EFFECTIVENESS OF MICROFINANCE INSTITUTIONS IN EMPOWERING OF WOMEN PETTY TRADERS' PERFORMANCE: THE CASE OF PRIDE TANZANIA LTD – MOROGORO BRANCH

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By

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A Research Report Submitted to School of Business Administration in Partial Fulfillments of the Requirement of the Degree of Masters of Business Administration (MBA) of Mzumbe University

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CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled **Effectiveness of Microfinance Institutions in Empowering of Women Petty Traders' Performance: The Case of Pride Tanzania Ltd – Morogoro Branch**, in Partial Fulfillment of the Requirements for Award of the Degree of Master of Business Administration (MBA) of Mzumbe University

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DECLARATION AND COPYRIGHT

I, **Damnoti J. Ngitoria,** 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.

Signature ______________________________

Date____________________________________

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DEDICATION

This work is dedicated to my beloved parents who tirelessly encouraged me to embrace my education

ABBREVIATIONS AND ACRONYMS

BOT	Bank of Tanzania
CGAP	Consultative Group to Assist the Poor
EG	Enterprise Group
GDP	Gross Domestic Products
IFAD	International Fund for Agricultural Development
MDGs	Millenium Development Goals
MEC	Market Enterprises Group
MFIs	Microfinance Institutions
MSEs	Micro and Small Enterprises
NGOs	Non-Governmental Organizations
OECD	Organization of Economic Corporation and Development
PRIDE	Promotion of Rural Initiative and Development Enterprises Limited
REPOA	Research on Poverty Alleviation
SACCOS	Savings and Cooperative Societies
SPSS	Statistical Package for Social Sciences
SSA	Sub-Saharan Africa
TSH	Tanzanian Shilling
UNCTAD	United Nations Conference on Trade and Development
URT	United Republic of Tanzania

ABSTRACT

Mainly this study aimed at assessing the effectiveness of the Microfinance Institutions (MFIs) in empowering women petty traders' performance, specifically in PRIDE Tanzania in Morogoro branch. The specific objectives of the study were to identify ways used in empowering women petty traders; to assess the effectiveness of the methods used in empowering women petty traders; and to identify the challenges facing the practice of empowering women petty traders. Tools used to collect data were structured questionnaires of open and closed questions, to obtain quantitative and qualitative data. Interviews of key informants were undertaken under the guidance of checklist questions. Data analysis was based on descriptive statistics, frequency analysis and percentages. It was found by the study that main ways used by PRIDE Tanzania to empower women petty traders included providing them with loans for business; providing them with business training and education; saving mobilization; and social networking and bonding. Further, it was found by the study that the ways used were effective in; increasing income for livelihood; expanding business; accumulating assets; and business skills and strategies. Also, the study found that PRIDE Tanzania faced various challenges in empowering women traders including lack of education especially on business bases; poor balance between business and family obligations; poor degree of financial freedom; and poor awareness of personal capabilities. From the results it was concluded that majority of respondents were satisfied with the loans provided by PRIDE Tanzania Ltd, thus, women were empowered. This research recommends that there should be established good ways to train the clients on how to use the loans; and there should be sought a way or ways through which the women can understand their capacities especially in business and other entrepreneurship perspectives so that they best use them for their own betterment and the betterment of the community.

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CHAPTER ONE
BACKGROUND INFORMATION

1.0 Introduction

This chapter gives the background information of the financial services offered to women petty traders offered by MFI's specifically in PRIDE Tanzania. It states the context of the study. It also states the research problem and the research questions. Furthermore, it states the main and specific research objectives, the relevance or significance of the research and the limitations encountered.

1.1 Background Problem

According to Kato and Kratzer (2013) empowerment of women is a global challenge since traditionally women have been marginalized and subjected under the control of men. About 70 percent of world's poor are women (Khan & Noreen, 2012). Sigalla (2007) stipulates that in Sub-Saharan Africa women have no access to credit, and no access to education. They have no means to earn their own income. Mkwawa (2005) emphasizes that most in Sub-Saharan Africa women who are employed are not easily progressing at the work-place and they are prone to job discrimination. Literature by Makombe *et al.* (2006) in line with this discloses that traditionally in Sab Saharan Africa feminine; service oriented; utilizing traditional skills with small capital investment and low returns. It is generally felt that although the activities meet women's real and critical need for cash; they do not have an empowerment component and hence continued to reinforce oppressive gender relations.

Furthermore, customarily the position of women in Tanzania has been low compared to men. Women are not expected to influence the decision-making processes from domestic level to the national level (URT, 2011). In the family level, attitudes which consider men as heads of households still exists, which limit women voices from influencing allocation of domestic resources (Kessy & Urio, 2006). In additional, women's legal and human rights are constrained by inadequate legal literacy among women. There is discriminatory application of statutory laws, and inadequate legislative protective mechanism (URT, 2011). Like many societies in Africa, customary laws and practices remain discriminatory against women on issues of property inheritance particularly on land, as well as institutionalized violence against women. Due to this fact, about 60 percent of women in Tanzania live in absolute poverty according Diyamett. (2012).

Worldwide the concept of Micro-Finance Institutions (MFIs) is diverse and exists in various legal forms such as; Non-Governmental Organizations (NGOs), credit unions, non-bank financial intermediaries, and commercial banks (Gogadi, 2011). MFIs fill the gap between demand and supply for microfinance. They are recognized as the tools for poverty reduction to micro and small entrepreneurs by linking small entrepreneurs to microfinance to enable poor households to utilize such opportunities to reduce poverty at family level and national level at large (Diyamett, 2012; Kato & Kratzer). Lack of credit is a major obstacle faced by women around the world who want to improve their livelihoods. Without capital, women cannot invest in productive activities, fuel existing businesses, and/or smooth consumption when needed, thus significantly limiting their chances of eliminating or at least alleviating poverty (Gogadi, 2011). Recently, the microfinance industry has received much attention for its ability to lend successfully to poor people (Graham, 2005).

In Sub-Saharan Africa (SSA) microfinance started to operate in 1980s and became stronger in 1990s. Since SSA is the poorest region in the world, microfinance becomes an important tool for poverty reduction by serving the majority poor (Alkire and Santos, 2010). The well established and sustainable micro and small enterprises according to Kessy and Urio (2006) in many societies contribute to the growth of national income, more employment opportunities, better standard of living and hence to the reduction of poverty However, Lafourcade *et al*. (2005) depict that more than 70 percent of microfinance institutions in Africa offer savings as a core financial service for clients and use it as an important source of funds for lending while 60% to 69% of the population in many African countries have no access to conventional financial institutions according Kessy and Urio (2006).

Tanzania as one of the poorest countries, MFIs have been encouraged to enable small entrepreneurs to access financial services which will in turn improve people's socio-economic activities at household level and hence poverty reduction (Omar, 2008). In Tanzania, micro and Small Enterprises contribute 12% and 34% of rural and urban employment respectively as well as up to 32% of the GDP (Kessy and Urio, 2006).

PRIDE Tanzania was among the first MFIs to start to provide its services Tanzania. It was incorporated under Cap 212 as a company limited by guarantee on 5thMay 1993, with the objective of providing financial and non-financial services to micro, small and medium enterprises operating primarily in the informal sector (BOT, 2010). PRIDE was set up with the specific ambition of acting as a change agent for poor entrepreneurs by assisting them to improve their economic base through provision of credit, technical and training assistance. It caters for entrepreneurs who have nothing to start with (Baruti, 2007). Both, small-scale entrepreneurs who intend to start a business and entrepreneurs who already have small businesses are eligible for loans (Gogadi, 2011).

1.2 Problem Statement

For many years women petty traders have been suffering in many aspects. One being inadequate support in their businesses. The same manifestation different faces including inadequate viable sources of capital, inadequate business education to support their understanding, inadequate time to oversee their businesses due to many activities other businesses like supporting and caring for families etc.

The situation has resulted to insufficient performance in their businesses, like slow growth, inadequate profit and failure to support repayment of their loan obtained from different sources. In view of the same, the businesses have not provided adequate support to improve the living standard of these persons and their families; the same has resulted into closure of these businesses. The situation has caused the problem to the government particularly in the revenue collection and reduction of rate of unemployment.

A number of studies has been conducted on the matter, but of them focused on the problems facing women in their businesses (Tundui and Mgonja, 2010; Baruti, 2007; Kessy and Urio, 2006). Little attention has been paid on empowering women petty traders through the use of microfinance institutions. This study aims at extending the studies on assessment of the effectiveness of microfinance institutions in empowering women petty traders.

1.3 Research objectives

1.3.1 Main Objective

The main objective of the study is to assess the effectiveness of the Microfinance Institutions (MFIs) in empowering women petty traders' performance, specifically in PRIDE Tanzania in Morogoro branch.

1.3.2 Specific Objectives

i) To identify ways used in empowering women petty traders.
ii) To assess the effectiveness of the methods used in empowering women petty traders' performance.
iii) To identify the challenges facing the practice of empowering women petty traders' performance.

1.4 Research Questions

i) What are the ways used to empower women petty traders?
ii) Are the ways used to empower women petty traders effective?
iii) What are the challenges facing the practice of empowering women petty traders?

1.5 Significance of the Study

i) The findings of the study will help policy makers and MFI managers to understand the existing situation in distributing microfinance loans among women petty traders.
ii) Findings of the study will also help women petty traders to become aware of various sources of, and ways and means of accessing and investing microfinance funds and how it can help them to become more successful and also better empowered.

iii) The study will enrich the society's understanding about better means to obtain loans from microfinance institutions towards their process of improving their livelihoods.

iv) The study will also provide recommendations to PRIDE on viable course of actions on improving people's livelihood and empowering women in their business activities.

1.6 Focus of the Study

The study will focus on to assessing the effectiveness of the Microfinance Institutions (MFIs) in empowering women petty traders' performance, more specifically in PRIDE Tanzania in Morogoro branch. The main stress will be to examine the efforts made by PRIDE Tanzania to empower women petty traders through providing loans for their socio-economic outcome.

1.7 The organization of the research

This research report has five chapters. Chapter one consists of introductory part, background of the study, statement of the problem, objectives of the study, research questions, and rationale for carrying out the study, and organization of proposal. Chapter two covers literature review whereby a number of concepts linked to the topic are discussed. Chapter three describes research methodology that covers all methods and techniques that will be used in data collection, the population of the study, sample size and sampling technique, methods of data collection (questionnaires, observation, interviews, and documentary review) and the methods of data analysis which includes a combination of descriptive, historical and analytical methods as well as the use of software packages. Chapter four presents data and discussess them in details. The data are presented and discussed in accordance with the research objectives. The last chapter, chapter five gives the summary, conclusion, recommendation and areas for further studies.

CHAPTER TWO
LITERATURE REVIW

2.0 Introduction

This chapter presents the review of literatures. It is divided into three main parts; firstly, theoretical literature review that includes the definition of key terms and other theoretical review related to the study which shows the operationalization of the variables theoretically; secondly, the empirical literature review which shows earlier studies on microfinance institutions and the synthesis to show the research gap; thirdly, the conceptual frame work of the study which shows the independent, dependent and the control variables of the study.

2.1 Theoretical Literature Review

2.1.1 Definition of key Terms

a) Microfinance Institutions

These refer to organizations which provide small loans to small entrepreneurs who lack the official document to collateral demanded by banks (IFAD, 2006).

b) Women Empowerment

This is a strategy with an outcome goal of reduced gender inequality and disparity between men and women, subsequently attaining increased development and social transformation. (Muro, 1994). It is further stipulated that, to empower a woman means, making a woman realize her production and other social roles potential in the society.Empowerment is now increasingly seen as a process by which those without power gain greater control over their lives. This means control over material assets, intellectual resources and ideology. It involves power to, power with and power within (Luttrell, C. &Quiros, S. 2009; Nikkah, Redzuan& Abu-Samah, 2012). Empowerment may be seen as a process of awareness and conscience raising, of capacity building leading to greater participation, effective decision-making power and control leading to transformative action (Luttrell, C. & Quiros, S., 2009). This involves ability to get what one wants and to influence others.

With reference to women, the power relation that has to be involved includes their lives at multiple levels, family, community, market and the state.

c) Petty Traders

These are small entrepreneurs who conduct small businesses to earn their living and finance other life expenses, for example, women working as food vendors, peddlers etc (Mkwawa, 2005).

2.1.2 Microfinance Institutions

Microfinance Institutions are important tool for poverty reduction as well as stimulating the growth and development of small and medium business in the world. However, recently microfinance institutions are the main source of financial services to economically active poor individuals including women petty traders. These financial services include; credit, savings and insurance (Kent and Sotomayor, 2007, Tundui and Mgonja, 2010).

2.1.2.1 Microfinance in Tanzania

Micro and small enterprises are considered as crucial contributor to the Tanzanian economy due to its contribution to the national objective of creating more employment opportunities generating income and reducing poverty for the majority of the low income households living in urban areas (URT, 2002; Mclntyre and Dallago, 2003). However, Ishengoma and Kappel (2006) claim that the level of financial capital of most micro enterprises in Tanzania is insufficient to give suppliers credit and to do necessary investments and that the poorest micro entrepreneurs lack financing even for working capital. However, Henriksen and Svoldal (2010) argue that in Tanzania 80 percent of MFIs lending is directed towards enterprises and only 20 percent is consumption loans. URT (2002) and Kessy and Urio (2006) add that micro and small enterprises contribute more than 30 percent of Gross Domestic Products (GDP) in Tanzanian economy. More roles played by microfinance institutions in supporting the growth of Tanzania economy are stipulated in the national microfinance policy.

a) National Microfinance Policy

In Tanzania, the National Microfinance policy was formulated in the year 2000 in order to guide the establishment and operations of Microfinance Institutions.

According to the National Micro-Finance Policy, the importance of micro-finance in Tanzania has recently increased due to the following reasons:

Firstly, the majority of Tanzanians, whose incomes are very low, access to financial services offers the possibility of managing scarce household and enterprise resources more efficiently, protection against risks, provision for the future, and taking advantage of investment opportunity etc. Savings services from the MFIs benefits the low-income people. Secondly, credit services can perform as the same as savings and can help some enterprises and families to make some important investment. Thirdly, to reduce the increasing poverty which is prevalent and in the rural and urban settings. Fourthly, Micro-finance addresses the financial needs of major sector of Tanzanian population (National Microfinance Policy, 2000). The National Microfinance Policy stipulates a range of institutions involved in the provision of services, including specialized and non-specialized banks, non-bank financial institutions, rural community banks, cooperative banks, SACCOS, and NGOs.

b) Non-Government Micro-Finance Institutions (NGO-MFI)

This category dominates the micro-finance industry in Tanzania. Most NGO-MFIs started operations during or after 1995 and operate in urban and semi-urban areas. The urban bias is driven by the high transaction costs in financing rural based undertakings. This means that, they do not get in touch with majority of the poor who are mostly in rural areas. All appear to have received capital injection mostly from foreign sources. (Mkwawa, 2005). MFIs in Tanzania are not allowed to mobilize savings but many of the NGO-MFIs engage in the mobilization of “savings” in the guise of “loan insurance funds”. All provide loans to ongoing businesses and only very few provide start-up capital.

None of them directly provide loans for other purposes such as consumption, education or health. Some provide credit to women only. In any case, some 77% of all the loans from NGO-MFIs are received by women (Randhawa and Gallardo, 2003).

However, the majority of NGO-MFIs in Tanzania only lend to individuals in groups. Few use both group lending and loans to individuals and very few only lend to individuals. Nearly 90% of the NGO-MFIs require some collateral. This takes the form of compulsory saving (i.e. the loan insurance fund) before the loan is disbursed. Interest rates are generally higher than those charged by FFIs (i.e. between 17-30%) (Gogadi, 2011). Furthermore, NGO-MFIs offer their clients complementary services including the preparation of business plans. Most of the staff in NGO-MFIs engaged in credit delivery has some form of training, mainly short term training. Looking at the Tanzania panorama, it is realized that over 80 percent of the loan portfolio of all NGO-MFIs is dominated by four institutions namely PRIDE, MEDA, SEDA, and FINCA. (Mkwawa, 2005).

2.1.3 PRIDE Tanzania as a Non- Government Microfinance Institution

Wangwe (2004) considers PRIDE Tanzania as one of the largest financial Non-Governmental Organizations in Tanzania since it started to operate in 1994 with a dedication to provide micro finance services to the poor. As part of a national wide initiative for poverty reduction, PRIDE Tanzania has been pursuing its objective of assisting micro entrepreneurs by providing loans and technical skills. There are indications; however, that poor infrastructure poses a challenge to the spread of rural financial services in the country. For example, the policy of PRIDE is that "branch offices must be placed in locations where there are basic infrastructure requirements to support both branch operating requirements and the relative comfort of PRIDE officers". This shows the true nature of a majority of organizations that claim to cater for the poor rural population. Because of its commercial orientation, PRIDE has a target group mainly comprising of the lower middle income and non-poor population.

According to Kessy and Urio (2006) and Henriksen and Svoldal (2010) PRIDE Tanzania's main objective was to provide financial services to the low income entrepreneurs in Tanzania, and this is in line with its mission statement which is imbedded on sustainable financial and information services network for small and micro-entrepreneurs in order to promote their business growth, enhance their income and create employment.

Moreover, Kent and Sotomayor (2007) reports that PRIDE Tanzania offers loans based on the Grameen-style group methodology. PRIDE's clients are typically micro-entrepreneurs that do not have the level of collateral required by financial institutions like Banks. In general, groups of 5 people called an Enterprise Group (EG) apply for loans for investment in their existing businesses. This group combines into ten groups to form one large group of 50 called a Market Enterprise Group (MEC). The loan provided works through peer pressure to ensure loan repayment. A part from that, members of the group offer one another support, advice, and also act as guarantors in case one member of the group defaults on his or her payment. Compulsory weekly savings collected as part of loan insurance scheme and which is refundable upon exit is the only saving product used. Although clients are given half yearly bonus payout on compulsory savings, there is still a need to re-organize for voluntary saving (Mkwawa, 2005). The majority of PRIDE members are typically women, though the organization offers its services to both men and women. PRIDE Tanzania is not only operating in Tanzania, but PRIDE Tanzania is one division of the larger PRIDE network that exists throughout Africa.

2.1.4 Women Involvement in Business

Women's entry into business in Tanzania is a recent phenomenon; mainly a result of the economic crises and restructuring programmes which have led to a drastic decline in real wages as well as formal employment opportunities (Rutashobya, 1995; Tripp, 1994; Kombe,1994). Increased participation of women in the MSE sector has not only improved their access to independent cash income and their control over economic resources, but also posed socio-cultural challenges.

For example now women are increasingly contributing to meeting household economic needs, a role that was traditionally left to men in many societies. However, women's involvement in business can also represent an additional responsibility on top of the multiple roles that they have traditionally played in society (Gogadi, 2011). Probably as a result of the recent nature of women's involvement in business, much of the research that has been carried out before was aimed at providing general descriptions of women in the sector, along with a cross-section of the barriers that they face. Indeed, one of the limitations of the existing literature on entrepreneurship in Africa, and in Tanzania in particular, is its treatment of women entrepreneurs as a homogeneous group (Rutashobya 1995).

Moreover, Tanzania's women entrepreneurs face many obstacles including access to finance simply because women do not own property. They are supposed to provide collateral, but due to social and cultural norms and values of African societies including women not being allowed to own land or not being allowed to be employed and earn their own cash, most of the time women fail to provide collateral. So, this becomes a great challenge in accessing finance. Due to this fact, female entrepreneurs use relatively low level of capital in starting their firms. Rutashobya, (1995) in addition states that high percentages of female entrepreneurs start their firm with their own savings or support from family and friends. Even when they are doing business, they lack the skills and necessary technologies including pricing strategies, promotion strategies and distribution strategies. And in this competitive world, if one lacks such strategies, is lacking a very big component in a business.

2.1.5 Microfinance and Women Empowerment

Microfinance can provide the economic opportunities that women need to control their lives. Poverty alleviation strategies that focus on empowering women not only improve the lives of women, but also positively affect entire families and communities. Studies show that when women are given greater autonomy over their lives and the lives of their children, living conditions tend to improve (Cheston and Kuhn 2002).

This is mostly due to the fact that women are most pertinent to use household income to better the nutrition, health and educational opportunities of their children. Societies that discriminate on the basis of gender pay the cost of greater poverty, slower economic growth and lower living standard of their people. Evidence is mounting that improved gender equality is a critical component of any development strategy.

However, microfinance is an integral component to new development strategies. This is due to the fact that, it provides women greater autonomy and control over their economic well-being. On the other hand Kazi (2007) adds that, a successful business not only contributes to women's improved welfare, it also contributes both directly and indirectly to their empowerment. Access to start-up and working capital increase in working capital is particularly important for women's empowerment. Moreover, access to credit and business training has helped women to expand and improve their businesses, leading to increased respect and decision-making power in the home and community. Advice and peer support has helped women manage their triple roles as mothers, wives, and businesswomen. Education and experience in leadership have helped women become more confident and capable leaders (Cheston and Kuhn, 2002).

Furthermore, a study conducted by REPOA (2005) in northern Tanzania showed that microcredit programs positively affect a woman's decision-making role, her marital stability, and her control over resources and mobility. The study concluded that, a woman's contribution to her household's income is a significant factor towards her economic empowerment.

Nevertheless, the impact of microfinance on women's empowerment is clear and impressive. Bearing in mind that, economic advancement of women is crucial to poverty alleviation, it can be deduced that access to financial services is also an integral component to empowerment of women petty traders.

Traditionally, women are treated as inferior to men because of lack of economic opportunity and authority over income generation (Randhawa and Gallardo, 2003).

Therefore, microfinance enables women to gain access to all of these empowerment tools. Borrowing credit to start a microenterprise gives women control over household income and entry into the public domain, as well as providing them with economic and educational opportunities. When women have control over household income, performances of the established businesses improve more than when men control the income (Cheston and Kuhn 2002).

2.1.5.1 Types of Women Empowerment

a) Economic Empowerment

Women access to savings and credit gives them a greater economic role in decision-making about their savings and credit. When women control decision regarding credit and savings, they maximize their own and the household's welfare. The investment in women economic activities improve employment opportunities for women and thus have a 'trickle down and out' effect (Acharya and Bennett, 1981). The financial sustainability and feminist empowerment paradigms emphasize women own income-generating activities. In the poverty alleviation paradigm, the emphasis is more on increasing incomes at the household level and the use of loans for consumption. In the feminist empowerment paradigm, individual economic empowerment is seen as dependent on social and political empowerment (Wangwe, 2004).

In addition, access to credit facilities and women's decision about what is being done with savings and credit strengthens women's say in economic decisions of the household. This enables women to increase expenditure on their own and their children's wellbeing. This is the main concern in the poverty alleviation paradigm; women's control over decision-making also benefits men through preventing leakage of household income and perhaps even allowing for savings and investments (Gogadi, 2011). Other welfare interventions are advocated in addition to micro-finance, typically nutrition, and health and literacy campaigns to further decrease vulnerability and improve women's skills. In the financial self-sustainability and feminist empowerment paradigms, improved well-being is an assumed outcome from increasing women's economic activities and incomes (REPOA, 2005).

b) Social and Political Empowerment

It is the obvious fact that, women's increased economic activity and control over income results from access to micro-finance with improved women's skills, mobility, access to knowledge and support networks, and status within the community. These changes are armoured by group formation, leading to wider movements for social and political change (Narayan, *et al*., 2000). The financial self-sustainability paradigm and the poverty alleviation paradigm assume that social and political empowerment will occur without specific interventions to change gender relations at the business arena, community or macro-levels. By contrast, the feminist empowerment paradigm advocates explicit strategies for supporting women's ability to protect their individual and collective gender interests in business and at the community levels (Ishengoma and Kappel, 2006).

2.1.6 Constraints faced by Clients in Accessing Loan from PRIDE

2.1.6.1 Small amount of Loan

Kessy and Urio (2006) while investigating on the Loan sizes provided by PRIDE Tanzania found that, the loans offered by PRIDE Tanzania are too small. The reason to certify is that PRIDE Tanzania starts lending at 50,000 Tshs. for new borrowers. This rate was set in 1993 when PRIDE started its operations in Tanzania. The value of 50 000 TSH in 1993 is not the same today, given the devaluation of the shilling against the US dollar. Most of the visited MSEs indicated that source of funds is a big problem and when asked why, as there are institutions offering loans.

The Loans, however, given by microfinance programs are often very small (Mayoux, 2002). Small loan amounts attached with the lack of a grace period and weekly repayments usually force microcredit clients to enter subsistence activities in the informal sector, which require only small amounts of capital, rather than investing in entrepreneurial activities with better growth prospects (Kent and Sotomayor, 2007, Tundui and Mgonja, 2010).

2.1.6.2 Interest Rates charged by PRIDE Tanzania to its clients

The interest rates charged by PRIDE Tanzania are very high. The interest rates that the borrower has to pay the lender, there are other direct and indirect costs incurred by the clients (Kessy and Urio, 2006). These costs include registration fees; weekly compulsory savings and the loan application fee make the interest rates to be very high (Wangwe, 2004).

Studies however, show that most microfinance programs charge very high interest rates higher than those charged by commercial banks (Bali Swain, 2004 as cited by Tundui and Mgonja, 2010). Since the cost of capital is greater than the return on investment, clients end up facing loan repayment difficulties.

2.1.6.3 Repayment Period of the Loan

The studies done by Kent and Sotomayor, (2007) when addressing the issue of repayment period in PRIDE Tanzania revealed that the repayment period ranges from six months for small loans to twelve months for large loans. Kent and Sotomayor, (2007), however, add that MSEs consider the repayment period as a short period especially for those who are supposed to pay within six months. Also the weekly repayment of interest and part of the principle of the loan limits many MSEs from growth (Kessy and Urio, 2006).

2.2 Empirical Literature Review

Various studies have been carried out on Microfinance Institutions. The study by Kato and Kratzer (2013) found that, providing credit to women has been accepted as a means of economic development and an effective means for empowering women. However, providing women with the proper resources, they have the power to help the whole family and entire communities escape poverty.

Therefore, access to finance for entrepreneurial activities, microfinance services can significantly increase women ability and capacity to work independently which reduce their vulnerability to poverty. The study by Simanowitz cited by Kihongo (2005) shows that services of a microfinance institution (MFI) impact the lives of its clients in such areas as job creation, income, nutrition, education, health, and gender equity, hence poverty reduction.

Moreover, Kihongo (2005) and Consultative Group to Assist the Poor (CGAP) (2010a) show that financial services for poor people have proven to be a powerful instrument for reducing poverty since microfinance institutions enable them to build assets, increase incomes, and reduce their vulnerability to economic stress. However, the study by Mosley (2001) found that credit has negative impact on the livelihoods among the very poor due to difficulties in paying credit with its interest rates. On the other hand, Littlefield *et al*. (2003) and World Savings Bank Institute (2010) contend that microfinance is a key tool to achieve the Millennium Development Goals (MDGs). Their assumption is that if one gives more microfinance to poor people, poverty will be reduced. This is due to the fact that, the main purpose of micro loan is to improve the welfare of the poor due to better access to small loans.

Also the study by Navajas, Diagne and Zeller (2001) cited by Mahega (2009) contend that lack of adequate access to loan for the poor people have negative impact for many household level such as technology adoption, food security, nutrition, health and overall wellbeing. Therefore, access to loan among the clients affects positively the wellbeing of the poor households due to the increase in poor households' risk bearing ability, improvement of their risk-coping strategies and improvement in consumption of the poor households.

2.3 The Synthesis

Based on the theoretical and empirical literature review on microfinance institutions, there is still a knowledge gap regarding the effectiveness of microfinance institutions in empowering women petty traders' performance. Most of the studies have investigated the effectiveness of microfinance institutions in poverty reduction especially at the household level without any link to women empowerment. While the study by Kato and Kratzer (2013) have linked microfinance institutions to women empowerment basing on poverty reduction but ignored the fact of effectiveness of microfinance institutions in empowerment specifically to women petty traders. This study will therefore, bridge this knowledge gap.

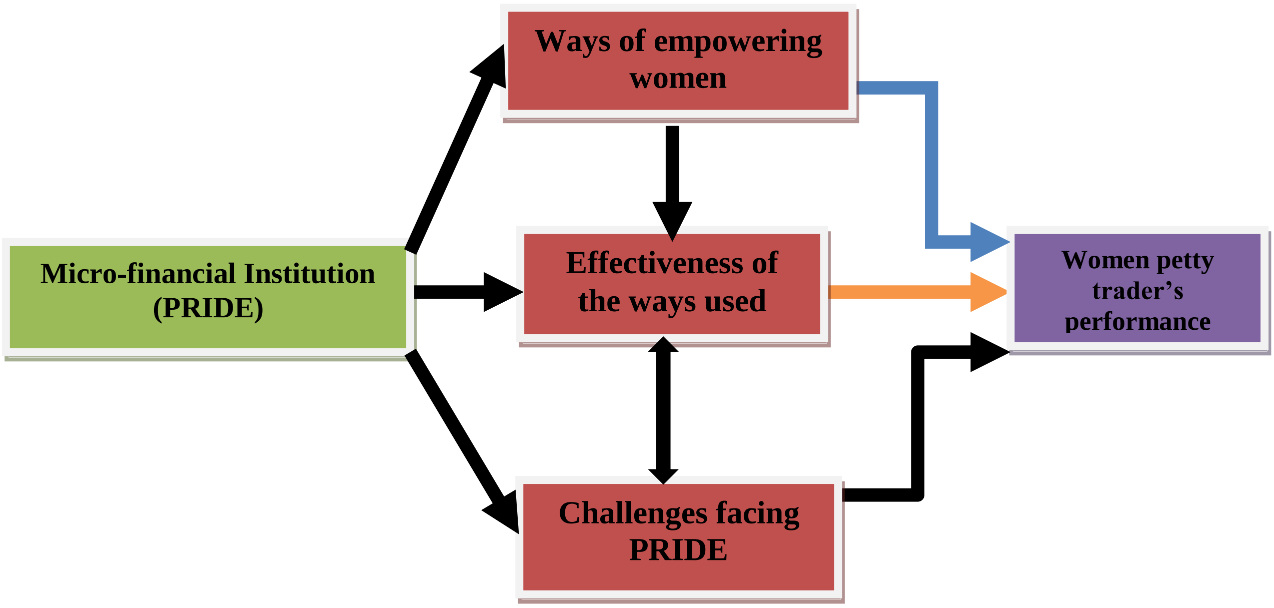
2.4 The Conceptual Frame work of the Study

The study (Fig. 2.4) assumes that in order to empower women petty traders' performance there must ways and strategies that should be adopted by the MFIs. The study assumes that if MFIs (PRIDE) grant credits in form of loans (at a favourable amount and time) women petty traders become courageous and independent in establishing and running business for their well-being and the well-being of the family. According to Cheston and Kuhn (1995) simply getting cash into the hands of women (by way of working capital) can lead to increased self-esteem, control and empowerment by helping them achieve greater economic independence and security, which in turns gives them the chance to contribute financially to their households and communities. Further, the study assumes that the women petty traders will require timely training on the better ways to start and run business. This is expected to make them equipped with basic financial management and simple book keeping that shall improve their capacity to manage their finances. It is also assumed that the MFIs can play an important role in mobilization of savings among their clients. It is assumed that if the clients' (women petty traders') savings are mobilised their capacities will be increased as the the result the capital will grow efficeintly.

The effectiveness of the ways used by MFIs (PRIDE) to empower women petty traders will be reflected in the performance of the the trade. Petty women traders performance will be seen in the increased income which will create their capability in repayment of the loans, increased skills in financial management, increased savings, expanded business and and accumulated assets.

Figure 2.1: Conceptual Framework

Independent Variables **Dependent variable**



Source: Researcher Own Construct, 2014

CHAPTER THREE
RESEARCH METHODOLOGY

3.0 Introduction

This chapter provides a blue print of investigation which will be adopted in the study namely; study area; research design; population and sample size; sampling procedures; data collection methods; and data analysis techniques.

3.1 Study Area

The study was conducted at PRIDE Tanzania, in Morogoro municipality focusing on clients who are mainly women petty traders. This is due to the fact that; PRIDE Tanzania is among of the pioneers of microfinance in Tanzania, and is thus one of the ideal MFI for this study on microfinance and women empowerment. Also, Morogoro branch was selected because it was the first branch of PRIDE to be launched in Morogoro region and it has been in operation since 1996 compared to other two branches (Kihonda and Ifakara) which started operating in 2012.

3.2 Research Design

Research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Kothari, 2004). It is a blue print that enables the investigator to come up with solutions to those problems and guides him/her in various stages of the research. It is about organizing of research activities, including the collection of data in ways that are most likely to achieve the research aim (Milanzi, 2009).

This study employed the case study research design. The design involved collecting data, generally from only one or a small number of cases. It provides rich details about those cases of a predominantly qualitative nature (Saunder, *et al.*, 2003). Also the case study design allows the entire organization to be investigated in-depth and with great attention on a particular problem. Also as this approach according to Milanzi (2009) allows giving insight into a particular problem or situation, it is a detailed investigation of individuals, groups or a whole organization.

Again using this design the researcher was able to attain more knowledge on the problem being studied as it gives room for intensive interviews which enables the problem to be well understood.

3.3 Population and Sample Size of the Study

Turner (2011) argues that the population of a study refers to set of objects, which are the focus of the research and about which the researcher wants to determine some characteristics. The target population for the study will be made up of the traders who take loans from PRIDE. Also some respondents with key information including PRIDE credit officers and officers in the management in the branch will be included in the sample size. Thus, sample size comprised of 120 respondents in the study area.

3.4 Sampling Procedures

The process of obtaining the sample for this study involved purposive sampling and simple random sampling methods. The researcher purposely selected managers and credit officers to form the sample because they are persons that have adequate information about the problem under study. Simple random sampling was used to generate members that made up the sample from women petty traders. The sampling frame involved the list of all petty traders registered by PRIDE Thus, the sample involved 120 elements. The composition of the sample was as be as indicated in the table below:-

Table 3.1: Respondents Distribution

Department	Respondents	Percent
Credit officers	2	**1.7**
Managers	2	**1.7**
Women petty trades	116	97.0
Total	**120**	**100.0**

Source: Researcher (2014)

3.5 Methods of Collection of Data

This section presents methods that were used in data collection. Included are interview, questionnaires, documentary sources and observation.

3.5.1 Interview

The interviews were expected to complement what the questionnaires were unable to provide. The interview tool helped to disclose respondents' views/opinions regarding the matter. Yin (1994) affirms that the interview tool is very important source of getting information and it is helpful in handling case study related matters as the research design indicates. In this study, interviewswere used to collect information on PRIDE's capacity to empower women in the area. The intervieweeswere the PRIDE's credit officers and PRIDE's management officers.

3.5.2 Questionnaires

According Cresswell (1998)questionnaire consists a set of predetermined questions that may be structured, unstructured or semi structured. Unlike interview, questionnaires are used to collect opinion on a theme of interest from a large sample of respondents (Yin, 1994). Questionnaires of open and closed questions were used to solicit views on capacity of PRIDE to empower women. Questionnaires were distributed to **one hundred respondents,** women who were clients of PRIDE in the area.

3.5.3 Observation

This method involves the collection of information by a researcher, physical visit without interviewing the respondents according to Kothari (2004). It is a systematic viewing of specific phenomena in its natural setting with a view to answering research questions. It includes both seeing and hearing; it is accompanied by perceiving as well. The information obtained relates to what is currently happening (Creswell, 1998). The researcher used observation (practical observation) method in data collection in order to complement information that were not obtained from the interviews and questionnaires. This information involved eye witness during the study in real situation and the assets that the clients own. This assisted the researcher to justify what was revealed from the interviews and questionnaires regarding the empowerment of women petty traders' pefromance in the area.

The reason for using this method was its ability to obtain truthfulness of answers from the respondents exactly when performing their particular jobs and making sure that what was observed was what was reported as advocated by Yin (1994).

3.5.4 Documentary Review

To complement primary sources of evidence discussed above, documentary sources was used. Documentary review entailed reviewing various documentary materials in order to address the research problem. Specific documents that was reviewed include PRIDE reports, PRIDE’s business plan &strategic plan, books, journals and periodicals from University library, published and unpublished papers and websites. Moreover they may be biased and represent interest of those who author or produce them (Creswell, 2003).

3.6 Reliability and Validity of Data

3.6.1 Reliability

Reliability is a measure of the degree to which research instruments yield consistent results after repeated trial. According to Creswell (2003) the reliability of an instrument refers to an ability to produce consistency measurement each time when we administer an instrument to the same population and contain a similar result. The researcher measured reliability by content analysis, seeing how the respondents answered the questionnaires provided to them. The researcher defined the categories and subcategories that were most relevant to the study objectives.

3.6.2 Validity

This refers to the extent to which a test measure what we actually want to measure. In other words validity is the extent to which results obtained from the analysis of data actually represent the phenomenon understudy. Validity has two essential parts which is internal and external.

Internal validity encompasses whether the results of the study are legitimate because of the way the groups were selected, data was recorded or analysis performed (Creswell, 1998). External often called “generalizability” involves whether the results given by are transferable to other groups.

The researcher used clearly worded questionnnaires as instruments of measuring answer of respondents with reference to research problem, research questions, and the researcher avoided source of error by setting appropriate sample, sample size and setting questions simple and straight to be understandable to the respondents.

3.7 Data Analysis

Data analysis refers to sorting, coding and summarizing and organizing the data in such a manner that they answer research questions (Yin, 1994). An approach to data analysis involved both qualitative and quantitative techniques.

3.7.1 Quantitative Data Analysis

Quantitative data processing involved categorization, reorganization, editing, coding and entered in a computer by using Statistical Package for Social Sciences (SPSS) program. A substantial part of the analysis in this study was based on descriptive statistics analysis by using SPSS computer software based on frequency analysis and percentages. Data were presented using texts, graphs, tables and charts to illustrate findings.

3.7.2 Qualitative Data Analysis

According to Creswell (1994), the process of data analysis is eclectic; there is no right way. Data analysis requires that the researcher be comfortable with developing categories and making comparisons and contrasts. It also requires that a researcher be open to possibilities and see contrary or alternative explanations for the findings. The researcher will use some suggestions made by Creswell (1994) to analyze the qualitative data. The process of qualitative data analysis will be based on data interpretation. The volume of the data that were collected from the transcribed interviews, observations and documents were reduced to contents, sub-contents and categories. These categories and codes systematically formed the basis for the emerging story that was revealed by the researcher. The researcher marked quotes that were useful in generating the contents and carefully considered information that was contrary to the emerging contents.

3.8 Ethical Consideration

The researcher sought to maintain ethical and scientific quality of research, protecting the rights and welfare of people and institutions that were the sources of information. The researcher avoided misrepresentation, harming, infringement of participants' rights and protecting their privacy. This was done through an informed consent as well as asking the participants to fill in and signing the consent form before the study was carried out whereby participants were informed of the nature and purpose of the research (Creswell, 2003).

CHAPTER FOUR
RESULTS AND DISCUSSION

4.1 Introduction

This chapter gives details on the results and discusses them. It is divided in accordance with the study objectives and research questions. The chapter is divided into four areas. The first area covers the socio-economic characteristics of respondents. This part presents age, marital status, education levels and occupation of respondents. These characteristics are presented because they affect the nature of responses provided by respondents and business dealings as well. The chapter also discusses the ways employed by PRIDE Tanzania in empowering women petty traders and the effectiveness of the ways employed. The chapter ends with the analysis and discussion of the major challenges that face PRIDE Tanzania in empowering women petty traders.

4.2 Demographic and socio-economic background of the respondents

The socio-economic background of the respondents of this study included age, marital status, education level and occupation. The target of the study was to interview 100respondents. Among the respondents 96 (96%) were petty women traders who responded to survey questionnaires whereas 4 (4%) were interviewees (officials).

4.2.1 Age of respondents

The findings in Table 4.1 show that majority of respondents 49 (51%) had the age ranging 40-49; other respondents had their age lying 30-39 (18.8%); 50-59 (12.5%); 20-29 (10.4%); and above 60 (7.3%). Generally, the results suggest that the big number of respondents had their age ranging from 30 to 49.

Table 4.1 Age of respondents

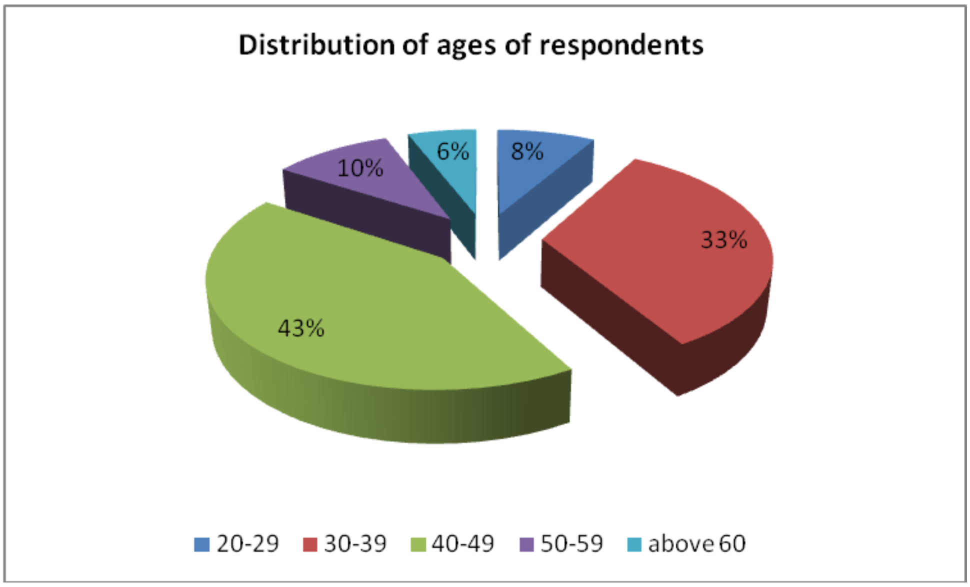
Age	Frequency	Percent
20-29	10	8.3
30-39	40	33.3
40-49	51	42.5
50-59	12	10.0
above 60	7	5.8
Total	**120**	**100.0**

Source: Field data, 2014.

The findings reveal that majority (42.5%) of the respondents of the study their ages ranged between 40 -49 years, followed by those with age between 30 -39 which constitutes (33.3%)' then 50 - 59 (10%) 20 -29 (8.3%) the least participants (5.8%) are petty traders above 60 years. In this view, the study concludes that majority women petty traders are those with ages between 40 – 49 years.

This information is graphically presented as in figure 4.1 below

Figure 4.1 Age of respondents



Source: Research report (2014)

4.2.2 Education levels of respondents

The findings indicate that 38 (31.6%) respondents were primary school levelers. It was further found that 56 (46.7) were secondary 15% who took part in the study were secondary certificate holders, 35% certificate and diploma holders, 46.3% advanced diploma/degree holders and 3.8% graduate at master level. In view of the findings, participants with advanced diplomas /degree holders were the majority respondents in this study. Hence, being educated employees and customers, the researcher believe they provided quality information. Table 4.2 below portray the information.

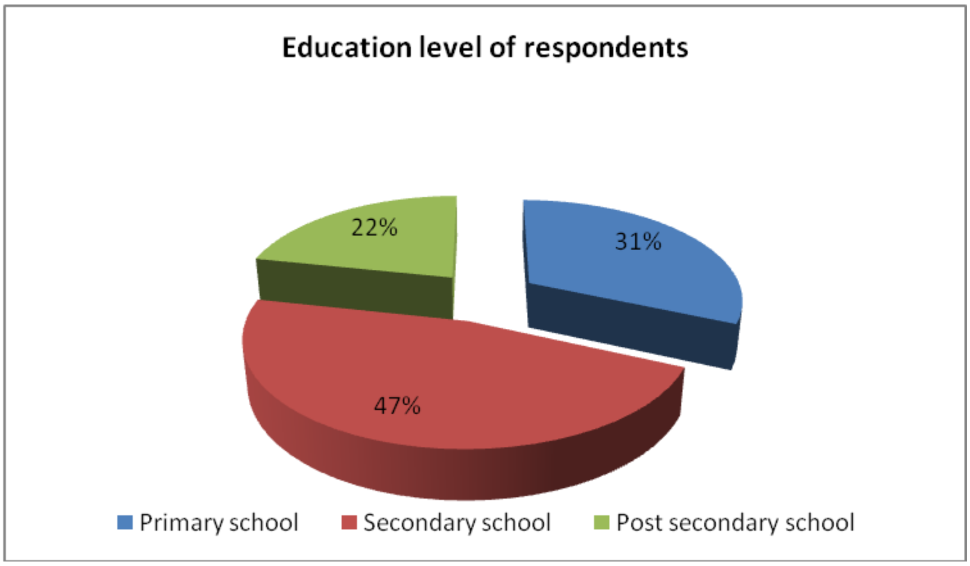
Table 4.2 Education levels of respondents

Education level	Frequency	Percent
Primary school	38	31.6
Secondary school	56	46.7
Post secondary school	26	21.7
Total	**120**	**100.0**

Source: research findings (2014)

This information is graphically presented as in figure 4.2 below

Figure 4.2 Education levels of respondents



Source: Field data, 2014.

4.2.3 Marital status of respondents

The researcher wanted to establish whether marital status has positive relationship with women engagement in petty trading and loan demand. The findings indicate that 40 (33.3%) of respondents were single. 45 (37.5%) were married, 16 (13.3%) were separated and 19 (15.8%) were widowed, In view of the findings, majority of the participants of the study were married women, who decided to engage in petty businesses to support the spouses to raise their families followed by single ladies who most of them are secondary schools and graduates who failed to secure employment, thus decided to engage in petty businesses. Table 4.3 below portray the information.

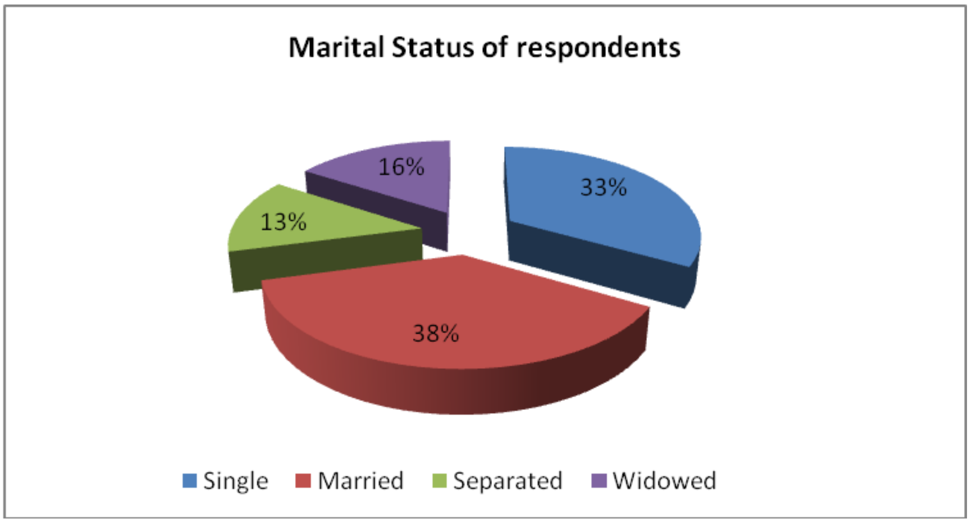
Table 4.3 Marital status of the respondents

Marital status	Frequency	Percent
Single	40	33.3
Married	45	37.5
Separated	16	13.3
Widowed	19	15.8
Total	**120**	**100.0**

Source: research findings (2014)

This information is graphically presented as in figure 4.3 below

Figure 4.3 Marital statuses of the respondents



Source: Research report (2014)

4.3 Ways used by PRIDE Tanzania in empowering women petty traders

The researcher wanted to establish different ways available for empowering women petty traders in PRIDE Tanzania Ltd. To generate information about the ways, open ended question. *"What could be the ways available for empowering women petty traders in PRIDE?* The study reveal the following ways loans provisions, training on how to use loans in a successful way to ensure business success, saving mobilization, and social networking. Table 4.4 below portrays frequency responses for the question.

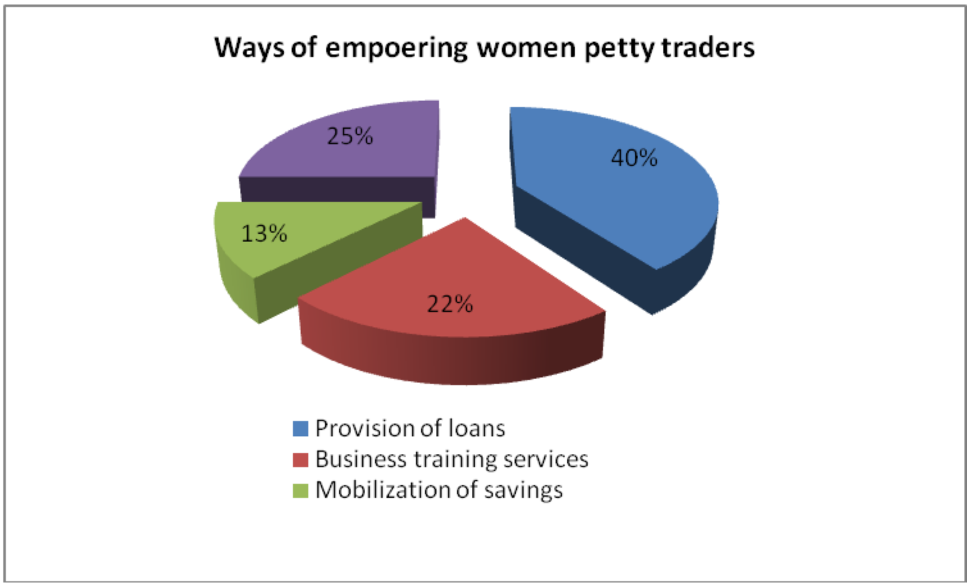
Table 4.4 Ways used by PRIDE Tanzania in empowering women petty traders

Ways used in empowering	Respondents	percent
Provision of loans	48	40.0
Business training services	27	22.5
Mobilization of savings	15	12.5
Social networking	30	25.0
Total	**120**	**100**

Source: researcher 2014

This information is graphically presented as in figure 4.4 below

Figure 4.4 Ways used by PRIDE Tanzania in empowering women petty traders



Source research findings (2014)

4.4 Effectiveness of the ways used in empowering women petty traders

The researcher wanted to establish whether the ways used were effective in empowering women petty traders or not. The study covered the different attributes in each way so as to gauge its effectiveness.

4.4.1 Provision of loans

The researcher used loan sizes, loan acquisition procedures, and promptness in loan availability and cost of getting loan (interests) table 4.5 depicts responses for each aforementioned attributes.

Table 4.5: Effectiveness in loan provision

Ways used in empowering	Respondents	Adequate	Percent	Inadequate	Percent
Provision of loans (size)	120	95	79.2	25	20.8
Loan acquisition process	120	78	65.0	42	30.5
Promptness in loan availability	120	56	46.7	64	53.3
Cost of loan	120	72	60.0	48	40.0
Average Percentage			**62.7%**		**32.3%**

Source: Research findings (2014)

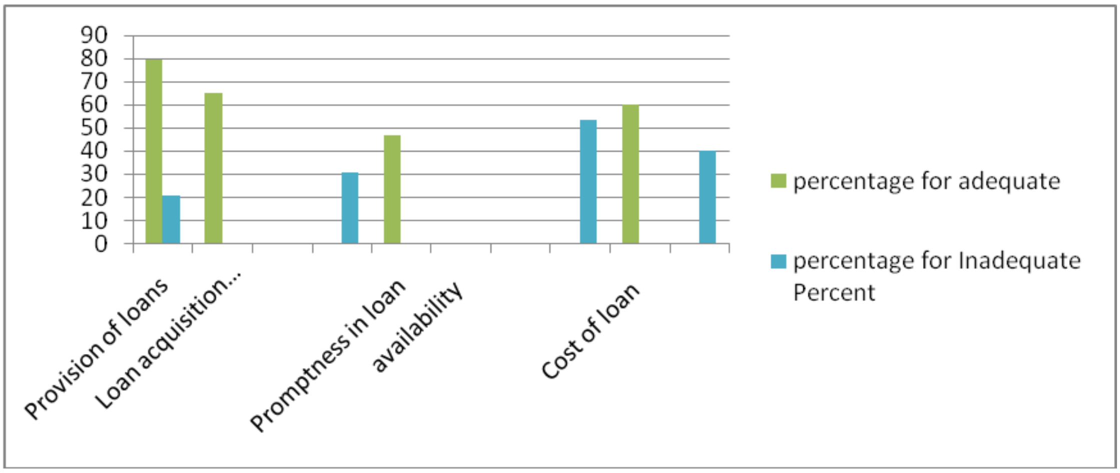
From table 4.5 above, the study found that;

- **Empowering women petty traders through provision of loan (sizes):** 95 (79.2%) of respondents perceive that loans provision and loan sizes/amount are one of the ways of empowering women petty trades while 25(20.8%) perceive loan is not a way of empowering women petty traders due to cost of getting the same and the interest attached to the loan which tend to retard women businesses.
- **Loan acquisition procedures:** 78(65%) of respondents perceive that loans acquisition procedures are adequate to support and encourage borrowers-hence one of the ways that is empowering women petty trades while 42(30.5%) perceive procedures for loan acquisition are inadequate to support or empowering petty trades

- **Promptness in loan availability**: 56 (46.7) of respondents perceive that promptness in loans acquisition is adequate influence loan beneficiaries to perceive it as the way empowering women petty traders while 64(53.3%) perceive that they failed to get loans in time thus it is not the way of empowering petty traders.
- **Cost of acquiring loan**: 72 (60.2) of respondents perceive that cost of loans acquisition is reasonable to the extent of influencing loan beneficiaries to perceive it as one of the ways of empowering women petty traders while 48(40%) perceive that the cost of getting loan is too high to the extent of not been adequate to influence loan beneficiaries to perceive not the right way of empowering women petty traders.

From the information above the researcher developed percentage averages for both adequate and inadequate levels of empowering petty traders as per responses from respondents. the study found that majority responses (62.7%) perceive that loan provision to women petty traders as the best way of empowering the traders while minority(32.3%) perceive that loans provision do necessarily guarantee women petty trades empowering method. Since majority perceive loans empower women petty traders, the study concludes that is an effective way of empowering women petty traders. This information is graphically presented as in figure 4.5 below

Figure 4.5 Loan Provision as effective way of empowering women petty traders



4.4.2 Training for successful business performance

The researcher used business planning, marketing and financial handling and management as attributes to determine the training processes in empowering women petty traders' performance. The results are summarized in the table 4.6 below.

Table 4.6 Training for business performance

Training areas	**Respondents**	**Satisfied**	**Percent**	**Dissatisfied**	**Percent**
Business planning	120	69	57.2	51	42.5
Marketing	120	72	60	48	40
Financial handling and management	120	64	53.3	56	46.7
Entrepreneurial activities	120	59	49.2	61	50.8
Average Percentage			**54.9%**		**45.1%**

Source: Research (2014)

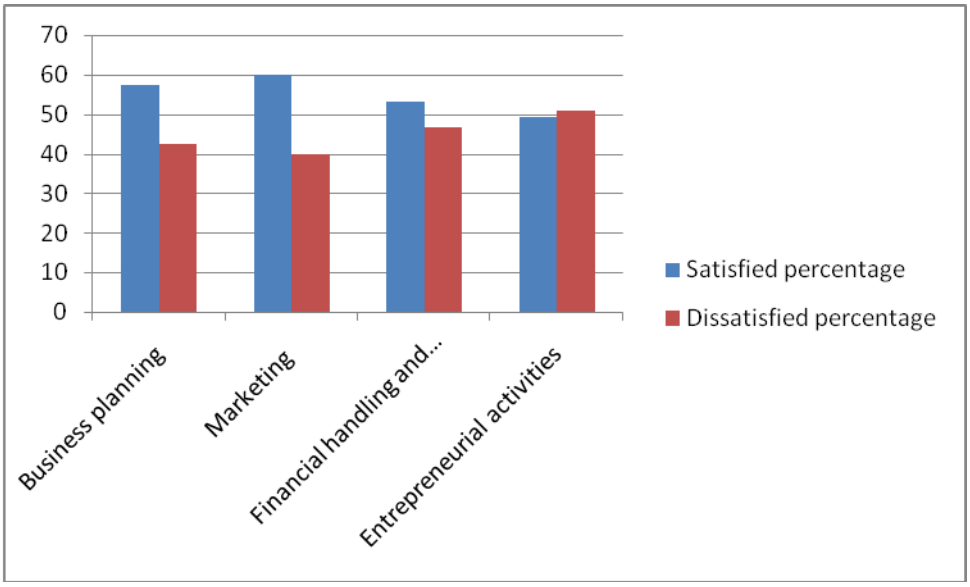
From the Table 4.6 above, it was found that;

- **Financial handling and management:** Of all respondents, 64 (53.3%) were satisfied with training given on financial handling and management as the most important way of empowering women petty traders' performance whereas 56 (46.7%) were not satsfied with the training given in financial handling and management.
- **Marketing:** 72 (60%) of respondents had the perception that training in marketing areas was satisfying as a crucial aspect in empowering women petty traders' perfomance while 48 (40%) of respondents had the perception that training in marketing was not satisfying.
- **Business planning:** 69 (57.2%) of respondents were satisfied with training undertaken on business planning something important in empowering women petty traders. On the other hand 51 (42.5%) were not satsfied with the training on business planning given to women petty traders.
- **Entrepreneurial activites:** Out of all respondents, 59 (49.2%) of respondents were satisfied with the training in entrepreneurial activities as the basis of women petty traders' performance whereas 61 (50.8%) of respondents were unsatisfied with the traiining given in entrepreneurial activities.

From the information above the researcher developed percentage averages for both satisfaction and dissatisfaction levels of training activities in empowering petty traders' performance as per responses from respondents. The study found that majority of respondents (54.9%) were satisfied with provision of training to women petty traders as an important aspect in empowering the traders' performance while minority (45.1%) were dissatisfied with training that was given in the process of empowering women petty traders. Thus, the study concludes that majority of clients especially women petty traders are satisfied with the training given in supporting them in business activities.

This information can be presented in the graph as follows.

Figure 4.6 Training as effective way of empowering women petty traders



Source: research report (2014)

4.4.3 Mobilization of savings

The researcher used creation of accounts, encouraging group business and risk management as the indicators of mobilization of savings in the process of empowering women petty traders' performance. The results are given in table 4.7 as follows.

Table 4.7 Mobilization of savings for business performance

Ways of mobilizing savings	Respondents	Satisfied	Percent	Unsatisfied	Percent
Creation of accounts	120	86	71.7	34	28.3
Encouraging group business	120	75	62.5	45	37.5
Risk management	120	56	46.7	64	53.3
Average percentage			**60.3%**		**39.7%**

Source: research report (2014)

From the Table 4.7 above, it was found that;

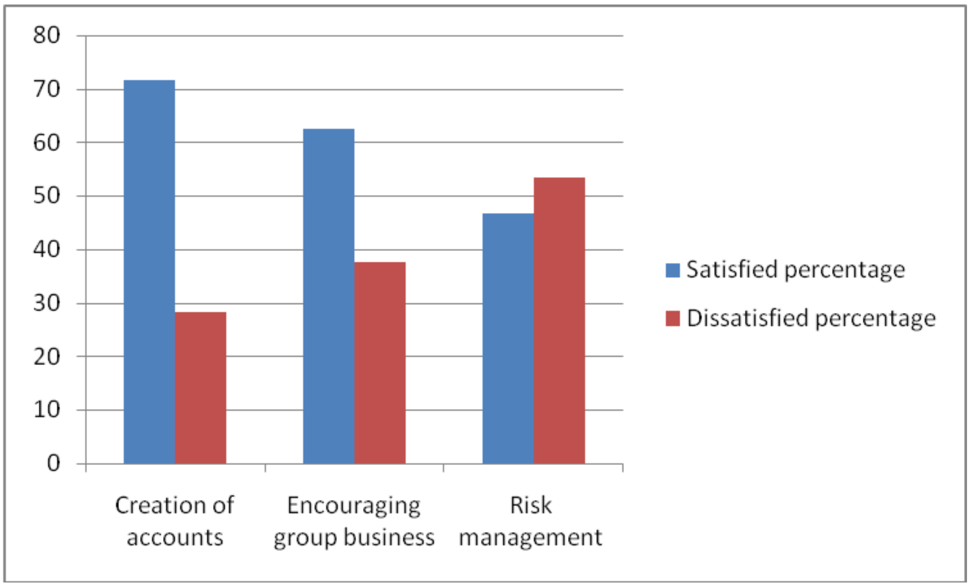
- **Creation of accounts:** 86 (71.7%) of all respondents were satisfied the process done of creating their accounts as a crucial aspect of empowering women petty traders while on the other hand 34 (28.3%) were not satsfied with the process of creation of their accounts in the process of empowering women petty traders.
- **Encouraging group business:** of all respondents, 75 (62.5%) respondents were satsfied with the act of encouraging group business as a vital perspective of bringing the business women together to work together for the common good as important aspect in empowering women petty traders whereas 45 (37.5%) of respondents were dissatisfied with the process of empowering women petty traders trhough encouranging group business.
- **Risk management:** 56 (46.7%) of respondents were satisfied with the aspect of risk management which is one of the most important way of empowering women petty traders and 64 (53.3%) were not satsfied efforts made in empowering women petty traders.

From the facts above the researcher developed percentage averages for both satisfaction and dissatisfaction levels on mobilization of savings in empowering petty traders' performance as per responses from respondents. The study found that majority of respondents (60.3%) were satisfied with the strategies established on mobilization of savings in the process of empowering women petty traders while minority (39.7%) were dissatisfied with the established strategies of mobilization of savings as an important aspect of empowering women petty traders.

Thus, the study concludes that majority of clients especially women petty traders are satisfied with the efforts made on mobilization of savings for entrepreneur women.

The information can be presented in the graph as follows.

Figure 4.7 Mobilization of savings as effective way of empowering women petty traders



Source: research report (2014)

4.4.4 Social networking for business performance

The researcher used sharing information within the groups, sharing information with outsiders and getting connected to outside institutions to establish the effectives of social networking to empowerment of women petty traders. The results are given in Table 4.8 as follows.

Table 4.8 Social networking for business performance

Ways used for social networking	Respondents	Satisfied	Percent	Unsatisfied	Percent
Sharing information within the groups	120	73	61	47	39.2
Sharing information with outsiders	120	67	55.8	53	44.2
Getting connected to outside institutions	120	49	40.8	71	59.2
Average percentage			**52.5%**		**47.5%**

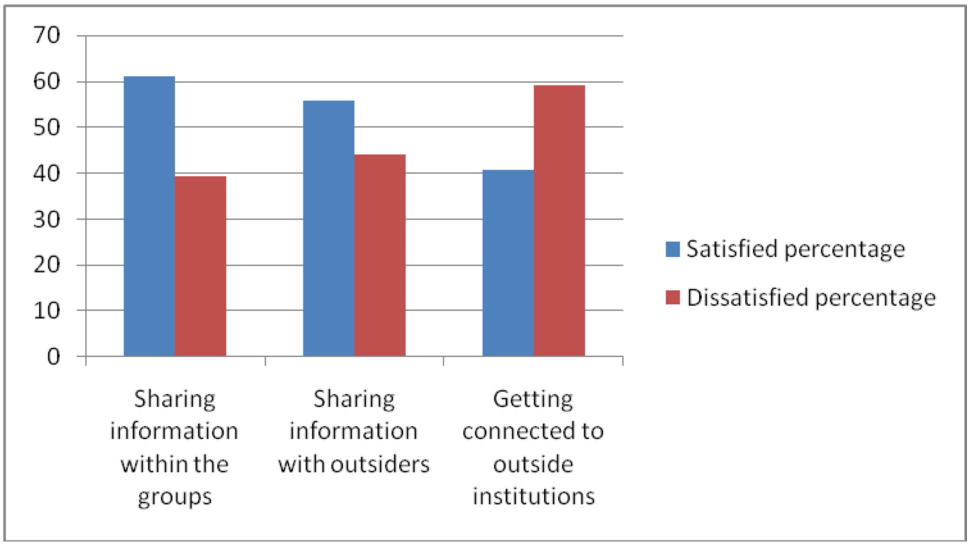
Source: research report (2014)

From the Table 4.8 above, it was found that;

- **Sharing information within groups:** majority of respondents 73 (61%) were satisfied the efforts made by the institution to facilitate sharing information among members within the groups as a favourable strategy to empower women petty traders while 47 (39.2%) were not satsfied with the efforts done by the institution to facilitate the clients share information within groups for the women petty traders empowernment.
- **Sharing information with outsiders:** of all respondents, 67 (55.8%) respondents were satsfied with the efforts made by the institution to encourage sharing information with outsiders to share experiencies as the source of business skills, markets and creativity as an important step in building capacities and strength towards empowering women petty traders. On the other hand 53 (44.2%) of respondents were dissatisfied with efforts made by the institution to encourage clients to share information with outsiders in empowering women petty traders
- **Getting connected to outside institutions:** 49 (40.8%) of all respondents were satisfied with the efforts made by the institution to open a room for the clients especially women petty traders to get connected to outside institutions as an aspect to increase the posibility of acquiring new markets and technology know how for the improved quality of goods something that is very important for the growth of entrepreneurial acitives while 71 (59.2%) were not satsfied efforts made by the institution in accessibility of outside institutions or systems in empowering women petty traders through exposing them to the new systems and new challenging situations.

From the data above the researcher developed percentage averages for both satisfaction and dissatisfaction levels on social networking in empowering petty traders' performance as per responses from respondents. The study found that majority of respondents (52.5%) were satisfied with the efforts made to encourage social networking s as an important aspect to expose women petty traders to aspects like markets, technology and challenges things that are positive in business performance while minority (47.5%) were dissatisfied with the efforts made by the institution to encourage social networking among clients themselves and between the clients and outside systems as a vital aspect of empowering women petty traders. Thus, the study concludes that majority of clients especially women petty traders are satisfied with the efforts made on social networking as one of the most important aspects in empowering women petty traders. The information can be presented in the graph as follows.

Figure 4.8 Social networking as effective way of empowering women petty traders



Source: research report (2014)

4.5 Challenges facing the PRIDE Tanzania to empower women petty traders

The study was interested to understand the major challenges that face PRIDE Tanzania in the processes of empowering women petty traders. To obtain relevant information techniques such as questionnaires, interviews and documentary reviews were used. The following are the challenges that were identified as indicated in Table 4.9.

Table 4.9 Challenges facing PRIDE to empower women petty traders

Challenges	Number of respondents	Percentages
Lack of education among women petty traders	88	73.3
Poor balance between family and business obligations	13	10.9
Poor women's degree of financial freedom	10	8.3
Poor women's awareness of self-capacities	7	5.8
PRIDE's insufficient capital sources	2	1.7
Total	**120**	**100**

Source: research report (2014)

4.5.1 Lack of education among women petty traders

The study found that education on business issues was a main challenge facing the women petty traders. The results in Table 4.9 show that of all respondents, 88 (73.3%) mentioned lack of education among women petty traders as a tremendous challenge facing PRIDE Tanzania Ltd. For this reason most of women petty traders would not be able to plan their business and manage risks. Also it was reported by the PRIDE officials that most of the women are either illiterate or semi-literate and they have not a proper idea of self-esteem and self-respect. The educated women do not want to limit their lives in the four walls of the house. The educated women demand equal opportunity and greater respect from their partners as well as from society and they are struggling for equal opportunities and respect from their partners as well as from society. In line with this, it was observed in his study that poverty and illiteracy are the basic reasons of the low rate of women entrepreneurship in our country. The educational level and professional skills also influence women participation in the field of enterprise.

4.5.2 Poor balance between family and business obligations

In many areas in Tanzania most of the women are very serious about family obligations but they do not equally focus on business obligations. The study reveals that of all respondents, 13 (10.9%) mentioned the problem of poor balance between family and business obligations. It was reported that many women devote most of their time to take care of their family members but they are not concerned with their self-development. It was reported that some women take business loans and find themselves having used the loan for family errands and the result of this is failure in repaying the loan. Many women have excellent entrepreneurial abilities but they are not using their abilities to create additional income sources for their families, which would go hand in hand with boosting their self-reliance. PRIDE Tanzania Ltd was in great challenge to eradicate this aspect and to ensure that women are empowered and become self-reliant. Moreover the business success depends on the support the family members, extended to women, in the business process and management.

4.5.3 Poor women's degree of financial freedom

The study discloses that some respondents 10 (8.3%) reported the problem of poor women's degree of financial freedom. It was revealed that in most cases the degree of financial freedom for women is very poor, especially in lower educated families. In these families women cannot take any entrepreneurial decision without the consideration of the family members especially the male partner (husband) as well as considering social ethics and traditions. Due to the financial dependency, a woman cannot start any business or any economic activity to become independent. Therefore, this has become a vicious circle of dependency for women in most parts in Tanzania.

These results show that even in financially successful micro finance programmes, women are not necessarily the actual users of loans accessed in their names. Even where women use loans for their own economic activities, most women remain confined to a narrow range of female low income activities. Increasing access to loans cannot therefore be taken as an automatic indication of benefit to women. This depends upon what the services are used for and by whom.

The appearance of a woman in the loan register as beneficiary does not imply that she actually uses the loan for the purpose for which it was sanctioned.

4.5.4 Poor women's awareness of self-capacities

An increasing level of education should create awareness regarding an individual's capacities. But, unfortunately, our educational system has not succeeded in creating awareness about woman's capacities and their hidden powers to handle economic activities. It was revealed in the study that most of women feel shy to undertake small businesses such as tailoring, food vending and other small businesses albeit urban environment being favourable to identifying and creating awareness regarding women's self-capabilities.

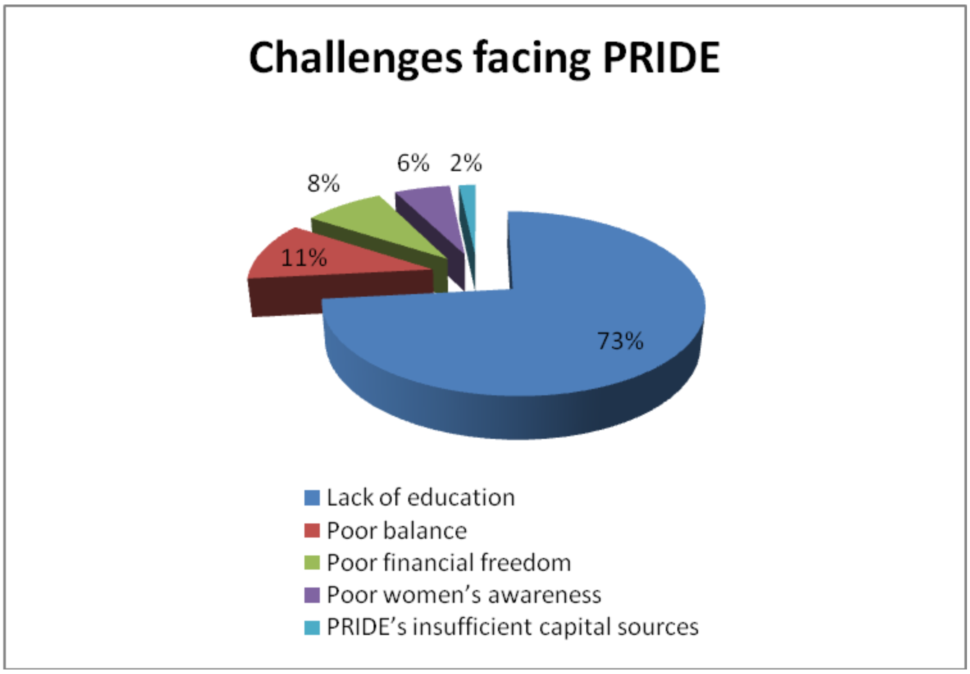
The study found that some respondents 7 (5.8%) there a problem of poor women's awareness of self-capacities. It was further reported that most women fear to take risks. This might be due the fact that most of women in Tanzania women live protected life. In most families a woman is taught to depend on the male members of her family from birth. She is not allowed to take any type of risk even if she is willing to take it and has ability to bear it as well. However, this is not entirely true because many great women proved that they have risk bearing capacities and attitude to take risks in entrepreneurial activities. They have become aware of their rights and potential situations and therefore entered different fields of businesses. However, most of the women are not ready to perform entrepreneurial activities because they think that they do not have the proper capacities. Therefore, they need an external force to make them aware of their risk bearing capacities.

4.5.5 PRIDE's insufficient capital sources

It was revealed by the study that some respondents 2 (1.7%) mentioned the problem that PRIDE has insufficient and limited capital sources. It could be something of importance if PRIDE had sufficient capital to borrow to anyone who needs his/her business dealings. However, the institution has limited source of funds.

This limits PRIDE to give loans to a limited number of people under strict conditions to make sure that which is given out is repaid effectively in order to enable others to borrow. Also because the capital is limited to the institution, it was found that small amounts are given to borrowers. The small amounts of loans make it to take long time until the performances of borrowers' traders to be recorded. The information can be shown graphically as follows

Figure 4.9 Challenges facing PRIDE Tanzania in empowering women petty traders



Sorce: Research report (2014)

CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings and conclusions on the assessment of the effectiveness of the Microfinance Institutions in empowering of women petty traders' performance in PRIDE Tanzania. The chapter also provides recommendations to PRIDE Tanzania and other Financial Institutions in establishing short term and long term policies on empowering women petty traders' performances for their sustainable development and development of the society.

5.2 Summary

5.2.1 General Summary

The general objective is to assess the effectiveness of the Microfinance Institutions (MFIs) in empowering women petty traders' performance, specifically in PRIDE Tanzania in Morogoro branch. The intention is to understand efforts, approaches and interventions made by the case study district to build capacities of women petty traders.

The study used case study design conducted in PRIDE Tanzania, Morogoro branch in Morogoro municipality. In particular, 120 respondents were involved in the study. Documentary review, questionnaires and interviews were also used to enrich the findings.

Data collection methods include primary and secondary sources of evidence. Primary sources were obtained by the use of questionnaires and interviews. Secondary sources include books, journals, research papers, dissertations and encyclopedias and other sources related to women petty trades empowerment. Data collected were analyzed qualitatively and quantitatively.

5.2.2 Summary of the findings

This study comprised three objectives for the purpose of assessing the effectiveness of the Microfinance Institutions (MFIs) in empowering women petty traders' performance, specifically in PRIDE Tanzania in Morogoro branch. On the first objective the study identified ways used by PRIDE Tanzania in empowering women petty traders. On the second objective the study sought to assess the effectiveness of the methods used in empowering women petty traders. The third objective identified the challenges facing the practice of empowering women petty traders' performances.

It was found by the study that main ways used by PRIDE Tanzania to empower women petty traders included providing them with loans for business; providing them with business training and education; saving mobilization; and social networking and bonding. Further, it was found by the study that the ways used were effective in; increasing income for livelihood; expanding business; accumulating assets; and business skills and strategies. Also, the study found that PRIDE Tanzania faced various challenges in empowering women traders including lack of education especially on business bases; poor balance between business and family obligations; poor degree of financial freedom; and poor awareness of personal capabilities.

5.3 Conclusions

Basing on the views of respondents and key respondents from PRIDE Tanzania several conclusions can be drawn. It can be concluded that majority of respondents were satisfied with the loans given and the ways used by PRIDE Tanzania to empower the women petty traders. It can also be concluded that though majority of respondents were not satisfied with training strategies used by PRIDE Tanzania, the ways used to empower women were effective as traders' income was increased, accumulated assets and their business expanded. Further, it can be concluded that despite the achievements attained by PRIDE Tanzania in empowering women, there are a number of challenges facing PRIDE Tanzania in empowering women including lack of education especially on business bases; poor balance between business and family obligations; poor degree of financial freedom; and poor awareness of personal capabilities.

5.4. Recommendations for Policy Considerations.

Firstly, this study found that majority of women petty traders were not trained on the better use of the given loan for the growth of their business before they are given loans. Therefore, it is recommended that there should be established good ways to train the clients on the basic issues in business that in turn will help the clients be able to manage their business and know the importance of repaying the loans.

Secondly, the study found that women petty traders were satisfied with the loans given and they were happy that the loans were given in time. It is therefore, recommended that this be practiced by other financial institutions in their processes of empowering the poor.

Thirdly, it was found by the study that women have entrepreneurship capabilities even sometimes more than men but their problem in many cases women do not recognize their potentialities and capabilities. There is a need, therefore, to find a way or ways through which the women can understand their capacities especially in business and other entrepreneurship perspectives so that they best use them for their own betterment and the betterment of the community.

5.5 Areas for further Research

One**,** this study dealt with only a small portion of the population of one branch in Morogoro municipality. This makes its findings not to qualify in nationwide generalization. Therefore, other studies should be done encompassing large population to make it valid for national-wide generalization.

Two, this study discovered that the women have high capability of conducting business and leading to business growth but most of women are shy and fearful to undertake business. The researcher, therefore, recommends that research survey be conducted on the possible causes for women shyness and phobia to start and run business.

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APPENDICES

INTERVIEWGUIDE

I: QUESTIONS TO CLIENTS (WOMEN PETTY TRADERS)

A: Demographic information

Gender____

Age____

Education ____

Occupation ____

Business experience___________________________________

B: Questions for reseach question 1: What are the ways used to empower women petty traders?

1. Can you please tell the amount of loan you get from PRIDE?

2. Do you think the amount given is enough for your business?

3. What other ways are employed by PRIDE to empower women traders apart from loans?

C: Questions for research question 2: To what extent are the ways used to empower women petty traders effective to improve performance?

4. What do you benefit from loans given by PRIDE Tanzania to improve your life?

5. What have you done with the given loan?

6. What assets have you bought by the help of the business?

7. Do you think it is easy for you to repay the loan? Why?

D: Questions for research question 4: What are the challenges facing the practice of empowering women petty traders?

8. What business risks do you face in your business dealings?

9. What do you think are the challenges facing women traders' pefromance?

9. What are diffircultes faced by PRIDE Tanzania in empowering petty women traders?

II: QUESTIONS TO PRIDE OFFICIALS

A: Demographic information

Gender____

Age____

Level of education__________________________________

Profession ____

Job title ____

Working experience_________________________________

B: Questions for reseach question 1: What are the ways used to empower women petty traders' performance?

1. What is the maximam amount of loan are you supposed to give to your clients?
2. What systems do you use to distribute loans to women petty traders?
3. What are other services do you offer to your clients?
4. Do you train your clients on how to use loans? If yes, what methods do you use to train them?
5. What do you do to ensure the clients repay the loans?
6. What are the other ways you use to ensure the performance of women petty traders?

C: Questions for research question 2: To what extent are the ways used to empower women petty traders effective to improve performance?

7. Do you think the methods used to empower clients' performance are effective? Why?
8. What ways do you use to measure the clients' performace?
9. Can you explain how you monitor clients' perfrmance?
10. Can you explain in details what you do to the clients who do better?
11. What do you do to the clients who fail to repay their loans?

12. What common complaints are brought from cleints to your office?
13. What does your office do to handle the clients' complaints?

D: Questions for research question 4: What are the challenges facing the practice of empowering women petty traders?

14. What do you think are the difficulties facing women petty traders?
15. What are the challenges facing PRIDE Tanzania in empowering women petty traders' performance?
16. What are your suggestions on best ways for PRIDE-Morogoro Branch to empoewer women petty traders' perfomance?

THANK YOU FOR YOUR COOPERATION