

**SMALL WOMEN ENTREPRENEURS IN TEXTILE TRADE
BUSINESSES IN DAR ES SALAAM TANZANIA**

**By
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**A Research Report Submitted in Partial Fulfillment of the Requirements for the
Award of the Degree of Master of Business Administration in Corporate
Management (MBA-CM) to Mzumbe University, Dar es Salaam Campus**

College

2014

CERTIFICATION

We, the undersigned, certifies that we have read and hereby recommend for acceptance by the Mzumbe University, a thesis entitled; *Small Women Entrepreneurs in Textile Trade Businesses in Dar es Salaam Tanzania*, in partial fulfillment of the requirements for award of the degree of Master of Business Administration in Corporate Management (MBA-CM) of Mzumbe University

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DEDICATION

This dissertation is dedicated to my mother and father who inspired me very much in my academic pursuit till I accomplished my studies.

ABBREVIATIONS AND ACRONYMS

BDC	-	Business Development Centre
BDS	-	Business Development Services
CFIs	-	Cooperative Financial Institutions
ESRF	-	Economic and Social Research Foundation
ILO	-	International Labour Organization
IMF	-	International Monetary Fund
MFI	-	Microfinance institutions
MIT	-	Ministry of Industry and Trade
OECD	-	Organization for Economic Co-Operation and Development
UNIDO	-	United Nations Industrial Development Organization
SACCO	-	Savings and Credit Cooperative
SIDO	-	Small Industries Development Organization
WEDGE	-	Women's Entrepreneurship Development and Gender Equality

ABSTRACT

The General Objective was to investigate the challenges facing Small Women Entrepreneurs in Textile Trade Businesses in Dar Es Salaam in accessing loans from micro-financial institutions (SACCOs) which do not demand collaterals. Specifically the study intended to examine, identify difficulties and challenges facing those Small Women Entrepreneurs in Textile Trade Businesses who are not members of SACCOS when trying to access the loans from the microfinance institutions in Dares Salaam city Tanzania. Finally the study determined the income generated by Small Women Entrepreneurs in Textile Trade Businesses in Dar es Salaam from the businesses they conducted using loans from microfinance institutions in Dares Salaam city Tanzania.

Primary data was collected from a sample of 120 respondents using questionnaires and interviews, while secondary data was collected from various documents from microfinance institutions. After data analysis was done, it was found that, some of the respondents i.e., 37.5% were affected by loans processing time, and 55.83% were not members of SACCOs. Furthermore it was found out that, majority of the respondents have monthly income ranging between Tsh 200,000 and Tsh 300,000 finally it was found out that 58.33% of the respondents lacked essential business education.

It was concluded that, most women are not trained and not members to microfinance institutions SACCOS hence the accessibility to loans and other business services became difficult. Also the policies governing the provision of the loans were not friendly. In view of the conclusion above it was recommended that; Microfinance institutions in Tanzania need to review their policies in order to enable women access loans and face the requirements of the market demands. Finally SACCOs should conduct training to members, develop the capacity of the management and other staff in order to face contemporary business challenges with respect to dynamics of the information and telecommunications technology and other technologies.

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CHAPTER ONE

INTRODUCTION

1.1 Background Information

Accessibility to financial facilities is a challenge that many women entrepreneurs face. It is argued that Small Women Entrepreneurs in Textile Trade Businesses face additional challenges in accessing finance both in the developed and developing world (Akosua, 2012; Patrick, 2008). In most of the countries Small Women Entrepreneurs in Textile Trade Businesses are key contributors to private enterprise development, job creation and economic growth worldwide.

In Tanzania, the 128 Small Women Entrepreneurs in Textile Trade Businesses have created 983 jobs, of which 752 are full-time paid jobs (an average of 5.9 per enterprise), thus demonstrating that Small Women Entrepreneurs in Textile Trade Businesses can be a significant force in employment creation, both for family members and others (ILO,2003). It's important to mainstream women in broader enterprise support policies and programmes such as women's enterprise centres, coaching and mentoring programmes and financing initiatives (OECD, 2011).

Fostering the entrepreneurship of women is important for country's economic growth as well as inclusion agenda, and access to financial services is an important component of starting and growing a business for Small Women Entrepreneurs in Textile Trade Businesses, most of the women-owned businesses are small in size, household-based cottage industries; microfinance products from SACCOS should be a natural source of start-up and working capital finance for this clientele (World Bank, 2012). Many women are "income poor", yet have to provide for their families. Competing financial needs between family and business becomes one of the major constraints to enterprise growth. With many women being poor, the little income earned from the business is sometimes used for what appears to be urgent family requirements, irrespective of why it was set aside (ILO, 2008).

Access to individual loans for Small Women Entrepreneurs in Textile Trade Businesses is subject to additional requirements, either of which may be prohibitive for women. Most of institutions do not use the group lending, group-liability model require clients to provide at least two guarantors. Only men are seen as “valid” guarantors, especially for individual loans, and at least one, if not both, should be unrelated to the borrower.

In addition, most of the Microfinance Institutions require women to obtain permission and signatures from their husbands to access a loan, this is more applicable in most of the financial institutions in Tanzania. Access to finance remains the biggest challenge for a woman who wants to start or grow a business. Small Women Entrepreneurs in Textile Trade Businesses are engaged mostly in traditional business sectors and still rely largely on informal sources of start-up and working capital, such as own savings, loans from family members, or sale of an asset (World Bank, 2012).

In Tanzania, Women in the entrepreneurs face a number of serious obstacles. Among these are: gender-blind or gender-insensitive macroeconomic policies; complex tax policies and compliance procedures; gender-based inequalities in employment policies and regulations; complex business registration and licensing procedures for the smallest micro-enterprises (where the majority of women are found); lack of cultural acceptance for the role of entrepreneurship for women; limited access to appropriate business premises; limited access to BDS; lack of collateral due to property ownership practices; lack of access to term loans and sufficient working capital to meet their needs (the gap between the micro-finance ceiling and the minimum loan requirements of banks); and the limited organizational and management capacity among women’s advocacy groups (Stevenson and St-Onge, 2005). Tanzania’s Small Women Entrepreneurs in Textile Trade Businesses are quite often lack technical and business management skills, including the sophistication needed to negotiate with financial institutions.

In general, women have lower personal financial assets than men due to sex discrimination, (OECD, 2004). This means that for a given opportunity and equally capable individual, women must secure additional resources compared to men in order to exploit the opportunity because they control less capital. Women operating in the informal economy lack the ability to accumulate the savings required for the start-up process, women with poor levels of education are less likely to have accumulated savings from previous employment. They additionally lack access to working capital and credit and, as a result, have low profits to reinvest in their firms.

Therefore there is a need for Small Women Entrepreneurs in Textile Trade Businesses in Tanzania to concentrate on Microfinance institutions such as SACCOs. Microfinance has been centered on providing loans to financially excluded people. SACCOs have played an important role as financial services providers for Small Women Entrepreneurs in Textile Trade Businesses, giving the low income population the chance of accessing financial services (Distler and Schmidt, 2012).

Credit schemes have helps Small Women Entrepreneurs in Textile Trade Businesses to improve on their incomes (Patrick, 2008). Accessibility to initial capital, even when available, is also a major hurdle for Small Women Entrepreneurs in Textile Trade Businesses. Microfinance institutions (MFIs) choose where they locate, thus excluding entrepreneurs in remote regions, leading to regional disparities. Credit conditions when forming a group, paying membership fees, group registration fees and joining saving plans, result in delays in accessing initial capital, thereby worsening the women's household financial burden (ILO, 2008).

1.2 Statement of the Problem

Small Women Entrepreneurs in Textile Trade Businesses face dual challenges in accessing financial resources from microfinance institutions such as SACCOs, compared to men, the reasons for this could be either Small Women Entrepreneurs in Textile Trade Businesses lacks resources, poor government policy, or due to socio cultural factors, women have little access to education, business women are encumbered with high household demand, which together with the business demand,

impacts their ability to solely focus on their businesses and by implication their ability to seek loan finance. But systematic reasons for this problem are not well established, especially in Tanzania.

Despite growing number of policies and programs to support business women and the government placed more effort to support business women by enacted laws to support women's economic and social well-being, and the Government has made an efforts to include women in decision-making, Small Women Entrepreneurs in Textile Trade Businesses still facing serious problems in accessing finance from the microfinance institutions.

Therefore this study intended to assess constrains facing Small Women Entrepreneurs in Textile Trade Businesses in accessing loans from microfinance institutions. With attention on the identification of factors affecting Small Women Entrepreneurs in Textile Trade Businesses in joining to micro-financial institutions such as SACCOS which do not demand collaterals, Establishment of SACCOS was encouraged by the government after it was realized that majority of women have nothing to pledge as collaterals. Moreover, SACCOS are managed by members chosen among them. Therefore the study will focus on assessing challenges faced by Small Women Entrepreneurs in Textile Trade Businesses in getting loans from SACCOS. Specifically, the study examined difficulties faced by Small Women Entrepreneurs in Textile Trade Businesses in getting the required loans from SACCOS; identified reasons for those Small Women Entrepreneurs in Textile Trade Businesses who have not join SACCOS; determined their monthly income from the businesses they conduct to assess whether they can be able to repay the loans if given to them and finally the study find-out if Small Women Entrepreneurs in Textile Trade Businesses are interested in getting loans to conduct their businesses.

1.3 The General Research Question

What were the challenges facing Small Women Entrepreneurs in Textile Trade Businesses in Dar Es Salaam Tanzania in accessing loans from micro-financial institutions (SACCOS) which do not demand collaterals?

1.3.1 Specific Research Questions

- (i) What was the extent of difficulties faced by Small Women Entrepreneurs in Textile Trade Businesses in Dar Es Salaam Tanzania in getting the required loans from SACCOs in Dar es Salaam city Tanzania?
- (ii) What were the challenges facing those Small Women Entrepreneurs in Textile Trade Businesses in Dar Es Salaam Tanzania who are not members of SACCOS when trying to access the loans from the microfinance institutions in Dares Salaam city Tanzania?
- (iii) What was the amount of income generated by Small Women Entrepreneurs in Textile Trade Businesses in Dar Es Salaam Tanzania from the businesses they conduct using loans from microfinance institutions in Dar es Salaam city Tanzania?
- (iv) What are the challenges faced by Microfinance Institutions in providing credit facility services to Small Women Entrepreneurs in Textile Trade Businesses in Dar Es Salaam Tanzania in Dar es Salaam city Tanzania?

1.4 The General Objective

The General Objective was to investigate the challenges facing Small Women Entrepreneurs in Textile Trade Businesses in Dar Es Salaam Tanzania in accessing loans from micro-financial institutions (SACCOs) which do not demand collaterals.

1.4.1 Specific Research Objectives

- (i) Examine difficulties faced by Small Women Entrepreneurs in Textile Trade Businesses in Dar Es Salaam Tanzania in getting the required loans from SACCOs in Dar es Salaam city Tanzania.

- (ii) Identify challenges facing those Small Women Entrepreneurs in Textile Trade Businesses in Dar Es Salaam Tanzania who are not members of SACCOS when trying to access the loans from the microfinance institutions in Dares Salaam city Tanzania.
- (iii) Determine their income generated by Small Women Entrepreneurs in Textile Trade Businesses in Dar Es Salaam Tanzania from the businesses they conduct using loans from microfinance institutions in Dares Salaam city Tanzania
- (iv) Examine the challenges faced by Microfinance Institutions in providing credit facility services to Small Women Entrepreneurs in Textile Trade Businesses in Dar Es Salaam Tanzania in Dar es Salaam city Tanzania

1.5 Significance of the Study

This study has added knowledge to the existing body of knowledge. In addition to that the knowledge gained in this study has assisted to solve the problem of financial facility accessibility to Small Women Entrepreneurs in Textile Trade Businesses in Dar Es Salaam Tanzania from microfinance institutions in large cities like Dar es Salaam in Tanzania. And the Knowledge generated in this study can be used not only in Tanzania but also in other developing countries in the same area especially to poverty ridden countries reduction in Africa and elsewhere in the world at large.

Also this knowledge gained in this study shall enable the policy makers formulate better policies with regard to empowering the graduate women in establishing and managing better economic enterprises. Additionally all stakeholders in micro and SMEs shall benefit in the sense that most problems in terms of policies, business knowledge shall be easily solved and enable the Small Women Entrepreneurs in Textile Trade Businesses in Dar Es Salaam Tanzania grow faster than ever. This study supports strongly the MKUKUTA programme which emphasizes trade development towards a diversified and competitive economy in Tanzania.

The study brings more insight to policy makers to come up with proper mechanisms on targeting and making financial services accessible to Women Entrepreneurs in Textile Trade Businesses. It would also inform the ongoing policy debates on the effectiveness of pro-poor policies in Tanzania by different stakeholders.

The study has supported the argument of fighting poverty through supporting Small Women Entrepreneurs in Textile Trade Businesses in Tanzania as maintained by many microfinance institutions with sustainability motives, given the overlapping nature of interests between the poor and non poor, how do SACCOs cater for the needs of both categories.

1.6 Scope and Limitation of the Study

This study was limited to Dar es Salaam because time was very short and the money was not sufficient to cover other cities in Tanzania and Dar es Salaam carries about 75% of the economy of Tanzania (BOT, 2014). So the study was done in the districts of Kinondoni, Ilala and Temeke all constituting Dar es Salaam Region. The reasons for choosing Dar es Salaam region include the limited of time due to the fact that the researcher is full time worker, Also, most of the SACCOs are located in Dar es Salaam.

The study faced a number of limitations, the study was constrained by resources like funds for movement during data collection, also Insufficient information, some information were confidential, Finally the time of data collection were not sufficient hence was carefully budgeted and planned.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter is about how the both theoretical and empirical literature review were done in order to come up with clear theoretical and conceptual framework used in this study. The chapter includes key definition of key conceptual terms used in this study. Finally the research gap was clearly identified and conceptualized.

2.2 Conceptual Definitions

2.2.1 SACCOs

A Savings and Credit Cooperative Society is a cooperative financial organization owned, used, and controlled by its members, according to democratic principles for the purpose of encouraging savings, using pooled funds to make loans to members at reasonable rates of interest, and providing related financial services to enable members to improve their economic and social condition (Patrick, 2008). SACCOs refers to the business entities and operate on the basis of demand and supply, they are not concerned about the existence of the poor or non poor, what matters to them is clients ability to fulfill the requirements, giving out credit and members being able to repay within a given period (Hirway 2003).

SACCOs are community owned compared to other micro credit institutions however the services they offer are not pro-poor. The issue of community owned is not rejected however it is subjective. It is true every SACCO is found in the community with membership of community members who pay subscription, save and get loans. The only concern that is contested is the extent of community ownership. SACCOs do not differ much from other microfinance institutions in terms of credit management (Patrick, 2008).

2.2.2 Entrepreneurs

The term entrepreneur is a French word derived from the verb “entreprendre”, which means to do or to undertake, it can be divided into two parts, “entre”, meaning between, and “preneur” meaning taker (Filion, 2008). Literally, an entre-preneur is a between-taker, or go-between. An entrepreneur is a person who starts an enterprise, searches for change and responds to it. Entrepreneurs take initiative, accept risk of failure and have an internal locus of control (Sethi, 2007).

To an economist, an entrepreneur is one who brings resources, labor, materials, and other assets into combinations that make their value greater than before, and also one who introduces changes, innovations, and a new order. To a psychologist, such a person is typically driven by certain forces the needs to obtain or attain something, to experiment, to accomplish, or perhaps to escape the authority of others. To one businessman, an entrepreneur appears as a threat, an aggressive competitor, whereas to another businessman the same entrepreneur may be an ally, a source of supply, a customer, or someone who creates wealth for others (Hisrich, et al, 2005).

2.2.3 Small Women Entrepreneurs in Textile Trade Businesses

In simple words women entrepreneur is any women who organizes and manages any business enterprise (Ilahi, 2012). Women Entrepreneur is a person who accepts challenging role to meet her personal needs and become economically independent (Lal and Badrinarayan, 2011). Current Small Women Entrepreneurs in Textile Trade Businesses and their ever increasing numbers are key to the long-term economic growth of any country that wishes to operate effectively in the global marketplace (Smith-Hunter and Leone, 2009).

Cultural and social patterns prescribe the characteristics of Small Women Entrepreneurs in Textile Trade Businesses worldwide, Small Women Entrepreneurs in Textile Trade Businesses worldwide are shown to be mainly concentrated in the services industry, are on average between 40-45 years old, married with approximately 2-3 children, with low level of education, have been in business for approximately 10-15 years and have 10–20 employees (Smith-Hunter, 2006). Small

Women Entrepreneurs in Textile Trade Businesses worldwide characterized by lack of security, lack of benefits and low income (Smith-Hunter and Leone, 2009). Indeed, Small Women Entrepreneurs in Textile Trade Businesses are unlikely to obtain financing for their projects if they lack the skills to accurately assess their financing needs, develop a convincing business plan, and make a compelling pitch to potential investors or lenders (OECD, 2011). Small Women Entrepreneurs in Textile Trade Businesses in Tanzania are able to access small amounts of micro-finance, and larger enterprises are able to obtain loans from the commercial banks. Yet those women micro-entrepreneurs who want to expand their businesses from micro and small or large enterprises have difficulty obtaining appropriate amounts of funding to finance their growth plans (ILO, 2003).

2.3 Tanzania Micro Finance Sector

The financial sector reforms in Tanzania set in motion a decade ago included liberalizing interest rates, eliminating administrative credit allocation, strengthening Bank of Tanzania's role in regulating and supervising financial institutions, restructuring state-owned financial institutions, and allowing entry of private banks into the market. Although there is a progress in the financial reforms, access by large segments of the rural and urban population to financial services has remained stunted especially for Small Women Entrepreneurs in Textile Trade Businesses (Randhawa and Gallardo, 2003). Microfinance play important role on generating entrepreneurial activities for women (Kuzilwa, 2002). This cause the International Labour Organization (ILO) entered into a general agreement with the Ministry of Industry and Trade (MIT) to implement a Women's Entrepreneurship Development and Gender Equality (WEDGE) Programme in Tanzania (Stevenson and St-Onge, 2005).

Government, in collaboration with the donor community such as IMF, acted to facilitate microfinance development initiating a microfinance policy formulation process in 1996 with a nation-wide demand study, and the drafting of a National Microfinance Policy document. The National Policy provides the vision and strategy for the development of a sustainable microfinance industry as an integral part of the financial sector, specifying the respective roles of the key stakeholders, the

Government and its principal agencies in policy formulation and implementation, the different institutional providers of microfinance services, and the donor community.

The Government a tiered but relatively new and shallow financial sector, consisting of 20 licensed banks and 11 non-bank financial institutions, and a 17.5% degree of monetization (Randhawa and Gallardo, 2003). Most bank branches are concentrated in Dar es Salaam, and only a few have a countrywide network that could be linked to the provision of microfinance services. Three commercial banks have entered into microfinance

Microfinance in Tanzania is critical element of an effective poverty reduction strategy. Improved access and efficient provision of savings, credit, and insurance facilities in particular can enable Small Women Entrepreneurs in Textile Trade Businesses to smooth their consumption, manage their risks better, gradually build their asset base, develop their micro enterprises, enhance their income earning capacity (Kessy, and Urio, 2006). Thus, the principal providers of microfinance services in Tanzania are Savings and Credit Cooperatives (SACCOs) and several foreign donor-assisted NGOs.

They have preceded the establishment of a microfinance-specific regulatory framework, operating in spite of significant difficulties in several key areas of limited access to external funds and the lack of skilled manpower with banking and financial competence. The regulatory frameworks for microfinance institutions (MFIs) and cooperative financial institutions (CFIs) are still in process of being enacted into pertinent laws and corresponding implementing regulations. There is need for a clearly defined strategy on how to integrate SACCOs and NGOs into the emerging microfinance regulatory framework, and what policy environment, resource and capacity requirements will be required not only by the institutions but also by the regulatory bodies (Randhawa and Gallardo, 2003).

MFI schemes in Tanzania were initiated to meet different objectives. The most commonly mentioned objectives include: poverty alleviation and improved living standards, offering financing to the poor, women's empowerment, and the development of the business sector as a means of achieving high standards and reducing market failure (Kessy, and Urio, 2006).

The distribution with respect to the concentration of microfinance activities in Tanzania is skewed in favor of the urban areas leaving rural areas grossly under served. Most MFIs with an exception of tiny rural based SACCOs are reluctant to extend their services to the rural areas due to poor infrastructure, high risk and high cost of operation, the latter is brought about by the fact that rural areas in Tanzania by nature are sparsely populated (Abdul, 2012).

In Tanzania indicate there are about 646 registered societies of SACCOs, of which some 60% or 395 can be classified as rural SACCOs and 40% or 251 as urban SACCOs (mostly wage-based membership). The total membership base is some 130,000 with urban SACCOs accounting for 47,000 and rural SACCOs having some 83,000 members. Total members' funds amounted to the equivalent of US\$ 17 million, consisting of US\$6.5 million in members' shares and US\$ 10.5 million in members' deposits. The bulk of members' shares came from the urban SACCOs (US\$4.7 million), as did members' deposits (US\$9.4 million).

To place these savings and share capital amounts in perspective, rural SACCOs had an average of Tsh 27,500 (US\$34) in shares and deposits per member; average deposits per member came to US\$14. The profile for urban SACCOs presents a stark contrast – average shares and deposits per member were almost 10 times larger at Tsh 240,000 or US\$300, of which average deposits per member amounted to Tsh 160,000 or US\$200 (Randhawa and Gallardo, 2003).

2.4 SACCOs in Tanzania

SACCOs for low-income families in the third world came about it was more than welcome in Tanzania in the late 1960s and early 1970s (Nkya,2005; ILO, 2006). Before the rural resettlement programme that was implemented in the 1970s, isolated homesteads characterized rural Tanzania. Construction of these homesteads was carried out by family members and invited friends. SACCOs started from design stage. It was a tradition that if anyone wished to build, fellow friends and relatives were invited to help in collecting building materials and transportation from the bush (poles and grass), in case family members could not carry the work alone (Nkya,2005).

A number of cooperative initiatives responding to different social and economic factors do exist in the country. some of these have been in place before independence and seemed to disappear in the 1970s only to re-emerge in the mid 1980s, these include the social-cultural and ethnic or regional based associations which help their members in times of difficulties and happiness such handling and helping members on matters of marriages, death, disease and other social mishaps (ILO, 2006). The new form of cooperation is popularly known as UPATU where members (initially constituting of unemployed married women) contribute a fixed amount of money monthly or in a specified period of time and given to members on rotational basis Tanzanian (Federation of Cooperatives, 2006).

Whereas the role and contribution of traditional societies to its members and the society at large is known, little or nothing is known about the role of these forms of cooperative initiatives. From the 1970s, cooperatives increasingly relied on government support for finance (ILO, 2006). Although given out as loans, these were very often not repaid. Coops became trapped in a dependency/parasitic relationship with government which seriously weakened their ability to develop into sustainable business enterprises. This dependency also weakened member democracy.

For a few years the Government of Tanzania has been implementing the Poverty Reduction Strategy. This process recognizes the importance of organizations that bring poor people together, like cooperatives. As part of the programme to reduce poverty, the government wants to encourage people to form cooperatives in order to improve their economic prospects. The government would like to see the expansion of cooperatives into sectors other than agriculture, such as finance, housing, industry, minerals, livestock, fishing, bee keeping and transport (Tanzanian Federation of Cooperatives, 2006).

In the past there have been many levels of cooperatives including primary societies, unions, apexes and the Federation (Nkya, 2005). In certain cases some secondary societies lost touch with their primary societies and started businesses that had nothing to do with what the primary societies wanted. In future, the plan is to make the primary society the main cooperative level and to make sure they are all independent and viable. Higher-level cooperatives should facilitate networking for member societies, provide market information, conduct lobbying and advocacy and act as the main link of co-operators to partner organizations in cooperative development (Tanzanian Federation of Cooperatives, 2006).

2.5 Tanzanian Small Women Entrepreneurs in Textile Trade Businesses

Small Women Entrepreneurs in Textile Trade Businesses accounted for about 35 per cent of informal enterprises in Tanzania. By 1995, it was estimated that the proportion of women in the sector could have risen to 70 per cent of the informal sector labour force. In a 2000 Economic and Social Research Foundation (ESRF) found that, 55 percent of the enterprises in the sample were owned by Small Women Entrepreneurs in Textile Trade Businesses (Stevenson and St-Onge, 2005)

The impact of the economic crises and the structural adjustment measures in Tanzania has undoubtedly been greater on women than on men. Given that most wage earners are men, the burden of adjustment fell heavily on women who now became the main breadwinners by participating in income generating activities. As

carers and managers, therefore, women have played a significant role in enabling the family to adapt to the obvious change (Rutashobya, 2010).

In Tanzania, there are several obstacles to the performance of Small Women Entrepreneurs in Textile Trade Businesses. These included limited human capacity in terms of skills and knowledge; limited access to support services, including finance, technical and management training; limited advocacy capacity; and a cultural environment which makes it more difficult for women to start and run enterprises. Despite these problems, some women manage to develop from informal economic activities at the micro level to formal small and medium enterprises, and in the process demonstrate “upward mobility (ILO, 2003).

However, Small Women Entrepreneurs in Textile Trade Businesses still face a number of new constraints which should be addressed to enable them to grow and expand. To secure the sustainability of services to small and micro enterprises in the food industries beyond the life of the programme, it is proposed to create a non-profit consortium, the Business Development Centre (BDC), to be linked to SIDO and private and public institutions operating in the food processing sector (UNIDO,1999). Small Women Entrepreneurs in Textile Trade Businesses operating in the informal economy lack the ability to accumulate the savings required for the start-up process women with poor levels of education are less likely to have accumulated savings from previous employment. They lack access to working capital and credit and, as a result, have low profits to reinvest in their firms (Stevenson and St-Onge, 2005)

2.6 Major Factors Hampering the Performance of Small Women Entrepreneurs in Textile Trade Businesses

Although the number of women involved in entrepreneurial activity is increasing steadily over the years (Raman, et al, 2008; Nkya, 2005). Small Women Entrepreneurs in Textile Trade Businesses are concentrated in the informal, micro, low growth, low profit areas, where competition is intense (ILO, 2006). These include food vending, tailoring, batik making, beauty salons, decorations, local

brewing, catering, pottery, basket making, food processing, saloon and charcoal selling. The major reasons are that these sectors require relatively small startup capital and are thus easy to enter. The incidence of growth of their business is very low, and indeed much lower than that of male-owned enterprises (ILO, 2003).

Small Women Entrepreneurs in Textile Trade Businesses' limited education, experience, lack of role models in entrepreneurship skills and business (OECD, 2004). At the meso level, the main constraints are limited access to support services, including loan levels suited to their business needs, technical and management training, advice and marketing.

These problems arise from the limited capacity and outreach of existing institutions as well as the women entrepreneur's inability to afford to pay for the services. In the case of micro-finance, the problem is mainly limited to lack of access to substantial loans. To some extent, microcredit is now widely available, especially in urban areas, thanks to donor support and the popular solidarity group-lending model (ILO, 2003). Another problem is that women's advocacy organizations appear to be weak, making it hard for women to have their voices heard. Also, the laws and regulations affecting businesses (including licensing procedures) were designed for relatively large business activities and are therefore difficult for micro enterprises to comply with and these are predominantly owned by women.

Gender belief systems, it is important to understand that the gendering of the labour market and entrepreneurship has its source in the way in which men and women move into various activities associated with different kinds of work. These supply processes are important because the supply networks (based on experience and knowledge) are segregated and lead people to have different probabilities to discover opportunities of different natures. Since men and women seem to freely make career-relevant decisions that will carry them generally into substantially different occupational (and experience) directions it is important to examine these early stages in the supply-side process and ask why men and women make the choices they make (OECD, 2004).

Corruption and bureaucracy make matters worse especially for women, who are more vulnerable to physical pressure from corrupt officials (ILO,2003). At the broader macro environment level, the main barrier to the performance of women owned enterprises is a cultural environment that makes it more difficult for women to start and run enterprises due to their perceptions about traditional reproductive roles (Carter et al., 2000). Women are obliged to divide their time between their family and community roles and running the business. By and large, existing literature on women in the MSE sector has focused mainly on those women operating informal microenterprises, and it tends to generalize the issues and problems to all business. In reality, the incidence and impact of these constraints may vary significantly from one size category of the MSE sector to another. No systematic research has been done to capture these differences, in particular with regard to women involved in growing and expanding business (ILO, 2003).

Family policy and child care, when comparing women's entrepreneurship and employment in general one cannot neglect the role of family policies because there are significant cross national differences and women still have the main responsibility for raising children. The main assumption is that a family-friendly policy has a positive effect on women's employment and self employment because it allows women to more freely manage their time and still to have an active career. Indicators that are normally used are the level of public child-care, parental leave arrangements and other financial child-related support and affect the general performance of Small Women Entrepreneurs in Textile Trade Businesses (OECD, 2004).

Lack of relevant networks and of societal position compared to men. Women have in general a lower social position than men, which affects the kind of networks they can access or are part of. There is evidence to prove that women are less involved in networks than men are, and their type of network is different. For business it is as important to have weak-tie networks as strong-ties (Burt, 2000)

External finance and sex discrimination for Small Women Entrepreneurs in Textile Trade Businesses, generally women have lower personal financial assets than men. This implies that for a given opportunity and equally capable individual, women must secure additional resources compared to men in order to exploit the opportunity because they control less capital than men. A question that has developed into its own sub-field in the women's entrepreneurship literature is if women have a harder time getting finance than men for the same business opportunity. Several results stand out from different literature reviews (Carter et al., 2000)

2.7 Small Women Entrepreneurs in Textile Trade Businesses and Loans Repayment in Microfinance Institutions

Microfinance programs are a proven international poverty reduction strategy. Poor Small Women Entrepreneurs in Textile Trade Businesses have a loan repayment rate of 99%+ in well-managed microfinance programs (MFIs). Yet fewer than one in five of the world's poorest households have access to financial services, a critical requirement for creating and growing cottage enterprises so poor people can feed and clothe themselves (Goetz and Gupta 1996).

Most entrepreneurs used profits from their businesses for loan repayments; profit is the main source of loan repayment - an average of 36 per cent for all entrepreneurs. The biggest challenge faced by all entrepreneurs was that of cash flow (30 per cent), followed by excess credit to customers (14 per cent) and inadequate skills, knowledge and experience. Most entrepreneurs suggested they required business training and advice (63 per cent) against 37 per cent who indicated that they did not require the training. Most entrepreneurs said they do not have a problem with cash demands on the business from family members (ILO, 2008).

According to Hossain (1988) in Bangladesh 81 percent of women encountered no repayment problems compared to 74 percent of men, correlation between gender and repayment is positive but not significant after controlling for a number of MFI-specific effects. Philips and Bhatia-Panthaki (2007) argue that Small Women Entrepreneurs in Textile Trade Businesses tend to be over-represented in traditional

sectors with relatively lower profits, fewer growth opportunities and harsher competition. This should make them less able to honour credit contracts. Somewhat in line with this argument, various studies point out that many women borrowers don't have any control over their own microcredit: loans are in fact used and controlled by men within the household (Goetz and Gupta 1996). Microfinance programs in developing countries make loans to poor people, mostly women. They have no credit history, no collateral, no traditional legal loan guarantees to offer and no formal education. With microcredit loans, these women create and build home-based businesses (example, making soap, animal husbandry and weaving/ saloon).

2.8 Women Access to and Use of Financial Services

The most commonly cited problems are cumbersome procedures and high interest rates. These are followed by small loan sizes from MFIs and lack of collateral in the case of bank loans. The women who participated in the in-depth study gave a number of reasons why it is difficult to access finance. First, the banks require borrowers to have collateral worth at least 125 per cent of the amount borrowed. The women were unable to provide collateral (ILO, 2003). In developing countries, women face multiple obstacles that diminish their potential as entrepreneurs and businesswomen. They have limited access to education and training, they find it harder to enter business associations, have less freedom to select business sector and are often met by discriminatory attitudes in property, marital and inheritance laws. Without property ownership, they lack collateral to get access to formal credit (Lindvert, 2011)

Secondly, the banks are not accustomed to dealing with small businesses and as such see them as very risky. Bank officials for a loan, they concentrated more on the collateral and should provide the history and performance of the business, which believes should be the most important factor in making a lending decision (ILO, 2003). The third problem is that banks charge about 25-30 per cent interest for loans to small enterprises and the Small Women Entrepreneurs in Textile Trade Businesses consider this to be very expensive. Access to financial services is an important component of starting and growing a business for Small Women Entrepreneurs in

Textile Trade Businesses. Most women-owned businesses are small, household-based cottage industries; microfinance products should be a natural source of start-up and working capital finance for this clientele (World Bank, 2012).

An alternative to bank loans is borrowing from Micro-Finance Institutions (MFIs) (Sethi, 2007). These institutions have two limitations. First, one has to start borrowing very small amounts and gradually graduate to higher sums. The amount they start lending (about US \$50) is considered too low to be of much use to most of the women interested in growing their own businesses. Secondly, MFIs require the borrowers to attend weekly meetings which take a lot of their working time (ILO, 2003).

Women borrower-entrepreneurs are not able to access individual loan products, but instead are consistently relegated to group lending. But group loans are very costly for a woman who is running a business, and the loans are too small to fulfill working capital needs. Fulfilling documentation requirements, attending group meetings, providing guarantees, travelling, and compulsory savings make these small loans unattractive to Small Women Entrepreneurs in Textile Trade Businesses, and those with businesses to run find meetings burdensome and of little use. The availability of only small loans under group lending causes either delayed investment or multiple borrowings (World Bank, 2012).

2.9 Barriers to Women's Entrepreneurship

Most Small Women Entrepreneurs in Textile Trade Businesses in developing countries run small scale or micro enterprises, with a majority operating within trade or service sectors (Spring 2009). Some common examples include those who run small shops or market stalls where clothes, food products or jewelry are sold. Within service, it is common to run hair- and beauty salons, restaurants and guest houses. Enterprises within these sectors have been perceived as less important to economic development and growth, compared to enterprises within manufacturing and technology, a perception which has been a great disadvantage for WEs. Lately, it has been observed that small-scale economic activities of women in Africa have been

undervalued and that their specific role and involvement in the economic development of their countries are neither well-known nor recognized (Dzisi 2008).

Even though one needs to remember that female entrepreneurs in developing countries are a heterogeneous group, just as entrepreneurs in general, there are three levels of similarity among them to be considered. First, women all over the world usually face the same kind of role complexity, especially in the combination of working wife and mother. Second, when women try to start or expand their business activities, they are experiencing similar obstacles, wherever they live. Third, Small Women Entrepreneurs in Textile Trade Businesses have to deal with unique obstacles related to the local domestic market environment in which they operate, in contrast to their male counterparts (Amine & Staub 2009).

2.9.1 Informal Barriers

The barriers to women's entrepreneurship are to be found in both informal and formal structures. Barriers found within informal structures are often very difficult to identify, change and overcome, since they are closely linked to cultural views, values and norms and it takes very long time to change values and attitudes in a society. It has to do with the status of women in a society in general, women's rights and women's role complexity, but also attitudes towards women as entrepreneurs.

2.9.2 Family Situation and Role Complexity

In all countries around the world, women continue to be primary caregivers for their children and other family dependants, whether they work outside the home or not. Moreover, in developing countries, women are often the sole breadwinner of the family, and are therefore forced to seek paid employment outside the home, alternatively to start a business. Thus, it might not be surprising that a frequent theme in previous research on women's entrepreneurship is that women run their business in relation to their family situation, which is not the case when looking at research on men's entrepreneurship (Berglund 2007).

Women often have a number of dependants to provide for, except husband and children, there are often aged parents, siblings and extended family members to care for, putting additional burdens on the women (Dzisi 2008). Looking at the general living conditions and women's status in sub-Saharan Africa, one major constraint to potential entrepreneurship is high fertility rates. With an average of five to six births per woman, the opportunities to start a business will decrease.

With repeated pregnancies it may be difficult to run a business, or even work outside the home at all, due to ill health. And with a number of children to care for, there may be little time to work outside the home. In many cases in sub-Saharan Africa, women are not only responsible for their own children, but also for young relatives who have lost their parents due to AIDS. Moreover, in these communities, children are still seen as insurance against incapacity and for support in old age, putting an extra physical and emotional burden on women in their most productive years (Amine & Staub 2009).

2.9.3 Attitudes towards Women as Entrepreneurs

In Muslim communities in sub-Saharan Africa, it is not socially accepted for women to run their own business, or even to work outside the home. The reason is fear that a married woman who starts to make her money becomes too independent and that it will change traditional family roles and undermine the patriarchal domestic relations. Too independent women might change the balance of power within the household, which can lead to divorce and even self-determination.

If a married woman works for money outside the home, it is interpreted as the husband's inability to control his wife, or his inability to provide for his family. From fear of losing such control, social standing and personal honor, many men simply forbid their wives to operate their own business. The social stigma would be even worse if the wife turns out to be more successful than the husband, leading to deep social embarrassment and dishonor of the family name.

This kind of social constructs concerning female entrepreneurs are to be found in many cultures all over the world, and not just in Africa (Amine & Staub 2009). As discussed by Dechant and Lamky (2005) Small Women Entrepreneurs in Textile Trade Businesses in Arab countries face similar formal and informal barriers as in other countries, but for one difference, which has to do with the influence of Islamic values. For example, women in these countries only recently got the right to vote, and they still often need the signature from the husband or a male relative to apply for a loan. They can also still be denied the right to open a bank account. Thus, there are a number of formal barriers, originated from informal, religious values (Dechant & Lamky 2005).

2.9.4 Normative Institutions in Different Countries

Drawing on institutional theory, Baugh, Chua and Neupert (2006) discuss how the normative context affects women's participation in entrepreneurship in a number of industrialized and transition economies. They show that the relation between female entrepreneurs in a country is not connected to the level of welfare, but instead that cultural norms and values affect the proportion of women-owned businesses in a country.

These norms and values are related to the general support systems towards entrepreneurship, but also to the level of gender equality in that country. They state that the institutional context, and the preconditions it creates for female entrepreneurs, is of great importance, because it affects the kind of support that will be available for individual women (Baugh, Chua & Neupert 2006).

2.9.5 Formal Barriers

Formal structures that are disadvantageous for Small Women Entrepreneurs in Textile Trade Businesses can for example have to do with regulatory system, inheritance laws, ownership of property, and access to capital and access to education.

2.9.6 Inheritance Laws and Ownership of Property

In many places, women are still excluded from the right to inherit or own land or property, due to discriminating national laws. Further, there might be regulation which prohibits women from buying land, even if they do have the funds for it. Consequently, women who want to start a business have to rely on their husbands' or relatives' land, alternatively renting from someone else. This is of course particularly troublesome for Small Women Entrepreneurs in Textile Trade Businesses operating within the agriculture sector. In some African countries, the government addresses this problem by issuing land certificates, which gives the holder a number of personal rights to use the land. However, land certificates cannot be used as collateral towards the bank. For women, who also are excluded from owning land, it is impossible to get a bank loan which is needed to achieve business growth (Amine and Staub 2009).

2.9.7 Lack of Access to Capital

Looking at previous research on women's entrepreneurship, it is clear that the most frequently discussed external barriers are lack of access to capital and discrimination when applying for loans (Berglund 2007). Even if access to capital is a real challenge for both men and Small Women Entrepreneurs in Textile Trade Businesses in developing countries, it is usually most challenging for women, especially if they are unable to legalize their business. Another reason for banks to exclude women from external loans is that women often run micro scale businesses, and micro businesses in general have smaller chances of obtaining bank loans (Winborg 2003). It is particularly hard for women in rural areas in developing countries to overcome these types of regulatory discrimination, since they usually do not own land, they usually do not have any savings and usually do not have anything else to use as other collateral for a traditional bank loan (Amine & Staub 2009).

2.9.9 Level of Education

In many places, girls still participate in primary school to a much lower degree than boys, and when looking at high school or higher education, this imbalance is even more apparent. In an area where there is no tradition of entrepreneurship, and no

formal educational support for entrepreneurship, both men and women might lack even the most fundamental concepts of how to start or run a business. For women, who are illiterates and/or have been excluded from school to a higher degree than men, the barriers to start a business will be even higher (Amine and Staub 2009). Previous studies show that female micro entrepreneurs in Africa generally have no to some primary school education, while women running large-scale firms usually have secondary or even some college education. Those in between, running small- or medium sized businesses, have usually completed secondary school, some even collage (Spring 2009)

2.10 Overview of Loan Services in Tanzania

A loan is a monetary loan received from a commercial lender. The loan may have a specific purpose, such as a business loan, car loan or a home loan. Loans do have a predetermined duration, and the loan will have an interest rate that is either fixed or adjustable. Banks loans may involve overdrafts, term loans, committed facilities, guarantees, letters of credit and retail loans. There are two approaches of Bank loan schemes, which are prostate approach and a pro market approach of credit schemes (Kashuliza, 1992).

Most credit/ loan schemes in Tanzania were initiated between 1961 and 1985 and fewer still up to 1990s. These schemes were caught up in the pro-state approach to credit by then as opposed to the current pro-market approach to credit (Kashuliza, 1992). The main argument against pro-state approach to credit operations is that the approach has led to poor performance of credit schemes thus calling in government intervention to subsidize their operations, and in some instances, pay for the credit scheme losses (Kashuliza, 1992).

The pro-state approach to credit/loans has been criticized by the pro-market-approach which was adopted after liberalization of the economy from 1985 onwards. The criticism views the prostate approach as an approach which imperfects the credit market because of its conditions. The conditions are low interest rates, low repayment rates as well as large geographical coverage. Under such conditions, it is

not easy for the credit schemes to make much profit (Olomi, et al, 2008). It has also been observed that loans given by pro-state credit schemes might not have a significant impact on investments. This is because the high cost incurred in administering the scheme may not allow other packages such as training and monitoring the development of entrepreneurs (Kurwijila and Due, 1991). The main argument therefore is that during the prostate approach credit schemes were more concerned with their administrative costs and sustainability rather than the development of their clients' business investments.

Microfinance finance and other financial institutions tailored to the poor have been celebrated for their ability to reach out to women and enhance their welfare. Since the beginning as experimental schemes in Asia, Africa and Latin America in the 1970s, financial services have been concerned, above all, with women (Kuzilwa, 2005).

The objective of the different financial institutions which plays a central role in the promotion of women is to ensure that millions of the world's poorest families, especially women, receive credit for self-employment and other financial and business services. Indeed, many microfinance institutions (MFIs) and banks do target women customers in the lending business (Kauffmann, 2005). In recent years, different financial institutions in developing countries, including Tanzania, have introduced varieties of programs offering loans to low income people, specifically targeting women.

This was based on the promise that women are more likely to be loan constrained, and hence less able to undertake income-earning activities (Pitt et al, 2006). Also, Pitt et al, (2006) argued that access to loans has received even greater attention in the context of poverty reduction and women's empowerment objectives. With the aim to meet the Millennium Development Goals 3 and financial institution role in supporting it, there has been an increasing expectation on their impact on women empowerment.

Tanzania has experienced a vast growth in the number of Commercial Banks, Non Commercial Banks as well as micro financial institutions involving themselves in financing women owned investments. Some of these institutions include Exim bank under its Small Women Entrepreneurs in Textile Trade Businesses Finance Program (WEF), Women Bank, CRDB Bank (Malkia Account Scheme), Opportunity Tanzania limited, Sero Lease and Finance Limited and Brac Tanzania. The main objectives of these institutions is to give women access to credit in the form of business loans, overdrafts, letter of credits, Banks guarantees, mortgage financing as well as other consumer loans. These varieties of credit schemes have been offered to women either in groups or individually (Kauffmann, 2005).

Banks and micro-finance has often been praised for being a very efficient poverty alleviating tools, particularly for being influential in empowering women. Gibbons (1992) argues that the best way to do something about empowering women is to let them do their own things. It is also; argued that establishment of sustainable and profitable lending institutions that serve large number of poor women has been a prime component of the new development strategy (Wolday, 2000). According to Heidhues, (1995) SMEs lending activities have been mostly being perceived by most of lenders as being associated with lower portfolio-at-risk, lower write-offs, and lower credit-loss provisions, The author further stresses that lenders commonly believes that women in general are a better credit-risk for lending institutions that finance providers who are dealing with women are more profitable than those not focusing on women.

Although credit schemes for SMEs in Tanzania started in the early 1960s the poverty situation of most small business has not changed much. In discussing the impact of credit schemes on women Ackerly, (1995) argues that although it is commonly assumed that credit it self is empowering; by definition credit is a liability. In order for the liability to be empowering, it must be a means of economic development.

Ledgerwood, (1999), made the findings that suggested that in 37% cases women retained significant control over loan use while 63% had partial, limited or no control over loan use. At the same time the findings revealed a prevalence of intra-household

transfers of loan from the formal (female) borrowers to their male kin. The study further found that single, divorced and widowed women were more likely to retain control of loan use than others. Control was more when loans were small and its use did not challenge prevailing gender roles.

It has further been observed that credit is a key element in economic empowerment because it assures the productivity of the enterprise being financed (Kaganda, 1991). However, a credit scheme may fail to empower Small Women Entrepreneurs in Textile Trade Businesses depending on how it is managed and its components or package. Kaganda (has observed that, no amount of credit even at the most reasonable rates, can guarantee higher productivity, or incomes among credit recipients unless it is accompanied by other packages such as infrastructure, agricultural subsidies, supportive services, credit policies as well as the management of the credit scheme itself.

2.11 The Concept of Microfinance

Microfinance is the provision of financial services such as loans, savings, insurance, and training to people living in poverty. Microfinance refers to small-scale financial services for both credits and deposits that are provided to people who farm or fish or herd, operate small or microenterprises where goods are produced, recycled, repaired, or traded, provide Services, work for wages or commissions, gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools, and to other individuals and local groups in developing countries, in both rural and urban areas (Robinson,1998) Microfinance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers and insurance products to the poor and low-income households, for their microenterprises and small businesses, to enable them to raise their income levels and improve their living standards.

The Core Principles for Microfinance involves The poor needs access to appropriate financial services, The poor has the capability to repay loans, pay the real cost of loans and generate savings, Microfinance is an effective tool for poverty alleviation, Microfinance institutions must aim to provide financial services to an increasing number of disadvantaged people, Microfinance can and should be undertaken on a sustainable basis and Microfinance NGOs and programs must develop performance standards that will help define and govern the microfinance industry toward greater reach and sustainability (Ledgerwood, 1999)

SMEs, the SMEs nomenclature is used to mean micro, small and medium enterprises. It is sometimes referred to as micro, small and medium enterprises (MSMEs). The SMEs cover non-farm economic activities mainly manufacturing, mining, commerce and services. There is no universally accepted definition of SME. Different countries use various measures of size depending on their level of development. The commonly used yardsticks are total number of employees, total investment and sales turnover. In the context of Tanzania, micro enterprises are those engaging up to 4 people, in most cases family members or employing capital amounting up to Tshs.5.0 million.

The majority of micro enterprises fall under the informal sector (URT, 2002) SMEs tend to be labour-intensive, they create employment at relatively low levels of investment per job created. At present, unemployment is a significant problem that Tanzania has to deal with. Estimates show that there are about 700,000 new entrants into the labour force every year. About 500,000 of these are school leavers with few marketable skills. The public sector employs only about 40,000 of the new entrants into the labour market, leaving about 660,000 to join the unemployed or the underemployed reserve. Most of these persons end up in the SME sector, and especially in the informal sector. Given that situation and the fact that Tanzania is characterized by low rate of capital formation, SMEs are the best option to address this problem (URT, 2002).

2.12 MKUKUTA and Access to Microfinance

Trade plays an important role in Tanzania's development (URT, 2007). Opportunities for trade expansion are critical for growth and poverty reduction. Positive investment climate reforms including trade facilitation policy reforms have augmented Tanzania's export share and investment potential. The MKUKUTA emphasizes trade development towards a diversified and competitive economy, one of the objectives of the MKUKUTA is to create efficient and sufficient Micro-Financial Institutions and SACCOS in Rural Areas and Facilitating Access to Credit by the Rural People (URT, 2008). According to (URT, 2008), this involves

- (i) Review microfinance policy and create ties between microfinance and the formalization process based on information to be provided by the business service platform.
- (ii) Re-instate law governing Money lenders and Pawnbrokers to facilitate operations in rural areas and with formalized businesses.
- (iii) Implementation of the established registries.

Also MKUKUTA target to the establishment of adequate, efficient and effective Micro finance institutions and SACCOS in Rural Areas to Facilitate Access to Credit. According to URT, (2007), the relevant activities are:

- (i) Implementation of the established registries, the responsible institutions are Ministry constitutional affairs and good governance, Ministry of Trade, Tourism and Industries, Ministry of Youth, Employment, Women and Children Development, Ministry of Finance and Economic Affairs, TRA, ZRB and Registrar Generals Office.
- (ii) Establishment and operationalization of the formalization trust fund, the main responsible institutions include are: MKURABITA, Ministry of Justice and constitution affairs, Ministry of lands, Housing, and Human Settlements Development and TAMISEMI (URT, 2007).

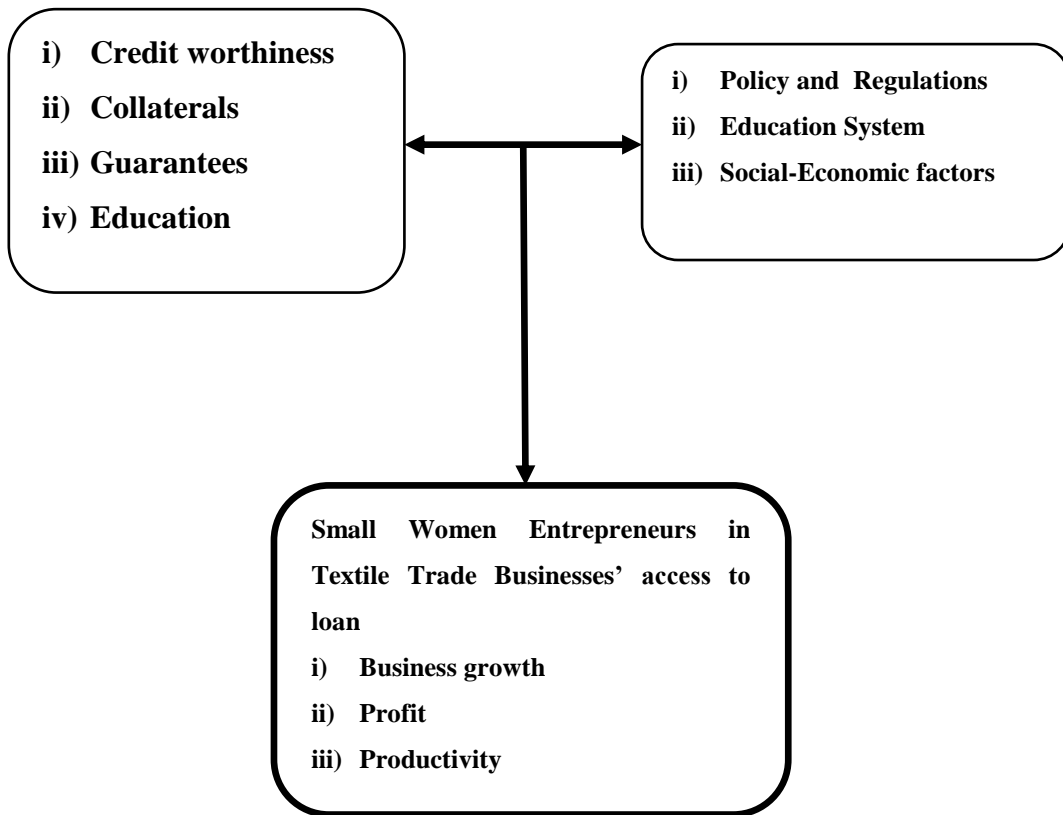
2.13 Conceptual Framework

The study assumes that, the links between women entrepreneur and access to microfinance services is made by independent variable and dependent variable, dependent variable is derived from the general objective, this is Small Women Entrepreneurs in Textile Trade Businesses to loan, and independent variables involves Lack of credit history morale; lack of collateral; lack loan guarantees and Lack of formal education

Also the study assumes that independent variables, will determine the fate of Small Women Entrepreneurs in Textile Trade Businesses in assessing microfinance loan, the act of Small Women Entrepreneurs in Textile Trade Businesses' access to loan in every Microfinance institutions depends on how Small Women Entrepreneurs in Textile Trade Businesses are exposed to those risks. But when Small Women Entrepreneurs in Textile Trade Businesses will assess microfinance loan, this will cause; Business growth, high productivity and high profit for Small Women Entrepreneurs in Textile Trade Businesses.

Furthermore, the framework assume that, for Small Women Entrepreneurs in Textile Trade Businesses to assess microfinance services (loan), mediating factors should be improved, these mediating factors includes; Government Regulations, education system, culture/traditional and economic factors. When the government enhances appropriate policies to improve mediating factors, women entrepreneur's asses to microfinance loan will be improved. These assumptions are summarized in figure 1 below

Figure 2.1: Conceptual Framework



Source: Author of this study using concepts used in this study, 2014

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter deals with the description of the methods that were applied in carrying out the research study, how data were collected and analyzed. The chapter was organized under the following sections: section 3.2 presents Area of the study; the research design in section 3.3, section 3.4 presets study population; section 3.5 sample size and sampling procedures; section 3.6 is Data collection methods; section 3.7 presents Data processing and analysis.

3.2 Study Area

The study was conducted in Kinondoni, Ilala and Temeke municipal councils in Dar es Salaam Region. The reasons for choosing Dar es Salaam region include the limited of time due to the fact that the researcher is full time worker, Also, most of the SACCOs are located in Dar es Salaam. Last but not list the researcher is living and studying in Dar es Salaam and therefore, the research was carried out in Dar es Salaam to minimize cost.

3.3 Research Design

Research design is well understood as a logic plan of how to conduct a research (Kothari, 2004). This study used both a qualitative and quantitative research approaches. Both approaches were used so as to complement each other and overcome the weaknesses of a single design, therefore enhance validity.

Qualitative research approach refers to all non-numeric data or data that have not been quantified and can be a product of all research strategies (Saunders and Thornhill, 2009). While Quantitative approach involves collection of quantifiable data which are normally in-terms of numbers, tables, charts and figures to mention a few. It is the approach which produces findings arrived at by means of statistical procedures or other means of quantification. One disadvantage of quantitative

research is that the more structured data collecting approach may cause stress to the participants, thus not showing an accurate reflection of the true results, this disadvantage will therefore be overcome by using qualitative data collection which allows much flexibility to participants.

Therefore, a case study research design was used in this study because the researcher intends to gain a deep and thorough understanding of the phenomena and because of its flexibility of the data collection methods. A case study design was used because participants come from a single case, also an experimental study design is not appropriate because there will be no random assignment of participants into control and treatment groups. Also case study is mostly associated to qualitative research method.

3.4 Study Population

This is the totality of objects under investigation (Kamuzora and Adam, 2008). For the purpose of this study, all Dar es Salaam Small Women Entrepreneurs in Textile Trade Businesses were constituted the population of this study. This population is suitable for this study because they serve as source of data.

3.5 Sample Size and Sampling Procedures

Sample size refers to exact numbers of items (respondents) selected from a population to constitute a sample (Kamuzora and Adam, 2008). The sample size of the study was 120 respondents.

Sampling is choice of a population that if worked upon can provide information that would be representative of the totality or aggregate of the whole population (Kothari, 2004). This is the process of choosing the elements of the sample so as to make it representative of the population. The study used purposive sampling

Purposive sampling was based on researcher's reasonable judgment that the selected sample was give reliable information helpful for this research. According to Saunders et al (2000), purposive or judgement allows the researcher to make a choice

of cases which according to his/her own view/opinion or judgement that give information which is in line with objectives stated. Purposive sampling was used because some SACCOs clients were not be available at the time of data collection

3.6 Data Collection Methods

Two methods of data collection were employed in this study, both the primary and the secondary data collection methods.

3.6.1 Primary Data

For the primary data collection, the instruments used included questionnaires and interviews method.

3.6.1.1 Questionnaires

A questionnaire refers to questions printed or typed in a definite order on a form or set of forms, the respondents have to answer the questions on their own (Kothari, 2004). The researcher prepared questionnaire, comprised both open ended and close ended questions in both Swahili and English form so as to overcome language barrier. English questionnaire is attaches as (Appendix 1) and Swahili questionnaire (Dodoso) is attaches as (Appendix 2). Open ended are those questionnaires in which there are definite, concrete and pre-determined questions. When characteristics are not present in a questionnaire, it can be termed as unstructured (Saunders and Thornhill, 2009). This technique is chosen because it does not exert pressure to the respondents; this meant they were free and comfortable.

The questionnaires were administered to Small Women Entrepreneurs in Textile Trade Businesses who are members of the two SACCOs. This method is chosen because wide data can be obtained and it limits bias on the side of the researcher. However, it also has disadvantages like low response rate, misunderstanding of some questions, no opportunity to ask further questions by the researcher, which are challenges to validity. In order to enhance validity, constant follow ups was done to respondents whose questionnaires are not returned; also piloting the questionnaire was done and the misunderstanding were corrected; other data collection methods

like interviews was also be used to complement the questionnaire and enhance validity.

3.6.1.2 Interviews

The interview method of collecting data involves presentation of oral-verbal stimuli and reply in terms of oral-verbal responses (Kothari, 2004). This involves verbal interaction between the researcher and respondent. The researcher prepared the interview guide questions in connection to research questions; this is attached as (Appendix 3). The technique was used because, sample was controlled more effectively, more information and that too in greater depth can be obtained, also the technique associated with greater flexibility, therefore the researcher has the opportunity to restructure questions so as to reach the research objectives. Interviewees were Small Women Entrepreneurs in Textile Trade Businesses and SACCOs clients/members from the study site. Interviews allow participants to provide rich, contextual descriptions of events. According to Saunders and Thornhill, (2009), interview helps to get reliable and valid information relevant to the research.

3.6.2 Secondary Data

Secondary data collection will involves, Documentary review. A number of documents including official documents from SACCOs, reports and seminar papers in relation with the problem were reviewed to supplement the primary data collected by the researcher. The method helps the researcher to understand the magnitude of the problem. Documents are important in research because bridges the information obtained from data collected through the use of other research methods such as observations and interviews. Documentary review guide was used as an instrument during data collection from different documents.

3.7 Data Processing and Analysis

Data were analyzed in accordance with the objectives of the study. Qualitative data were be collected and processed, Qualitative data refers to data representing qualitative phenomenon, example phenomena relating to or involving quality or kind. For instance, when investigating the reasons for human behaviour (Kothari,

2004). Data processing involved editing, coding, tabulation which were used as a key factor in whole process of research.

This was done in the area in order to make the research be accurate and effective as follows;

Editing; this was done immediately after receiving questionnaire from respondents. It involved correction of errors that might have appeared in the whole process of research writing. Also to help the researcher to translate and look for clarification on what respondents wrote about.

Coding; this was done in order to ensure whether the response categories were appropriately classified and exhausted to the problem under the study and arrange data collected according to group or classes they base on the basis of their common characteristics.

Tabulation, this was done to assemble data into concise and logical order. The researcher analyzed data collected qualitatively where words were used to explain findings and quantitative analysis where the data used numbers, computation of total and percentages, data analysis was based on research objectives.

CHAPTER FOUR

FINDINGS AND DISCUSSION

4.1 Introduction

This chapter describes the results of the study quantitatively using, tables and charts. Where necessary, qualitative analysis was also employed to supplement quantitative information. The first part of this chapter provides, background characteristics of the respondents in terms of their age, gender, experience and level of education. The second part provides difficulties facing Small Women Entrepreneurs in Textile Trade Businesses in getting loans from SACCOs, the third part shows the reasons for some Small Women Entrepreneurs in Textile Trade Businesses not join SACCOs, fourth part establish monthly income of the Small Women Entrepreneurs in Textile Trade Businesses from the businesses they conduct

4.2 Background Characteristics of the Respondents

4.2.1 Age

The age of respondents was asked in order to establish if it has any influence on Small Women Entrepreneurs in Textile Trade Businesses access to microfinance services. The study found that, majority of the respondents (51.67%) was aged between 25 to 34 years. This implies that most of the Small Women Entrepreneurs in Textile Trade Businesses in Dar es Salaam are aged between 25 to 34 years. as shown in Table 4.1

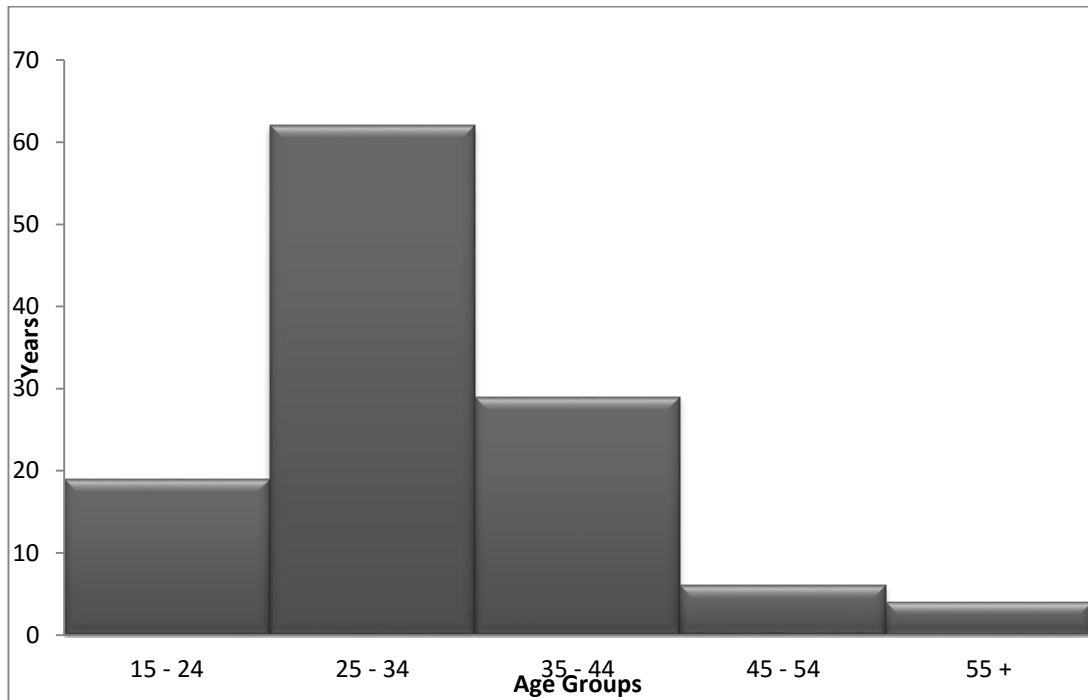
Table 4.1: Age

Responses	Frequency	Percentage
15 – 24	19	15.83
25 – 34	62	51.67
35 – 44	29	24.17
45 - 54	6	5.00
55 +	4	3.33
Total	120	100.00

Source: Study Findings, 2014

The results also show that only a tiny proportion (15.83%) was between 15 to 24 years old. This might be explained by the fact that younger women may have grown up in a cultural context where there was little encouragement to do business and hence were less inclined to start business even in their later life when it is more common for women to do so. Generally minority (48.33%) of the respondents were in age group (15-24), (35-44), 45 to 54 years old and over 55 years, as shown in Figure 4.1

Figure 4.1: Age



Source: Study Findings, 2014

As shown on Figure, large proportions (51.67%) of the Small Women Entrepreneurs in Textile Trade Businesses were aged between 25 and 35 years. Indeed (32.5%) of respondents were above 35 years old, only (15.83%) of the respondents were aged between 15 to 24 years.

4.2.2 Marital Status

Marital status of the respondents was asked in order to establish if it has any influence on Small Women Entrepreneurs in Textile Trade Businesses in access microfinance services. The study found majority (63.33%) of the respondents were married. This implies that most of the Small Women Entrepreneurs in Textile Trade Businesses in Dar es Salaam started their business activity after getting married. This is well shown in Table 4.2

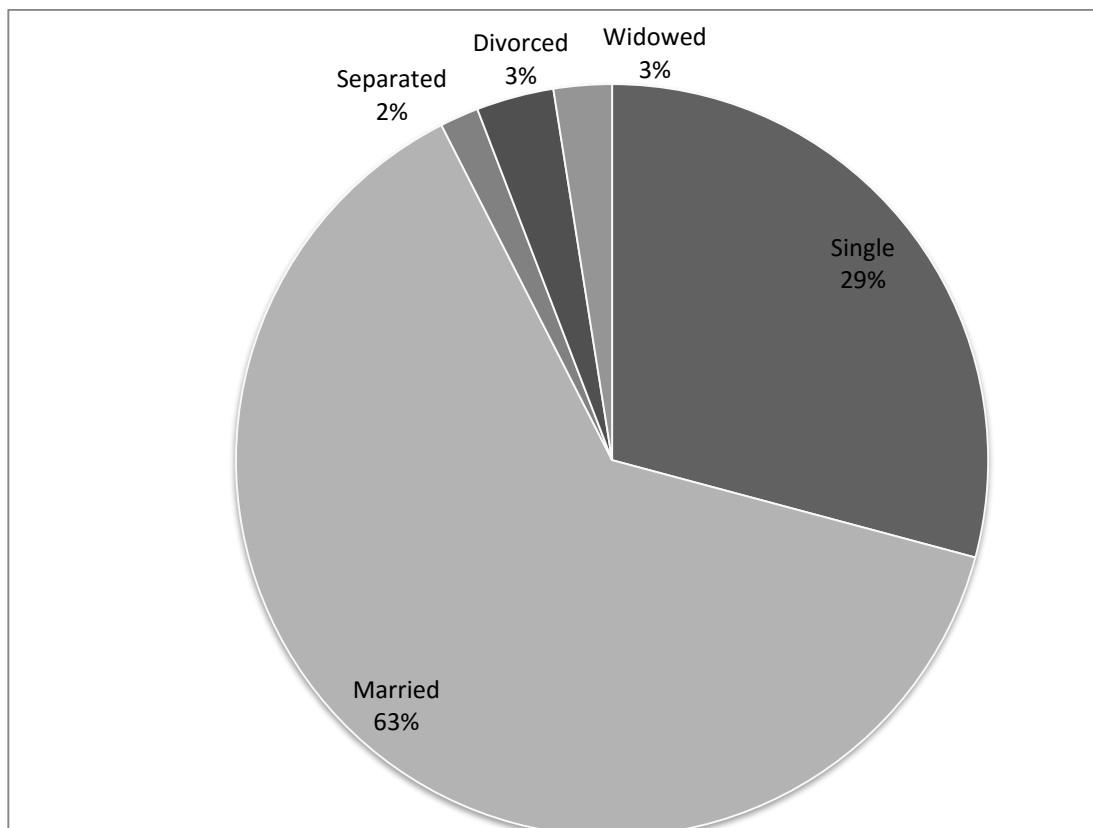
Table 4.2: Marital Status

Responses	Frequency	Percentage
Single	35	29.17
Married	76	63.33
Separated	2	1.67
Divorced	4	3.33
Widowed	3	2.50
Total	120	100.00

Source: Study Findings, 2014

Tables 4.2, shows majority of the respondents (63.33%) were married and have remained so until now. Minority of them (36.67%) were single, separated, divorced and widowed, as illustrated in Figure 4.2

Figure 4.2: Marital Status



Source: Study Findings, 2014

Most of the Small Women Entrepreneurs in Textile Trade Businesses started their business activity after getting married as presented in Figure 4.1. The large portion of the figure shows, majority of the Small Women Entrepreneurs in Textile Trade Businesses in Dar es Salaam were married.

4.2.3 Experience Prior to Start the Business

Experience of the respondents was asked in order to establish if it has any influence on access to microfinance services. The study found that, majority of the respondents (50.83%) were not employed before starting small businesses, as shown in Table 4.3

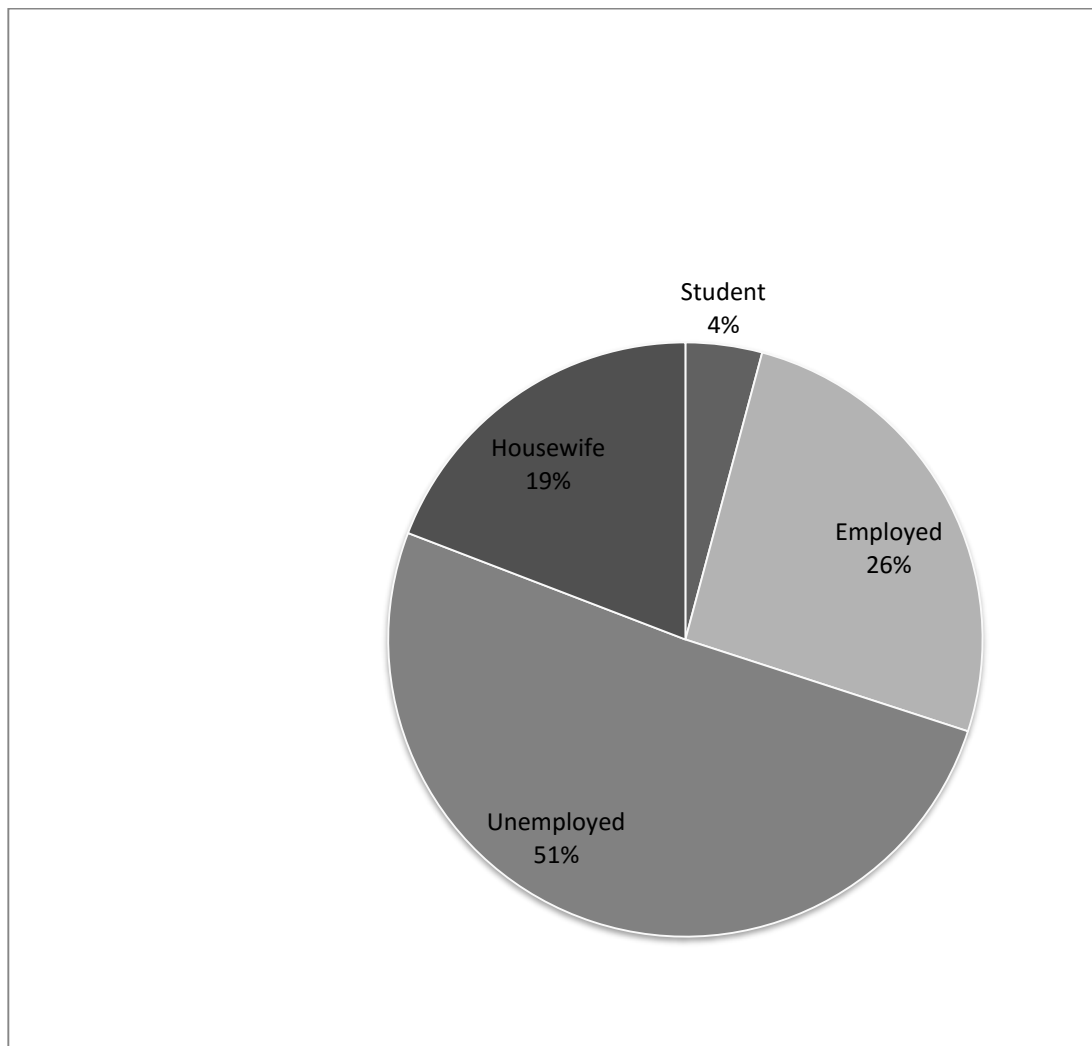
Table 4.3: Experience Prior to Start the Business

Responses	Frequency	Percentage
Student	5	4.17
Employed	31	25.83
Unemployed	61	50.83
Housewife	23	19.17
Total	120	100.00

Source: Study Findings, 2014

Table 4.3 shows, majority of the respondents (50.83%) were not employed before starting a businesses, this implies that most of the Small Women Entrepreneurs in Textile Trade Businesses in Dar es salaam starting businesses when they are unemployed. Also the study found minority of the respondents (49.17%) were employed, came straight from school and housewife, as presented in Figure 4.3

Figure 4.3: Experience Prior to Start the Business



Source: Study Findings, 2014

Before starting their current businesses, majority of the Small Women Entrepreneurs in Textile Trade Businesses (50.83%) were not employed. Significant number of the respondents (25.83%) was employed, and others were student and housewife before starting business.

4.2.4 Level of Education

The level of education of the respondents was asked in order to establish if it has any influence on access to microfinance services. The study found majority of the respondents have O- level secondary school education, as shown in Table 4.4

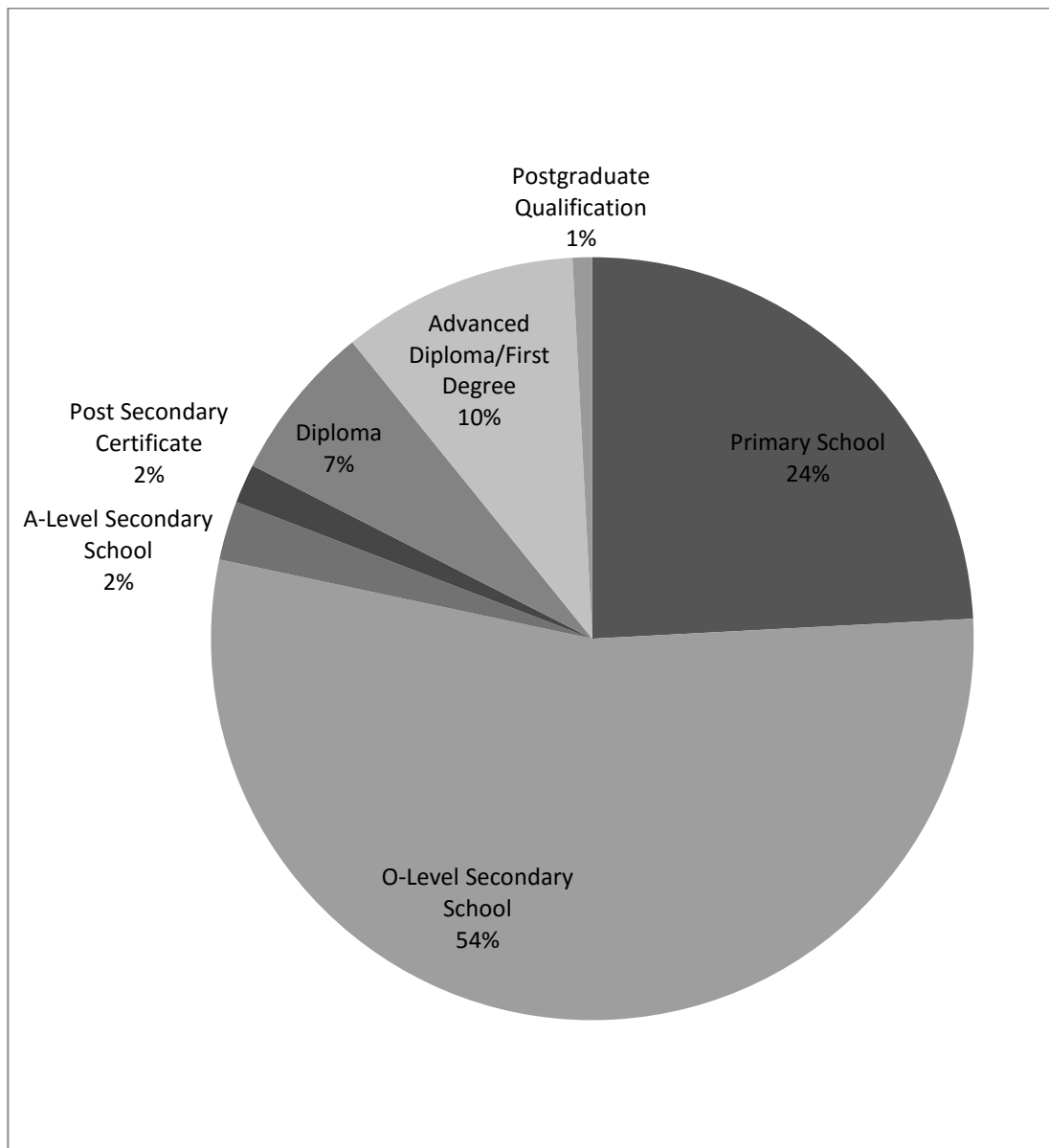
Table 4.4: Level of Education

Responses	Frequency	Percentage
Primary School	29	24.17
O-Level Secondary School	65	54.17
A-Level Secondary School	3	2.50
Post Secondary Certificate	2	1.67
Diploma	8	6.67
Advanced Diploma/First Degree	12	10.00
Postgraduate Qualification	1	0.83
Total	120	100.00

Source: Study Findings, 2014

The results of this study show that, majority of the Small Women Entrepreneurs in Textile Trade Businesses(54.17%) in the sample have O- level secondary school education, while the minority of the respondents (45.83%) have completed primary school education and some of them, have A- level secondary school education and high education, as illustrated in Figure 4.4

Figure 4.4: Level of Education



Source: Study Findings, 2014

Majority of the respondents (54.17%) have O-level secondary school education, this implies that most of the Small Women Entrepreneurs in Textile Trade Businesses in Dar es Salaam are secondary school holders. ILO, (2003) found that Small Women Entrepreneurs in Textile Trade Businesses have low levels of education.

4.3 Difficulties Facing Small Women Entrepreneurs in Textile Trade Businesses in Getting Loans from SACCOs

The study was interested to find out difficulties facing Small Women Entrepreneurs in Textile Trade Businesses in getting required loans from SACCOs, respondents were asked to identify difficulties in getting loans, in their replay the study found that, most of the respondents (37.5%) were affected by loans processing time, as shown in Table 4.5

Table 4.5: Difficulties Facing Small Women Entrepreneurs in Textile Trade Businesses

Responses	Frequency	Percentage
Bureaucracy	7	5.83
High Interest Rate	6	5.00
Cumbersome Procedures	21	17.50
Long Loans Processing Time	45	37.50
Small Loan Size	19	15.83
Poor Services	13	10.83
Corruption	9	7.50
Total	120	100.00

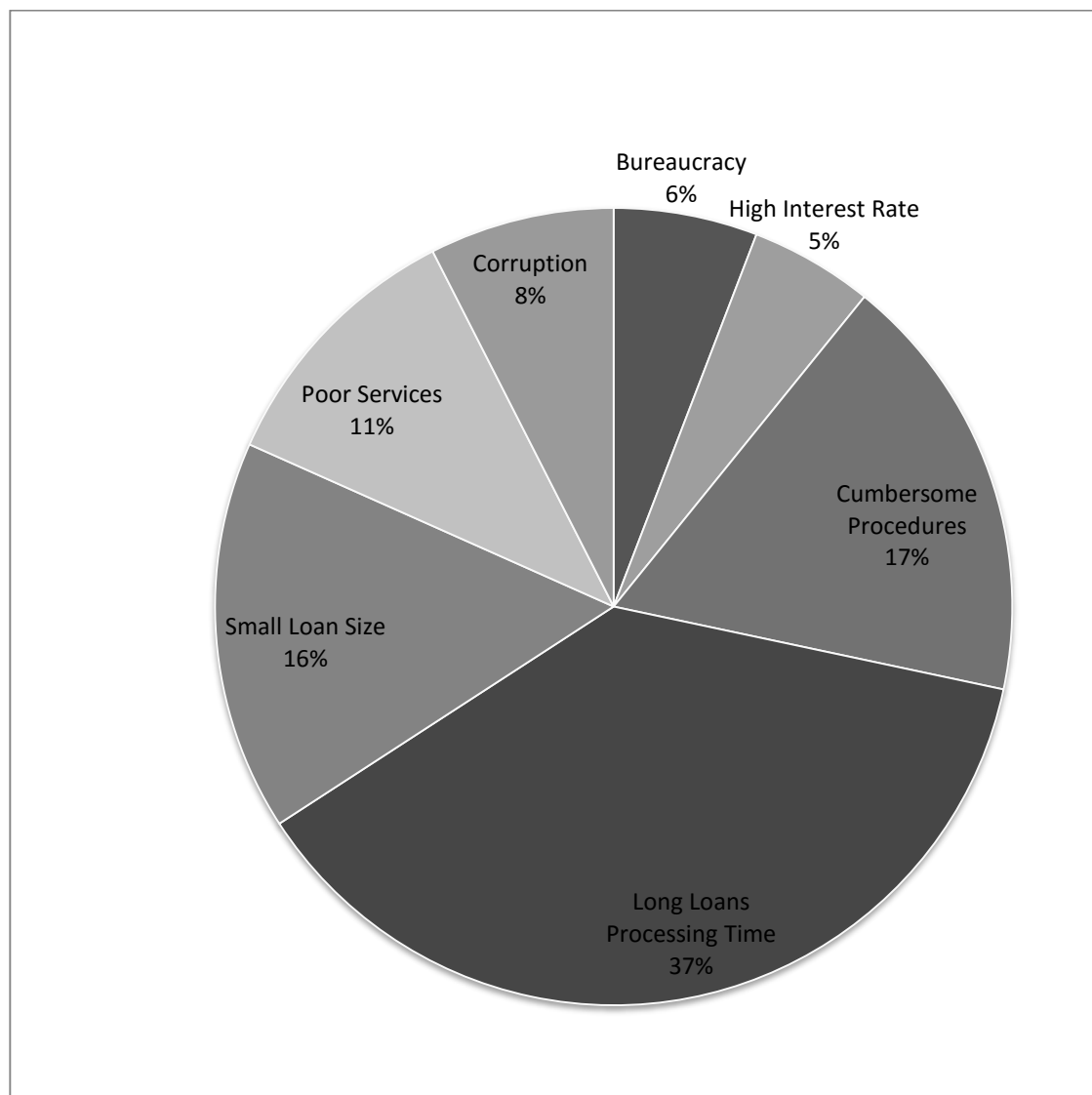
Source: Study Findings, 2014

Table 4.5 present difficulties facing Small Women Entrepreneurs in Textile Trade Businesses in getting required loans from SACCOs, significant number of respondents (37.5%) identified were affected by long loans processing time, this implies that the loans processing time, is not conducive for Small Women Entrepreneurs in Textile Trade Businesses in Dar es salaam. Generally the study found majority of the respondents (55%) stated were affected by long loans processing time and cumbersome procedures, this is similar to responses obtained during interview, one of the interview women entrepreneur revealed that;

We have to wait for two or more weeks for loans processing in our SACCOs, this is long time compared other SACCOs loans processing time. In short our SACCOs provide poor services, most of the time the office is closed.

Also the study found minority of the respondents (45%) were affected by bureaucracy, high interest rate, corruption, poor services and small loans size, as illustrated in Figure 4.5

Figure 4.5: Difficulties Facing Small Women Entrepreneurs in Textile Trade Businesses



Source: Study Findings, 2014

The most commonly observed difficulties are long loans processing time, cumbersome procedures and small loan sizes, some respondents identified corruption, poor services bureaucracy and high interest rate.

4.4 Reasons for Some Small Women Entrepreneurs in Textile Trade Businesses not join SACCOs

The study was interested to find out the reasons for some Small Women Entrepreneurs in Textile Trade Businesses not join SACCOs, respondents were asked to identify the reasons, in their replay the study found that , majority of the respondents (55.83%) were not join SACCOs because they not trust the management of the SACCOs, as shown in Table 4.6

Table 4.6: Reasons for Some Small Women Entrepreneurs in Textile Trade Businesses not join SACCOs

Responses	Frequency	Percentage
Lack of Trust to the Management	22	18.33
Religion Belief	18	15.00
High Interest Rate	67	55.83
Low Awareness	3	2.50
Inability to Contribute	10	8.33
Total	120	100.00

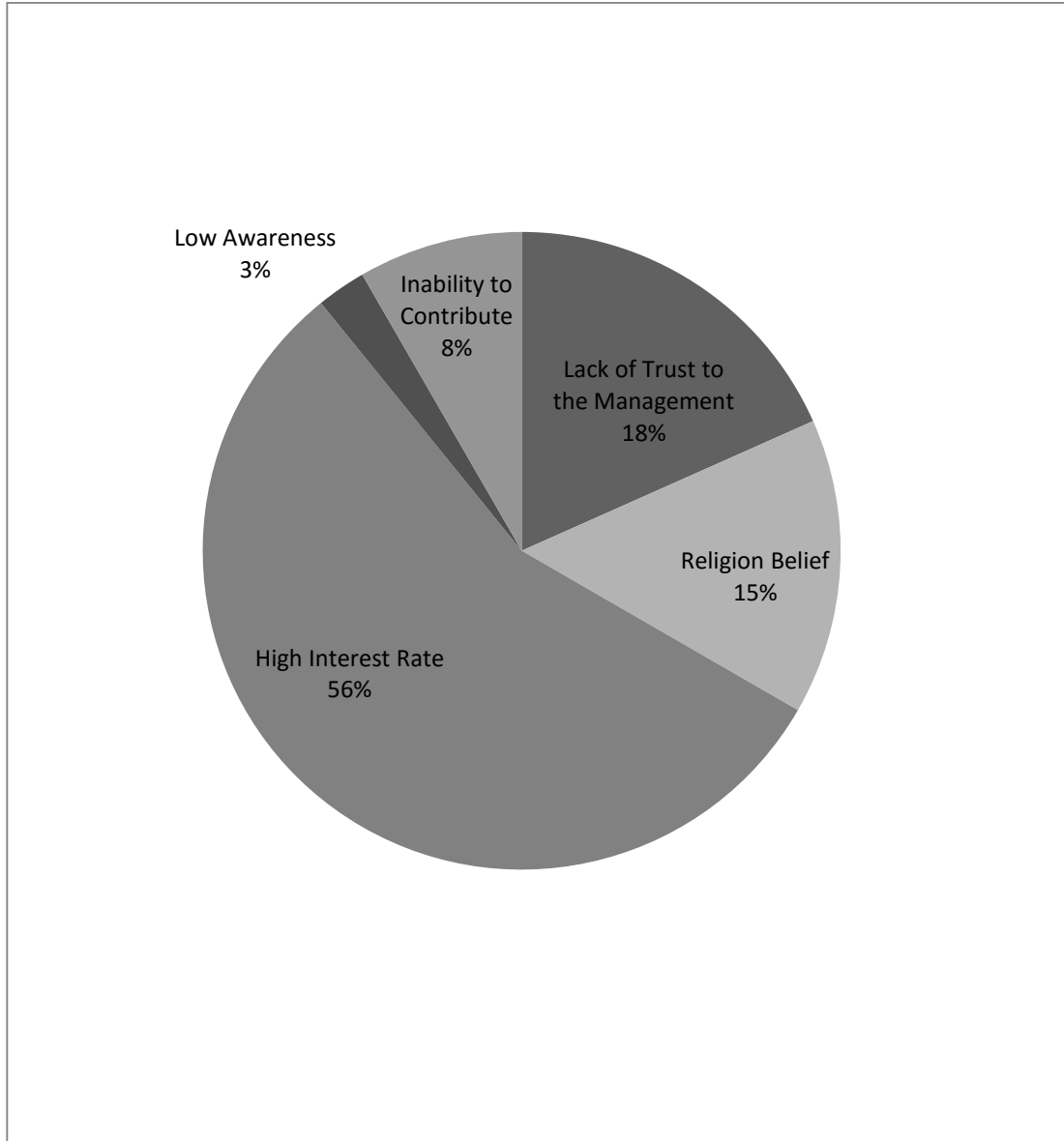
Source: Study Findings, 2014

Table 4.6 show majority of the respondents (55.83%) were not joining SACCOs because of high interest rate of the SACCOs. Minority of the respondents were not due to; Religion Belief, high interest rate, low awareness and inability to contribute,

as presented in Figure 4.6. This is similar to responses obtained during interview, one of the interviewed women entrepreneur revealed that;

Our microfinance charge high interest rate, the SACCOs charge us 32% when we take loans, for the first time when I borrowed 200,000, from this SACCOs, I was supposed to repay 44,000 per month, for six months

Figure 4.6: Reasons for Some Small Women Entrepreneurs in Textile Trade Businesses not join SACCOs



Source: Study Findings, 2014

Most of the Small Women Entrepreneurs in Textile Trade Businesses are not join SACCOs, due to high interest rate. Figure 4.6 show majority of the respondents (56%) revealed that the SACCOs charge high interest Rate

4.5 Monthly Income of the Small Women Entrepreneurs in Textile Trade Businesses from the Businesses

The study was interested to find out, the monthly income of the Small Women Entrepreneurs in Textile Trade Businesses from the business they conduct, respondents were asked to identify their monthly income, in their replay the study found that, majority of the respondents have monthly income range from 200,000 to 300,000 Tsh, as presented in Table 4.7

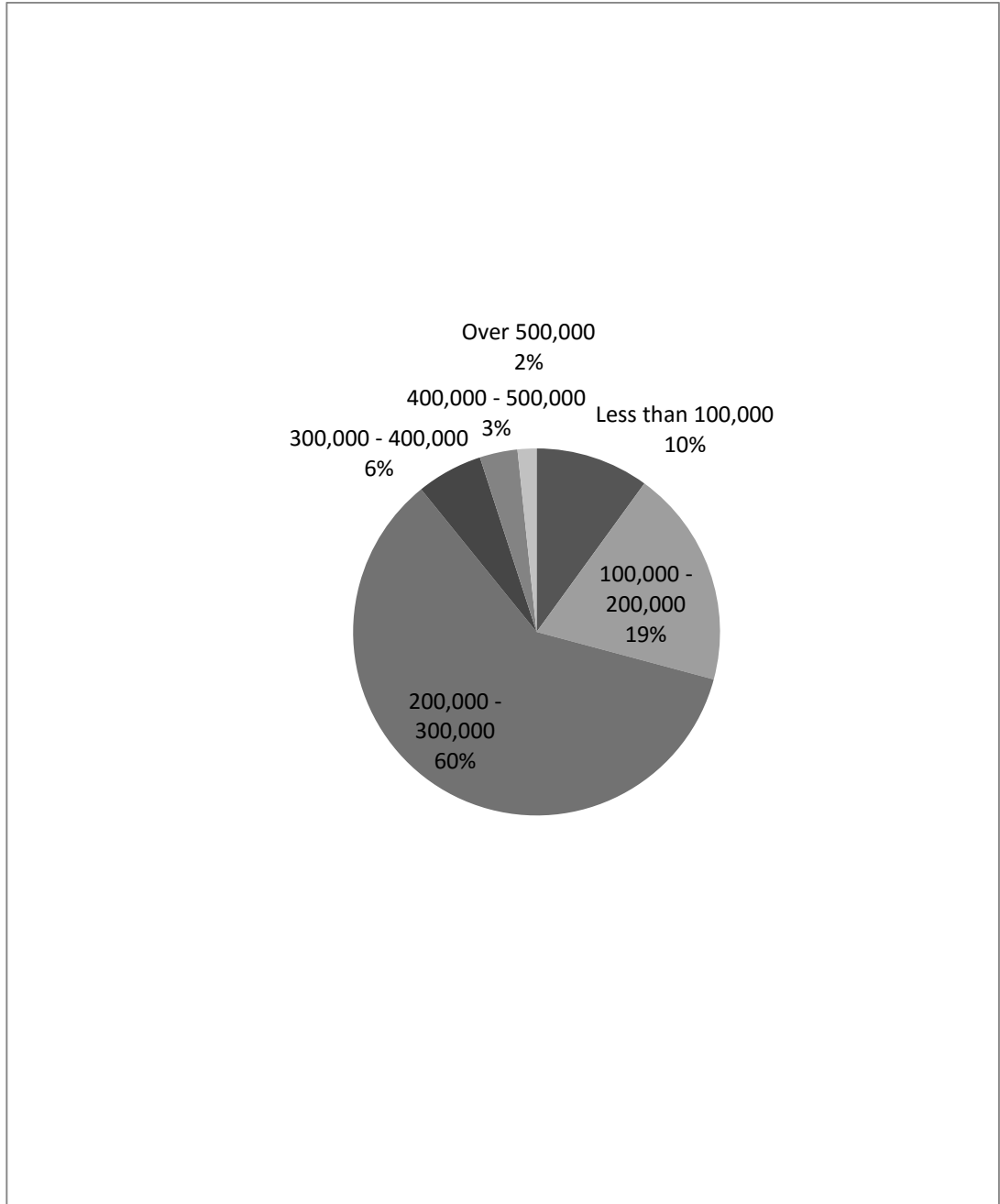
Table 4.7: Monthly Income of the Small Women Entrepreneurs in Textile Trade Businesses from the Businesses

Responses	Frequency	Percentage
Less than 100,000	12	10.00
100,000 - 200,000	23	19.16
200,000 - 300,000	72	60.00
300,000 - 400,000	7	5.83
400,000 - 500,000	4	3.33
Over 500,000	2	1.66
Total	120	100.00

Source: Study Findings, 2014

Table 4.7 show majority of the respondents (60%) identified they earn 200,000 to 300,000 per month, this implies that the large portion of the Dar es salaam Small Women Entrepreneurs in Textile Trade Businesses earn 200,000 to 300,000 per month. Minority of the respondents (40%) have the income of less than 100,000 per month, and some of them have the income of more than 300,000 per month, as presented in Figure 4.7

Figure 4.7: Monthly Income of the Small Women Entrepreneurs in Textile Trade Businesses from the Businesses



Source: Study Findings, 2014

Majority of the respondents (60%) were earned 200,000 to 300,000 This as illustrated in the Figure 4.7 above

4.6 Challenges facing Microfinance Institutions in Providing Services

The study was interested to identify the barriers facing microfinance institutions in providing services to Small Women Entrepreneurs in Textile Trade Businesses, in the responses of the respondents the study found that majority of the respondents (58.33%) revealed that they lack of education is the strong challenge for microfinance institutions in providing loans to Small Women Entrepreneurs in Textile Trade Businesses, as presented in Table 4.7

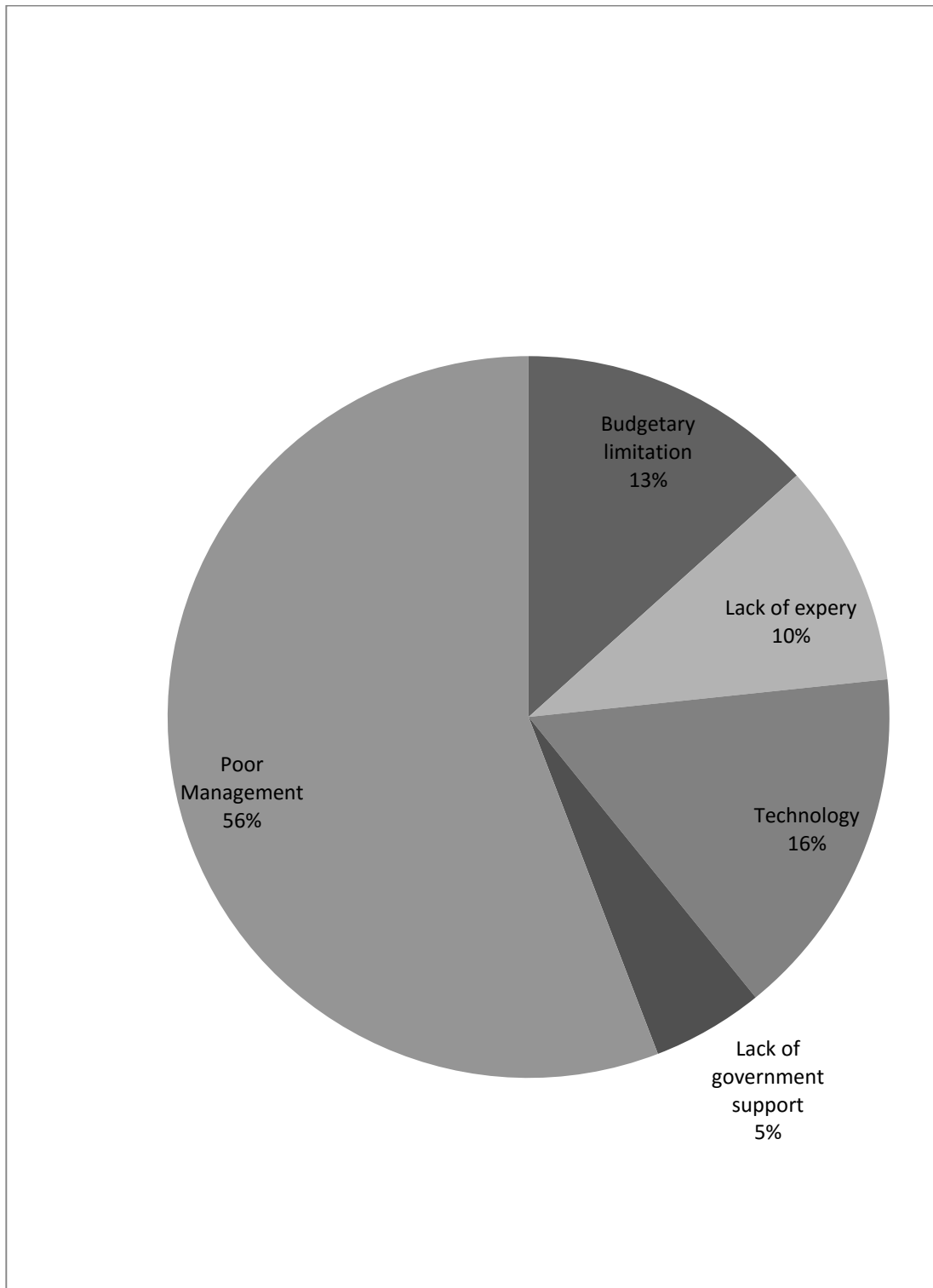
Table 4.8: Microfinance Institutions Challenges in Providing Services

Responses	Frequency	Percentage
Budgetary limitation	16	13.33
Lack of experts	12	10.00
Technology	19	15.83
Lack of government support	6	5.00
Poor Management	67	58.33
Total	120	100.00

Source: Study Findings, 2014

Table 4.7 show microfinance institutions challenges in providing services to Small Women Entrepreneurs in Textile Trade Businesses, majority of the respondents (58.00%) poor management as a barrier for microfinance to provide loan services to women business. Minority of the respondent identified, technology, budget and government policy as a challenge. The responses in table 4.8 are well illustrated in Figure 4.8 below

Figure 4.8: Microfinance Institutions Challenges in Providing Services



Source: Study Findings, 2014

Majority of the respondent (56%) identified SACCOs management are poor. This implies that SACCOS management in Dar es Salaam were not functioning properly

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

The study concedes that the most common difficulty that facing Small Women Entrepreneurs in Textile Trade Businesses in accessing microfinance services is long loans processing time and high interest rate, most of the SACCOs in Dar es Salaam charge a rate of 30 %. It's further concluded that women entrepreneurs are not join SACCOs due to high interest rate of these SACCOS. Moreover, it concludes that the monthly income of the Small Women Entrepreneurs in Textile Trade Businesses in Dar es salaam rage from 200,000 to 300,000 Tsh. It was established that loan services provided in Tanzania are not sufficient, SACCOs are skeptical in giving loans to not only very risky businesses but also new businesses.

5.2 Recommendations

Based on conclusion of the study, the following recommendations are made;-
The efforts of Tanzanian Microfinance Institutions (MFIs) should be streamlined to meet the set standard. A critical look at the interest rate of these MFIs generally shows a high rate and this does not augur well for effective expansion and job creation. Also the high interest rate is serving as a disincentive to women businesses

It should be noted that, extending credit alone is not sufficient condition to reduce women challenges and improve productivity and income for small business owners in Tanzania. Therefore, additional intervention that goes hand in hand with micro financing should be implemented. By this the reference is on securing work place for informal operators, markets for their products, health and educational services, training and skill development, how to develop effective and efficient businesses are all needed and should be given a thought.

Microfinance institutions in Tanzania also need to review their policies on the maximum amount of loans to Small Women Entrepreneurs in Textile Trade Businesses to reflect the market demands. At the moment, new women should not have much hope of getting finance sufficient assistance from most of the microfinance institutions.

A country's tax laws can either coax small businesses into the formal sector of the economy or keep them out of it. Governments should also make sure that the tax policy favor women businesses, and allow accessibility of fund to small business.

SACCOs should inculcate the habit of training and developing their management and staff in order to build capacity for meeting the challenges of the time and embrace and take advantage of developments in information and telecommunications technology and other technological areas

Government should take measures that will reduce the risks and transaction costs of lending to increase competition in the financial sector and strengthen the capabilities to serve women businesses. The government will provide seed capital and other financial resources for women

Finally, training institutions should continue educating Small Women Entrepreneurs in Textile Trade Businesses relevant aspect that are of important to lenders and. Lastly, the Government should consider providing guarantee to those women businesses perceived as too risky by Banks just like the ongoing initiatives in the agriculture sector.

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