



Impact of Women Development Fund in Generating Women Entrepreneurs: Evidence from Mbulu District Council

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Abstract

The purpose of the study was to assess the impact of women development fund in generating women entrepreneurs in Mbulu district. Specifically, the study assessed the extent to which WDF is facilitating women to exploit business opportunities, determined effects of WDF in supplying women entrepreneurial activities in the study area and assessed the challenges of WDF credit conditions to women. The study used cross sectional data obtained from 100 the targeted population of the study is women groups and respective members who get credit from WDF. The data was analysed using descriptive statistics to determine the extent to which WDF is facilitating women to exploit business opportunities and challenges of WDF credit conditions to women. Regression analysis was used to determine the effectiveness of WDF in supplying women entrepreneurial activities.

Results of analysis of the data on the extent to which WDF is facilitating women to exploit business opportunities revealed that to a large extent women entrepreneurs have failed to exploit business opportunities with WDF credits. The study revealed that, the amount of loans secured by women was not enough to the majority of them. Also results from regression have indicated that before credits from WDF, change in employment had significant effect, with coefficient value of 0.011, but after credits the correlation coefficient was 0.568. This indicates that with WDF credits women were able to employ more members in their businesses. Moreover, before WDF credits change in production had negative effects with coefficient value of -0.116. This implies that without WDF credits women failed to change their production, but the situation was different when they received WDF credits as the results indicated the correlation coefficient value of 0.214. Lastly women entrepreneurs were affected by climate change as well as price fluctuation. On Challenges, the majority of women entrepreneurs complained about inadequate market, inadequate capital and competition from other producers.

Keywords: Women Development Funds (WDF) and Entrepreneurs

1. Background of the study

Women entrepreneurs in developing countries continue to play important roles in the national economy. Their roles as entrepreneurs have been recognized as crucial in increasing the quality of life and bringing changes to the status quo of women in the world. They also create

employment, build wealth, reduce poverty and contribute significantly to the world economy (Anwar and Rashid, 2012 and Odebrecht, 2013). At the same time microcredit as part of micro financing, has been established to provide financial services to the very poor women in the world for the purpose of enabling them to engage in profitable business or self employment to sustain or improve their economic activities that are essential to their wellbeing.

In developing world microcredit is increasingly gaining credibility in the financing industry. Many traditional large finance organizations are contemplating micro credit projects as a source of future growth (Yunus, 2008). Despite its recognized contribution to women, yet; more than 70% of the world population of poor people are women constrained with a lot of challenges, including lack of access to credit, poor living condition, lack of education, land, market and remain under represented as entrepreneurs (Tshuma and Selome, 2014). It is well known that women prefer to be self employed but have limited time due to their gender roles in family issues, hence majority of them operate close to their home in informal small scale and limited range of sector, often have less experience when they start up a business. They are also less likely to borrow money to finance their business due to lack of collateral.

In promoting women entrepreneurship and creating conducive environment for them to participate fully in economic, political and social life, government and international organizations have taken various measures to address barriers which impede women in attaining entrepreneurship development and in ending up poverty for sustainable development. For instance, the international community has recognized the importance of supporting gender equality and promoting women entrepreneurship. Among the initiatives and protocols are the Convention on the Elimination of all forms of Discrimination Against women, The Beijing Platform for Action, The Millennium Development Goals, the 2030 agenda for Sustainable Development, Adis Ababa Action Agenda and in Multilateral, Regional and policy fora, including the Group of Twenty (G20). Though these measures have been taken yet women are under- represented as entrepreneurs (OECD, 2014). A number of countries in developing countries also have shown concern in promoting women entrepreneurs and gender equality through creation of policies and programmes which are intended to empower women economically, politically and socially. Still women are constrained with inadequate access to credit for starting a new business and expanding the existing ones and lack of management skills for improved performance. The necessity for eradicating extreme poverty and build vibrant economies, requires that women must gain access to and control of capital, land, markets, education and leadership opportunities (UN women report, 2014). In ensuring success in women empowerment various policies and programmes including micro credit financing programmes have been established, both in developed and in developing countries, purposely for capacitating women economically, socially and politically.

According to Population and Housing Census (PHC) of 2012, Tanzania mainland had a population of 43.62 million of people whom 51% women's NBS (2013). More than 70% of women live in rural areas engaging in agriculture and livestock keeping for their livelihood and economic prosperity (URT, 2000). These rural women are vulnerable to poor living conditions because their economic activities depend on geographical location and climatic variations. Moreover other aspects, such as women's education level, tradition role, age and reproductive roles bring challenges that affect their productivity and development (NSGD, 2000).

The government has taken various measures to address women's challenges as reflected in the constitution of the United Republic of Tanzania and various macro policies, strategies and programmes. Among the measures and programmes introduced by the government is the establishment of Women Development Fund (WDF) in 1993, aimed at empowering rural women entrepreneurs through macro credit support and reducing poverty among women's

(Makombe et al 1999), Women and Development Policy of 2000, which aims at ensuring equity and full participation of women in all spheres of life including economic, social and political (MCDWAC, 2000) and The National Economic Empowerment Policy of 2004, which is intended to address all economic empowerment needs of the individual's citizens of Tanzania by providing guidelines and addressing all economic constraints so as to create a more conducive environment for various groups to have access to opportunities for the effective participation in various economic activities (URT, 2004).

Regrettably, more than 50% of women in Tanzania work in the informal economy of small scale self-employment and limited range of sector compared to those working in formal micro enterprises. Moreover they have less experience when they start up businesses and are less likely to borrow money to finance their business compared to their male counterpart due to cultural barriers of lacking rights to own real property (Stevenson and St-Onge, 2015).

Due to that Women Development Fund (WDF) provides an alternative to increase access to finance to rural women entrepreneurs. The fund acts as a collateral means of lending because it provide loans to women groups who are involved in any income generating activities without presenting any security. Although WDF provides financial support and entrepreneurial training to women entrepreneurs, especially those in rural areas, to ensure the sustainability of the women's' initiatives, yet women are still facing a lot of challenges in accessing credit, networking and information as well as legal and policy constraints (Odebrecht,2013)

2. Literature Review

2.1 Financial Capital/Liquidity Theory

The Financial Capital Theory treats finance as one of the factors of production. According to the theory an entrepreneur's access to finance/capital enables him/her to venture into a new business (Alveres and Busentz, 2001), either through new investment, expanding the existing business to take advantage of the expanded markets, or for working capital. The capital can be raised through own savings or can be borrowed from the financial institutions. Focusing on this theory, if women are provided enough funds/loans and used in profitable business or income generating activities, they can be able to graduate from the mere income generators for subsistence to entrepreneurs who create employment opportunities for themselves and others, increase sales and profit, improve quality and quantity of production and services, and hence movement to the market economy (Ssendi and Anderson, 2009). Financial capital is the vital variable in generating women entrepreneurship due to the fact that if an individual provided with, fund is capable to start up and expand business he /she can create new employment opportunities, sales, profit and production within the community.

The key question is to what extent this theory explains the reality and under what circumstances the supply of entrepreneurial activities in terms of exploitation of profitable opportunities occurs.

2.2 Empirical literature review

Gedion, Oyugi and Muniyithya (2015) examined the effects of Women Enterprises Fund (WEF) on women entrepreneurs in Kenya. The study surveyed 74 sampled small and medium enterprises in Eldorete town. Among the findings is that Women Enterprises Fund had a positive effect on women's empowerment in decision making in that women who get credit from the fund were able to make decision on how the borrowed fund could be spent and on how the business could be carried out. The study also found out that women and household incomes of women who took loans from WEF increased. Social welfare, nutrition, household assets and children education improved. The fund was, however, found to be selective in that

only women who lived in the urban areas of Eldoret benefited from the fund leaving majority of women who lives in rural areas with little access to credit. The sample for the study is also relatively small to generate conclusive results.

Also Ayogu and Ogadimma (2015) did a study in Nigeria assessing the contribution of women entrepreneurs towards entrepreneurship development, 182 sampled they found that self fulfillment and freedom are motivational factors which inspire women to run business and become entrepreneurs although financial constraints and government regulations are the obstacles for attaining entrepreneurship development in Nigeria. The study also showed that poverty alleviation and job creation are major contribution indicators of women entrepreneurs towards entrepreneurship development in Nigeria. However women entrepreneurs still face lots of challenges including the mentioned above but most of women who want to start up business do not understand how to take advantage of their environment whether be favourable or unfavourable for business. Hence they found themselves with a lot of goods with an adequate market.

Siwa, (2015) underwent a study in Zanzibar assessing the effect of Women Entrepreneurship Development Trust Fund in promoting women business growth and found that the amount of loans given to women entrepreneurs is very low to satisfy their business needs. The study also found that the higher interest rate of about 22% and processing fees of about 21% was a burden to women and discourage them to continue in borrowing credits from the fund. Even though the study indicated various challenges which hinders women to reach intended success, still the study itself was selective, given that it was only based on active women aged between 30 to 39 who completed secondary education and left most women who did not attend school and have several family responsibilities who need to be empowering economically to sustain their livelihood. Furthermore, microfinance institutions which lend money at higher interest rate did not signify concern for assisting poor women to alleviate poverty rather than discouraging them to reach the expected goals. Moreover Shekilango, (2012) carried a study in Mbeya Region examining the Microcredit and empowerment of rural women through Saving and Credit Cooperative Society (SACCOS) and found that microcredit scheme have significant contribution to both economic and non economic changes in rural women lives. On the other hand more than 70% of poor women in rural areas still face barriers in accessing credit for start-up and expand their business due to cultural barriers and inadequate information concerning financial issues.

Kato and Kratzer, (2013) examined empowering women through microfinance in Tanzania and found that those women who are the members of microfinance have potential significance in their household and the economy due to the fact that the accessibility of credit help them to run business which lead to an increase of income and improved social-economic lives as whole compared to women who are not members of MFIs. However, due to higher interest rate charged by many MFIs, and complicated procedures most women entrepreneurs tend to be entrepreneurial of necessity rather than opportunity drive into small business due to lack of alternatives (AGEI, 2015).

2.3 Research Gap

From the reviewed literature, most detailed studies concerned credit schemes and women entrepreneurship have been done in urban areas where women have all access to facilities concerning business success such as credit, training, market and business networking. For instance the study carried out in Nigeria assessing the role of women entrepreneurs towards entrepreneurship development found that the availability of credit contribute to creation of employment and elimination of poverty among women in the society (Oyugi and Ogadimma,

2015). Also Siwa, 2015 carried out a study in Zanzibar assessing the role of Women Entrepreneurship Development Fund in promoting women business growth found that the amount provided by this fund is very minimal to satisfy business growth. Furthermore (Kato and Kratzer, 2013) in their study in Tanzania, examining the empowerment of women through microfinance found that those women who are the members of microfinance have positive changes in their household and the economy. Also other study carried out in Eldorete town examining the effects of Women Fund on women entrepreneurs, found that those women who access credit from credit scheme have positive change in their income, household, social wellbeing and employment creation (Oyugi, Gedion and Munyithya, 2015). Despite the findings from those literature that credit is the most determinant of successful entrepreneurial activities the major issue is on the extent to which credit schemes have generated entrepreneurial activities especially in rural areas where women have largely been left behind.

3. Research Methodology

The study used cross sectional data obtained from 100 women of the targeted population, and respective members who get credit from WDF. The data was analysed using descriptive statistics on the extent to which WDF is facilitating women to exploit business opportunities and challenges of WDF credit conditions to women. Regression analysis was used on of WDF in supplying women entrepreneurial activities.

4. Results

4.1 The extent to which WDF is facilitating women to exploit business opportunities

The findings confirmed that to large extent women entrepreneurs has failed to exploit business opportunities with WDF credits. As revealed in the current study that majority of respondents had just received the loan in not more than 2 years' time.

Table 1 For how long have you been receiving credit from WDF

Duration	Frequency	Percent
1 - 2 years	84	84.0
3 - 4 years	13	13.0
5 - 6 years	3	3.0
Total	100	100

Source: field data (2019)

Also the results showed that even the amount given by WDF is very little for them to expand their business to a greater extent or establish other businesses since majority (99%) of respondents managed to get 30,000 to 60,000. The study revealed that, the amount of loans secured by women was not enough for the majority of them. It was revealed that they didn't get the amount of loans applied for to fulfil their business objectives.

Table 2 Amount of credit received as a source of business fund

Amount	Frequency	Percent
300,000 – 600,000	98	98.0
700,000 – 1,000,000	2	2.0
1,000,000-1,500,000	0	0.0
1,500,000-2,000,000	0	0.0
Total	100	100

Source: field data (2019)

Respondents also mentioned the uses of the fund received from WDF as indicated in table 3. Findings revealed that 88% of respondents declared to use the fund for expanding their businesses, whereas 10% used for start up business while the remaining 2% used to purchase house assets. The results conform to that of Rutashobya (2001) and Makunyi (2017) who revealed that, MFI loans assist borrowers to expand their businesses by increase of capital and assets.

Table 3 Main uses of fund received from WDF

Uses	Frequency	Percent
Start up business	10	10.0
Expansion of business	88	88.0
Purchasing house assets	2	2.0
Total	100	100

4.2 Effects of WDF in supplying women entrepreneurial activities

In assessing the effects of WDF fund in supplying women entrepreneurs, the researcher focused on change in production and change in employment before and after WDF credits. Findings were as depicted in table below;

Results from regression as indicated in Table 4 and 5 reveal that before credit from WDF, change in employment had significant effect with coefficient value of 0.011 but after credit the correlation coefficient was 0.568. This indicates that with WDF credits women were able to employ more members in their business. Moreover before WDF credit change in production had negative effects with coefficient value of -0.116. This implies that without WDF credit women failed to change their production but the situation was different when they received WDF credit the results indicated that the correlation coefficient value of 0.214.

Change in production (CIP) and change in employment (CIE) before WDF credits

Table 4 Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	6.982	1.003		6.962	.000
1 CIE	.011	.031	.035	.344	.732
CIP	-.116	.102	-.115	-1.138	.258

a. Dependent Variable: BC

Change in production and change in employment after WDF

Table 5 Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.819	.641		1.277	.605
1 CIE	.568	.020	.933	28.692	.000
CIP	.214	.065	.106	3.271	.001

a. Dependent Variable: AC

4.3 Challenges encountered by women entrepreneurs who received fund from WDF

In the current study the researcher were interested to know if repayment plan for WDF loan is a challenge to women entrepreneurs. Results in table 6 revealed, 82% admitted repayment plan for the WDF loan is considerate when compared to other financial institutions.

Table 6 Repayment plan for the WDF loan is very considerate

Response	Frequency	Percent
Strongly agree	82	82.0
Agree	17	17.0
Disagree	1	1.0
Total	100	100

Moreover researcher also wanted to know other challenges faced by women entrepreneurs after receiving WDF loans. Results in table 7 below revealed 22% of women entrepreneurs were affected by climate change as well as price fluctuation. Also 19% complained about inadequate market and 12% mentioned inadequate capital and the remaining 9% mentioned competition from other producers.

Table 7 Problems affecting performance of women entrepreneurs after receiving the loan

Response	Frequency	Percent
Inadequate capital	12	12.0
Inadequate market	19	19.0
Competition from other producers	9	9.0
Animal diseases	11	11.0
Climate change	22	22.0
Price fluctuation	22	22.0
Multiple factors	5	5.0
Total	100	100

Source: field data (2019)

5. Conclusion

The current study concludes that to a large extent woman entrepreneurs have failed to exploit business opportunities with WDF credits. This is because the amount given is too small. But the study found that despite of the amount there are some changes in production and employment after credit compared to before credits. This indicates that with WDF credits women were able to employ more members in their business. Lastly women entrepreneurs were affected by climate change, inadequate market, inadequate capital and price fluctuation.

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