

## Original Research Article

### **BUSINESS PRACTICES OF BENEFICIARIES OF WOMEN DEVELOPMENT FUND IN IRINGA MUNICIPAL COUNCIL, IRINGA REGION, TANZANIA**

#### **Abstract**

The study was conducted in Iringa Municipal Council to examine the business practices of the beneficiaries of the Women Development Fund (WDF) in Iringa District Council, Tanzania. The study adopted a cross-sectional research design where checklists and semi-structured questionnaires were used to gather information from a sample size of 100 respondents. Descriptive analysis was used to analyze quantitative information using Statistical Package for Social Sciences (SPSS. 20.0) computer software. Thematic analysis was used to analyze qualitative information data collected from the respondents. The study findings showed that beneficiaries of WDF in the study are operating their business with low start-up capital, inadequate technical and managerial skills, lack of formal business premises, operating unregistered business activities, low savings, and poor record keeping of their undertakings business activities. The study recommends to the Local Government Authority to provide a good environment for beneficiaries of WDF to undertake business activities by providing technical and managerial skills that will enable them to have the ability to manage their undertakings successfully. Furthermore, the study suggested that WDF consider an increase in the number of loans rendered to its clients in groups in the study area.

**Keywords:** Women Economic Activities, Women Development Fund

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#### **1.0 Introduction**

Worldwide, women are making up nearly half of the world's population. It is estimated by the United Nations that the world population hit the 7.5 billion mark in 2017 of which the proportions of women and men were 3.71(49.5%) and 3.78 (50.5%) billion respectively (United Nations, 2017). Women represent over 70% of the world's poor due to unequal access to economic opportunities in both developed and developing countries (Tshuma and Selome, 2014). According to the World's Women report 2015, nearly two-thirds of the world's illiterate adults are women, a proportion that has remained stubbornly unchanged for the past 20 years (United Nations, 2015). The report also revealed that women as social strata, work more than men in unpaid work such as household chores and caring for children. They work longer hours than men an average of 30 minutes a day longer in developed countries and 50 minutes in developing countries. Different organizations in Tanzania have been involved in the empowerment of women throughout the country. Such organizations include but are not limited to: the Federation of Association of Women Entrepreneurs in Tanzania (FAWETA), the Tanzania Women Lawyers' Association (TAWLA), the Women's Legal Aid Centre (WLAC), Women Research

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and Documentation Project Association (WRDP), Women's Legal Aid Centre (WLAC), Tanzania Media Women's Association (TAMWA), Tanzania Home Economics Association (TAHEA), Tanzania Gender Networking Programme (TGNP), Tanzania Business Women Association (TBWA), the Tanzania Association of Women Leaders in Agriculture and Environment (TAWLAE) and Tanzania Women Development Foundations (TWDF). These organizations were established to promote amongst other things enhancement of women's legal capacity; economic empowerment of women and poverty eradication; Women's political empowerment and decision making and Women's access to education, training, and employment.

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The Government of Tanzania's concern and obligation in improving the status of women is cherished in various policy documents such as the formulation of the National Micro-Finance Policy (2000), the Rural Development Strategy (2001), Small and Medium Enterprise Development Strategy (2003b) and the Trade Policy (2003a), all of which have been formulated with a gender perspective. There also several specific community-based programs which have been established by the government to address poverty such as the Tanzania Social Action Fund (TASAF), Social Action Trust Fund (SATF), Health, Sanitation and Water (HESAWA), and Community Social Development Programme (CSDP), Primary Education Development Programme (PEDP), Women Development Fund (WDF) with components addressing specific vulnerable groups with an intention of improving the quality of life of the people. One of the main ways through which these strategies empower women economically is through Women Groups (WGs). The groups aim at building capacity to help the members to undertake economic activities that have a direct impact on their welfare. In the group, women have been helped in their capabilities in meeting the challenges of being a provider for their family's welfare. In fact, UNICEF (2019) asserted that the WGs are potentially the most significant participants in efforts to reduce maternal and child deaths. Despite all these initiatives undertaken by the Government to empower women through economic groups, most of the business activities of women's groups are underdeveloped and are not progressing as expected. It is the aim of this study, therefore, to examine the business practices of the beneficiaries of WDF by using the beneficiaries of the WDF of Iringa Municipal Council, Tanzania.

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## 2.0 Study Area and Methodology

### 2.1 The Study Area

Iringa Municipal Council is one among the five councils forming the Iringa Region that lies between Latitudes 7° South of the Equator and Longitudes 35° East of the Greenwich Meridian. Its altitude is between 1560 and 2000 meters above sea level. According to the Population and Housing Census (2012), the council has a total population of 160,800 of which males are 76,426 and females are 84,374 and it covers an area of 331.4 Square Kilometers (URT, 2013). The reason for the selection of the district was that the council is one of the districts of the Iringa region that put aside 5% of its source of revenue per annum for Women's Development Funds (URT, 2015). Likewise, the area was selected due to the evidence that less than half of the newly established women-funded groups collapsed a year after being funded by the WDF of the Iringa Municipal Council.

## 2.2 Study Methodology

The population for this study was women who are members of the women's groups and undertaking economic activities funded by WDF in 5 wards of Iringa Municipal Council. A cross-sectional research design was used in a study in which data from respondents was collected at a single point in time. Participants of FGDs were randomly selected from five selected wards of Iringa Municipality. The wards selected include Kitanzini, Makorongoni, Ilala, Mlandege, and Mivinjeni wards. In each selected funded group, four respondents were randomly selected to give a total of 100 respondents involved in the study. The semi-structured questionnaire and checklists were used to collect information from the selected respondents in this study. Semi-structured questionnaires were used for women who are members of economic groups funded by WDF in which open and closed-ended questions were used. On the other hand, the checklist was employed to guide discussion with 3 key informants (community development officers). Data collected from the respondents were cleaned, coded, and descriptively analyzed using Statistical Package for Social Solution (SPSS) computer software to give frequencies and percentages, and then cross-tabulation was undertaken. Cross tabulations were performed to determine associations between variables such as demographic variables of the respondents and income record keeping by the respondents. The Chi-square test was used to determine the association between some variables recorded at the nominal level. Multiple response questions were also analyzed to give frequencies and percentages.

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## 3.0 Results and discussion

### 3.1 Demographic characteristics of the respondents

Demographic characteristics of the respondents covered by the study include age, marital status, and education level. Age is an important demographic variable and is the primary basis of demographic classification in vital statistics, censuses, and surveys (URT, 2015). The results presented in Table 1 show that the majority (52%) of the respondents involved in the study belonged to the age group of 31-45 years. On the other hand, 31% of the respondents interviewed were of the age group of 45 years old and above. On the other hand, most (54%) of the respondents interviewed were married, and about (46%) of respondents interviewed were single either by never being married or widowed, divorced and separated from their husbands. Education is a resource in women's hands which results in a range of positive outcomes for human capital and capabilities (Kabeer, 2011). Respondents were asked to state their level of education attained. Most (60%) of the respondents interviewed had a primary level of education and, about 23% of the respondents interviewed had a secondary education level. Only a few 8% and 9% of the respondents had informal and post-secondary education respectively.

**Table 1: Demographic characteristics of the respondents (N = 100)**

Age (yrs)	Frequency (N=100)	Percent (%)
15 – 30	17	17.00
31 – 45	52	52.00
46 and Above	31	31.00
<b>Marital status</b>		
Married	54	54.00
Never married	27	27.00
Divorced	4	4.00
Separated	4	4.00
Widowed	11	11.00
<b>Education level</b>		
Informal	8	8.00
Primary	60	60.00
Secondary	23	23.00
Post- secondary	9	9.00

Source: Survey Data, 2020

### 3.2 Respondents' Economic Activities in the Study Area

The major economic activities undertaken by the respondents in the study area include farming, animal keeping, petty trade, poultry keeping, grocery, and retail shop business. Findings show that the majority (80%) of respondents are undertaking petty trade which includes selling second-hand clothes, food vending, selling agriculture-related products, fried fish, local brew, doughnuts/half-cake, charcoal, and firewood, tailoring activities, and batik-making, while (6%) of the respondents who interviewed are working on retail shop business. On the other hand, about 5% and 4% of the respondents interviewed are engaging in grocery and animal-keeping activities respectively in the study area. A few (3%) and (2%) of interviewed respondents mentioned farming and poultry as their main economic activities. The concentration of respondents in one type of economic activity may be attributed to the fact that most of the respondents entered into a business venture without having the necessary skills and knowledge of entrepreneurship. The small capital used to establish economic activities attracts for more respondents to concentrate on similar income-generating activities and left them operating in a very competitive market. These findings are supported by Ahmed *et al.*, (2018) who identified that small start-up capital for investment used by most women entrepreneurs to establish economic activities is the major cause for most women being concentrated in one type of economic activity.

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**Table 2: Economic Activities performed by Women Funded Groups**

Women economic activities	Frequency (n=100)	Percent (%)
Farming	3	3
Animal keeping	4	4
Petty traders	80	80
Poultry keeping	2	2
Grocery	5	5
Retail shop business	6	6
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Survey Data, 2020

### 3.3 Reasons for undertaking economic activities and sources of idea

#### 3.3.1 Reasons for undertaking economic activities

Respondents in the study area were asked to state the push factors for undertaking economic activities. The findings from multiple responses analysis revealed that most (35%) of the interviewed respondents **have** started IGAs to support their husbands in meeting their family needs (Table 2). Others, 31% of the respondents had established economic activities to have the ability to support their relatives. The desire to reduce dependence on their husbands was another mentioned reason for some (25%) of the respondents to join economic activities in the study area. The rest (9%) of respondents interviewed were reported to establish economic activities to increase their abilities to run their families. As noted by Idris (2018) that in some places in urban areas of Africa, there **is** a strong attraction for women towards joining informal economic activities, where the earnings generated from their economic activities **are** taken to be theirs, whereas earnings from husband activities belong to the whole family. These findings are similar to what was reported by Phillippo & Nzali (2015) who in their study on the contribution of women's IGAs to household income in Kigoma Urban, they found that women's economic activities **have** been playing a greater role in sustaining their household expenditures for meeting home consumption and development issues like buying family food, clothes, health services, education expenses for children, houses construction, and as working capital in some other cases. These findings were justified by one married woman at Mlandege ward who stated that:

Before, our household had a scarcity of basic needs. We had a shortage of money for buying food, paying school fees, and health expenses. But now my household eats properly and systematically and there is no worry about food shortage again, and we can pay for school fees. Even my husband acknowledges this. He does not raise his hand anymore to me. Before he used to hit me (A woman aged 40)

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**Table 2: Reasons for economic activities and sources of idea**

Parameters	Responses (n=258)	Percent (%)
<b>Reasons for starting economic activities</b>		
Support their husband on family needs	90	35
Reduce dependence on their husbands	64	25
Increase ability to support their relative	80	31
Ability to run their families	24	9
<b>Sources of idea on the selection of economic activities</b>		
Husband	16	16
Friends	22	22
Relatives	32	32
Group members	30	30

\* Some of the respondents gave more than one answer categories, number of cases will not necessarily add to 100 (data set was based on multiple responses)

**Source: Survey Data, 2020**

### 3.2.2 Sources of idea for selection of economic activities

Respondents were asked to state the source of ideas for the selection of economic activities in the study area. Most (32%) of the respondents interviewed reported relatives to be the source of idea for the selection of types economic activities which are currently undertaking. About 30% of the respondents reported to obtain business idea from members in the group their belonging. The rest, (22%) and (16%) of the respondents interviewed in the study area, their selection of economic activities were influenced by friends and their husbands respectively. The findings show that respondents' relatives play an importance role on providing idea for selection of economic activities undertaken by respondents in the study area. These findings from the study depicts what that found by Jamal (2009) who found that, most women in business activities have being venturing into the industry not because of the internal call but rather because of failing to get collar job and push from their relatives. This was vividly illustrated in informal conversation with one unmarried woman at Makorongoni ward who stipulated that:

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My dream was to be employed as a teacher after completion my studies, but after not being selected for secondary school my last resort was to establish economic activities so as to meet my basic needs for me and my family after being advised by my Aunt (Unmarried woman aged 39)

### 3.3 Record keeping and savings from economic activities undertaken by respondents

#### 3.3.1 Association between respondents' characteristics and record keepings

Economic activities record keeping gives valuable information on the current performance and the changes that occurred. The study findings show that the majority (67%) of the respondents interviewed in the study area did not keep records of their economic activities (Table 3). Reasons frequently mentioned by the respondents include a lack of skills in bookkeeping, the small size of their undertakings, and the ability to read and write. The chi-square test was analyzed to assess if there is any relationship between business record keeping and respondents' demographic characteristics. The findings show that the age and education levels of respondents have a significant relationship with record keeping ( $P < 0.05$ ). Nevertheless, the findings show that there

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was no significant relationship between the marital status of the respondents and record keeping ( $P>0.05$ ). Thus, being married or single **does** not seem to influence the record-keeping of the respondents. Consequently, the study findings revealed that respondents with formal education **are** doing better in keeping records of their day-to-day business activities than those with informal education.

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**Table 3: Association between demographic variables of respondents with record keeping and income savings**

Category	Record keeping				Chi-square Value	P-value
	Keep records		Not keep records			
	F	%	F	%		
Age of respondent (years)						
18 – 45	31	93.9	2.0	6.0	3.490	0.048
>45	2	2.9	97.0	16.4		
Marital status						
18 – 45	30	52.6	27.0	47.3	1.321	0.231
>45	3	5.2	66.0	94.8		
Education attained						
Formal	31	93.9	2.0	6.0	3.340	0.004
Non formal	2	6.0	63.0	94.0		
Category	Income savings				Chi-square Value	P-value
	Make savings		Not make savings			
	F	%	F	%		
Age of respondent (years)						
18 – 45	39	95.1	2	4.8	3.019	0.046
> 45	2	3.3	57	96.6		
Marital status						
Married	2	3.5	55	96.4	1.426	0.223
Not married	39	90.6	4	9.3		
Education attained						
Formal	39	46.9	44	53.0	3.340	0.004
Non formal	2	11.7	15	88.2		

*Statistically significant ( $P < 0.05$ ), statistically not significant ( $P>0.05$ )*

On the other hand, the chi-square test was used to assess the existing relationship between the age of the respondents and savings from economic activities. The findings show that there was a significant relationship between the age of respondents and savings ( $P<0.05$ ). Respondents aged below 45 years were found to do better on savings from their economic activities as compared to the respondents aged above 45 years (Table. 2). The possible reason for this discrepancy **may** be due to the strong desire for youth respondents to accumulate money to raise capital for expansion of their economic activities for a better life in the future. The analysis also found that there was

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no significant relationship between the marital status of the respondents and saving behavior ( $P>0.05$ ). This finding implies that being married or single does not influence the savings behavior of the respondents. The finding is not in agreement with what was reported by Kumar & Kalyani (2011) who found that women entrepreneurs who are single have a big chance to make savings in their business than married ones and frequency get advice from their family and friends during startup and planning stages which is significantly higher than other social network components, to meet their entrepreneurial goal and business needs. The education level of respondents was found to have a significant relationship with the saving behavior of the respondents ( $P<0.05$ ). Respondents with formal education were found to be better at savings than those with informal education.

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### 3.4 Business Environment of Beneficiaries of Women Development Fund

Beneficiaries of WDF were asked to explain their business working environment in the study area. In most cases, the performance of business activities depends on the convenient working environment such as business premises, availability of business development services, and favorable government laws and regulations on business activities. The findings in Table 4 show that all (100%) of respondents' responses mentioned inadequate capital as an obstacle to the growth of their economic activities. It was reported that the loan obtained from WDF is inadequate and limited to small investments only as the development fund does not provide loans to the group members as per submitted applications. The challenge of inadequate capital among small-scale entrepreneurs in developing countries was also reported by (Ifelunini, 2013; Phillip & Nzali, 2015) who found that lack of trust among group members, short payback period, the high-interest rate on borrowing, a limited amount of loan given, and the educational level of the entrepreneur as challenges facing women in accessing the loan. The situation of limited capital was testified by one of the group members who explained that:

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We applied loan from WDF amounting 3 million and the group members are 10 people. We expected to distribute three hundred thousand to each group member but the Municipal Council gave us one million only; so each group member acquired 100,000/= . It was a big challenge to us (A woman aged 38).

Likewise, most (95%) of the beneficiaries interviewed are doing their business activities without proper business management skills including planning and interpersonal skills as an undertaking their business activities in the study area. Respondents found no project management plan and they ran their activities without proper record keeping and in some cases, no files were kept. The study results also showed that respondents were not fully followed recommended procedures for project formulation which includes project identification, design, planning, implementation, monitoring, and evaluation. This finding is consistent with (Phillipo and Nzali, 2015) who found that small entrepreneurs failure to grow because of the obstacles affecting their economic activities performance which include a lack of entrepreneurship skills, and critical factors such as corruption, low demand for products and services.

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Furthermore, respondents interviewed reported operating their business activities with inadequate technical skills (76%), unfriendly business regulations, and informal business premises (20%) in the study area. This finding is consistent with what is reported by ILO (2013) that about 60% of IGAs in the informal sector operate along the streets, particularly so in urban

areas where businesses are concentrated in one area. Operating in informal premises makes it difficult to access credit from credit agencies since few lenders extend credit to economic activities that have no fixed premises. Those who mentioned government laws and regulations as an obstacle to the development of their economic activities stressed existing unfriendly licensing procedures which were designed for relatively large enterprises and are therefore beyond the reach of most medium and small-scale entrepreneurs (MSEs), particularly the micro-enterprises which are predominantly owned by women. Other government regulations reported to affect the development of respondents' economic activities include health services payment, daily cleaning services payment, Municipal regulations, corruption, and bureaucracy by various government officials. This study finding on the effects of government regulation is supported by information collected from one key informant who reported that:

high taxation is a mess to our prosperity, whenever we want to make one step ahead, taxation takes us ten steps back. Why do these people impose too many taxes on our small businesses? If high taxation continues it is likely to discourage most people (A woman aged 46).

**Table 4: Constraints on respondents' economic activities funded by WDF**

Category	Frequency (N = 100)	Percent (%)
Inadequate capital	100	100
Traditional and cultural factors	25	25
Managerial skills	95	95
Lack of business premises	20	20
Inadequate technical skills	76	76
Government laws and regulations	65	65

Some of the respondents gave more than one answer categories, number of cases will not necessarily add to 100 (data set was based on multiple responses)

#### 4.0 Conclusion and policy recommendations

The study concludes that most WDF beneficiaries undertake their business activities with limited start-up financial capital and inadequate business management skills as they are not keeping records and making savings from their business activities. It is also found that most of the beneficiaries in the study area are lacking technical skills in the selection of economic activities, writing of the business proposal, and the ability to evaluate the profits generated from respondents' economic activities. Furthermore, the study concludes that most of the beneficiaries are running economic activities in areas that are not recognized by relevant government authorities which makes it hard for them to be trusted by most financial institutions. On the other hand, beneficiaries of WDF undertaken in the study undertake their business activities in unfriendly business regulations imposed by the government such as the long process for acquisition of a business license. Therefore, the study recommends that LGAs provide Business Development Services that include managerial and technical skills to the beneficiaries of WDF during the entire cycle of business operations. Though this study limited to Iringa District Council in Iringa region, it is proposed to make a wider study across the country and to analyze business practices of beneficiaries of WDF in Tanzania.

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