used database currently.

The Mix platform has been present information's of microfinance institution that found all over the world consist of more than 1900 microfinance institutions, 200 partners and 100 investors data base is reporting the information free from the pressure of reported microfinance institutions in order to make sure that the information used is reliable the study was be using the microfinance institutions that report to the third party auditing firm this was insure the reliability and comparability of data as indicators that suggested by the world bank

Our initial sample of the study was combine 10 firms that was be found in Tanzania that was combines data observed from the previous 10 year which start from 2008 to 2018 due to availability of data that lies to the female governance.

3.4 Sampling procedures.

The research use non probability sampling on selecting the 10 microfinance in Tanzania on the microfinance information exchange (MIX database) that ware used as the sample of the study where by the convenience and judgmental method was also applied as well according to the nature of information and the perfection of the microfinance to answer the questions of the study and the data that might be required by the study

3.4.1 Simple Radom sampling technique

Through this method the sample for the study was randomly selected to present the entire population and the resort for us opting this technique was because all institution was having equal chance to be selected for the study

3.4.2 Purposive sampling

This technique ware purposively selected and this was due to save for the purpose the were required for and that why the institutions that only found in Tanzania ware purposely selected for the study

3.5 Data collection methods.

Data collection methods are The ways of gathering the inflation or information that is required by the study in order to further analyzed in a way that the researcher can analyze the finding and reach the conclusion (Creswell, 2014) the aim of the this is for the researcher to predict the phenomena according data collection methods are categorized in to two, the primary data collection methods and secondary data collection methods that can be further explain as follow

3.5.1 Primary data collection methods

This the collection of raw data from its origin source of occurrence in another word primary data are the information's that collated at the first sight that a researcher decide to collect for a certain purpose. The data can be categorized in to two category that is quantitative data and qualitative data, the qualitative data involve the data which are not in mathematical term or do not include number in the expression of the m data like them involves feeling and emotions, while the quantitative data are the data which involve the mathematical explanations and calculations in order to reach to conclusion

The primary data collection can be collect through different methods which includes the methods like the interview where by the respondent is questioned during the interview, observation methods that can direct or indirect observations also the other method is questionnaire are by which the prepared list of questions is asked to the respondents for them to answer   the other methods are experimental and focus group discussion

3.5.2 Secondary data collection

The second data are the data that was collected and if possible haven publish by the other owner, this mean that they are second hand data that have been corrected by other, the secondary data can be found from journals, books, magazines, published document and from online portals

The study was be mostly focusing on the secondary data than primary data due to the complexity of collecting primary data hence the data used was the processed and published data where by the MIX data base used to provide the data as well as the published documents. And the methods used are

Secondary data use documentation on the section of data, This is the method of Secondary data correction this help to collect data that ware ready corrected by others which was involve books, pamphlets, journals, magazines and from different researches and website as well at this is where we found online published documents that we found from the MIX data base and from the DSE data base which later on used in analysis

3.6 Data analysis

Data analysis is the act of playing with data in order to move them from the large units of data to the small units so get to the result of the study by taking only the necessary data required by the study and look forward to the data interpretation (Bhat, 2020) where by the data was be used to respond to the objectives of the study to be able to answer the research questions. The data can be quantitative or qualitative where by each data either quantitative or qualitative have its own method of presentation and interpretation where by the quantitative data was presented in graphs, tables, percentages and figures and supported and cemented by short description. Qualitative analysis concerned much on the attributes which was examined however the descriptive method elaborate data in order to made them more easily explained and understood.

In order to conduct a study we undergo the quantitative analysis with a little help of qualitative analysis method through the use of strata program by using panel data in order to reach to the conclusion and comes out with the regression analysis and other analysis as the presented in chapter four

During analysis different analysis ware conducted like analysis of linear correltion analysis to check for the relationship among variables, the other was the analysis of descriptive analysis, normality test analysis, multcolinearlity test analysis, non-linearity test analysis and finally the regression analysis itself this aimed to know at what extent does the dependent variable affect independent variable the model .Data analysis is important part of the entire dissertation because it carry out the work that planned to be done on the research also the analysis's bring out the result of the study.

3.7 Data presentation

Data can be presented through differ ways like charts that combine pie charts (Bhat, 2020) The data from the findings were presented in term in the graph charts and tables after the analysis this is to make the results well-presented and expressed in such a way that users can be understood them well.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

This chapter will be presenting the data analysis results and findings from the study which are the results of the analysis that have been done through program of strata and came out with the following results.

4.1 Descriptive statistics

Table 4. 1: Descriptive Statistics

Variable	Mean	Std. Deviation	Minimum	Maximum
Female managers	5.85	7.442941	0	25
Borrowings	22.89247	2.20779	19.34947	26.58918
Equity Capital	23.65963	1.955115	20.32279	27.41878
Deposits	24.29602	2.627129	20.4674	29.07759
Cash and Cash Equivalent	23.66396	2.35019	18.41472	27.96682

Source: MIX Database (2019)

The descriptive statistics is the method to analyze and summarize the variables in the study that have been studied and at which data have been collected so from the study is discovered that the mean of 5 female managers where the institution with a minimum female mangers is zero and the one with large number of female managers to be 25 managers. The borrowing mean average for the institution is 22.89247 while the institution with a minimum amount of borrowing is expected to be 19.34947 and 26.58918 for institution with large amount of borrowings. Equity capital mean is 23.65963 with minimum value of 20.32279 for the institute that has lowest equity capital and 27.41878 for the one with highest amount of capital equity. For the case of deposit mean is 24.29602 and minimum value of 20.4674 with the maximum value of 29.07759 for the firm the large of deposits. Likewise for the cash equivalent the average cash is expected to be 23.66396 and for the institution less cash is expected to have 18.41472 and 27.96682 for the one with large amount of cash and cash equivalent.

4.2 Mullticorenealty test

Mullticorenealty is the situation which rise when the variables are highly correlate which means that the variable saving almost the same meaning in the study or have a very close relationship **(Frost, 2020)**and as the result multicorenealty problem may affects the coefficient estimate and reduce the precision of the estimate coefficients and in order to have mullticorenealty the correlation between variables has to be above 80% or 0.8

Table 4. 2: Correlation Analysis

Variable	**Female Managers**	**Borrowings**	**Equity Capital**	**Deposits**	**Cash and Cash Equivalent**
F. Managers	1.0000				
Borrowings	0.7046	1.0000			
Equity Capital	-0.1492	0.1390	1.0000		
Deposits	0.1493	0.3554	0.6502	1.0000	
Cash and Cash Equivalent	-0.1218	-0.3491	0.5872	0.8722	1.0000

Source: MIX Database (2019)

To test for multicollinearity the correlation analysis was done to analyze the relation between one variable and the other and the result show that correlation between variable and variable itself is 1 which means they are 100% correlated. Equity capital, and cash equivalent are negative correlated with female managers by -0.1492, and -0.1218 while the borrowing and deposits have a positive relationship with female manager by 0.7046 and 0.1493 Borrowing shows the correlation with equity capital, deposits and cash equivalent by of 0.1390,1.3554 and -0.3491. While equity capital is positively relate with deposits and cash equivalent by 0.6502 and 0.5878. On the other hand deposits show the strong correlation with the cash equivalent by 0.8722

4.3 Normality test analysis

Normality test is the analysis that test to see if the data used is normal for the study or there is more data omitted or do not explain the study in that case based in the study the study used the skewness and kurtosis of the variables. Skewness express how far the shape of overall distribution deviate from the shape of normal distribution (Polat, 2017) the capital structure decision was depending on the female manager so the capital structure that include the borrowing, equity capital, deposit and cash equivalent was supposed to be normal on capital structure and the result was as follow

Table 4. 3: Normality Test

Variable	**Descriptive**	**Statistic Value**	**Standard Error**
Number of Female manager	Skewness	1.076	0.512
	Kurtosis	1.252	0.992
Number of Borrowings	Skewness	1.546	0.378
	Kurtosis	1.650	0.741
Amount of Equity Capital	Skewness	1.292	0.369
	Kurtosis	1.165	0.724
Number of Deposits	Skewness	1.105	0.365
	Kurtosis	1.206	0.717
Cash and Cash Equivalents	Skewness	1.173	0.383
	Kurtosis	1.689	0.750

Source: MIX Database (2019)

Normality of variable is very important in the linear regression analysis because if the data appear not be normal then the regression model was be affected because f test won’t be reliable to compere the goodness For the analysis the skwness and kurtosis has to be near zero value but not below -2 nor above 2 (Polat, 2017)the in the analysis both values of skewness they between 1.075to 1.547 and for kurtosis they are between 1.165 to 1.689 for this every variable has its own level of normality

4.4 Model Summary

4.4.1 R Square analysis

The R Square of the model in the linear regression is the analysis which demine weather the explanatory variable has the power to explain the dependent variable and at what level they can explain while, the adjusted R Square express the power of independent variable to explain the dependent variable if there was be omission of variables or additional of variables

Table 4. 4: R square analysis

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.885	0.783	0.721	3.992

Source MIX Database (2019)

The analysis of the study shows that the independent variables of the model have the power to explain the independent variable by 78.3% and the adjusted R Square can explain by 72.1%.

4.4.2 Regression analysis

The regression analysis is the analysis that describes the significance of variables and relationship between the independent variable and dependent variable of every variable in the model. Regression is the mathematical way of identifying the impact of independent variable on the dependent variable (Gallo, 2015) this makes easier on knowing which variable is useful to be used and which is not usefully in the study

Table 4. 5: Regression analysis

Model	Unstandardized Coefficients		Standard Coefficient	t	Sig.
	B	**Std. error**	**Beta**		
Constant	-0.6211544	5.981217		1.04	0.314
Borrowings	0.4316952	0.2017612	1.099	6.98	0.000
Equity Capital	-0.8396901	0.5276287	-0.805	-4.16	0.001
Deposits	0.4001294	0.3260537	0.518	1.81	0.092
Cash and Cash Equivalents	-0.086134	0.3912462	-0.283	1.10	0.290

Source MIX Database (2019)

The regression analysis is done in order to get the relationship of the capital structure with borrowings, equity capital, deposits and cash equivalents. The analysis show that the borrowing is the one with the lowest significant value of zero followed by the equity capital that have the significant value of 0.001 and debts which score 0.092 significant level while, female managers and cash equivalent have the value 0.314 and 0.290. Female managers has both negative and positive impact to the independent variable where by borrowing, deposit and cash equivalent shows the positive relationship by 0.43, 0.4& 0.086 while the equity capital has coefficient value with negative relation of 0.84

4.5 Average of female managers in the MFIs

The study have been assessing the role of female managers on capital structure of microfinance institution regarding five institutions on the period of ten years PRIDE has been identified as the institute that hiring large number of female managers compered to other companies, it has mean average of 25 managers FINCA that has 5 managers and lastly Access Bank and Mwanga Community Bank that got average of 3 workers each of two companies.

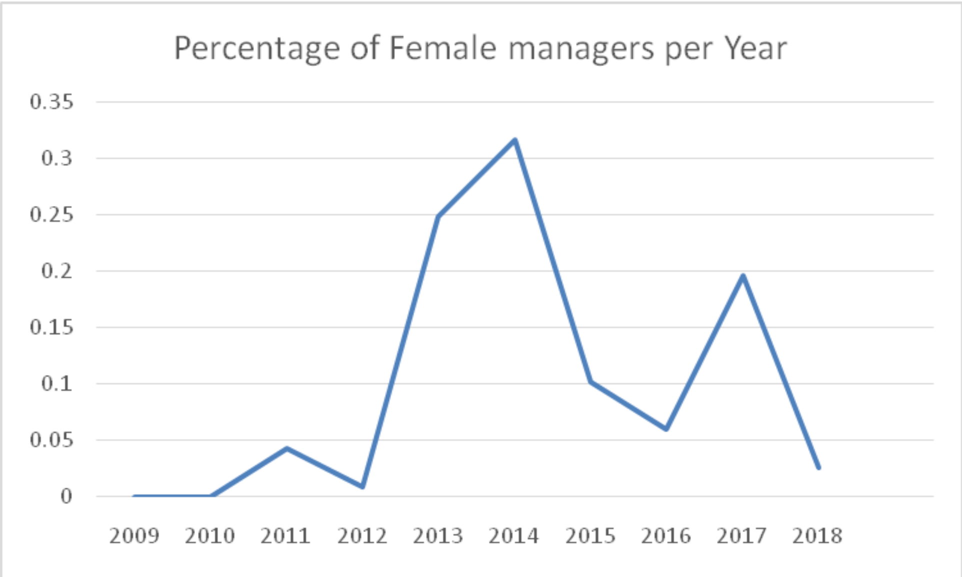
Table 4.5: Average Number of Female managers per Microfinance

Microfinance	Mean	Str. Deviation
Access Bank	3.13	2.357
FINCA-TZA	4.71	5.499
Mwanga Community Bank	3	1.732
PRIDE-TZA	25	3.545
Total	**5.85**	**7.443**

Source: MIX Database (2019)

The number of female managers in the microfinance institution also has been fluctuating from time to time since 2009 to 2018 where by on 2009 female managers was below 5% and 2011 increases to 5% and on 2012 decreases again but 2013 increased up to 25% as well as on 2014 where the percent rise even more and reach 30%. From 2014 female managers start to decrease and reach 10% and 5% on 2016 but increases 2017 to 20% so is clear that the fluctuation has been abnormal.

Figure 4. 1 Percentage of Female Managers Per Year



Source: MIX Database (2019)

CHAPTER FIVE

RESULTS AND DISCUSSION

5.0 Introduction

This chapter is presenting data that have been corrected from the field study direct from the secondary data from the different sources which analyzed by quantitative methods with a little help of the qualitative methods whereby through the measure of central tendency data was presented by graph, table as well as charts in order to be well presented and discussed as above

Table 5. 1: Variable description

Variable definitions	
Capital structure	
Leverage (LEV)	total liability/total assets
Borrowings (BOR)	borrowing/ total asset
Deposits (DEP)	deposits/ total assets
Equity capital (EQUI)	equity capital /total asset
Cash	cash amount/ total asset
Subsides	donated equity/ total asset
Female managers	
# Female managers	number of female managers
% Female managers	female managers as a fractional all managers
M- female managers	when number of female managers is 1 or more
M- female mangers>3	when the number of female menegers is 3 or more
Financial performance	
ROA	return on asset
Social performance	
% active borrowers	number of active borrowers/ total number of borrowers
%female borrowers	number active female borrower/total number of active borrowers

Source: researcher (2020)

5.2 Descriptive statistics

In the table below it shows the mean of every variable where by female managers has the mean value of 5.85 that implies that in the study the average number of female managers for each institution s 5 to 6 which made the study acceptable for analysis since it’s true that there is female managers to study. Borrowing have the mean average of 22,89 equity capital got 23.65963 deposits got the mean of 24.29602, those are the mean value amount that every MFI is expected to have, This concluded that every microfinance institution has all of the variables in the their capital structure. However there some companies without the female managers and also other which got 25 female managers which means that every company has its own policy regarding female matters. Result the deposit from different sources indicate having the maxim mean score compared to the other variable followed by the cash equivalent and equity capital where by the borrowing considered to have the lowest mean average however they do not differ much from one another something which proves that both can be used in the capital structure perpendicular

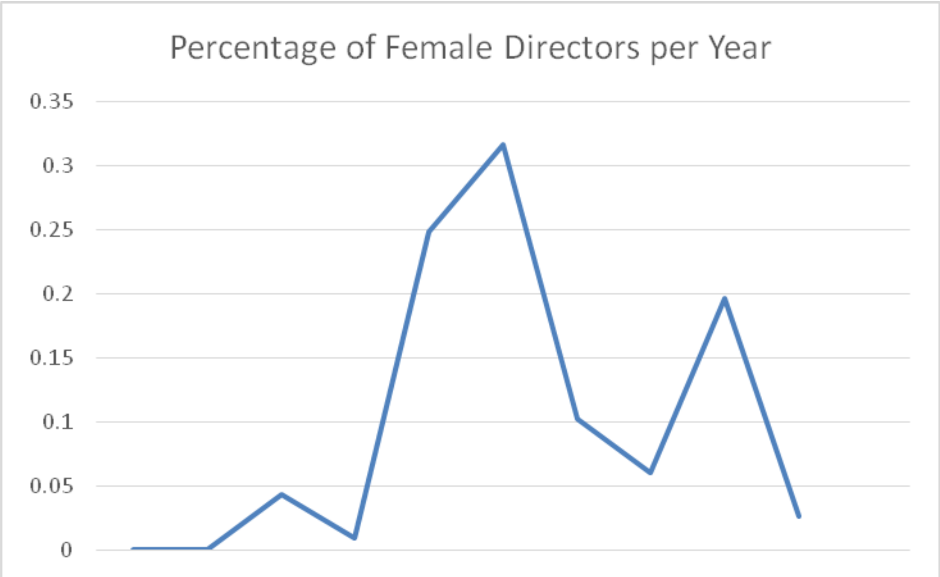
By considering the results of the finding the deposit is the main source of funding in the microfinance institution since is the one with the highest score followed by the cash equivalent and equity capital however the institution do not much depends on the borrowings and debts for the purpose of financing although the borrow but is not as much as deposits and equity capital and cash that can be from the retained earnings other amount generated in a year within the institution

5.3 Female managers in the MFIs management

On the previous analysis we have been comparing the mean of the selected MFIs within the 5.2 previous five years where by we check for change in the performance of the microfinance as the female mangers increase or decrease where by when the female managers increases the return on asset decrease in size but the increases of female mangers in the MFI is associated with the firm characteristics hence made it important to control and manage the firm factors in the analysis

In figure 1 above shows that there have been a change in the percentage of the female managers within the period of years from 2009 to 2012 the female managers in the organization have been in a very low level compared to the current time where by female manger has been covering the 5% however on 2013 the number of female manages increased to the 25% which is almost 5 times the previous level which means that there is development to it however the number of female manager continue to fluctuate from time to time from of the entire total population of managers in the institutions to this proves that microfinance institutions have been giving chances to the female to be the party of management and board however sometimes it might be associated with the nature of the activities done by the department that the manager manage in his or her departments.

Figure 5.3: percentage of female managers



Source: MIX Database (2019)

5.4 Correlation Analysis

Correlation analysis test was done to find out the level of correlation among variables used. Dougherty (2006) as cited in Nyamsogoro (2010) provides that if variables were not correlated then using more than one simple regression model or multiple regression models could give the same results. Correlation analysis test enabled us to determine variables that are highly correlated and that could cause multicollinearity effect in the regression constructs. According to Gujarati (2003), multicollinearity occurs where two or more independent variables are highly correlated with each other such that two or more independent variables measure the same thing but in a different way.

The literature available show that there is no common consensus the extent to which correlation causes multicollinearity. Kennedy (2008) proposes that any correlation coefficient above 0.7 could cause a serious multicollinearity problem leading to inefficient estimation and less reliable results. On the other hand, Hair et al (2006) provide that correlation coefficient below 0.9 may not cause serious multicollinearity problems. Moreover, Gujarat (2003) argues that there is no clear cut off point (number) that can be used to conclude that multicollinearity is a problem. Therefore, in this study, a matrix correlation analysis was done to establish early signs of the existence of correlation among the variables before being testing whether multicollinearity effect exists in the data used or not. This study took into account that correlation coefficient above 0.8 was regarded to be higher enough as suggested by Hair et al (2006) and therefore needs for more investigation and through table Below none of our variables exceed 0.8 this made our variables both independent from one another

5.5 Multicollinearity

In order to determine whether multicollinearity problem exists to variables used, a test for multicollinearity was done using variance inflation factor (VIF) and tolerance. The VIF shows by how much the variance of a single estimator (β) goes up due to the correlation across explanatory variables. The values of VIF for each independent variable were computed to show whether there is a serious multicollinearity problem. Literature shows that there is no common agreement about how much VIF cause a problem. However, (Graham, 2003) argues that the VIF value above 5 suggest the existence of multicollinearity problems. On the other hand, However some scholars suggests that VIF greater than 10 indicates the existence of multicollinearity problems. Therefore, as a rule of thumb, a variable whose VIF values are greater than 10 in this study may imply collinearity. On the other hand, tolerance is defined as 1/VIF, is also used to check on the degree of collinearity (Yoo, Mayberry, & Lillard, 2014) A tolerance value lower than 0.1, is comparable to a VIF of 10, whereby (Yoo, Mayberry, & Lillard, 2014) recommend a very small tolerance value (0.10 or below). It means that the variable could be considered as a linear combination of other independent variables.

However according to (Wooldridge, 2013) is VIF (variance inflation factor) is used to measure and state to what extent does the estimated regression coefficient vary from one factor to another and if the predicators was correlate by one anther then the coefficient was appear and if they do not correlate hence its coefficient was be equal to 1.The VIF is considering the variable to be too much correlated if its value is above 5 while the variance inflation factors of our all variable is below 5 which implies that our variables factors are independent and do not depend on each other this is to insure us that there is multicollinearity among the variable the table show the highest value of the VFI is 4.96 and the lowest is borrowing which has the value 2.37 in that case both variable has its own explanatory power when comes to the capital structure of the microfinance means each variable serve is own purpose in the study and both are usefully.

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5.5 Normality Test

In order for data to be used in regression analysis, it must meet the condition of normality. That is, data must be normally distributed (Parant, 2007) cited in Kwai and Urassa (2015). The data used in this study was tested for normality using Skewness and Kurtosis values. This study used the rule of thumb that a variable is normal if its skewness and kurtosis have values within -2.0 and +2.0 as suggested by (Polat, 2017) From the result of normality test the analysis shows the skwness of both variables ranks between 1.076 to1.546 where by its kurtosis lies between 1.165 to 1.689, the female managers variables is one with the lowest skwness and borrowing variable is the one with the highest skwness while the equity capital have the lowest kurtosis and the cash equivalent has the highest kurtosis this is to prove that none of the above have within the rule of thumb (-2.0 and +2.0) hence, the data used by the study become normal and accepted for the analysis and testing of the relationship between the female managers and capital structure of the microfinance institution selected for the case study

5.6 Econometric model

In our study we were checking to see if the female manager's readership can affect the capital structure decisions of the microfinance institutions and in order to reach to the conclusion the panel data approach become the best option for us to choose the panel data approach it as due to a fact that the nature of our data required us because data collected from many microfinance institutions that taken in the period of five years even though there was a missing of some cross sectional data not only that but also the panel data is the best option for the analysis which might have the unobservable factors that sometimes appear to be fixed. The following is our regression model for our study.

Begin by estimating the R Square and adjusted R Square, for the R Square it deals with the assessment on testing whether the explanatory variable has the explanatory power enough to explain the dependent variable to see if the study took in to consideration enough variable to answer the study problem and the higher the R Square the stronger the explanatory power of the variables this help to if the other factors has been reflected over in that case in our study we check whether the female managers can affect capital structure or not by testing that if a company has a female leadership can affect the borrowing, equity capital and the deposit of the MFIs or may be other factors that explain the study through the analysis of our study the R Square is 0.783 which made it to be 78.3% which means the explanatory can explain the dependent variable by 78.3% which is acceptable and means that most of the factor that can be affected by female leadership or management on the capital structure of the study has been considered in the study, this made our study significance.

Estimation of relationship between female managers and capital structure of the microfinance institution

When comes to the analysis of the effect of the female managers on the capital structure several problems might rise and one of the problems is the endojeneity problem where y female leadership and the microfinance production results are jointly an inseparable from one another (Hermaline & Weisbach, 2014) whereby according to him the female manager are given the positions in the management in order to match with the environment and conditions that force them to be there so those factors is not good to forgotten so on the testing for the relationship between the female ,angers and capital structure these environmental factors has to be taken in consideration to check whether is the female managers affecting the capital structure or the other factors which made a female to be I to the position which is called reverse causality

However there some department which demand a female manager according to its policy this was directly affect the capital structure through a female managers management even though it doesn't directly caused by feministic readership but the environmental biasness on the choice of the manager

5.7 Multivariate result

The analysis of the study have been checking on capital structure variables to see if they relate with the female managers to check on whether the female managers relate with the leverage, borrowings, equity capital and deposit to know the nature of the relationship if its positive or negative related the presentation in the table below analysis how the variables relate and by what extend dos the variable affect the capital structure this is prove our hypothesis to check whether the hypothesis rejected or not

For the relationship of the borrowings and the female managers in the capital structure is proven to have the positive relationship which means that the firm with high number of female managers was borrowing much than the one with the less number of female managers but the other factors like social and environmental factors has to remain constant the meaning of this result is that female managers do prefer loans and debts from different sources as the source of financing the MFIs this might be because women is believed to be risk lovers compered to men. As for our study the coefficient is considered to be 43.1% which means the increase of female managers in the MFIs was lead to increase borrowing amount in the capital structure by 43. 1% while the borrowing variable proved to be the most significant variable in the study compared to other variables because it has 0% significance level

The other factor or variables is the equity capital this involve all assets that can easily converted to cash and the cash that a firm own to its customers or other people that they are soon to be paid this also have been tested to see how does female managers affect the equity capital of the firm on the capital structure by testing the hypothesis to see if the equity capital affected negatively or positively where by the study analysis proves that equity capital is negative related with the female managers on the capital structure of microfinance institutions the equity capital variable has the coefficient of -83.96% which means that increase of female managers in the MFIs was lead to decrease equity in capital structure of MFIs by 83.96% when other factors remain constant so the variable is negatively related so in the MFIs that have low number of female manger its equity value was be higher and when the female managers increases the equity capital decrease as well and this is due to the fact that the borrowing was be increasing hence the equity capital was decrease in amount since they have inverse relationship.

The third variable for testing is the deposit this was also taken as the measurement of the capital structure this combine total amount of money deposited by different people or organizations and company that are used to finance the selected microfinance institution which has to be letter paid back by the MFIs with or without the interest the analysis of our study prove it to be positive related to the female managers on capital structure by considering the table below the deposits has the coefficient of 0.4001 which means that the increase of female managers was also leads to increase on deposits by 40% and if it was decreases it was eventually decrease by the same 40% this made the two variable that require attention and well management which is borrowing and deposits since they both involves investors and the company is no have to make sure they are working is important to make sure they are well balance because they have same nature of direction and use in the company because they are both money that firm owned but the second part and if the firm.

Another variables is the cash and cash equivalent this is the cash amounts that a firm have in its capital structure and according to the study cash equivalents and cash has the positive relationship with the female manager but with a low impact of 0.086134 which made it to be 8.6134% this made it to be the variable with the lowest positive impact where by the increase on the female manager was led to increase on the cash and cash equivalent of microfinance institution by 8.6134% where by the variable is significance based on its significance value

The last variable is the female managers its self how it affect the capital structure of the firm by the result of the table below it proves that the female managers itself has the negative impact on the capital structure by -0.6211% this means if all factors remain constant including the explanatory variables the increase of female managers was push the capital structure to decrease by 62.11% however the variable itself is no significant to the study it self because variable cannot much depend on it self

So the study conducted was significant and the strong power to explain the female manager decision on the capital despite of being other control variables like the size of firm and the capital structure but the variable still useful on explain the roles of the female managers on the capital structure of the MFIs

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATION

6.1 Summary of findings

General it have been proved that female managers has the role to play on the capital structure of the microfinance institution where by the female readership of the female managers has been observed that they has a contorting power to the capital structure

The main objective of the study has been the cross checking of the role played by the female managers on the capital structure of the financial institution, the study based on the female managers of the microfinance since it believed that large part of the clients of the microfinance hence female mangers observed to be the best and important or organ on the microfinance intuition which made them best study area on the MFIs capital structure as well. The study reveals that number of female managers in the firm can be due to social or economic environment which directly associated with the capital structure however the study proved that female managers has the great role to play in the capital structure, however the study show that there is a strong relationship which made the hypothesis be accepted study revel that the hiring of the female managers do may have no causality with the capital structure but with the other factor though its existence of the female managers in the management help and bring the impact on the component of the capital structure by increasing the borrowings, deposit and cash equivalent while lowering the equity capital of the microfinance institution

Furthermore it has been revealed that female managers has been increasing from time to time not only in Tanzania but all over this due to the fact that female has been the best client and save as a big population of the MFIs client this made the female managers the best since they are also women and know the clients challenges better than men does

During the study is also very clear observed that most of the clients of microfinance are women and few are men but those clients do not have enough education about the entrepreneurship since most of them involve themselves on small and medium business but also the got problem on the loan repayment and tend to have numbers of loans from different microfinance institutions something which made them failing pay their loan on time.

6.2 Conclusion

The aim of our study was to examine the role played by the female managers on the capital structure decision this is observe if a relationship between the female managers and capital structure of the microfinance institutions so that to conclude if a MFIs being with a female managers it can impact any component on the capital structure. However the result shows that the female managers has the power to impact the capital structure in both in a negative way as well as in the positive way only depends with the variable applied. The study have been amazing in one way or another since it give two results at first hand the study it self-prove that there is a relationship and impact on the capital structure on contrary during test for the leverage hypothesis on other hand the result shows that female manager and leverage do not have the relationship on one another hence we do the further analysis by splitting the borrowings and deposits and concluded that female managers has the impact on the components but in the positive impact where by it show that female managers has the positive impact and significance on the capital structure decision as the result of this the answer support the hypothesis of the matching traits where by it states that feministic readership or management in the microfinance institution attract the female clients so the client agreed to deposit in the MFIs due to the influence of the female managers.

The study also concluding that female managers is highly related with equity capital bit in strong negative relation and at a significance of 0.1% which means the female managers do not prefers the equity capital as the source of financing in the microfinance institutions where the presence of feministic management increase a subsides as for the analysis is proves that female managers together with the subsides has the marginal relationship. This proves us that female mangers was opt the chance that in the end was benefit much the institution this made them to be the best profit generator in the MFIs this prove them to have the linkage with the third parties which might be the donor agents that can provide capital for them to run and manage different activities and projects of the institution so look for subsides and the grants in order to be as the source of capital something which improve and stimulate the profitability index of the firm this to avoid the risk of losing the capital that can be from the loans and borrowing to made the organization safe for the agenesis and company which may be willing to invest in the company.

The other finding show that the law of critical mass in the management whereby if the board has more than three or more than three female managers or director they tend to prefer leverages more in terms of borrowing and deposits whereby they have the power to influence a decision making in to different matters including the capital structure this prove that when female join together the level of the risk avoidance reduced and become tolerable to them something which is different to female when they are alone as individuals

There some contradiction which raised during the analysis that makes harder to determine the exactly optimal capital structure for the selected microfinance institutions in the study this is due to the fact that capital structure expansion is pushed by the operational matters of the microfinance institutions and not only by the female motives , there some studies which proven that in order for the capital structure to expand the MFIs operation has to grow and improve the productivity so proved to that capital structure depend and relate with the growth of the firm and its operations and this made the topic of role played by the female managers on the capital structure decision still continue being questionable so in future the researchers will be better for them to check for the female managers characteristics in the microfinance than testing for their role in capital structure decision

6.3 Recommendations

To standardize the situation all microfinance institutions and other agenesis has to make sure the can be affected and affect the microfinance institution capital structure the work to do to insure that the environment is conducive and the above is the recommendations that recommend on how women can play their role on the capital structure.

6.3.1On the knowledge of capital structure

Since we have discovered that there is a relationship between the female managers and capital structure it is necessary for the institution to make sure that their managers is aware about the source of finance the firm operation in to avoid unnecessary risk which can be avoided by having a knowledge this can be done through different training to the female managers of providing seminars and if possible to hire the skilled and people with the qualification regarding capital structure this will help the managers to know at what time the firm need to borrow and at what time the firm might need to sell and buy new share in the company or at what time does the institution need to increase deposits to finance the institution operations or may be to apply for subsides in order to increase the capital in the MFIs this will save the company from the further loses that can be risen due to the carelessness because the the finance sector is a very delicate and important sector in every firm so the knowledge is very important to the managers.

6.3.2 about the microfinance institution policies

It is important to restructure the policies regarding the gender matters on the management and board as well as we see that women are the ones that use most of the microfinance services compered to men and by doing so female managers become the best option when dealing with the their fellow women so the microfinance institution has to find a policy that will make women in to the position so the policy has to be fear equally favoring man and women in the management

Secondly the financial and credit ensues has to be renovated this is through the lending policies the results show that female borrowers is in large number compared to male borrowers so this made women to be the mostly targeted group for the most of the projects and program in the microfinance institutions not only that but also women are the one that involves in the small business than men and the microfinance institutions his great target was to save for small and medium enterprises so women continue to appear as the key customers hence it is important for the MFIs to establish and improve the borrowing policies that will save women in to better condition in order to increase the capital of the MFI however women tend to be group with a lot of number of loans from different institutions so the MFIs have to make sure that the do have the controlling mechanism to reduce risk of loan defaults to the female borrowers and men borrowers as well.

6.3.3 about the capital structure policies of MFIs.

Those are the rules, regulations and procedures that the microfinance institution has to set in order to make sure that the capital structure is settled accordingly for example is good to allocate the policy ratios of each component of the capital structure this was be giving a room for a manager to decide accordingly in order to avoid the future financial problem so it is very important to provide the guiding procedures for the capital structure for example some company may be following the policy of ZERO debt so for the manager to decide on this he or she has to make sure that the rule is followed and by doing so he has to make sure that the expansion activity of the firm depends on the retained earning only and not otherwise.

6.3.4 Government support to the MFIs capital

Since the most of the microfinance institutions saves for the poor it is necessary for the state to help and to finance the microfinance and microcredit institution because it can be the way for them to reach the people with low income so that they can help them improve their living through involving themselves in to small business in order to increase their income and improve their living standard and add to the government income as well

The government can provide capital for the MFIs by lending them capital with a very minimum interest so that they can also lend the money to its clients at low interest as well in order due them to be able to pay it back while generating the income for themselves hence also the government can made the policies that favor the microfinance institution that can be by reducing tax to the MFIs because they are not 100% profit oriented like other institutions.

Government organization which deals with the small enterprises has to work perpendicular with the microfinance institutions since they both deals with the same people, organization like SIDO and CTI they has to make sure they provide training to their customers and clients and if possible they have to provide the financial information to MFIs about the people they save.

6.3.5 Suggestion for further study

The study topic we discuss based on finding the role played by female managers on the capital structure decision whereby we check on how female managers can impact the capital structure based on making decision on the equity and debts of the microfinance institutions.

However the study face some challenges before coming to the decision on how can female decide on the capital structure this is because apart from the feministic characteristics of leadership on the choice of the capital structure there is another factors that can be the reason for opting the certain structure of the capital for example a company capital structure policy or social and economic factors hence finding for the factors that impact the capital structure decision might help to reach to the conclusion as well.

Also despite concentrating on analyzing the performance of the female managers in the microfinance institution is also important to check on the factor that hinder and affect the performance of female managers in those microfinance institution

After this study and by considering the literature review women has been noted to be important group in the microfinance institutions not only on the management but also in the industry generally and this is due to the fact that women is the group that have large number of client and they participate in almost every project designed in the MFI despite of them failing to repay their loan in time which is also area that required to be studied in future.

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