

1 **CONTRIBUTION OF MICROFINANCE INSTITUTIONS TO WOMEN SOCIO-**
2 **ECONOMIC EMPOWERMENT: A CASE OF BRAC BRANCH IRINGA**
3 **MUNICIPAL COUNCIL, TANZANIA**

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6
7 **ABSTRACT**
8

This study investigates the role of microfinance institutions (MFIs), with a focus on the BRAC Branch in Iringa Municipality, Tanzania, in enhancing the socio-economic empowerment of women. Using a non-experimental cross-sectional research design, primary data was collected from 66 respondents, complemented by interviews with key informants from the BRAC Institution. The research employed systematic simple random and probability sampling techniques, utilizing questionnaires and interviews as research tools, with data analysis conducted using the Statistical Package for Social Sciences (SPSS). The study aimed to assess the impact of MFIs on women's entrepreneurship skills, examine their influence on income generation, and evaluate their role in enhancing social respect among women. MFIs, particularly the BRAC Branch, have played a pivotal role in improving the entrepreneurship skills of women borrowers. Access to resources, capital, and training has empowered women to develop and enhance their entrepreneurial capabilities. MFIs have significantly contributed to the income generation of women. By providing accessible financial services tailored to their needs, women have been able to invest in and expand their businesses, resulting in sustainable income and improved financial well-being. The study underscores the instrumental role of MFIs in enhancing social respect for women. As women become financially independent through active participation in economic activities, they gain recognition and respect within their communities. This has led to increased confidence and challenges to traditional gender norms. This research highlights the substantial strides made by microfinance institutions, particularly the BRAC Branch in Iringa Municipality, in empowering women socio-economically. The positive impacts on women's entrepreneurship skills, income generation, and social respect are evident. To further strengthen this contribution, collaborative efforts involving the government and stakeholders are recommended. Extending loan repayment periods, increasing maximum loan amounts, and providing accessible collateral options are crucial steps toward ensuring continued empowerment. These findings underscore the critical role of MFIs in advancing gender equality and socio-economic development in Tanzania.

9
10 *Keywords:* Microfinance Institutions, Empowerment, and Women Socio - Economic
11 Empowerment
12

13
14 **1. INTRODUCTION**
15

16 Women's Empowerment has been associated with developing economies worldwide for
17 almost half a century. Women's Empowerment entails leadership in household decision-
18 making, improved access and control over household resources, including physical and
19 financial assets, enhanced mobility, and acquisition of skills and knowledge (Meressa,
20 2020). In developing economies, microfinance and microcredit have increased women's
21 economic independence and power. Microfinance Institutions have gained importance over
22 the last twenty years by successfully implementing microcredit programs such as BRAC,
23 FINCA, Bay Port, and many others (Ssembajjwe, 2021). These programs are primarily
24 aimed at people who need help acquiring credit due to their inability to provide collateral, a
25 requirement of formal lending institutions. Such programs are especially vital for women folk
26 because they seldom own land or other physical assets in most developing countries. As

27 such, Microfinance Institutions (MFIs) provide credit and allow women to engage in
28 productive activities leading to their Empowerment (Mahfuzet al., 2017).

29 Sultan Yahaya (2020) observed that microfinance services have a long history that depends
30 on community groups' credit functions primarily channeled through trust-bonded
31 mechanisms. Firstly, these community groups' credit functions successfully set up a turning
32 point in the global microfinance landscape. These successfully set up a foundation ideal for
33 multiple microfinance services, including micro-credit, micro-saving, micro-insurance, and
34 micro-leasing supported by non-financial services (Ssembajjwe, 2021). Secondly,
35 concessionary loans, borne as donor attempts under development financial institutions,
36 affected low-income people more. This was because such loans had only targeted specific
37 agricultural sectors in society, such as cotton and coffee in Uganda, where only the rich had
38 advantages. However, with the schemes attached to government officials in most countries
39 by then, the selection of beneficiaries benefited the rich and their political supporters more
40 (Meressa, 2020).

41 The results were that Microfinance Institutions (MFI) provided an avenue for a diversified
42 financial landscape with many financial service functions (Hunt & Samman, 2016). Their
43 popularity among both practitioners and poor clients then grew from its poor and vulnerable
44 people, women in particular. Since the 1990s, the expansion of microfinance as both a
45 replacement for and a complementary service to commercial banking has grown more in
46 most countries. With the typical features of proximity to clients, speed and flexibility of
47 services, diversity of services and products, and mutual reciprocity, microfinance continues
48 to grow into a popular industry. The number of major Microfinance Institutions (MFI) in
49 Tanzania has grown excessively from a single digit to double. Perhaps even triple digits
50 considering from micro to macro level. For example, according to (Buchenrieder et al.,
51 2019). There were 98 Microfinance Institutions (MFI) in Tanzania by 2017. This number was
52 good enough to help in empowering vulnerable women. To date, however, these
53 Microfinance Institutions (MFI) have continued to increase such that it becomes essential to
54 determine their role and performance.

55 The objectives of microfinance, among others, are that the poor, primarily women (because
56 of their engagement in unpaid work), need access to productive resources, with financial
57 services essential. Microfinance can significantly impact cross-cutting issues such as
58 women's Empowerment promoting gender equality. Microfinance schemes usually lend
59 small short-term loans to very poor micro-entrepreneurs (very poor micro-entrepreneurs are
60 women). Loan repayment is always guaranteed by group members collectively, and access
61 to future credit or loans is contingent on successful repayment (Beklentiler&Alemu, 2018).
62 According to the population and housing censuses conducted in Tanzania (2022), about
63 83.9% of the working population is in the private informal sector (Kabeer, 2018). The sector
64 is characterized by women's dominance and lack of access to credit from traditional banking
65 institutions due to collateral security. Therefore, the effectiveness of any microfinance
66 scheme or program should be assessed based on how it has empowered women
67 economically, politically, and socially (Kaniz, 2021).

68 Increasing evidence shows that women are over-represented among the poorest people and
69 are more likely than men to spend their incomes on the welfare of children and dependents
70 (Cheston et al., 2020). Therefore, poverty reduction programs targeting women are likely
71 more effective. Empowering women is the second stated goal of the microcredit summit
72 campaign. There is also evidence of significant potential for microfinance to enable women
73 to challenge and change gender inequalities at all levels. There is a growing need to rethink
74 the current best practices to ensure that women have equal and possibly preferential access
75 to all types of financial services (Rweyemamu et al., 2018). Many micro-credit programs

76 have targeted one of the most vulnerable groups in society: households that own little or no
77 assets. By providing opportunities for self-employment, many studies have concluded that
78 these programs have significantly increased women's security, autonomy, self-confidence,
79 and status within their households (Nchimbi, 2017).

80 In Tanzania, most microcredit services are limited and pushed by formal and informal
81 lending Institutions, women high-risk borrowers. They consequently lack access to the
82 financial market (Microfinance), which offers financial services to the most disadvantaged
83 people, such as women. Hence, targeting credit to the poor people was found to be one of
84 the instruments for poverty reduction. Microfinance institutions have been established and
85 operating with the ultimate goal of alleviation. Based on the above points, Microfinance
86 Institutions are the economic solution for women entrepreneurs and people experiencing
87 poverty, but still, more emphasis should be given to realizing their potential in influencing
88 community development.

89 **1.2 Statement of the Problem**

90 In Tanzania, like in other developing countries, the microfinance industry is growing globally,
91 and the same industry advocates women's empowerment. One of the objectives of
92 Microfinance is to enhance women's empowerment and to generate empowerment
93 opportunities by promoting self-employment that consequently improves the social well-
94 being of poor people. According to the World Bank Report (2015), empowering women
95 economically will mean increased investment in children's education, improved health, and
96 reduced poverty at the family level. Despite the increase and efforts to integrate small
97 enterprises into micro-financing, more people still live in extreme poverty in urban and rural
98 areas. Statistics show that the poverty situation in Tanzania, about 12 million people in
99 Tanzania still live in poverty (World Bank Report, 2015).

100 Numerous Microfinance Institutions have been emerging in various parts of Tanzania,
101 including Iringa Municipality. All of them provide microfinance services to the poor, including
102 women, with the view of poverty reduction and economic empowerment for women.
103 However, there needs to be more information on how existing Microfinance Institutions have
104 contributed to women's empowerment. Therefore, this study intended to examine the
105 contribution of BRAC in Iringa Municipal Tanzania using the case of BRAC Institution.

106 **2. MATERIAL AND METHODS**

107

108 **2.1 Study Area**

109

110 This study is intended to be conducted in Iringa District which is one among the 4 districts
111 found in Iringa region. The district is bordered by Iringa District Council at North and West,
112 Kilolo District Council at East and Mufindi District Council at South, with the total population
113 of 160,800 from which 76,426 are males and 84,374 are females. The study intends to
114 access information on the contribution of microfinance institutions to Women Socio-
115 Economic Empowerment in Iringa Municipal Council, using a case of BRAC Branch. The
116 researcher chooses the area because it's the major and dominant micro financial institution
117 supporting women and have larger number 6000 of clients' borrowers, for this reason were
118 easy to obtain the required data. In this study the key people in concern are woman
119 entrepreneurs; this is because the researcher was able to observe that. Still woman is
120 behind in entrepreneurial activities than man though they are the ones who taking care of the
121 family and able to be effective and mostly efficient than man in controlling business activities.
122 So, the area is suitable for the study, therefore it attracted the researcher to conduct the
123 study on that area. But also, the area selected is well-known by the researcher.

124 **2.2 The Research Approach**

125

126 The research approach utilized in this study aligns with Kothari's (2004) classification of two
127 fundamental research approaches: quantitative and qualitative. The primary objective of this
128 study was to examine the contribution of microfinance to women socio-economic
129 empowerment. Considering the nature of the research question, a quantitative approach was
130 chosen. This approach involves the collection and analysis of numerical data to provide
131 insights into the correlation between BRAC micro finance activities and women social
132 Economic empowerment. This quantitative approach enables a systematic examination of
133 the relationship between variables through statistical analysis, contributing to a more
134 objective understanding of the phenomenon under investigation.

135 **2.3 Research Design**

136 A research design is the arrangement of conditions for collection and analysis of data in a
137 manner that aims to combine relevance to the research purpose with economy in procedure.
138 In fact, the research design is the conceptual structure within which research is conducted; it
139 constitutes the blueprint for the collection, measurement and analysis of data (Kothari 2012).
140 A research design is a general outline of how the study was conducted, it identifies how data
141 was collected, analyzed and presented (Kothari, 2012). This study adopted a Non-
142 experimental design specifically a cross-sectional research design. The choice of this design
143 is based on the fact that it allows data to be collected once at one point in time in the study
144 area. In addition, the design provided an opportunity for the generation of data needed for
145 the description and determination of relationships among variables, and moreover, due to
146 the scarcity of resources such as time and financial resources. The information collected
147 helps to construct questionnaire and conduct depth interview from the concerned universe.

148 **2.4 Population and Sampling Procedures**

149

150 **2.4.1 Population**

151 As defined by Cooper and Schindler (2006), the term "population" encapsulates the entirety
152 of elements around which a study intends to derive specific inferences. Within the scope of
153 this research, the study population encompassed the women's beneficiaries of the BRAC
154 micro finance. Drawing from data collected across BRAC micro finance beneficiaries, the
155 study population was comprised of a total of 66 beneficiaries.

156 **2.4.2 Sampling Technique**

157

158 Sampling technique refers to the method by which a researcher selects individuals to gather
159 information from within a studied population (Kumar, 2011). It is a process of selecting a
160 number of individuals or objects from a population such that the selected group contains
161 elements representative of the characteristics found in the entire group (Kumar, 2011). The
162 researcher did not deal with the whole population, Respondents was obtained through
163 Probability Sampling; specifically, a systematic simple random sampling was used to avoid
164 biases because each one has an equal chance to be selected and non-probability sampling,
165 specifically Key informants such as by BRAC branch, BRAC Branch manager and credit
166 officer. Procedure was done to enable the researcher to control the area of the study very
167 efficiently and to study sufficient respondents from those represent the total population.

168 **2.4.3 Sampling Frame**

169 The sampling frame has a close relationship with the population. It involves attributes from
170 which the sample of interest is drawn (Cooper & Schindler, 2006). According to Babbie

171 (2002), sampling frame means the list of elements in which a sample is selected under
172 probability bases. In this study, the sampling frame was made of a list of beneficiaries of the
173 BRAC microfinance, Iringa.

174 **2.4.4 Sample Size**

175
176 Sample size refers to the number of elements to be included in the study (Kumar, 2011). For
177 any sample design, deciding upon the appropriate sample size depends on five key factors:
178 (1) Margin of error or precision, (2) Amount of variability in the population, (3) Confidence
179 level, (4) Population size, and (5) Proportion of the population. It is essential to consider
180 these factors together to achieve the right balance and ensure that the sample objectives are
181 met.

182 The sample size was calculated by using Yamane formula. Sample size based on the
183 Yamane 1967 formula. The study obtained information from the women empowered by
184 BRAC branch. According to BRAC Iringa branch, the total number of women empowered
185 was 210. The sample was based on the following formula.

$$186 n = \frac{N}{1 + N(e)^2}$$

187 Whereby;

188 n = sample size

189 N = number of entire populations

190 e = selected to be level of precision,

$$191 (e=10\%) n = \frac{210}{1 + 210(10\%)^2}$$

192 = Sample size for women empowered by BRAC branch was 66.

193 From the above formula, the required sample for this study was 66 respondents who
194 were made of the women empowered by BRAC Microfinance Iringa branch.

196 **2.5 Types of Data and Data Collection Techniques**

198 **2.5.1 Types of Data**

199
200 According to Kothari (2004), there are two types of data, which are primary and
201 secondary. Primary data are those which are collected directly for the field. On the other
202 hand, secondary data are those that have already been collected by someone else and
203 passed through the statistical process. Based on this study, the researcher used both
204 primary and secondary data.

205 **2.5.1.1 Primary Data**

206

207 Primary data are the information gathered directly from participants (Mlyuka, 2015). Primary
208 data for this research was obtained using questionnaires which were shared to respondents
209 to examine the contribution of microfinance to women's socio-economic empowerment.

210 **2.5.1.2 Secondary Data**

211

212 Secondary data analysis can be literally defined as second-hand information used for
213 analysis that was either gathered by someone else or for some other purpose, or often a
214 combination of the two (Bryman and Bell, 2011). Secondary data can be classified into two
215 sources, which are electronic based sources and paper-based sources. Based on this the
216 researcher used both electronic and paper-based sources to get secondary data needed for
217 this study.

218 **2.5.2 Data Collection Techniques**

219 This segment explains the particulars of the instrument which used to conduct this study.

220

221 **2.5.2.1 Questionnaire**

222

223 A questionnaire consists of several questions printed or typed in a defined order, to be sent
224 to respondents (Kothari, 2004). In this study 66 questionnaires were distributed to
225 beneficiaries from BRAC Micro finance. The questionnaires included closed-ended and
226 open-ended questions designed in a way that they would produce relevant useful data.

227

228 According to (Kothari, 2004) Likert scale consists of a number of statements which explain
229 either favourable or unfavourable attitude, the respondents asked to respond to the
230 statement with degree of either agreement (Yes) or disagreement (No).

231 **2.5.2.2 Interviews**

232 A structured interview was used to collect primary data and a questionnaire was employed
233 as a tool. Moreover, it was done face to face, such that a respondent was asked questions
234 by using a questionnaire, and answers obtained was recorded. Both closed and open-ended
235 questions were asked which helped the researcher get sufficient information. The interview
236 method of collecting data involves presentation of oral-verbal stimuli and reply in terms of
237 oral-verbal responses. This method can be used through personal interviews and, if
238 possible, through telephone interviews (Kothari 2004). The method has great importance
239 because it is less cost to get sufficient information, the primary information obtained is fresh
240 and new, detailed information obtained at a short time so time.

241 **2.5.2.3 Documentary review**

242 This method involved a review of various published and unpublished materials from different
243 sources such as related research reports, books, journals, and article contents, which used a
244 checklist as a tool such that it used for quickly and easily recording data.

245 Documentation is the process of collecting data from existing literature of the same study.
246 This is easy methods as it provides clear existing information on the matter in table.
247 Researcher use documentation method to collect data of average number of entrepreneurs
248 who are getting loan from BRAC Institution. Some of the data were collected by reviewing
249 different articles, reports and documents related to the topic.

250 **2.6 Data Analysis**

251

252 In data analysis, some of the most common ways of simplifying data are by calculating
253 the mean, percentage distribution, frequency distribution, and so forth. In this particular
254 study, the researcher used the Statistical Package for Social Sciences (IBM SPSS v.20)
255 to process the quantitative data. Data analysis begins after the data have been collected
256 and processed. In this study, the researcher adopted types of analysis to analyse the
257 findings such as frequency distribution.

258 **3. RESULTS AND DISCUSSION**

259

260 **3.1 Descriptive Analysis**

261 Descriptive analysis is a branch of analysis that focuses on the summarization and
262 description of data that was collected from the survey (Weiers, 2008). This part was used to

263 provide an analysis of the demographic characteristics of the respondents obtained from the
264 survey and used the analysis to make general observations on the data, such as gender,
265 age, and marital status.

266 Descriptive analysis is a branch of analysis that focuses on the summarization and
267 description

268 3.1.1 Respondent Demographic Profile

269 This part reflects the demographic details of respondents such as age of respondents, sex of
270 respondents, marital status of respondents, household size of respondents, and level of
271 education of respondents. The researcher had distributed 66 copies of the survey
272 questionnaires and had received a 100% response from respondents. Regarding age, the
273 most were between 31-45, and the least were between 56- 65. Also, regarding the level of
274 education, we had 46 secondary-level respondents, 19 were primary education level and
275 1 post-secondary education respondents. The researcher fully utilized and analysed the 66
276 copies of the survey questionnaires.

277
278

Table 1: Profile of Respondents

Demographic characteristics	Frequency	Percentage
Age		
18-30	4	6.1
31-45	53	80.3
46-55	7	10.6
56-65	2	3
Total	66	100
Marital status		
Married	42	64
Single	11	17
Separated	6	9.1
Widowed	4	6.1
Divorced	3	5
Total	66	100
Education level		
Primary education	19	28.8
Secondary education	46	69.7
Post-secondary education	1	1.5
Total	66	100
Household members		
1-3	13	19.7
4-6	42	63.6
7-9	11	16.7
Total	66	100

279 **Source:** Field data (2023)

280 3.2.1 Age distribution of the respondents

281 Study findings, as presented in Table 1, revealed that 80.3% were aged between 31-45
282 years, 10.6% were aged between 46-55 years, 6.1% of the respondents were aged between
283 18-30 years, and 3% were aged between 56-65. The findings clearly show that most women
284 entrepreneurs who benefited from BRAC are aged between 31 and 45. Currently, youths are
285 involved in entrepreneurship activities because self-employment is a significant option for
286 income generation due to a lack of formal employment (Hogarth-Scott et al., 2017). These
287 results show that most respondents were aged between 31 to 45 years, followed by elders
288 aged between 46 to 45 years and 18-30 years. All these ages fall into the group of youths.
289 Therefore, it is believed that if these entrepreneurs get loans and good training from MFI,
290 they can do well in entrepreneurship due to their age and, as a result, be empowered.
291 Provident and Zacharia (2008) found that youths do better in entrepreneurship. It is
292 recommended that although all ages can do better in entrepreneurship, there is a need to
293 encourage more youths to be entrepreneurs through giving loans, training, and providing
294 entrepreneurship business skills by calling upon successful entrepreneurs to motivate young
295 people to consider entrepreneurship and self-employment. The respondents' age was
296 analyzed to determine the age of entrepreneurs with the support of BRAC.

297 **3.2.2 Marital status of the respondents**

298 Study findings, as presented in Table 1, revealed that 64% of the respondents are married,
299 17% are single, 9.1% are separated, 6.1% are widowed, and 5% are divorced. Therefore, it
300 shows that most women entrepreneurs are married. These results showed that 64% of the
301 majority of respondents were married. Married women have many responsibilities, so they
302 engage in entrepreneurship activities so that they can be able to access their children's
303 needs. So, the study recommends that all categories of people, whether married, single, or
304 widowed, remember that poverty does not choose any of the categories, and for that matter,
305 whether one is single or married, he/she has the responsibility to develop. In that regard,
306 married people are more committed to access to MFIs according to their responsibilities to
307 family matters and when compared to other people who are not married. Moreover, the
308 respondents' marital status level was analyzed in Figure 1.

309 **3.2.3 Education level of the respondents**

310 As presented in Table 1, study findings revealed that 69.7% percent had secondary
311 education, 28.8% percent had primary education, and 1.5% had post-secondary education.
312 Therefore, it shows that most women entrepreneurs must be more highly educated. The
313 findings reflect the argument presented by Hatibu (2018) that the more educated people are,
314 the less they are involved in entrepreneurship activities. Most of the entrepreneurs need to
315 be more educated. The study results show us that the majority of respondents had
316 secondary education. By majoring in secondary education, it implies that most entrepreneurs
317 in the study have a lower education level. For that matter, most of them have been in poverty
318 for some time. Therefore, it was okay for them to find a way by which they could manage to
319 make a living. It was perfect that they joined microfinance institutions, which were a better
320 means for alleviating their poverty by asking for loans and training assistance on writing
321 business plans and maintaining a business. These findings are similar to those by Hatibu
322 (2018), that the more educated, the less the involvement in entrepreneurship activities.
323 Therefore, entrepreneurs should find a way to improve their education level by joining
324 evening programs, reading journals, and attending exhibitions.

325 **3.2.4 Household size of the respondent**

326 The findings presented in Table 1 shows that 63.6% of respondents live with 4-6 household
327 members, 19.7% of respondents live with 1-3 household members, and 16.7% of
328 respondents live with 7-9 household members. The findings reflect that high number of
329 respondents have many household members which means there is high consumption in
330 their households. The study finds that many women's in BRAC with larger number of
331

332 members in their household engaged in entrepreneurship activities because they want to
 333 improve their income and living standard also taking care their children especial their needs
 334 and school fees.

335

336 **3.4 Contribution of BRAC MFIs Institution on women income empowerment**

337 **Table 2: Amount of loan received from BRAC**

Parameters	Frequency	Percentage
Loan		
Loan received from BRAC Institution		
Yes	66	100
No	0	0
Total	66	100
Types of economic activities BRAC women practise		
Saloon	9	13.6
Catering service	10	15.2
Food crops and vegetable in the market	17	25.8
Cosmetic shops	6	9.1
Tailor	13	19.7
Clothes shop	5	7.6
Charcoal seller	3	4.5
Mobile network agency	2	3
Stationary	1	1.5
Total	66	100
Amount of capital of women entrepreneurs during starting the businesses		
500,000 – 690,000	15	23
700,000 – 990,000	16	24.2
1,000,000 – 1,490,000	18	27.3
1,500,000 – 1,999,000	9	13.6
2,000,000 – 2,490,000	6	9.1
2,500,000 – 2,990,000	1	1.5
Total	66	100
Amount women received from BRAC Institution.		
500,000 - 690,000	11	16.6
700,000 - 990,000	13	19.7
1,000,000 - 1,490,000	24	36.4
1,500,000 - 1,990,000	10	15.2%
2,000,000 - 2,490,000	5	7.6
2,500,000 - 2,990,000	3	4.5
Total	66	100
Challenges on accessing loans of BRAC Institution		
Lack of valid collateral and marital relationship	20	30.3
Lack of business and entrepreneurship education	14	21.2

Lack of loan savings and referees	6	9.1
High interest rate BRAC Institution	26	39.4
Conditions and teams		
Total	66	100
BRAC reduce poverty		
Yes	66	100
No	0	0
Total	66	100
Reasons		
It improves income	16	24
It improves living standard in household	14	21
It helps women to start business	12	18
It helps to afford basic needs	9	14
Help the children go to school	8	12
Help to improve business	7	11
Total	66	100
Savings.		
Yes	66	100
No	0	0
Total	66	100
Types of savings of respondents		
Through BRAC loan savings	59	89.4
And VICOBA		
BRAC loan savings	7	9.1
Total	66	100

338

339

Source: Field Data (2023).

340

3.4.1.1 Types of economic activities that are supported by BRAC

341

According to Table 2, a researcher aimed at/ intended to know the respondents' economic activities and practices. The findings in Table 2 shows that 13.6% are Saloon, 15.2% are Catering services, Food crops and vegetable to the market, 25.8% are Clothes shop, 9.1% are Cosmetics shop, 19.7% are tailors, 7.6% are Domestic needs shops, 4.5% are Charcoal sellers, 3% are Mobile network agency and 1.5% are Stationary. Therefore, Food crops and vegetables in the market were highly supported by BRAC compared to any other type of economic activity, with 25.8%. The researcher intended to know the types of economic activities that BRAC supports its owner-managers. The results are shown in Table 2 below. These results showed that 25.8% of the majority of respondents dealt with food crops and vegetables in marketplace delivery. Although all entrepreneurs, whether manufacturers, service delivery, or commerce and trade, are concerned with poverty reduction, the speed of reducing poverty is low for those dealing with service delivery compared to those dealing with commerce and trade and those who are manufacturers. Findings by Morduch (2000) show similar findings that most entrepreneurs engage themselves in service delivery due to insufficient capital. It is recommended that entrepreneurs join groups and have access to higher loans that could enable them to speed up the rate of poverty reduction.

347

Likewise, during a focus group discussion with respondents, it was realized that women confirm that Loan from BRAC Institution helps them to own different businesses.

348

As one of the respondents asserted that

349

We do different businesses according to the area's demand, time, and amount of capital.

350

361
362 During interview session with Credit Officer, she was of the view that loan which the BRAC
363 Institution provided to the respondents are helped them to own the differences businesses
364 because each of the respondents have their choices on what types of activities or business
365 want to practices. Here what she said.
366 *Clients own different businesses because everyone does a business that sees a good*
367 *impact and because of the nature of the place and the demand of the needs of their clients.*
368 *Food crops and vegetables are among the businesses that our clients like to do because it*
369 *does not cost much capital and has an impact on them.*
370 *The findings from focus group discussions, interviews, and questionnaire sessions revealed*
371 *that women who benefit from loans from BRAC Institution own different businesses because*
372 *they are available and easy to do, do not cost much capital and time, and have a better profit*
373 *than other businesses..*

374 375 **3.4.4 Level of capital of the entrepreneurs from the beginning and presents**

376 According to Table 2, a researcher aimed at/ intended to know entrepreneurs' capital level at
377 the beginning and present. The analysis was done to show if there has been capital growth
378 among entrepreneurs under the study. The results are shown in Table 2 below. The findings
379 show that 22.7% invested 500,000 up to 690,000, 24.2% invested 700,000 up to 900,000,
380 27.3% invested 1,000,000 up to 1,490,000, 13.6% invested 1,500,000 up to 1,990,000, 9.1%
381 invested 2,000,000 up to 2,490,000, 1.5% invested 2,500,000 up to 2,990,000. The findings
382 agreed with the (Feliccian, 2017). One of the significant challenges facing SMEs in Africa is
383 capital at the beginning. As such, once they begin their business, they have a better chance
384 of increasing their capital (Feliccian, 2017). The results show that the respondents started
385 with low income but have improved after joining BRAC Institution; their capital is much
386 better.

387
388 Likewise, during a focus group discussion with respondents, it was realized that women
389 confirm that Loan from BRAC Institution helps them to improve their capital.
390 As one of the respondents asserted that
391 *Yes, I started with the low capital, but now the capital has improved.*

392
393 During interview session with BRAC Branch Manager, she was of the view that women who
394 received loan from BRAC Institution their capital have improved than before because for now
395 they have much better businesses than before.
396 Here what she said.
397 *There has been a massive change to the capital since they joined BRAC Institutions*
398 *because women have much better capital than before. After all, they received some loans*
399 *from BRAC Institution, which helped them to improve their capital.*

400
401 *The findings obtained from focus group discussions, interviews, and questionnaire sessions*
402 *revealed that women who are the beneficiaries of loans from BRAC Institution help women*
403 *improve their capital due to the result of women's statements that show how they started and*
404 *improved their capital.*

405 406 **3.4.2 Amount of loan received from BRAC**

407 According to Table 2, a researcher aimed at/ intended to know if the respondents' received
408 loans from BRAC Institution. The findings, as presented in Table 2, revealed that 100% of
409 the women received loans from BRAC, 16.6% received between 500,000 to 690,000, 19.7%
410 received between 700,000 up to 990,000, 36.4% received between 1,000,000 up to
411 1,490,000, 15.2% received between 1,500,000 up to 1,990,000, 7.6% received 2,000,000 up
412 to 2,490,000 and 4.5% received between 2,500,000 up to 2,990,000. Therefore, it shows
413 that many respondents received between 1,000,000 to 1,490,000. The Findings from the

414 study show that the respondents are receiving different amounts of loans according to their
415 differences in criteria and differ from the amount they need according to their businesses.

416

417 Likewise, during a focus group discussion with respondents, it was realized that women
418 confirmed they received loans from BRAC.

419 As one of the respondents asserted that

420 *... Yes I received loan from BRAC Institution.*

421 During interview session with BRAC Branch Manager, she was of the view that all women
422 received loan from BRAC Institution in different rank because it depends the number of
423 times started to have access to the Institution.

424

425

426 Here what she said.

427 *There are different ranks of applying for loans because of the number of years the women*
428 *received loans from BRAC Institutions.*

429

430 *The findings from focus group discussions, interviews, and questionnaire sessions revealed*
431 *that women have different ranks of loans received from BRAC Institutions.*

432 **3.4.6 Challenges in accessing loan from BRAC**

433 According to Table 2, a researcher intended to identify the challenges encountered by the
434 respondents to analyze what acts as an obstacle when accessing loans. The finding
435 presented in Table 2 shows that 30.3%, represents 20 of the total respondents, stated that
436 the lack of valid collateral and marital relationships is the major challenge they encountered,
437 21.2% (14 of the total respondents stated that the lack of businesses and entrepreneurship
438 education is the major challenge they encountered with, 9.1%, representing 6 of the total
439 respondents, stated that the lack of loan savings and referees is the major challenge they
440 encountered, whereas 39.4%, representing 26 of the total respondents, stated that
441 according to the high-interest rate and BRAC Institution, conditions terms is the major
442 challenge they encountered with. Therefore, lack of valid collateral and the marital
443 relationship is a significant challenge that faces many women accessing loans with 39.4%.
444 The findings agreed with the (Golla et al., 2021). Those institutions include legal and policy
445 structures, economic systems, market structures, and marriage, inheritance, and education
446 systems. Also, the findings agreed with the study of Liheta and Mosha (2014), which
447 revealed that the overall performance of MFIs in Tanzania could be better, and only a few
448 have clear objectives or a solid organizational structure. It was further observed that MFIs in
449 Tanzania lack participatory ownership, and many are driven. Due to that, BRAC women are
450 facing challenges due to the high interest rate and BRAC conditions and teams, extended
451 loan process, lack of entrepreneurship education, lack of valid collateral, and marital
452 relationships.

453 Likewise, during a focus group discussion with respondents, it was realized that women
454 confirm that they face challenges when applying for loans from BRAC Institutions.

455 As one of the respondents asserted that

456 *High-interest rates and conditions are the major problems when accessing a loan because*
457 *sometimes we need more loans according to the demand of businesses we do. However,*
458 *we do not qualify to get it because of these conditions.*

459 During interview session with BRAC Branch Manager, she was of the view that BRAC
460 Institution have their interest rate and conditions and terms.

461 Here what she said.

462 *BRAC conditions are under BOT, limitations in the scale of their operations in outreach*
463 *teams and the number of clients served, poor portfolio quality, limitations in their professional*
464 *capacity, and weak government structure, so it is difficult to change them. Hence, the clients*

465 *have to meet these conditions and teams so that they can be able to acquire the loan they*
466 *need.*
467 *The findings obtained from focus group discussions, interviews, and questionnaire sessions*
468 *revealed that, due to BRAC Institution regulations, terms, and conditions, respondents need*
469 *help applying for loans.*

470 **3.4.4.1 Contribution to poverty reduction.**

471 According to Table 2, a researcher aimed at/ intended to know if BRAC Institution's loans
472 help reduce poverty among the respondents. The findings, as presented in Table 2, revealed
473 that 24% of it improves income, 21% improves living standard in the household, 18% helps
474 to start a business, 14% helps to afford basic needs, 12% helps the children go to schools,
475 and 11% helps to improve business. The findings agreed with the (Yahie, 2000). There is a
476 range of MFIs whose participation is essential to appropriately address the challenge of
477 poverty reduction to women by providing loans for starting businesses and improving their
478 businesses. Also, it helps them improve their living standard and income, helps them meet
479 their basic needs, and helps the children go to school.

480 Likewise, during a focus group discussion with respondents, it was realized that women
481 confirmed that a loan from BRAC Institution helps them reduce poverty.

482 As one of the respondents asserted that

483 *It helps to improve living standards and school fees for children, get money for business, and*
484 *improve income, which improves living standards.*

485 During interview session with BRAC Branch Manager, she was of the view that BRAC
486 Institution the aim is to reduce poverty and through improving women capital.

487 Here what she said.

488 *BRAC Institution aims to reduce poverty in society, especially by empowering women.*

489 *Women are encouraged to join BRAC Institutions in order to get loans so that they can start*
490 *businesses, which will help them to improve their income, which can help them to reduce*
491 *poverty.*

492 *The findings obtained from focus group discussion, interview, and questionnaire sessions*
493 *revealed that loan helps women to improve their living standard and poverty.*

494 **3.4.2 Savings**

495 **3.4.2.1 Savings made by the respondent**

496 According to Table 2, a researcher aimed at/ intended to know if the respondents have ever
497 made any savings to analyze if they can make savings for their business and living. The
498 findings in Table 2 show that 100% of respondents are saving since they received training
499 on saving for their business and living. Moreover, they made savings for the future,
500 specifically through VICOBA. Findings from (Rutenge, 2016) agree well with the findings
501 from this study on the easy accessibility of Village Cooperation Bank (VICOBA) loans to
502 promote livelihood improvement for its clients. Village Cooperation Bank (VICOBA) also
503 promotes social solidarity between group members and the culture of saving (Rutenge,
504 2016) and saving based on saving accounts, which increases the savings (Ashraf et al.,
505 2006). It is a microfinance service that enables people to access their assets with the help of
506 weekly savings and contribute to group savings (Mkpado&Arene, 2007). Save Microfinance
507 institutes provide the opportunity for individual and group saving. Micro-saving enhances
508 rural women's productivity (Knowles, 2013) as saving is one of the microfinance services
509 that has long-lasting effects on women (Dupas & Robinson, 2013). According to Bernard et
510 al. (2016), saving positively impacts women's microenterprises. Therefore, it enhances the
511 income from microenterprises, automatically boosting women's employment.

512

513 Likewise, during a focus group discussion with respondents, it was realized that women
514 confirm that loan from BRAC Institution helps them to make savings.

515 As one of the respondents asserted that
516*Yes I made the savings through VIKOBA and loan savings because I get from the profit*
517 *of the business.*

518

519 During interview session with BRAC Branch Manager, she was of the view that BRAC
520 Institution starting making savings to all clients through loan savings.

521 Here what she said.

522 *Among the conditions of BRAC Institution, to receive a loan from BRAC, 10% of the loan you*
523 *requested is for loan savings, so the clients must pay that amount to receive the loan from*
524 *BRAC Institution.*

525 *The findings obtained from focus group discussions, interviews, and questionnaire sessions*
526 *revealed that Savings of the women helped women improve their businesses, as well as*
527 *their children's school fees and all the house expenses.*

528

529 **4. CONCLUSION**

530

531 MFIs have significantly contributed to women's empowerment by providing them with access
532 to financial services, including loans and savings. This access has enabled women to
533 engage in a wide range of self-employment activities, fostering the acquisition of valuable
534 entrepreneurship skills. The positive impact of MFIs on women's income empowerment is
535 evident. Through tailored financial services and investments in their businesses, women
536 have been able to expand their ventures and generate sustainable income. This increase in
537 income has translated into an improved quality of life for women and their families.

538 The study reveals that MFIs have played a vital role in enhancing women's social respect
539 and status within their communities. As women became economically independent, they
540 earned recognition and respect from peers, families, and society at large. This shift in
541 perception has not only boosted women's confidence but also challenged traditional gender
542 norms. The research findings align with the broader objectives of eradicating poverty and
543 achieving the Millennium Development Goals (MDGs). MFIs have emerged as a valuable
544 tool in promoting gender empowerment and sustainable development.

545 While the study celebrates these achievements, it also acknowledges the potential for further
546 growth. As women's businesses flourish, they may transition to individual customers with
547 stronger business acumen and collateral, making additional contributions to economic
548 development and poverty reduction. In conclusion, Microfinance Institutions have
549 demonstrated their pivotal role in the pursuit of gender equality and sustainable
550 socioeconomic progress.

551 **5. Limitations and Further Study**

552 **5.1 Limitations**

553 Limitations were encountered due to the nature of the respondents, as some requested the
554 amount they receive and benefits of BRAC microfinance. Despite explaining the significance
555 of the study and supporting their businesses, this compensation request could have affected
556 data availability. Efforts were made to address respondent bias through well-prepared
557 questions, friendly conversations, and a neutral stance. Additionally, some BRAC
558 beneficiaries found it challenging to trust the researcher's identity, requiring additional time
559 and effort to establish trust. Experienced loan officers from BRAC Microfinance occasionally
560 deviated from the interview guide, formulating their own questions. The researcher-
561 maintained faithfulness to the interview guide and used interpersonal skills to ensure that
562 responses aligned with the research objectives.

563 **5.2 Further study**

564 To determine the contribution of Microfinance Institutions on increasing women's
565 entrepreneurship skills. Lastly, recommend was to determine contribution of Microfinance
566 Institutions to women's social respect empowerment.

567 **ETHICAL APPROVAL AND CONSENT**

568 Ethics in research play a critical role in safeguarding the well-being and rights of
569 research participants. In this study, ethical considerations were paramount, and
570 several critical ethical principles were upheld to ensure that respondents did not
571 suffer any adverse consequences due to the research. The study ensures that
572 individuals clearly understand the study's purpose and voluntarily agree to
573 participate. In this study, an introduction letter from the postgraduate directory was

574 used to request consent from organizations, aligning with the requirement for
575 informed consent (World Medical Association, 2013). Respondents were informed
576 that their participation was voluntary, and there were no repercussions for those
577 who declined to participate (American Psychological Association, 2017). In the
578 study, participants were guaranteed to keep their information confidential, aligning
579 with ethical standards (National Institutes of Health, 2018). The data collected was
580 used solely for academic purposes and not for undisclosed or harmful intentions by
581 ethical guidelines (CIOMS, 2016). The researcher ensured that the whole research
582 was ethically guided and that respondents had the privilege of refusing to answer
583 the questions being asked if they thought that it was no longer included in their
584 participation.

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601 **AUTHORS' CONTRIBUTIONS**

602 Mary GidionMaghinadesigned the study, conducted statistical analysis, developed the
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604 supervised by Dr. SosthenesRuhezaand Dr. Frank P. Mwangole.

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760 **DEFINITIONS**

761 **Microfinance Institutions**

762 these are the financial services provision to the low-income people and small enterprises
763 that lack access to formal financial institutions. microfinance is not limited to borrowing
764 activities but also includes savings, transfer facilities, training, insurance and others.

765 microfinance institutions are effective instruments for providing basic services like savings,
766 affordable credit and skill training (manfuzetal al., 2017, misrak, 2021).

767 Empowerment

768 Generally, empowerment is defined in many ways depending on who it is being
769 applied to. the general definition states that empowerment is the process of enabling
770 or authoring an individual to think, behave, take action and control work in
771 autonomous way (krishna, 2003).

772 Secondly, empowerment as classed by the United Nations (UN), is classified into
773 five components and these include; women’s “right to make choices”, “right to have
774 access to resources” “right to control their own lives”, “sense of self-worth” and “the
775 ability to create a social and economic order” (the un, 2011).

776 Women Socio - Economic Empowerment

777 Refers to the ability of women and girls to act individually and collectively to change
778 social relationships and the institutions and discourses that exclude them and keep
779 them in poverty. this means the women ability to participate equally in existing
780 markets, their access to and control over productive resources, access to decent
781 work, control over their own time, lives and bodies and increased voice, agency and
782 meaningful participation in economic decision making at all levels from the
783 household to internal institutions international monetary fund (2018). pursuing
784 women’s economic empowerment. it is about the extent to which some categories of
785 people are able to control their own destinies, even when the people with whom
786 they interact oppose their interests mason, and (2005). in this study, women socio-
787 economic empowerment stands for the efforts by microfinance institutions (mfis) to
788 socially and economically empower women through micro-credit to improve their
789 economic activities.

790 ABBREVIATIONS

791	MFIS	Microfinance Institutions
792	SACCOS	Savings and Credit Cooperative Organizations
793	SMES	Small and Medium Enterprises
794	SPSS	Statistical Product and Social Solutions
795	UN	United Nations
796	VICOBA	Village Cooperation Bank
797	BRAC	Bangladesh Rehabilitation Assistance Committee
798	FINCA	Foundation for International Community Assistance
799	SBLP	Service – Based Local Policy

800 **UNDP**
801
802

United Nations Development Programmer