

Performance drivers of women-owned microcredit funded enterprises in Tanzania

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Abstract

The purpose of this paper is to investigate performance drivers of women-owned businesses that are funded primarily through microcredit. It draws on Storey's theory of small business growth and family embeddedness axiom to examine the factors that drive the performance of businesses that are funded primarily through microcredit. The paper uses a cross-sectional survey that covered 208 women business owners who had access to microcredit. The authors use a logistic regression analysis to model the relationship between independent variables and enterprise performance. The paper demonstrates that microcredit plays a significant role in business performance. The credit amount has the most significant influence on the enterprise capital base, whereas the effect on profits is insignificant. Also, owners are more likely to report growth in profits if they possess skills in business management. In addition, younger business owners and necessity entrepreneurs are more likely to report success in their businesses. Other factors that have a significant effect on business performance are product cycle, loan use and family support. Many women in Tanzania are entering business ownership and depend on microcredit as their primary source of capital for starting and growing their businesses. However, just a few businesses grow into small and medium-sized enterprises. For informed policy decisions, it is important that the factors influencing the performance of funded businesses are known and well understood. This understanding will help the government and development practitioners assist women in achieving business growth rates that could warrant their empowerment and poverty reduction prospects

Keywords : Women, Microcredit, Microenterprises, Performance

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