CHALLENGES FACING WOMEN ENTREPRENEURS IN ACCESSING LOANS FROM MICROFINANCE INSTITUTIONS: THE CASE OF DAR ES SALAAM

CHALLENGES FACING WOMEN ENTREPRENEURS IN ACCESSING LOANS FROM MICROFINANCE INSTITUTIONS: THE CASE OF DAR ES SALAAM

By

Neema Langa

A Dissertation Submitted in Partial Fulfillment of the Requirements for the Degree of Master of Business Administration (MBA-Corporate Management) of Mzumbe University.

2013

CERTIFICATION

We, the undersigned, certify that we have read the dissertation and found it to be in a form acceptable for the final Submission for the award of a Master Degree in Business Administration, a dissertation entitled **Challenges Facing Women Entrepreneurs in Accessing Loans from Microfinance Institutions: The Case of Dar es Salaam,** in partial fulfillment of the degree of Master of Business Administration (MBA-Corporate Management) of the Mzumbe University.

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

Signature …….

Date…….

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DEDICATION

This research is dedicated to the following:

To my darling husband, Mr. Boniphace Kutela, with your love and inspiration I have been able to achieve this and I promise to achieve more.

To my sisters Lillian, Sophia and Milkah, my brothers Langa and Mikah, education is the only tool to empower the poor.

To my mother Mrs. Matrida Michael Langa and my father Mr. Michael Langa, you have brought me up and showed me the way to school; insisting that education is the only heritage you can offer to me.

LIST OF ABBREVIATIONS AND ACRONYMS

APDK	-	Association of the Physically Disabled Persons of Kenya
CRDB	-	Corporative and Rural Development Bank
FAO	-	Food and Agriculture Organization
MFIs	-	Microfinance Institutions
MSEs	-	Micro and Small Enterprises
NGOs	-	Non Government Organizations
PRIDE	-	Promotion of Rural Initiative and Development Enterprises
SELFINA	-	Sero Lease and Finance
UDPK	-	United Disabled People of Kenya
WEF	-	Women Entrepreneurs Finance Program

ABSTRACT

The study on challenges facing women entrepreneurs in accessing loans from microfinance institutions was conducted in Dar es Salaam region, Tanzania. The objectives of the study were to determine barriers facing women entrepreneurs in accessing loans from microfinance institutions, to identify different types of risks considered by lenders in financing women owned investments, to find out challenges facing women entrepreneurs in repaying loans and to examine the strategies for improving loans provision to women entrepreneurs. The study used a sample of 120 respondents. In collecting data the study used both secondary and primary data. The study revealed that majority of the respondents (51.7%) identified high interest rate as a strong barrier in accessing loans from microfinance institutions. The study further found out that micro financial institutions consider failure to repay loans as the major risk in lending. Moreover, it was found that high interest rate is the major challenge facing women entrepreneurs in repaying loans. Finally, the study found that if interest rates are lowered, it could improve loans' accessibility to small businesses owned by women. The Study concludes that the barrier facing women entrepreneurs in accessing loans from microfinance institutions is high interest rate. Most of the microfinance institutions in Tanzania charge between 24% to 48% interest rates per year. It is further concluded that failure to repay loans is considered as one of the type of risks by lenders in financing women owned investments in Tanzania. Moreover, the study concludes that high interest rate and uses of loans for family purposes are among the challenges facing women entrepreneurs in repaying loans. The study recommends that the efforts of Tanzanian MFIs should be streamlined to meet the standards set by BOT in Tanzania. MFI's should further review their policies on the maximum amount of loans to be granted to women to reflect the market demands.

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CHAPTER ONE
INTRODUCTION

1.1 Background Information

Entrepreneurship is an important source of livelihood for many people in developing countries (Megan and Ukpere, 2011). Access to financial services and especially to loans is often identified as one of the most important constraints reported by entrepreneur especially women when initiating or expanding their businesses (Dipak et al, 2012; Meyer and Richard, 2011).

It is often argued that women represent one group of persons frequently discriminated in formal credit markets in developing countries (Hisrich and Brush, 2010). Some of the major factors that limit women's participation are related to institutional requirements, others to cultural and social norms and others to the type of productive activities in which women predominate (FAO, 2010).

Obstacles that women entrepreneurs face worldwide include lack of financial capital, inadequate human capital potential, lack of adequate network structures and stifling government policies (Bitler et al, 2001). Creating educational tactics for improving women's human capital potential is fundamental for entrepreneurial growth and an essential component for producing an able crop of women who can enter and survive in the entrepreneurial word. Finally, access to financial capital is seen as a major criterion for this previously mentioned entrance and survival (Megan and Ukpere, 2011).

The connection to an international network structure is the necessary ingredient for women entrepreneurs to grow and prosper as legitimate concern that must now compete in the global marketplace on an individual level. Business ownership provides women with the financial dependence that offers numerous tangential opportunities. On a national level, having approximately fifty percent of any nation's economy earning an income is said to be critical to the prosperity of a country's economy.

On a global level, having an increased number of women working will serve to change the face of world economies today, whether the work is taking place in the mainstream labor market or in entrepreneurial ventures (Richard, 2011).
Other barriers identified by the women entrepreneurs includes; finding good employees, obtaining more training, both on business ownership in general and that related to their industry in particular and the lack of membership organizations that are catered specifically to women entrepreneurs (Riethof, 2004; Smith-Hunter and Leone, 2009). Also too much competition, finding good employees and state and regulations, the cumbersome and at times bureaucratic process needed to comply with government regulations when operating a business (Smith-Hunter and Leone, 2009).

Access to finance is a challenge that many entrepreneurs face. It is argued that women entrepreneurs face additional challenges in accessing finance both in the developed and developing world (Edwards, 2012). Carter (2000) has identified four areas of financing that previous research has noted can pose particular problems for women. Firstly, women may be disadvantaged in their ability to raise start-up finance. Second, guarantees required for external finance may be beyond the scope of most women's personal assets and credit track record. Third, once a business is established, finance may be more difficult for female entrepreneurs to rise than for their male counterparts, because of the greater difficulties that women face in penetrating informal financial networks. Finally, the relationship between female entrepreneurs and bankers may suffer from sexual stereotyping and discrimination.

Certainly, recent evidence suggests that female entrepreneurs use substantially less capital at start-up than male owners, although intra sector similarities demonstrate that gender was only one of a number of variables affecting the business financing process (Carter and Rosa, 1998).

Women entrepreneurs face specific problems in setting up in businesses that are different from those faced by male-owned businesses. Like young entrepreneurs, women may have particular problems with raising finance and may have had less chance than most men to accumulate the confidence, skills and contacts necessary to start and run a successful business.

In addition, gender discrimination by finance and support providers, customers or employees may be an issue. Some previous research has suggested that it is more difficult for women to raise start-up and recurrent business finance than men and that woman are more likely to encounter credibility problems when dealing with bankers (Carter and Cannon, 1992).

Although there are no official statistics relating businesses to the gender of their owner/manager, there is a good deal of evidence to suggest a significant increase in female entrepreneurship. One consequence of this is that women are a relatively new group of entrepreneurs compared with men, which means that they are more likely to run small businesses. This in turn has some implications for the problems they face and their ability to deal with them.

1.2 Statement of the Problem

Despite the crucial efforts made by the government and private actors such as NGOs and CBOs to foster women access to financial services such as loan, women entrepreneurs still facing specific challenges to access financial services in Microfinance Institutions (MFIs) in Tanzania. The reasons for this could be either women entrepreneur in Tanzania lacks collaterals, poor credit history, lacks knowledge and skills on how to acquire loans from microfinance institutions, geographical barriers, lack of supportive mechanism and abhorrent loan processing procedures.

Therefore this study intended to assess the challenges facing women entrepreneurs in accessing loans from microfinance institutions in Tanzania.

Specifically, the study intended to identify barriers facing women entrepreneurs in accessing loans from microfinance institutions; to identify different types of risks considered by lenders in financing women owned investments in Tanzania; to assess challenges facing women entrepreneurs in repaying loans and to establish strategies needed to improve loans provisions to women entrepreneurs.

1.3 Objectives of the Study

1.3.1 General Objective

Generally the study intended to assess the challenges facing women entrepreneurs in accessing loans from microfinance institutions in Dar es Salaam region.

1.3.2 Specific Objectives

Specifically the study intended:-

i) To determine challenges facing women entrepreneurs in accessing loans from microfinance institutions.
ii) To identify different types of risks considered by lenders in financing women owned investments in Tanzania.
iii) To find out challenges facing women entrepreneurs in repaying loans.
iv) To examine strategies needed to improve loans provisions to women entrepreneurs.

1.4 Research Question

This study was guided by the following specific questions:-

i) What are the barriers facing women entrepreneurs in accessing loans from microfinance institutions?
ii) What are the risks considered by lenders in financing women owned investments?
iii) What are the challenges facing women in repaying their loans?
iv) What are the strategies needed to improve loans provisions to women entrepreneurs?

1.5 Significance of the Study

This study of assessment of the challenges facing women in repaying loans reflects on the Millennium Development Goal one, three and eight. The millennium development goal one insists on the eradication extreme poverty and hunger by 2015 that is by eradicating the proportion of people whose income is less than one dollar per day. The Millennium Goal three insists on promoting gender equality and promoting women and the Millennium Development Goal eight stresses on the development of a global partnership for development by developing further an open, rule-based, predictable, non-discriminatory trading and financial system.

The study further takes its roots from the policy on Women Development (1992) which is the back bone of the women development activities in Tanzania. The policy insists on enabling the public, political parties, leaders, government institution, non-governmental institution and expert in understanding clearly the concept of women development. In this way these institutions will finally be motivated and consequently understand the their roles and responsibilities in ensuring that deliberations, procedures, laws, programs and plans are formulated and implemented while taking into account the need to integrate women in development plans.

Also the study reflects the Small and Medium Enterprise development policy (2002) where the policy clearly states The Government will enhance financial reforms which are aimed at further liberalization of the financial sector and the creation of financial intermediaries to cater for SMEs.

This study is going to be useful in the following ways:

i) Credit institutions and Government; The study provides necessary information that may be useful to institutional lenders and the government respectively in expanding their knowledge specifically on knowing the methodologies of assessing risk and types of risk associated with women owned investments.

ii) Investors; the findings provided by this study may as well turn useful to investors in their mundane practices in investment activities and help to

understand on issues relating to lending risk in women owned investments.

iii) Scholars; the study may well utilize by other students as their literature on issue relating to assessment of lending risk in women owned investments.

1.6 Scope and Limitation of the Study

This study is limited to Dar es Salaam; the finding of the study may not be generalized. The study was conducted at Pride Tanzania Limited and Sero Lease and Finance Limited in Dar es Salaam region. The two Microfinance institutions were involved because they have sufficient number of women entrepreneurs as customers. The study faced a number of limitations; the study was constrained by lack of enough resources like funds for movement during data collection and insufficient information from respondents in the field.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter presents theoretical literature review and conceptual framework, under theoretical literature review different concepts will be reviewed. The chapter consists of different concepts used in the study and the conceptual framework underlying the study.

The first part of this chapter consists of the definition of key terms. The second part shows the overview of the loan services in Tanzania, the third part presents barriers and constrains to women entrepreneurship while the fourth part elaborates the shortcomings and constrains in financing women business. The sixth part reveals banking and women business while seventh part details the services provided by financial institutions. The eighth part explains the reasons for women entrepreneurs failing to access additional funds; the ninth part elaborates the underling theory of the study. The last part sketches the conceptual framework of the study.

2.2 Definition of Key Terms

2.2.1 Loan

Loan is an amount of money advanced to a borrower, to be paid at a later date, usually with interest (Aldab, 2012). All activities regarding a loan begin after the loan agreement is signed (Laeven and Maksimovic, 2006). The loan agreements are followed by the loan disbursement. Disbursements are inflows of financial resources for the implementation of a project or activity. Principal Repayment follows after loan disbursement; this is a process of returning the total disbursed amount to the creditor or lender as per a pre-fixed amortization or reducing schedule (Aldab, 2012; Aldaba et al, 2010).

The total principal amount is returned or paid back in consecutive installments with interest. A period of time, called moratorium period or grace period, is often provided to the borrower before the repayment of installments of principal

falls due. During this period the borrower generally pays interest and does not return principal. Interest; Interest is the cost or service charge paid for the amount borrowed. In other words, it is the price for using borrowed resources.

Generally, interest rates are calculated by using the reducing balance or amortization method. With the reducing balance method, total balance of principal amount declines with the payment of each installment of principal and interest is charged on the remaining balance of outstanding principal. Generally, interest is charged on annual percentage basis. The amortization method takes a different perspective where the total principle and interest amount is charged the same throughout the loan period (ACCA, 2009).

2.2.2 Financial Institutions

Financial institutions includes banks, production credit, trust companies, savings and loan associations, mutual savings banks, mortgage lenders and brokers, money-lending businesses, and any person in the business of buying loans, notes, or other evidences of debt. These are institutions that provide financial services to for its clients or members, important financial service is acting as financial intermediaries (Beck, 2007).

2.2.3 Entrepreneur

An entrepreneurs is one who innovative or explicative, organize productive resources, produce a product or service, take the product or service to the market and hope to receive a profit or other form of fulfillment (Stevenson and St-Onge, 2005). When entrepreneurs organize and pay for resources, they do so without knowing whether the market demands the product or service they are producing. If the product or service the entrepreneurs make is not desirable, they will not make money (Shane, 2003).

2.2.4 Women Entrepreneurs

Women Entrepreneurs are entrepreneurs who accepts challenging role to meet their personal needs and become economically independent. Women entrepreneurs worldwide characterized by lack of security, lack of benefits and low income (Stevenson and St-Onge, 2005).

2.2.5 Lenders

These are institutions involved in raising finance for business activities such as banks, insurance companies, pension funds, building societies and others and are not the owners of the business or investment (Pandey, 2008). They make money available to a firm as loan or debt and retain securities to the funds lent. For lenders, the return on loans or debt comes in the form of interest paid by the firm and loans are generally furnished for a specified period at a fixed rate of interest. Interest is a cost of debt to the firm. Payment of interest is a legal obligation.

2.2.6 Collateral

Real or personal property that a borrower pledges for the term of a loan (Laeven and Maksimovic, 2006). Should the borrower fail to repay, the creditor may take ownership of the property by **f**ollowing legally mandated procedures.

2.2.7 Credit

A contractual agreement in which a borrower receives something of value now and agrees to repay the lender at some date in the future, generally with interest (Aldab, 2012). The term also refers to the borrowing capacity of an individual or company. Specific types of credit facilities are: revolving credit, term loans, committed facilities, letters of credit and most retail credit accounts (Beck, 2007).

2.3 Overview of Loan Services in Tanzania

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 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 (Helmsing and Kolstee, 1993).

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.

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 (D'Espaller et al, 2006).

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 Women Entrepreneurship 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.

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 D'Espaller et al, (2006), women 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 women in Tanzania started in the early 1960s the poverty situation of most women has not changed much. In discussing the impact of credit schemes on women Ackerly (1995) argues that although it is commonly assumed that credit itself is empowering; by definition credit is a liability. In order for the liability to be empowering, it must be a means of economic development.

Goetz and Sen Gupta (1994) 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 women entrepreneurs depending on how it is managed and its components or package.

Kaganda (ibid) 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.

2.4 Barriers and Constraints to Women's Entrepreneurship

For the purpose of this study "barriers" are defined as those factors tending to inhibit potential entrepreneurs entering the MSE sector. These may also be external in nature and beyond the control of the potential entrepreneur. "Constraints", tend to limit growth of MSEs by confining them in terms of scale and scope of operation (Stevenson and St-Onge, 2005). Some of these barriers and constraints include financial aspects, gender roles, social inequality, entrenched cultural and traditional practices, technology, legal as well as institutional and policy levels (Hisrich and Brush, 2010).

Women's concerns and gender related constraints tend to negatively affect equal participation of both sexes at the local, institutional and policy levels. Hence, this may lead to a failure to utilize the full potential of human resources for wealth creation, as one section of the population, which forms the majority, is left out or only allowed limited opportunities. Disabled women entrepreneurs face bigger barriers than other women entrepreneurs in general, in the form of limited mobility, discrimination, myths/negative cultural attitudes, overprotection, marginalization and lack of specific funding that takes into consideration their conditions (Stevenson and St-Onge, 2005).

2.4.1 Financial and Credit Availability and Accessibility

Financial availability and accessibility is cited in many studies as being one of the major barriers and constraints to growth. In a study of NGOs and women small scale entrepreneurs in the garment manufacturing sector of the textile industry in Nyeri and Nairobi by Macharia and Gakure, (2003) the factors that inhibit credit availability to women include: lack of startup (seed) capital, lack of awareness of existing credit schemes, high interest rates; lengthy and vigorous procedures for loan applications; and, lack of collateral security for finance. These factors have become a major barrier to the growth potential of businesses owned by women.

Accessibility to initial capital, even when available, is also a major hurdle for women entrepreneurs. Microfinance institutions (MFIs) and commercial banks 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 (Stevenson and St-Onge, 2005).

However, this is no longer the key barrier and constraint, but a lack of creativity, innovativeness and responsiveness (on the part of capital suppliers) that now hampers women's entrepreneurship in Kenya. Whereas many MFIs emerged to provide initial and working capital, relevance and cost-effectiveness is often inappropriate in satisfying the particular needs of potential and operating women entrepreneurs (Hisrich and Brush, 2010).

2.4.2 Legal and Regulatory Barriers

The legal and regulatory barriers include the registration of business names; obtaining licenses; adhering to statutory requirements and contracting. Due to the aforementioned factors, women entrepreneurs are the least prepared to engage in contractual processes key to doing business in most of the developing countries. Contracts involve long legal processes such as leasing, drawing up business contracts, legal representation and other aspects which place the woman

entrepreneur in a disadvantaged position. Most MSEs find these processes lengthy and time consuming, thus they cannot grow or expand their enterprises (Riethof, 2004).

2.4.3 Appropriate Technology

Appropriate technology is one that is suitable to the environment, culture and level of development of the people. In developing countries, there is a general lack of appropriate technology available to disabled women entrepreneurs (Riethof, 2004). During a recent visit to PRIDE and SELFINA, there was no data available on adaptive technology or assistive devices suitable to women entrepreneurs with different types of disability. During the primary phase of this study, it will be important to follow up on this issue (Gakure, 2003).

2.4.4 Limited Entrepreneurial Culture and Management skills

There is a general lack of an entrepreneurial culture in Tanzania and more particularly, for potential and operating women owner/managers of MSEs

Riethof, (2004) point out that due to patriarchal social authority structures, women received substantial family support in the start-up stages of their businesses, but later on such support is limited, restricted or withdrawn for fear of husbands losing dominance over their wives. Moreover, there are many socio-cultural factors in most of the developing countries impacting negatively on the upbringing of girls. Many ethnic cultures socially condition girls to acquire the need for affiliation, rather than achievement. The situation is worse for disabled girls since they are discriminated against in their access to education, in addition to being viewed as "a bad-omen" for the family. They are sometimes even hidden by their families from the outside world.

Other studies carried out in Tanzania have attributed the lack of entrepreneurial culture among Tanzanian women to: lack of confidence and self belief; lack of a variety of strong and relevant networks; passive learning methods; and, starting up enterprises without adequate prior preparation.

There is a need for entrepreneurial training to socially condition the youth, and particularly girls, to develop a desire for achievement.

This can be achieved by way of profiling and/or imitating successful women entrepreneurs. Other constraints and barriers include a poor social background, inadequate and inappropriate training and preparation for entry into MSEs, and socio-economic discrimination (Stevenson St-Onge, 2005). The situation is worse for disabled women entrepreneurs who have low self-esteem and view their disability as inability, even in MSEs.

Management skills, lack of occupational experience in related businesses for many women entrepreneurs has been indicated as a constraint to growth. Riethof, (2004) identified lack of opportunities for management training, financial management, marketing and people management, to be limitations facing them. Those with disabilities are more affected because of the challenges they face, not only in accessing training venues, but also training materials.

2.4.5 Women's Heavier Household Financial and Time Burden

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. This results in a reduction of the capital invested and hence curtails further growth (Bitler, et, al, 2001). According to Gakure, (2003) the household financial burden is worse for disabled women entrepreneurs, who may have less regular income than women without disabilities, but have a number of dependants.

Most women entrepreneurs in the MSE sector are married with more than six dependants, often with little or no assistance from their spouses (Bitler et al, 2001). Therefore, women entrepreneurs have a heavier household financial burden than men.

For instance, in the WEEC case cited earlier, these financial burdens further complicate their lives, making MFI membership an additional burden, rather than helping women take control of their finances and live better lives.

According to Riethof, (2004), women in developing countries are "time poor" due to their dual roles in the household economy and the labor market, as mothers, housekeepers, wives and owners/managers. In addition, such dual roles do not give women adequate time to plan and manage their businesses well, thus leading to dismal performance or even closure of women owner/managed MSEs. Women's poor performance in MSEs is due to their dual "role conflict". Further research may be useful to compare the time burden of women entrepreneurs with and without disabilities, respectively.

2.5 Shortcomings and Constraints Financing Women Businesses

From the supply side perspective, most of the countries share some common shortcomings and constraints that have effectively impeded the ability of women entrepreneurs to access needed funds. However, due to differences in economic and financial development, many constraints as discussed below are unique (Mandeep et al, 2010).

2.5.1 Crowding Out of Private Sector

In as much as government's role is important for women businesses development, there is some evidence that government's involvement and intervention (example., lending subsidies for state owned financial institutions, state-owned development institutions, restrictions on foreign institutions) appear to 'crowd-out' more efficient financing by private-sector institutions and could lower overall credit availability to women entrepreneurs, the state-owned commercial banks (SOCBs) are perceived to favour large state-owned enterprises over women businesses in terms of credit accessibility and allocation (Mandeep et al, 2010).

This is because these SOCBs perceive the former as being lower risk given the government's stake, among other factors. The dominance of the SOCBs in the banking sector creates a market distortion where overall credit available for lending to women is lowered and further impedes fair competition among the players. Many public sector initiatives that are implemented through state-owned financial institutions also have limited outreach (Petersen and Rajan, 1995).

To resolve the issue of crowding out by the public sector, perhaps the government should just play a facilitator role in areas of lending where the private bank intermediation infrastructure and facilities are sufficient. Also, effective public-private partnerships where government funds are channeled through private financial institutions may also reduce this problem.

2.5.2 Implementation Issues

Various shortcomings and barriers hamper the effectiveness of government initiatives. These include coordination difficulties between numerous agencies and between program with overlapping objectives (this is especially relevant in countries without a one-stop centre for women businesses); cumbersome procedures leading to delays in disbursement (although this is also a common complaint against private financial institutions); and narrow target of specific sectors to support which create an unequal access to financing which may affect the development of broad-based and linkage-driven industry clusters (Petersen and Rajan, 1995).

2.5.3 Collateral Requirements

About 85% of loans made by financial institutions to women entrepreneurs are secured by either movable or immovable properties. This is due to high risk in lending the legal framework of the country in respect to loan recovery. Women businesses face difficulties in meeting banks' collateral requirements. Due to the higher risk perception of lending small business owned by women entrepreneurs, some banks will not accept from women the same type of collateral as they would from large borrower's example, sales or project contracts.

With the lack of supplementary financing instruments such as factoring and leasing available to women entrepreneurs that would alleviate the need for collateral, banks' insistence on collateral requirements is a major impediment to financing (Laeven and Maksimovic, 2006).

2.5.4 Weak Credit Skills and Practices

Regulatory agencies and industry players, indicate that the lack of credit skills to evaluate women businesses is a common problem throughout the developing countries, though not many bank officials in a survey would admit to this. Prior to the Asian Financial Crisis, many financial institutions pursued large corporate loans as their main clientele. This was because large loans enable banks to grow their market size and profitability more rapidly (Laeven and Maksimovic, 2006).

In contrast, women loans are seen as less attractive because a bank would occur substantial amount of cost to process the loan, while the absolute dollar returns are much smaller compared to large corporate loans. This is a subtle incentive within the system that bank managers themselves may not be entirely aware of. Hence, pre-crisis, many a banking portfolio in Asia was skewed to large borrowers.

It was only in the last decade that women businesses development and financing have come to the foreground. But loan officers have only been trained and equipped to manage and evaluate large borrowers with proper accounting records and information. Many lack the knowledge and necessary skills required to manage women businesses, which are more informational opaque. Applying the same techniques of large corporate evaluation to women businesses obviously result in many women entrepreneurs not being able to meet bank lending criteria (Beck, 2007)

According to Mandeep et al, (2010), loan officers of dominant SOCBs are seen to be not well-equipped nor inclined to conduct proper risk assessment on private enterprises given their entrenchment in lending to state-owned enterprises (which are perceived to be lower risk).

At the same time, the relatively short time that the banks have been operating in a market based environment has prevented the credit institutions and bank staff from fully developing expertise in credit assessment, credit extension and borrower monitoring practices and credit and risk management.

It is worth noting that the commercial banking sector in the transition economies is still in the basic stages of development. Inexperience and the relatively short time frame for the evolution of more sophisticated financial instruments and lending technologies have hindered commercial banks from meeting the expectations of modern corporate banking in a market based economy.

At its most basic level, the Micro finance sector is lacking considerable experience even in mobilizing savings effectively let alone have the skills required for credit risk assessment, adequately pricing risky investments and assets and monitoring corporate performance (Laeven and Maksimovic, 2006).

2.6 Banking and Woman Businesses

Notwithstanding the low rate of penetration, financing by banking institutions form the most important source of external financing for women businesses. This is due to the dominance of the banking sector as the main intermediary in the financial systems of these countries. The average share of bank financing for women businesses in Viet Nam is about 25%. For Thailand, indications suggest an average range of over 40% with steady improvements made from year to year.

Each of these countries has a fair number of state owned and private financial institutions providing financing to women entrepreneurs. There are also numerous non-bank financial institutions (NBFIs) such as finance companies, credit and leasing companies, cooperatives and thrifts, credit unions etc that are involved in women businesses financing. These banks and NBFIs also participate as conduits for government funds for women businesses (Ayyagari et al, 2007).

The banking sector has a wide range of generic short, medium and to a lesser extent, long term credit and various supplementary financing instruments including trade credit, export financing, factoring and discounting. Some banks also provide special loans targeted at priority sectors and key segments of the population as identified by the Government (Irwin and Grayson, 2006).

In Viet Nam, the commercial banking sector comprises of state-owned commercial banks (SOCBs), joint stock banks (JSBs), joint venture banks (JVBs) and representative offices or branches of foreign banks. There are also several credit cooperatives/credit funds, microfinance Institutions and financing companies. Commercial bank lending, however, is dominated by the SOCBs, which command 70% of domestic lending market share in 2002. The JSBs are believed to be an important source of credit to women businesses. One such example is the Viet Nam EXIM Bank, which supports export business in Viet Nam. JSBs and JVBs offer a wide range of banking services including provision of credit to private enterprises (Mandeep et al, 2010).

Letters of credit are offered by some commercial banks to facilitate trade financing but the SME are unlikely to be the main beneficiaries. Lending to women entrepreneurs is guided by the official Decree/Act in both Thailand and Viet Nam. Having an official definition cemented by an act of parliament is a critical first step to coordinated efforts to women businesses development and to effectively facilitate financing program for the sector. Industry sector plays an important role in influencing the overall bank lending direction (Ayyagari et al, 2007).

Common Financing Approach/Lending Technologies, in financing women entrepreneurs, the most popular approaches adopted by banks are transaction, collateral and relationship lending (Irwin and Grayson, 2006). Collateral lending is the most common approach of banks, while transaction lending prevails in Thailand. Transaction lending means the practice of treating loans in bulk unlike retail loans. The difference in practice between the two can probably be explained by the

relative development of banks in Thailand where technologies such as program lending and credit scoring are deployed to move high volumes of small loans.

Conversely the women entrepreneurs sector is still very new in Vietnam. Hence, such technologies as used by big banks elsewhere are neither available nor applicable here. The supplementary form of financing such as factoring and trade credit is less commonly used for women entrepreneurs lending. Regardless of the lending technology adopted, banks are still demanding collateral from women entrepreneurs. The most common form of security is plant and property, followed by home mortgage pledged by the entrepreneur. Trade receivables and stock in trade are not popular forms of security for women entrepreneur's loans, in line with the less common practice of factoring, trade credit and other supplementary forms of financing for women businesses (Ayyagari, et al, 2007).

Processes and Documentation, in evaluating women entrepreneurs loans, banks require various documentation, chief of which are the business plan, financial statements and bank statements, other documents include proof of income, asset ownership, contracts and proof of payment habits (Irwin and Grayson, 2006). For those that cannot do so, the banks indicate that they do not automatically reject the application. Instead the normal practice is to approve the loan with conditions, find alternative evidence of credit worthiness or to assist the borrower to prepare the necessary documentation.

Presumably, this is only done for women entrepreneurs for which banks have conducted preliminary checks and are found to be bankable. In appraising women entrepreneur's loans, banks rely on various sources of information. Informal checking with other banks is a popular means of verification. In Thailand, banks can check through some form of central database either maintained officially or by private information providers. The average processing time for women entrepreneurs' loan varies significantly from bank to bank (Irwin and Grayson, 2006).

Empirical evidence suggests that commercial banks are faster in processing a loan compared to state owned banks. This could be due to the greater flexibility of private banks. In countries that rely on international agency funding, the processing time could be prolonged by the need to seek approval from various levels of committee both internal and external (Mandeep et al, 2010).

2.7 Obstacles to Finance Women Entrepreneurs

Obstacles to women entrepreneurs lending are perceived differently across the countries and perceptions are also influenced by the nature and ownership structure of the bank concerned. Women entrepreneurs -specific factors are the most serious obstacle to the development of women entrepreneurs lending (Chando et al, 2012).
In particular, a large majority of banks in the region (88 percent) consider the lack of adequate information the most important deterrent to their involvement with the women entrepreneurs segment. Amongst Kenyan banks, the lack of quality information was the biggest women entrepreneurs -specific hindrance and obstacle to women entrepreneurs lending, cited by 100 percent of the banks. Such is the perceived extent of the problem that some of the banks mentioned that they have allocated internal budgetary resources to assist women entrepreneurs through the extension of training services (Chando et al, 2012).

Family management was also mentioned (50 percent) as a hindrance in Kenya as most women entrepreneurs are family-owned. Inability to standardize scoring models also came up from 50 percent of the banks, especially amongst those which have automated their women entrepreneurs lending systems (Schiffer and Weder, 2001).

Banks in Uganda appear to be facing similar challenges, with the lack of reliable information listed by all banks as the main hindrance to SME lending. However, the issue of collateral is a significant aspect in Uganda with 50 percent of the banks mentioning the lack of adequate guarantees as an obstacle to SME lending. The Bank of Uganda stipulates that all loans above a certain minimum must be

adequately secured, with first-class guarantees or a bond over property as the preferred security type (Chando et al, 2012).

However, this makes it difficult for Ugandan banks to lend to SMEs in view of the various challenges that this sector faces in terms of coming up with such acceptable security.6 The fact that SMEs are largely family-owned does not appear to be a significant obstacle in Uganda. Scoring shortcomings, informality and high costs to improve information were mentioned by at least one bank in Uganda as perceived obstacles (Chando et al, 2012).

All the Tanzania banks also cited the lack of information as the biggest hindrance to women entrepreneurs lending. This, according to most Tanzanian banks, affected the quality of information provided by women entrepreneurs, amongst other things, with 75 percent of Tanzanian banks mentioning this aspect as a significant obstacle to their dealings with women entrepreneurs (Schiffer and Weder, 2001).

One Tanzanian bank mentioned that they had allocated significant resources to training their women entrepreneur's clients in order to improve both their business skills and quality of information submitted. The issue of the lack of third-party guarantees to address collateral issues was mentioned by one of the banks in Tanzania as a hindrance to doing business with women entrepreneurs (Schiffer and Weder, 2001).

2.8 Services Provided by Financial Institutions

According to Irwin, and Grayson, (2006), The financial services provided by the banking industry are the following: demand deposits, times deposits, loans, electronic transfer of funds, financial advice, payroll service, certified checks, trust services, safe-deposit boxes. The three most important banking services are accepting deposits, granting loans, and providing electronic funds transfer. The financial services provided by the banking industry are the following:-

The Deposit Side of Banking, Firms and individuals deposit money in checking accounts-demand deposits-so that they can write checks to pay for purchases. A check is a written order for money amount to the business or person indicated on the face of the check. Today, most goods and services are paid for by check. Most financial institutions charge an activity fee or service charge for checking accounts. For businesses, monthly charges are based on the average daily balance in the checking account and on the number of checks written (Irwin, and Grayson, 2006).

Saving accounts (time deposits) provide a safe place to store money and represent a very conservative mean of investing. Depositors can usually withdraw money from passbook accounts whenever they wish to. A depositor who is willing to leave money with a bank for a set period of time can earn a higher rate of interest. To do so, the depositor buys a certificate of deposit (CD). A certificate of deposit is a document stating that bank will pay the depositor a guaranteed interest rate for the money left on deposit for a specified period of time. The interest rate always depends on how much is invested and for how long. Depositors are penalized for early withdrawal of funds invested in certificate of deposits (Mori and Richard, 2012).

The Lending Side of Banking, Credit is purchasing power that is exchanged for a promise to repay it, with or without interest, at a later date. A credit transaction is a two-sided business activity, which involves both a borrower and a lender. The borrower is most often a firm or a person that wishes to make a purchase. The lender may be a bank, some other lending institution, or an intermediary involved in the purchase (Bolundut, 2001).

Banks lend money because they are in business for that purpose. The interest they charge is what provides their profit. According to Mori and Richard, (2012), there are at least two reasons why other businesses extend credit to their customers. First, some customers simply can't afford to pay the entire amount of their purchase immediately, but they can repay credit in a number of smaller payments, stretched

out over some period of time. Second, some firms are forced to sell goods or services on credit to compete effectively when other firms offer credit to their customers.

A second major need for short-term financing related to a firm's cash flow problem is that of inventory. Inventory requires considerable investment for most manufacturers, wholesalers and retailers. Moreover, most goods are manufactured four to nine months before they are actually sold to the ultimate customer. As a result, manufacturers that engage in this type of speculative productions often need short-term financing. The borrowed money is used to buy materials and supplies, to pay wages and rent, and to cover inventory costs until the goods are sold. Then, the money is repaid out of sales revenue (Beck, 2007).

Long term business loans have a longer repayment period, generally three to seven years but sometimes as long as fifteen years. They are most often used to finance the growth of a firm or its product mixes (all the products that a firm offers for sale). Most tenders prefer some type of collateral for both business and personal long-term loans. Collateral is real or personal property (stocks, bonds, land, equipment, or any other asset of value) that the firm or individual owns and that is pledged as security for a loan. The lender can repossess the collateral if the borrower fails to repay the loan according to the terms specified in the loan agreement (Bolundut, 2001).

Repayment terms and interest rates for both short-term and long-term loans are arranged between the lender and the borrower. For businesses, repayment terms may include monthly, semiannual, or annual payments. Repayment terms and interest rates for personal loans vary, depending on how the money will be used and what type of collateral, if any, is pledged. Borrowers should always search for a loan, comparing the repayment terms and interest rates offered by competing financial institutions (Bolundut, 2001).

Electronic Transfer of Funds, The newest service provided by financial institutions is electronic banking. Electronic funds transfer (EFT) system is a means for performing financial transactions through a computer terminal or telephone hookup. Automated teller machine is an electronic bank teller, a machine that provides almost any service a human teller can provide. Once the customer is properly identified, the machine can dispense cash from the customer's checking or savings account or can make a cash advance charged to a credit card (Amin, 2002).

Most automated teller machines can also accept deposits and provide information about current account balances. Automated teller machines are located in bank parking lots, supermarket drugstores, and even gas station. Customers have access to them any time, day or night. Where automated clearinghouses are available, large companies can use them to transfer wages and salaries directly their employees' bank accounts without making out individual paychecks. The automated clearinghouse system saves time and effort for both employers and employees and it is a measure of security to the transfer of these payments (Schiffer and Weder, 2001).

2.9 Reasons for Women Entrepreneurs Failing to Access Additional Funds

Most women entrepreneurs face difficulties in accessing additional funds. Maximum loan limits by banks is one reason. It was found out that few FIs provide a big amount of short term loans to women entrepreneurs. Most banks' maximum limit for short term loans is lower than those needed by SMEs. Lack of awareness and information gap is another reason. Many women entrepreneurs' operators are not fully aware of what is available in the financial sector (Richard and Mori, 2011).

According to Richard and Mori, (2011), many of women entrepreneurs go to a certain bank because they have been told by friends or they have seen other people going there. They do not do proper research to find out how and where they can get what they want. Women entrepreneurs' perception of banks is another problem. Most women entrepreneurs perceive financial institutions as grant providers. They forget that banks are also doing business.

Women entrepreneurs operators need to understand that banks perceive most of women entrepreneurs businesses as highly risk and will likely charge high interest to cover for the risk and make profit. Another reason is lack of knowledge on financial management by SMEs. Sometimes SMEs request for loans which they really don't need or is over and above what they need. For example, an SME operator may require USD 120 thousand to buy a machine but when the loan officers do their analysis they find out that this client does not need that amount for the machine. The bank will offer the operator what is really needed and not what is asked. This sometimes makes SMEs think that the bank refuses to give them the loan requested while in actual sense the bank offers them what is needed (Richard and Mori, 2011).

Moral hazards problem is another issue. Many women entrepreneurs SME operators, who borrow working capital from banks, usually do not use the loan according to the reasons presented in their request (Richard and Mori, 2011).

Formal financial institutions have failed to provide credit to the poor and most of whom are found in developing countries and to be more specific in the rural areas. The reasons given by Ngehnevu and Nembo, (2010) are that their policies are not meant to favour the poor. The poor are mostly illiterate and banks lack those skills to target these rural customers. In these areas, the population density is very low causing high transaction cost by the financial institutions since they need to move for long distances and also takes time to meet the customers (Caskey, 1994). SMEs in developing countries are considered to be too unstable by banks to invest in.
Due to this instability, the banks consider women entrepreneurs to have high risk and the costs these banks suffer to monitor the activities of the women entrepreneurs are high.

Ngehnevu and Nembo, (2010), identify that formal financial institutions (banks and MFIs are reluctant to lend to women entrepreneurs since investing in SME activities is considered by banks to be very risky. They find it risky in the sense that if invested in, and in an event of unfavorable business conditions, they

have low financial power, assets, and easily go bankrupt.

The cost of borrowing from banks is very high and this prevents women entrepreneurs to borrow from this institution but these costs to borrow are sometimes subsidized by the government (Meagher, 1998). The application process for a loan is long and difficult for women entrepreneurs to meet up with the demands (Ngehnevu and Nembo, 2010).

The collateral demanded by banks for a loan is based on fixed assets and which are very high in other to hinder these businesses to acquire loans. They cannot afford these collaterals which include; estates, and other fixed assets valued usually at 200% of the loan. The major setback that prevents women entrepreneurs to get funding from external sources is the problem of information asymmetry. That is the magnitude of the deviation of the correct information that is needed by the lending institution (Caskey, 1994).

Banks use cash flows and profitability to measure or assess the worthiness of a business. This is a very expensive and not a good method to measure the credit strength of rural women entrepreneurs. Production and distribution in the rural areas is influenced by social factors that are often neglected by enterprises in developing countries. Agriculture dominates rural activities in developing countries and is dependent on the weather conditions for its output. An enterprise in this sector is considered risky because its outcome is undetermined (Caskey, 1994).

2.10 Literature Gap

Studies such as of Kinyanjui (2006) recorded that some entrepreneurs felt that it was difficult to obtain loans as they had to show credit records and they did not fully understand the requirements getting and paying loans. Stevenson and St-Onge, 2005 further elaborated that formal financial support is seen to be too expensive for many women entrepreneurs and hence they treat this as a last resort.

Also the study of Women Entrepreneurs in Kenya, 2008 addressed that loans from Kenyan microfinance institutions tend to be limited in amount, have no grace period, are short term in design and carry very high interest rates.

For this reason, this study aimed at assessing the challenges facing women entrepreneurs in accessing loans from microfinance institutions in Dar es Salaam region, Tanzania. The study was carried out to determine barriers facing women entrepreneurs in accessing loans from microfinance institutions, to identify different types of risks considered by lenders in financing women owned investments, to find out challenges facing women entrepreneurs in repaying loans and to examine strategies for improving loans provision to women entrepreneurs in Dar es Salaam.

2.11 Underpinning Theory

This research is underpinned on the Entrepreneurship Theory of Shane (2003). The theory consists of opportunity discovery, evaluation of the opportunity and the decision to exploit the opportunity. Others elements of the theory include self-employment, business operation and performance.

The theory highlighted four operational measures of performance which are survival, growth, profitability/income, and experiencing initial public offering. Survival refers to continuation of entrepreneurial activity while growth refers to increase in the venture's sales and employment. Profitability refers to new surplus of revenue over cost while experiencing initial public offer refers to the sale of stock to the public (Shane, 2003).Opportunities are created by the institutional or external environment for those entrepreneurs who could identify them to start or improve their businesses and subsequently, their welfare (North, 1990; Shane, 2003).

Entrepreneurs' ability to identify and tap such opportunities differs between entrepreneurs. It also depends on their ability to access information and willingness to act upon the information in terms of risk; that is their attitude (Shane, 2003). Individual attributes affect discovery of entrepreneurial opportunity.

It is made up of psychological and demographic factors such as motives, attitude to risk, education and training, career experience, age and social status.

Changes in business environment such as economic, financial, political, legal, and socio-cultural factors also affect discovery of opportunity. For example, income level of the entrepreneur, capital availability, political stability, laws concerning private enterprise and property rights, and desire for enhanced social status by the entrepreneur could affect discovery of entrepreneurial opportunity. Type of industry also affects opportunity discovery. Industrial sectors such as distribution, manufacturing, agriculture, catering, and business services are more attractive to entrepreneurs (Brana, 2008; Carter and Shaw, 2006). The concentration of industries in a particular location could also influence discovery of entrepreneurial opportunity by those in that location (Shane, 2003).

Evaluation of the identified opportunity is another stage in the entrepreneurial process, and appropriate decision at this stage leads to the decision to exploit the opportunity (Shane, 2003). The decision to exploit the opportunity depends on the intention of the entrepreneur, and the appropriate measure of entrepreneurial decision-making is intention which leads to recognition of entrepreneurial opportunities (Shane, 2003). Exploitation of the opportunity depends on the entrepreneur's level of education, skills or knowledge acquired through work experience, social networks, credit, and cost-benefit analysis of the business (Shane, 2003).

The decision to exploit the opportunity leads to the quest for micro-finance; that is acquisition of resources. Acquisition of resources could also lead to opportunity for entrepreneurial activity; that is new business or business expansion. The appropriate use of the acquired resources in terms of business strategy and organizational design could lead to profit performance (Brana, 2008). However, environment plays greater role in opportunity exploitation than individual attributes (Kuzilwa, 2005).

2.12 Conceptual Framework

The study assumes dependent variable is women entrepreneurs' access to loans from microfinance institutions. This is derived from the research general objective of assessing the challenges facing women entrepreneurs in accessing loans from microfinance institutions in Dar es Salaam. For successful dependent variable the study assumes independent variables must be controlled.

The study assumes independent variables divided into three categories which are MFIs structures challenges, Gender related challenges and disability challenges because these affect the level of loan accessibility by women entrepreneurs from different microfinance institutions in Dar es Salaam as briefly explained here below:

a) Structural Problems

Structural problems are problems which are common to all entrepreneurs in the microfinance sector of Tanzania. These problems may be as follows:

- **High interest rates**

Most of the microfinance institutions in Tanzania charge between 24% to 48% interest rates per year. The rates charge do vary yearly due to inflations, exposures to lending risks, amount of loan granted and the repayment period for the loan.

- **Cumbersome loan procedures**

The procedures for issuing loans to women entrepreneurs in the micro finance institution are usually documented in the institution credit policies. The procedures for issuing loan in most of microfinance institutions includes; loan screening, interviews, site visits, credit appraisal, credit approval, security perfection and lastly fund disbursement. These procedures consumes a lot of time and resources, also the long time procedures provide loop holes for corruption when a client wants the loans procedures to be fast.

- **Low level of economic development:**

The low level of economic development of the country restricts availability of infrastructural facilities that are essential ingredients for business growth and expansion. This condition also impede the ability of a large number of entrepreneurs to develop their capital bases which intern imply that they can rarely meet the conditions set by the micro financial institutions.

- **The underdevelopment of the financial industry:**

The reach of the micro financial sector is restricted to the major urban centers, and even then the coverage is restricted to a few segment of the urban society. The low development stage of financial institutions, have two implications. One implication is that due to their limited reach to the society, the ability of the sector to mobilize financial resources is not that robust. The other implication is associated with the risk aversion attitudes of financial institutions. The situation reduces the responsiveness of microfinance institutions to loan requests from smaller enterprises especially women.

- **Weak internal factors of Microfinance institutions themselves**

The weak internal factor of microfinance includes factors such as low management capacity, weak marketing skill and low technological absorptive capacities; these limit the capability for business growth and expansion even if financial resources are readily available.

b) Gender Specific problems

A number of factors impeding women entrepreneurs access to finance were identified by business women and other stakeholders such as credit officer as being gender related are as follows:.

- **High informal entry barrier to the services of financial institutions**

Socialization is one of the mechanisms employed to facilitate business transactions in Tanzania, which appear to be more so in the Microfinance sector. In a male dominated society like ours women find it difficult to easily socialize. As a way out they would tend to depend on male kin to facilitate issuance of loan through socialization.

Also, entry barriers were said to be high for new business starters to access loan finance. This challenge faces new business starters, especially women because they lack information and the experiences as to how to approach financial institution. Also MFIs trust entrepreneurs with whom they have long business relationships much more than the soundness of the business ideas..

- **The nature of the businesses most women entrepreneurs are engaged in.**

In most cases women businesses are not only found in the informal micro enterprise sector, but the types of business activities they are engaged in are also relatively less capital intensive, produce less daily turnovers and not legally registered..

- **Socio cultural problems.**

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. Also, culturally women shy from pushing their causes too far, which again impacts their negotiation capability.

- **Little access to education**.

Under education of women perpetuates their limited capacity for growing their business beyond the informal micro enterprise sector. As a result the businesses of most women entrepreneurs are constrained by weak managerial and marketing skills, finance and technology absorptive capabilities which are the main criteria for a business venture to be financed.

c) Disabilities for women entrepreneurs

Women entrepreneurs with disabilities face additional challenges over and above the common structural problems and gender specific problems, their counterpart female entrepreneurs' face. The most important problem is associated with lack of readiness of the financial institutions to cater their services to entrepreneurs with disabilities. The following issues can be sighted as good explanatory factors:

- **In accessibility of MFIs to Entrepreneurs with disabilities**

Most microfinance institutions are not accessible to with visual impairment as well as to those entrepreneurs with physical disabilities using wheel chairs. The buildings in which MFIs are located have stairs the fact that inhibits entrepreneurs to access the loan services.

- **Lack of symbols and interpreters**

Those women entrepreneurs with hearing and visual impairment cannot effectively communicate with MFI's as MFIs do not have interpreters among their staff. While such clients can come with personal interpreters, it cannot substitute the implicit trust that could have otherwise been the case if the communication is done with the assistance of staff interpreters.

Furthermore the framework assumes that, independent variables through intermediate variables, such as Education system, Government economic policies and Culture also influence the challenges facing women in accessing loans from the microfinance institutions as elaborated here below:

a) Government policies

Government councils are the very big challenge to women entrepreneurs in Tanzania. The licenses to do business are too many and they cost too much for young women business starters. Being a woman seems to exaggerate that fact since most women are harassed by the city council officials when they come to inspect the business premises.

Moreover, women may be less likely to meet and negotiate bribes with the predominantly male council officials. Business licensing is an issue for many women entrepreneurs who perceive the process as lengthy and complex Athanne (2011).

b) Education system

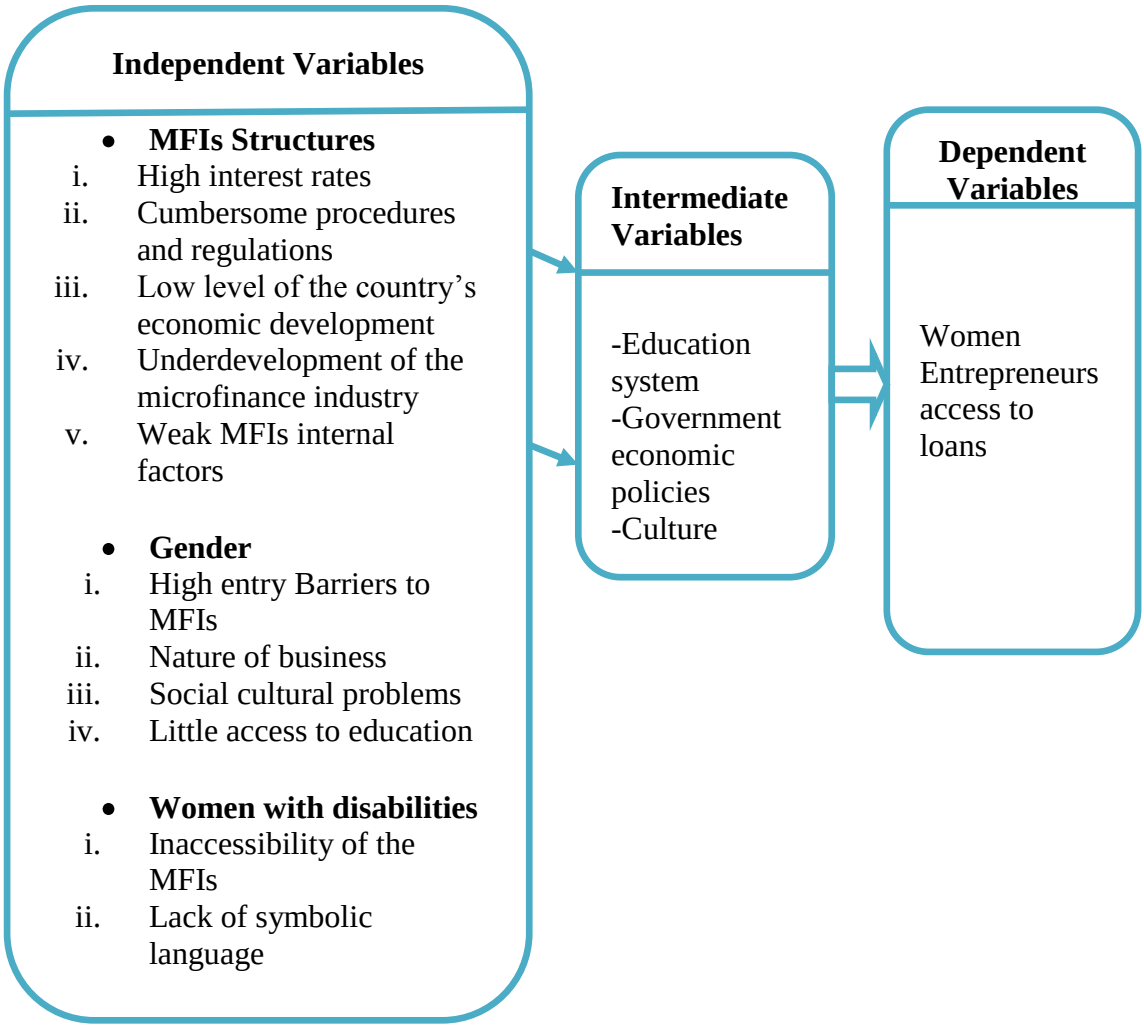
Lower education levels puts women entrepreneurs in Dar es salaam at a disadvantage compared to men. While gender gap in primary education in Tanzania has decreased in recent years, the gap remains high at secondary and tertiary education levels. Lower education does not emphasize entrepreneurship skills. It decreases the chances that women will have the knowledge needed to excel in business, and thereby contribute to the country's overall economic growth. In education, preference is given to boys, thus the educational level of most women entrepreneurs is very low, creating abarrier to them accessing training and other business developments services. Lack of sufficient education and training for women is another impediment to micro-enterprise success.

c) Culture

Culturally, and especially in the rural setting, the girl child was not given equal opportunity to study like the boys; hence they had limited education and training which tend to affect effective performance in later life. Also, in most of societies in Tanzania, land is owned by men. Women do lack land which is the most collateral needed in the lending business. Women entrepreneurs have the responsibility of providing for the extended family and relatives, these responsibilities force women to use loan for family purposes, caring responsibilities and cope with the family demands. Some men also do force their women to postpone opening up their business until their children were older.

The assumptions are summarized in a Figure 2.1.

Figure 2.1: Conceptual Framework



Source: Author's Own Construct, 2013.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodologies that were adopted during data collection. The first part of this chapter consists of the study area/ area of the study. The second part consists of the research design used by the study while the third part consists of the study population. The fourth part consists of the sample size and sampling procedures, the fifth part consists of the data collection methods and the last part of this chapter consists of data analysis and presentation.

3.2 Study Area

The study was conducted in Dar as Salaam city. This area was selected because of time and financial constraints. Furthermore, Dar as Salaam was taken because it was easier to obtain information as the main economic activities carried out by women are largely supported by MFIs.

Specifically this study focused on Pride Tanzania Limited and Sero Lease and Finance Limited MFIs.

The selection of Sero Lease and Finance Limited was due to the fact that, Sero Lease and Finance Company (SELFINA) is a Micro Finance Institution whose main aim is to support women efforts in business as well as other Tanzanians. Its mission is to increase the incomes and employment of poorer businesswomen in Tanzania. The Micro leasing finance program by SELFINA is intended to empower women economically. SELFINA is an indigenous Tanzanian response to the need for poverty alleviation among the country's poorer women. The organization supports women's efforts in business by enabling them to acquire equipment for business on lease, small amounts of loans for their working capital requirements and offers social security support where necessary.

The selection of Pride Tanzania Limited was also due to the fact that, Pride Tanzania Limited is a micro finance institution involved in the provision of credit to small and

micro entrepreneurs in Tanzania.

Most of women owned investments are small in scale hence it was easy to explore information regarding the access of credit facility to women while taking pride as my study area.

The selection of the study area has to accomplish the criteria for reliability and validity, which are commonly used to establish the quality of any empirical social research (Mahanga, 1998).

3.3 Research Design

Kothari (2004) explains that a research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. It is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data.

The case study design was used in this study. The case study design was important as it enabled the researcher to get an analysis of an individual unit under study. The study used explanatory case study to explore causation in order to find underlying principles to the occurrences of different phenomena in the field of study.

3.4 Study Population

The study population was microfinance employees and women entrepreneurs located in Dar es Salaam. Therefore all women entrepreneurs located in Dar es Salaam and microfinance employee were considered to be the population of the study.

3.5 Sample Size and Sampling Procedures

In order to allow an in-depth understanding of the phenomenon under investigation, the sampling unit composed of credit officers from Pride Tanzania Limited and Sero Lease and Finance Limited in Tanzania.

Also Women entrepreneurs who have faced challenges in accessing loans with those microfinance institutions constituted a sample of the study.

A sample of 120 respondents from a population of credit officers and women entrepreneurs was drawn using a convenient non-random purposive sampling method. Krishnaswami, 2003; Kothari (2004) suggest that a sample neither expressively large nor too small. In this study, a sample size of 120 individuals was quite large enough to suffice collection of significant amount of primary data from women who have been facing challenges in accessing loans in the microfinance institutions, while keeping in mind that other constraints such as limited financial resources available for research coupled with time boundary cannot allow selection of an even larger sample than proposed.

Key informants were Credit officers managing credit portfolios at the Pride Tanzania Limited and Sero Lease and Finance Limited.
Only purposive sampling technique was used, the researcher deliberately selected the required respondents in so as to save time and cost, and make sure that only relevant data was collected, this is due to fact that some respondents especially women and credit officers will be too busy at the time of data collection.

3.6 Data Collection Methods

The study used both primary and secondary data.

3.6.1 Primary Data

The primary data are those which are collected afresh and for the first time, and thus happen to be original in character (Kothari, 2004). In order to obtain these data, interview and questionnaires were employed whereby primary data were collected from the selected samples that are qualified staffs of Pride Tanzania Limited and Sero Lease and Finance Limited and women who have faced challenges in accessing loans from MFIs**.**

3.6.1.1 Questionnaires

Total of twenty (20) questionnaires were distributed one each to 10 bank credit officers at Pride Tanzania Limited and 10 credit officers from Sero Lease and Finance Limited who were selected as sample respondents using the purposive sampling technique. The researcher prepared two sets of questionnaire, questionnaires for credit offers, this is attached as Appendix 1, and questionnaires for questionnaires for microfinance customers, this is attached as Appendix 2.

Also 35 questionnaires were distributed to women who have faced challenges in accessing loans from Pride Tanzania Limited and 35 questionnaires were distributed to women who have faced challenges in accessing loans with Sero Lease and Finance Limited.

The advantages for administering a questionnaire, according to Mac Daniel and Gates (2006), include the fact that it eliminates one source of bias as well as the fact that apart from being detailed, they have proved to be less expensive compared with telephone interviews. On the other hand, the major disadvantage of this survey instrument that researchers often encounter is the inability for some respondents to answer some open-ended questions or that they tend to produce useless answers unless the researcher is there to clarify for them.

Nevertheless, the nature and location of the study would substantially warrant the administration of the question in collecting invaluable data so much so that the researcher looks forward to give respondents as much time as possible to fill them in, educate them further on the significance of the study and make close follow ups on them in order to increase the response rates and minimize waste as much as possible.

3.6.1.2 Interviews

An interview is a purposeful discussion between two or more people (Kahn and Cannel cited in Saunders et al, 2007).

The use of interviews can enable the researcher to gather valid and reliable data that are relevant to the research questions and objectives. In order to obtain the interview respondents (interviewee) for this study, 5 respondents from a sample of 10 credit officers from Pride Tanzania Limited and 5 respondents from a sample of 10 credit officers from Sero Lease and Finance were drawn using purposive sampling technique. The researcher prepared interview guide, this is attached as Appendix 3.

Also 20 women entrepreneurs customers who have faced challenges in accessing loans from Pride Tanzania Limited and Sero Lease and Finance (10 from each) were also interviewed either by face to face or by telephone. The women entrepreneurs customers will also be selected by non probability, purposive sampling.

A one-on-one unstructured depth interview and telephone was administered, given the nature of this study, during which the researcher expects to gain the advantage of eliciting detailed answers to each question. Also telephone interviews were carried to customers who were inaccessible for face to face interview. The benefits of this survey, according to Mac Daniel and Gates (2006), include the fact that the interview is guided by the response of the interviewee as the interviewer probes each answer and uses the replies as the basis for further questioning.

On the other hand, Saunders et al, (2007) highlight that one of the disadvantages of depth interviews is that because of their physical exhaustation for the moderator, they do not cover as much ground in one day as do focus groups. Most moderators will not do more than four or five depth interviews in a day, where as they can involve up to 20 or more people in a day in two focus groups (Saunders et al, 2007).

3.6.2 Secondary Data

The secondary data, on the other hand, are those which have already been collected by someone else and which have already been passed through the statistical process (Kothari, 2004). These data can be obtained from books, journals, papers and even articles from recognized media as well as reports prepared by different scholars

and website materials were used in carrying out this study.

In this study documentary analysis was employed as a means of obtaining secondary data. Data were obtained from variety of documents of PRIDE and Sero Lease and Finance such as letters, credit proposals, site visits as well as customer information books and checklists. Also articles, reports and different websites were extracted for data collection.

The use of documentary analysis in this study was advantageous because few resources particularly time and money was used, easy to generalize and in some cases secondary data are more accurate than primary data. The collection of secondary data can be a challenge when the data are out of date, data are inaccessible, very expensive to obtain and the data may also be inaccurate (Adam and Kamuzora, 2008)

3.7 Data Processing and Analysis

Data processing involves editing, coding, classification and tabulation of collected data so that they are amenable to analysis. Data analysis refers to the computation of certain measures along with searching for patterns of relationship that exist among data groups (Kothari, 2004). In the process of analysis, relationships or differences supporting or conflicting with original or new hypotheses should be subjected to statistical tests of significance to determine with what validity data can be said to indicate any conclusions. Data are mainly analyzed and processed for the purpose of developing research plan (Kothari, 2004).

In this study, aspects indicated on the questionnaires on the challenges facing women entrepreneurs on accessing loans were examined. Data was analyzed to determine barriers facing women entrepreneurs in accessing loans from microfinance institutions, to identify different types of risks considered by lenders in financing women owned investments, to find out challenges facing women entrepreneurs in repaying loans and to examine the strategies for improving loans provision to women entrepreneurs.

The study used qualitative and quantitative methods of data analysis. Qualitative data were categorized according to themes related to the research objectives. Upon completion of the field process, all obtained quantitative data were coded, organized, analyzed and converted into tables, pie charts and bar charts by using Statistical Package for Social Sciences (SPSS) computer Software.

Primarily, the amount of data analyzed by this study were intended to help assess the challenges facing women in accessing loans in microfinance institutions in Dar es salaam Region.

CHAPTER FOUR
PRESENTANTION OF RESULTS AND DISCUSSION

4.1 Introduction

This chapter describes quantitatively the results of the study using, tables, charts and narrations. Where necessary, qualitative analysis was also employed to supplement quantitative information. It also summarizes the interviewees' responses. Primary information was obtained from a sample of 120 respondents.

4.2 Background Characteristics of Respondents

4.2.1 Age

The age of respondents were assessed in order to identify whether it has any influence on the challenges facing women entrepreneurs in accessing loans from microfinance institutions in Dar es Salaam. The study found that majority of the respondents (55.8%) were aged between 25 – 34, only (4.2%) of the respondents were aged 55 and above, as presented in Table 4.1.

Table 4.1: Age

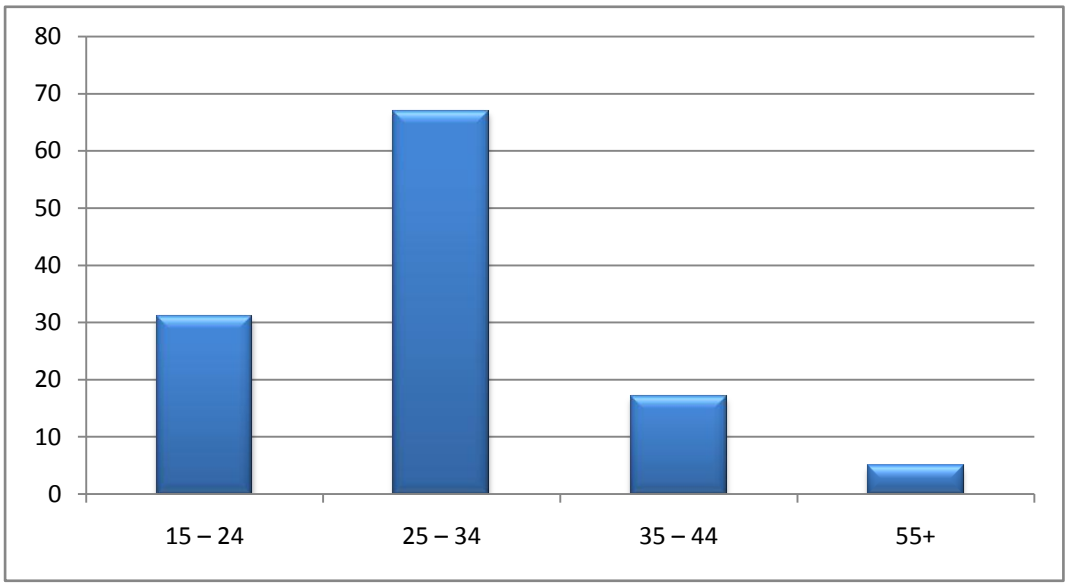
Responses	Frequency	Percentage
15 – 24	31	25.8
25 – 34	67	55.8
35 – 44	17	14.2
55 +	5	4.2
Total	120	100.0

Source: Research Findings, 2013

The results further implies that majority of the respondents were matured and capable of running their business. Also it implies that majority of respondents were capable in providing the relevant information needed. Also it suggests that most of the women entrepreneurs who seek for loans in Dar es Salaam are aged between 25 to 34 years.

For further clarity on the information presented on Table 4.1 above the bar chart is drawn in Figure 4.1.

Figure 4.1: Age



Source: From Table 4.1

4.2.2 Sex

The study was interested to examine whether the sex of respondents has any influence on the challenges facing women entrepreneurs in accessing loans from microfinance institutions in Dar es Salaam. The study found that majority of the respondents (90.8%) were female and minority of them (9.2%) were male, as presented in Table 4.2

Table 4.2: Sex

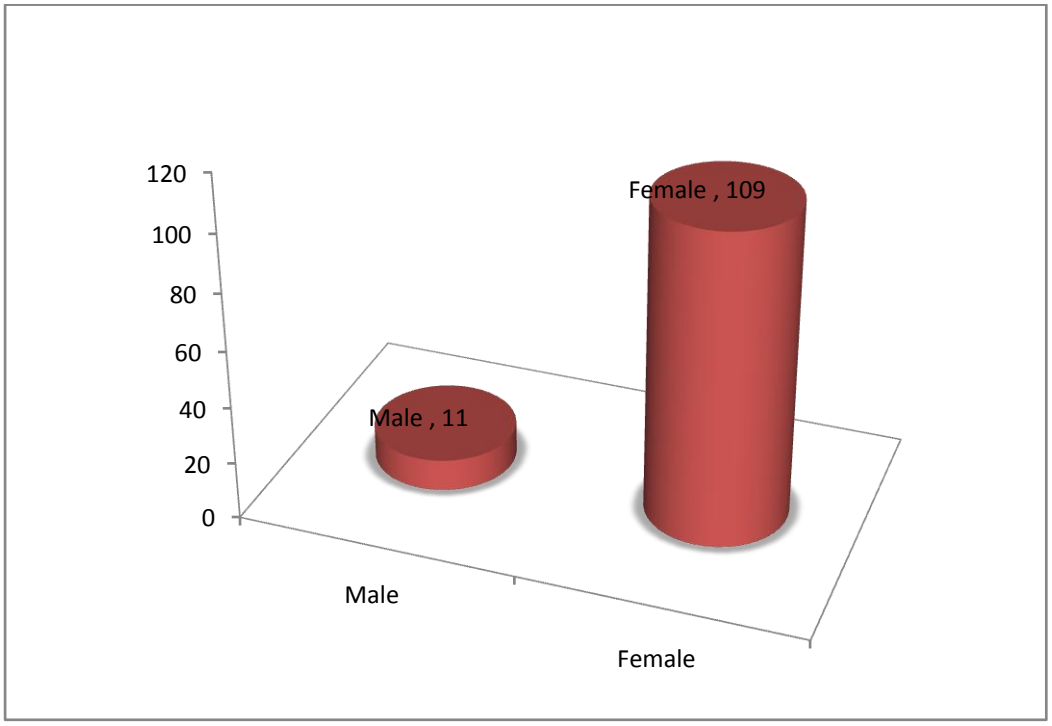
Sex Responses	Frequency	Percentage
Male	11	9.2
Female	109	90.8
Total	120	100.0

Source: Research Findings, 2013

Table 4.2 shows that majority of the respondents (90.8%) were female. This implies that respondents were capable in providing responses sought for the study as the study mainly targeted women entrepreneurs who have been facing challenges in accessing loans from Microfinance institutions in Dar es Salaam.

Table 4.2 is well summarized in Figure 4.2 as follows:

Figure 4.2: Sex



Source: From Table 4.2

4.2.3 Marital Status

The marital status of the respondents were assessed in order to find out whether has any influence on the challenges facing women entrepreneurs in accessing loans from microfinance institutions in Dar es Salaam.

The study results are as presented on Table 4.3 here below:

Table 4.3 Marital Status

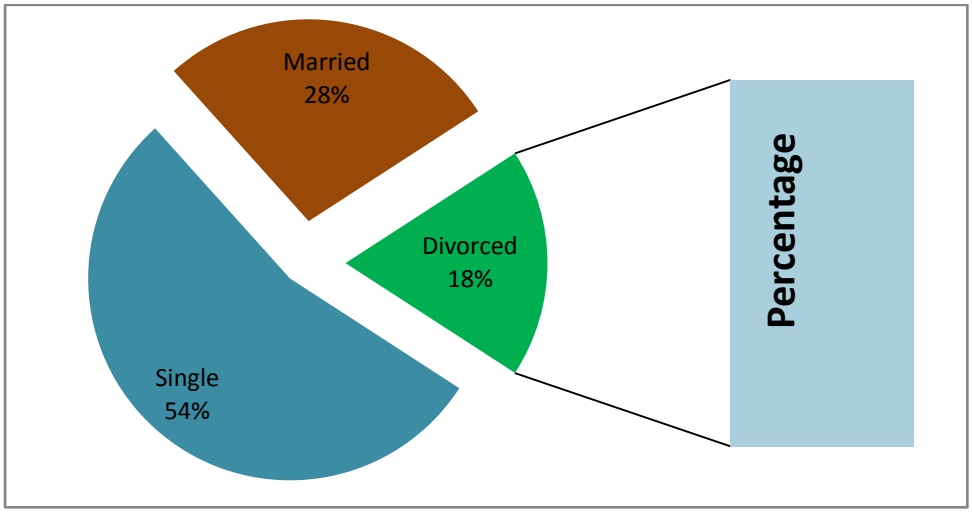
Marital status	Frequency	Percentage
Single	65	54.2
Married	33	27.5
Divorced	22	18.3
Total	120	100.0

Source: Research Findings, 2013

The studies found out that majority of the women respondents (54.2%) were single. These results further reflects that majority of women who are women entrepreneurs in Dar es Salaam are single; the scenario that increases the burden of family responsibility to women who are single mothers or family leaders. This also increases the number of default rates and challenges facing women in accessing loans from microfinance institutions.

The above findings are further illustrated in the line graph in Figure 4.3 as follows:

Figure 4.3: Marital Status



4.2.4 Level of Education

The study was interested in assessing the level of education of the respondents in order to determine if it has any influence on the accessibility of loan services to respondents. The study found that majority (62.5%) of the respondents has secondary education, followed by (18.3%) of the respondents who have primary school education.

Table 4.4: Level of Education

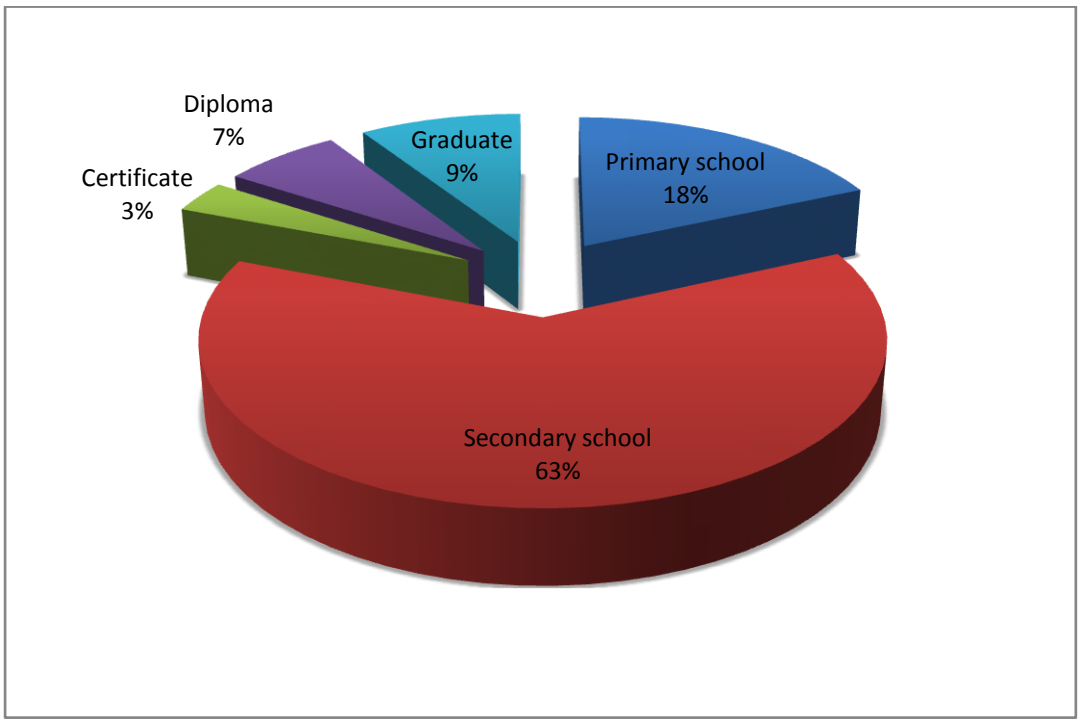
Responses	Frequency	Percentage
Primary school	22	18.3
Secondary school	75	62.5
Certificate	4	3.3
Diploma	8	6.7
Graduate	11	9.2
Total	120	100.0

Source: Research Findings, 2013

Table 4.4 shows that majority of the respondents (62.5%) have secondary education; this implies that most of the women entrepreneurs have secondary school education and hence have knowledge in the type of business they are running. The level of education also implies that majority of women have the capacity to manage their business finances.

The finding is further presented in Figure 4.4 here below:

Figure 4.4: Level of Education



Source: From Table 4.4

4.2.5 Occupation

Occupations of the respondents were identified in order to ensure all respondents are coming from the targeted group. Respondents were asked to mention their occupations. Through their responses, the study found that majority of the respondents (88.3%) were entrepreneurs, minority of them (11.7%) were loan officers, accountants and operation officers as presented in Table 4.5 below.

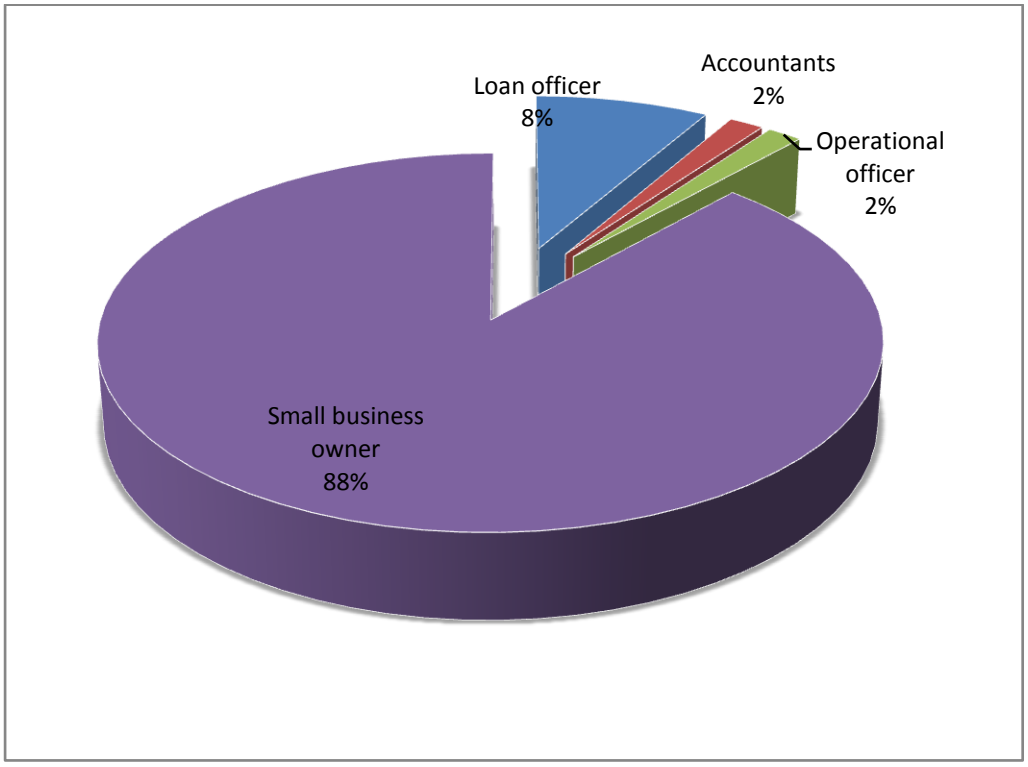
Table 4.5: Occupation

Responses	Frequency	Percentage
Loan officer	10	8.3
Accountants	2	1.7
Operational officer	2	1.7
Entrepreneur	106	88.3
Total	120	100.0

Source: Research Findings, 2013

Table 4.5 shows the occupation of the respondents, majority of the respondents (88.33%) were entrepreneurs, minority of them (11.67%) were loan officers, accountants and operation officers Figure 4.5 below illustrates the occupation of respondents in Table 4.5 as follows:

Figure 4.5: Occupation of respondents.



Source: From Table 4.5

4.3 Barriers Facing Women Entrepreneurs in Accessing Loans

The study was interested in examining barriers facing women entrepreneurs in accessing loans from microfinance institutions. Loan officers (relationship officers) and small business owners were asked to identify the barriers facing small businesses in accessing loans. The responses from the respondents are as shown in Table 4.6 below:

Table 4.6: Barriers Facing Women Entrepreneurs in Accessing Loans

Responses	Number of Respondents	Percentage
Non Registration	14	11.7
Lack of Collateral	12	10.0
Lack of Business Experience	4	3.3
Improper Accounting Record	10	8.3
Lack of Knowledge	5	4.2
Bureaucracy	3	2.5
Cumbersome Procedures	2	1.7
High Interest Rate	62	51.7
Lack of Government Support	3	2.5
Lack of Financial Training	5	4.2
Total	120	100.0

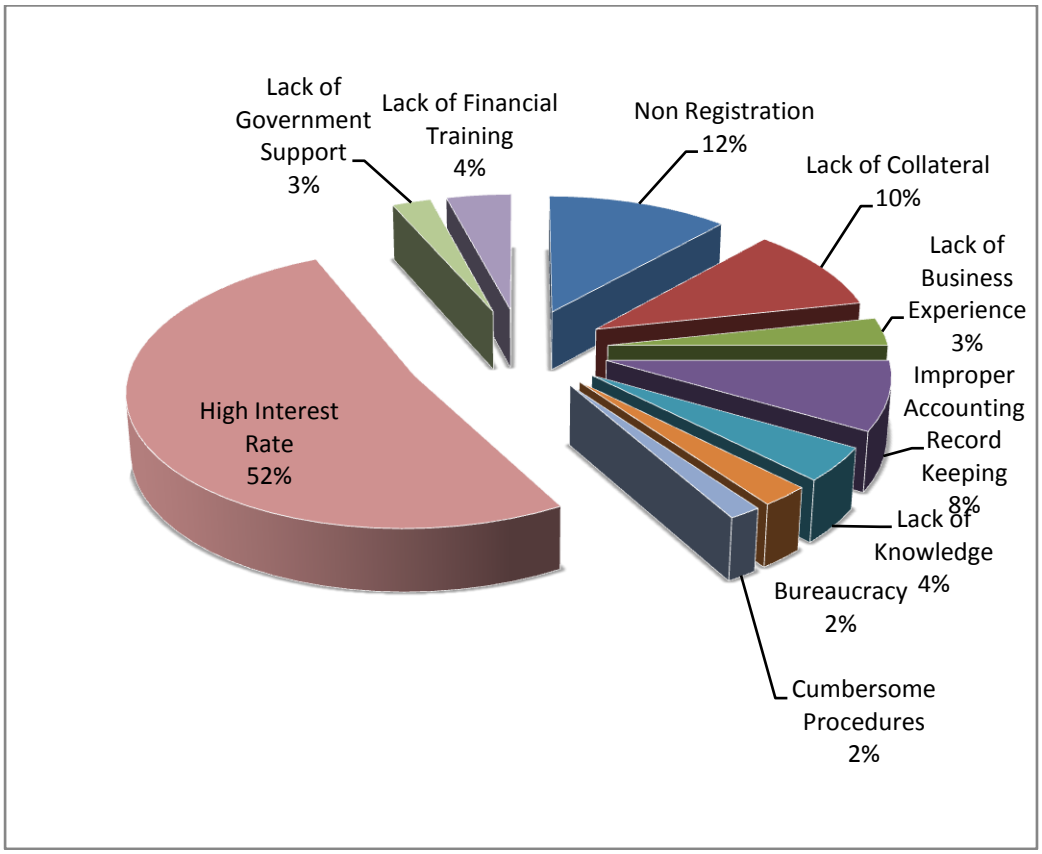
Source: Study Findings, 2013

Table 4.6 shows the barriers facing women entrepreneurs in accessing loans from microfinance institutions, majority of the respondents (51.7%) identified high interest rate as the strong barrier facing women entrepreneurs in accessing loans from microfinance institutions, other respondents (11.7%), (10%) and (8.3%) identified non registration, lack of collateral and improper accounting records respectively. This implies that most of the women entrepreneurs fail to access loans from microfinance institutions due to high interest rate, improper accounting records and lack of registered businesses, this is similar to responses obtained during interview, one of the relationship officers (loans officer) revealed that:

The MFIs interest rate ranges between 24- 48 p.a %, for small loans. The rate of interest ranges between 2% to 4% per month in most of microfinance institutions in Tanzania. The high rate of interest is due to risk associated in servicing the loans granted to entrepreneurs.

Also the study found that minority of the respondents identified the women entrepreneurs barriers in accessing loans from microfinance institutions involves, lack of financial training, lack of government support, lack of business experience, lack of knowledge, bureaucracy and cumbersome procedures. The results are as illustrated in Figure 4.6 as follows:

Figure 4.6: Barriers Facing Women Entrepreneurs in Accessing Loans



Source: From Table 4.6

4.4 Types of Risks Considered by Lenders in Financing Women Investments

Only microfinance officials were asked to identify the risk in financing the women businesses because they are aware of the particular risk. Through their responses the study found majority of the respondents (50%) identified the institutions consider failure to repay loans as the major risk associated in lending women owned investments.

Table 4.7 below clearly illustrates different types of risks considered by lenders in financing women owned investments.

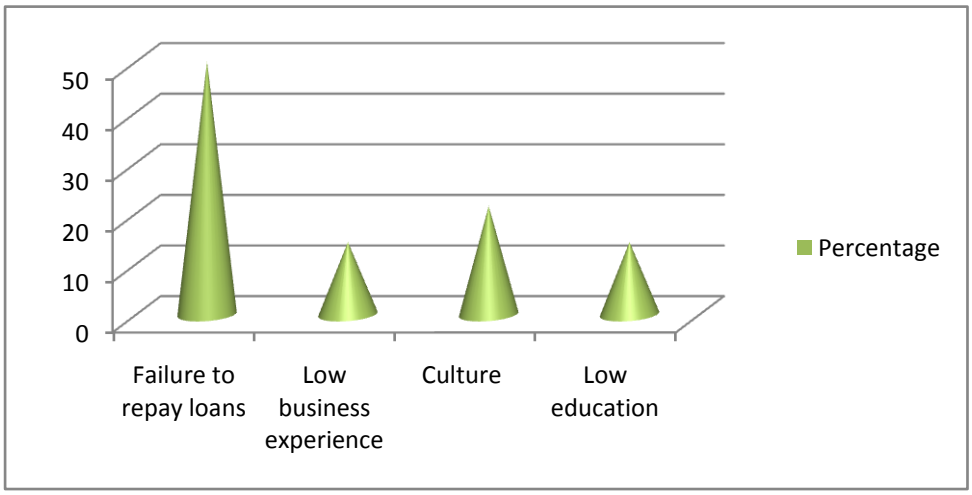
Table 4.7: Types of Risks in Financing Women Owned Investments

Responses	Number of Respondents	Percentage
Failure to repay loans	7	50.0
Low business experience	2	14.3
Culture	3	21.4
Low education	2	14.3
Total	14	100.0

Source: Study Findings, 2013

The findings above are further illustrated in the pyramid as follows:

Figure 4.7: Types of Risks in Financing Women Owned Investments



Source: From Table 4.7

4.5 Challenges Facing Women Entrepreneurs in Repaying Loans

The study examined the challenges facing women entrepreneurs in repaying loans. All respondents were asked to identify the challenges facing women entrepreneurs in repaying loans. Through analysis of the responses, this study found majority of the respondents (60%) identified high interest rate is the challenge for women entrepreneurs.

Also, significant number of respondents (31.7%) identified women entrepreneurs use loans for other purposes (Family matters). Small number of respondents identified business risk and lack of education as the challenges, as presented in Table 4.8. This implies microfinance interest rate is the challenge for loans repayment.

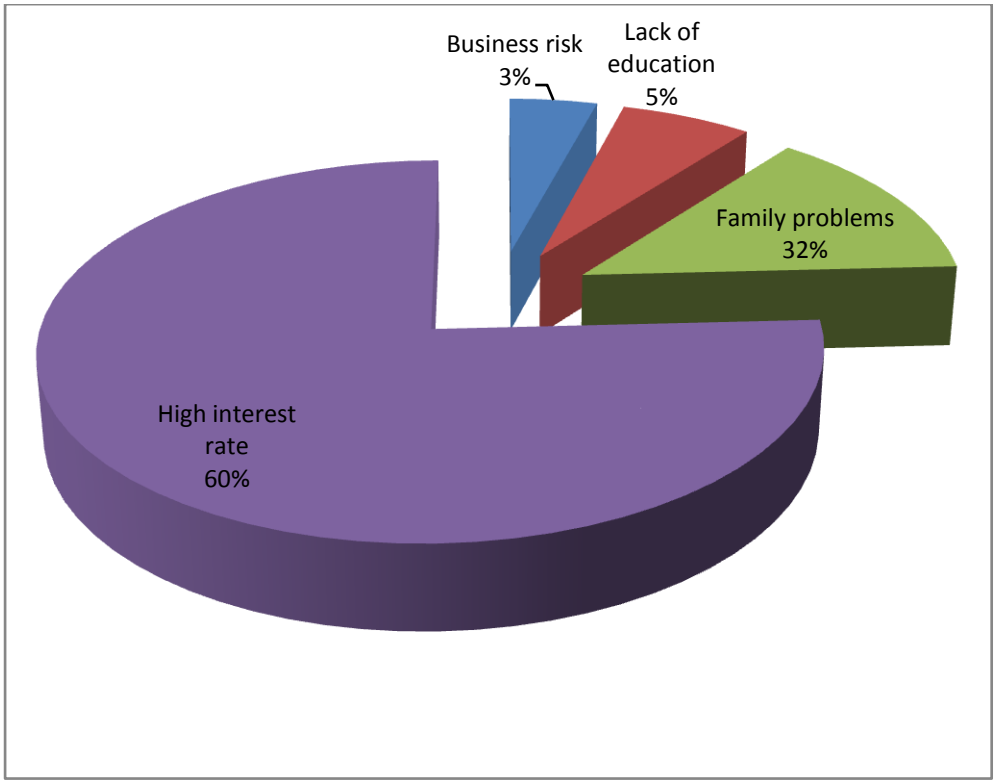
Table 4.8: Challenges Facing Women Entrepreneurs in Repaying Loans

Responses	Number of Respondents	Percentage
Business risk	4	3.3
Lack of education	6	5.0
Family problems	38	31.7
High interest rate	72	60.0
Total	120	100.0

Source: Study Findings, 2013

The above findings are further elaborated in the pie chart in figure 4.8 as follows:

Figure 4.8: Challenges Facing Women Entrepreneurs in Repaying Loans



Source: From Table 4.8

4.6 Strategies Needed to Improve Loan Provision to Women Entrepreneurs

The study was interested to identify the strategies needed to improve loans accessibility to women entrepreneurs. Respondents identified different strategies. The responses from respondents are as presented in Table 4.9 as follows:

Table 4.9: Strategies Needed to Improve Loan Provision to Women Entrepreneurs

Responses	Number of Respondents	Percentage
Increase Branches	3	2.5
Training Loan Officers	5	4.2
Improve Service Procedures	4	3.3
Lowering Interest Rate	71	59.2
Accepting Lease Certificates	16	13.3
Group Loans	5	4.2
Increase Repayment Schedule	6	5.0
Use of Movable Properties as Security	8	6.7
Training Small Business Owners	2	1.7
Total	120	100.0

Source: Study Findings, 2013

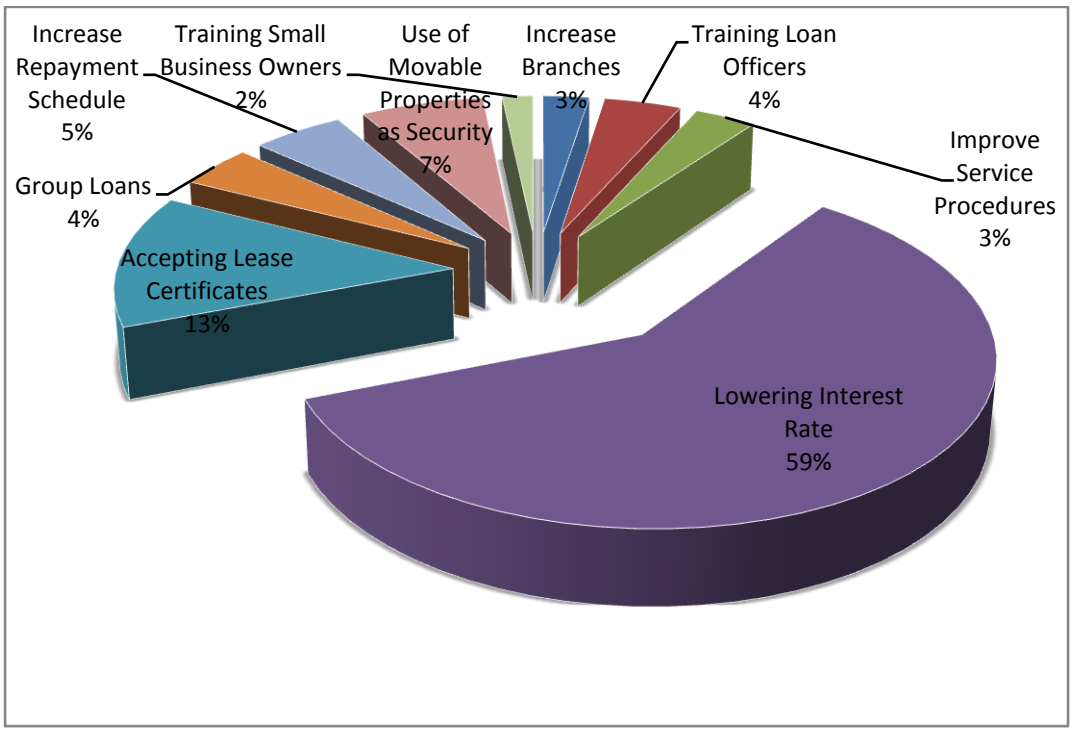
Majority of the respondents (59.2%) suggested lowering interest rate could improve loans accessibility to women businesses. Furthermore, a number of respondents (13.3%) stated accepting lease certificates will improve loans accessibility. One of the interviewed women entrepreneur revealed that:

> *All financial institutions should accept lease certificates (residential licenses) issued by municipal council as a collateral as most of the small business owners don't have title deed issued by the Ministry of Land but have leasing certificates which validated the ownership of the said land. She further insisted that, women entrepreneurs depend more on microfinance institutions because they can be granted unsecured loan, however microfinance institutions provide small loans with very high rate of interests.*

Also the study found insignificant number of respondents (27.5%) identified loans provision can be improved through; increase branches, training loan officers, improve service procedures, group loans, increase repayment schedule, use of movable properties as security and training small business owners.

The results presented in the table 4.9 above are further illustrated in the figure 4.9 below:

Figure 4.9: Strategies Needed to Improve Loan Provision to Women



Lowering the interest rate in financial institutions will improve loans provision to women entrepreneurs as identified by the majority of the respondents (59.2%). This implies that there is a need to lower interest rate in financial institutions so as to enable many women entrepreneurs to be motivated to take loans from financial institutions. Apart from that, (13.3%) of the respondents suggested the use of lease certificates as a security to take loans will improve small businesses access to loans facilities in financial institutions.

CHAPTER FIVE
CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

Based on the findings the study concludes that; the barrier facing women entrepreneurs in accessing loans from microfinance institutions is high interest rates. Most of the microfinance institutions in Tanzania charge 24% to 48% interest rate. Furthermore, the failure to repay loan is one of the types of risks considered by lenders in financing women owned investments in Tanzania. Moreover, high interest rate and uses of loans for family matters are among the challenges facing women entrepreneurs in repaying loans, finally the study concludes that lowering interest rate will improve loan provision to women entrepreneurs in Tanzania, It was found that microfinance institutions are skeptical in giving loans to not only very risky businesses but also new businesses. They are keen when assessing the creditworthiness of businesses while dealing with asymmetric information problems.

5.2 Recommendations

Based on the findings of the study, the following recommendations are made:

i. The efforts of Tanzanian Microfinance Institutions (MFIs) should be streamlined to meet the standards set by BOT in Tanzania. A critical look at the interest rate of these MFIs generally shows that majority of MFIs do charge high rates of interests compared to those set by BOT

ii. It should be noted that, extending credit alone is not sufficient condition to reduce women challenges, improving their productivity and income for small women business owners in Tanzania. Therefore, additional intervention that goes hand in hand with micro financing should be implemented. These interventions includes empowering women on accessing 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.

iii. Microfinance institutions in Tanzania also need to review their policies on the maximum amount of loans to women entrepreneurs to reflect the market demands and profitability.

iv. 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 entrepreneurs, and allow accessibility of fund to small business.

v. Training institutions should continue training women entrepreneurs on relevant aspect that are of important to lenders, loans procedures, proper loan utilization, effective loan repayment and liquidation.

vi. Government policies and laws should be formulated in line to meet small business owners' financial needs. This will create a favorable financial environment for their business establishment (start ups) and expansion.

vii. Lastly, the Government should consider providing guarantee to women entrepreneurs perceived as too risky by financial institutions just like the ongoing initiatives in the agriculture sector.

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APPENDICES

Appendix 1 : Questionnaire for Credit Officers

My name Neema Langa. Mzumbe University student, I conducting research on Challenges facing Women Entrepreneurs in Accessing Loan Services. The research being conducted for academic purposes. Your participation on answering this question could make my research be effective and complete. Therefore by so doing I request your attention to read and answer these question effectively.

Date…….
Age…….
Occupation……

Put (√) mark in the correct answer and fill the blanks

Sex:
Male ( ) Female ( )

Marital status:
Single ( ) Married ( ) Divorced ( )

Education:
Secondary Level ( ) Tertiary Level ( ) University/College ( )

QUESTION 1

What are procedures used to offer loans to women entrepreneurs? Please mention

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……

QUESTION 2

What are the procedures and standards criteria set by lenders for the women owned investments to qualify to be financed? Please mention

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……

……

QUESTION 3

Are Procedures used for loan processing provides special attention to women entrepreneurs?

i) Yes ( )
ii) No ( )

If yes, how the procedure for loan processing provides favor to women entrepreneurs?

……

……

……

QUESTION 4

What are the company challenges in provision of loans services to women entrepreneurs?

i) Budgetary constrains
ii) Insufficient Government support
iii) Women lacks collaterals

Please, mention other challenges

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Appendix 2: Questionnaire for MFIs Customers

My name Neema Langa, Mzumbe University student, I conducting research on Challenges facing Women Entrepreneurs in Accessing Loan Services. The research being conducted for academic purposes. Your participation on answering this question could make my research be effective and complete. Therefore by so doing I request your attention to read and answer these question effectively.

Date…….
Age…….
Occupation……

Put (√) mark in the correct answer and fill the blanks

Sex:
Male ( ) Female ( )

Marital status:
Single ( ) Married ( ) Divorced ( )

Education:
Secondary Level ( ) Tertiary Level ( ) University/College ( )

QUESTION 1

Are Procedures used for loan processing provides special attention to women entrepreneurs?

Yes ( )
No ( )

If yes, how the procedure for loan processing provides favor to women entrepreneurs?

……
……
……

QUESTION 2

How do you use the loans form MFIs?

i) For family purposes ( )
ii) To expand business ( )
iii) To establish new venture ( )
iv) For operational purposes ( )

QUESTION 3

What are your challenges in accessing loans?

i) Family problems
ii) Social issues
iii) Harassment by Credit officers
iv) High interest rate

Please, mention other challenges

……
……
……

QUESTION 4

What are the impacts to your business after receiving loan form MFIs?

Business growth

i) Access to external markets
ii) Business innovativeness
iii) High profits

Please, mentions other outcomes of your business after receiving loans

……
……

QUESTION 5

Are you interested with procedures used in processing loans?

i) Yes ( )

ii) No ( )

Please, specify the reasons for your answer

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……

Appendix 3 : Interview Guide

i) What are the barriers facing women entrepreneurs in accessing loans from microfinance institutions?
ii) What are the risks considered by lenders in financing women owned investments?
iii) What are the challenges facing women in repaying their loans?
iv) What are the strategies needed to improve loans provisions to women entrepreneurs?