

Empowering Women through Microfinance: Evidence from Tanzania

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Abstract. *Traditionally the position of women in Tanzania has been low compared to men. Women are poorer, have low education and suffer from traditions and customary laws. Thus, empowerment of women is one of the main issues in Tanzania and beyond. Microfinance services are considered as an entry point or a vehicle toward empowering women. However, it is also considered that Microfinance Institutions are extorting money from poor women through high interest rates, causing higher social pressure and in some cases lead to domestic violence. Using the quantitative and qualitative data from three regions of Tanzania, this study shows that women members of microfinance institutions (MFIs) are more empowered compared to non-members in non-program areas. In total 454 women (305 members of MFIs and 149 non-members) participated in the survey and 10 women in the in-depth interviews. The data obtained are analysed using Mann-Whitney U test. The results show a significant difference between the women members of MFIs and non-members in the dependant variables related to women empowerment. Women members of MFIs have more control over savings and income generated from the business, greater role in decision-making, greater self-efficacy and self-esteem, and greater freedom of mobility and increased activities outside home.*

Keywords: *Tanzania, microfinance, self-efficacy, empowerment, self-esteem, mobility, decision-making, control over income.*

Introduction

In recent years, the president of United Republic of Tanzania, Jakaya Mrisho Kikwete established the empowerment fund popular known as ‘Kikwete billions’ hoping that it may reduce poverty. Microfinance services has been and increasingly become a popular intervention against poverty in developing countries, generally targeting poor women. It has been considered an effective vehicle for women’s empowerment (Leach & Sitaram, 2002). The argument behind Microfinance Institutions (MFIs) targeting women is that, women are good credit risk, are less likely to misuse the loan, and are more likely to share the benefits with others in their household, especially their children (Garikipati, 2008; Swain & Wallentin, 2009). Furthermore, it is argued that women’s increasing role in the household economy will lead to their empowerment (Hunt & Kasynathan, 2002). Empowerment of women is one of the most important issues in Tanzania and beyond. It is viewed as a process in which women challenging the existing institutions to effectively improve their well-being and of their children.

Empowerment of women is a global challenge since traditionally women have been marginalized and subjected under the control of men. About 70 percent of world's poor are women (Khan & Noreen, 2012) and about 60 percent of women in Tanzania live in absolute poverty. They have no access to credit and other financial services. Due to their low education level, their knowledge and skills on how to manage their work is generally low. Furthermore, traditionally the position of women in Tanzania has been low compared to men. Women were not expected to influence the decision-making processes from domestic level to the national level (URT, 2011). In the family level, attitudes which consider men as heads of households still exists, which limit women voices from influencing allocation of domestic resources (URT, 2011). In addition women's legal and human rights are constrained by inadequate legal literacy among women. There is discriminatory application of statutory laws, and inadequate legislative protective mechanism (URT, 2011). Like many societies in Africa, customary laws and practices remain discriminatory against women on issues of property inheritance particularly on land, as well as institutionalised violence against women.

Strategies to address poverty and problems among women in Tanzania have been linked to women empowerment. Many poverty reduction programs specifically targeting women have a credit component, which has been extensively promoted as a way of alleviating poverty and empowering women (Wrigley-Asante, 2011). This is due to the fact that access to the commercial banks is still a major challenge for many women as they do not have the required collateral. In Tanzania it is estimated that only 5 percent of women to be banked (Ellis, Blackden, Cutura, MacCulloch, & Seebens, 2007). As in many developing countries addressing problem of access to credit by women, many of Tanzanian poverty reduction programmes have adopted the Muhammad Yunus and Grameen Bank model and associated solidarity groups to address this problem. It is widely assumed that microfinance have a positive impact on women's livelihood in leading to higher income that help women to better perform their reproductive role as brokers of the health, nutritional, and educational status of other household members; increasing women's employment in micro enterprises and in improving the productivity of women's income-generating activities; and enhancing their self-confidence and self-esteem, and status within the family as independent producers and providers of valuable cash resources to the household economy (ILO, 1998). The evidence of these assumptions largely comes from empirical findings from Asia (see, (Hashemi, Schuler, & Riley, 1996; MKNelly & Watetip, 1993; Pitt & Khandker, 1998; Pitt, Khandker, & Cartwright, 2006; Pitt, Khandker, Chowdhury, & Millimet, 2003; Schuler & Hashemi, 1994; Schuler, Hashemi, & Pandit, 1995; Schuler, Hashemi, Riley, & Akhter, 1996; Steele, Amin, & Naved, 1998).

However, some studies have also detected negative impact on women's income and employment such as increased workloads (Vengroff & Creevey, 1994) and higher social pressure to ensure loan repayment (ILO, 1998). Also other studies have found that loan given to women is controlled by man (Goetz & Gupta, 1996; Rahman, 1999) and in some cases microfinance lead to domestic violence (Goetz & Gupta, 1996; Khan, Ahmed, Bhuiya, & Chowdhury, 1998). Also many people believe that MFIs are extorting money from poor women through very high interest rates just like the money lenders, and also lead to many women running away from their homes and villages after failure of repayment of loan installment avoiding their properties to be taken by MFIs. In Tanzania there are few studies which investigated the impact of credit and women empowerment (e.g., Kuzilwa, 2005; Makombe, 2006). Furthermore, no study is known in Tanzania that investigates if microfinance services are truly a way forward for empowering women or not. This limited insight, call for research to be done to

understand the position of women who are members of MFIs in Tanzania. Therefore, this study is the first in Tanzania to investigate the relationship between women entrepreneurs' participation in microfinance services and how their empowered by using the combination of large quantitative and qualitative data from three selected regions of Tanzania.

The article is organized as follows. The second section gives a brief overview of the literature on the impact of microfinance on women's empowerment, followed by a section on the concept and definitions of empowerment. The forth section presents the conceptual framework and development of the hypotheses. The fifth section describes the methods deployed. The sixth section presents the results of the study and the final section presents the conclusion. Altogether, this study provides the understanding of the role of MFIs in empowering women in Tanzania.

Women and Microfinance

The emergence of the Savings and Credit Cooperative Organisations (SACCOs) in Tanzania dates back to the years 1965 whereby it was the first stage to the emergence of microfinance institutions (Chao-Béroff et al., 2000; Nyamsogoro, 2010). By that time SACCOs were closely linked to the farming cooperatives. SACCOs are member-based and they were famous in the area where agriculture was the main economic activities. It did not accomplish much of their establishment objective because of serious funding problem and financial mismanagement. Consequently, the mainstream banking system was the only provider of financial services although it could not provide small scale financial services demanded by majority of poor people especial women (Nyamsogoro, 2010; Randhawa & Gallardo, 2003). In 1991 the Government of Tanzania entered in financial sector reforms in order to create an effective and efficient financial system. As a result of the impact of some of financial reforms the Government realized that there had been a reduction of financial service to the poor people (Randhawa & Gallardo, 2003). In 2000 the government of Tanzania together with donor community started to implement the financial rural programs and it was the same year the National Micro Finance Policy approval by the government was finalized. In its statement of the overall microfinance policy, the Government recognizes the microfinance sector as an integral part of the financial sector, which falls within the general framework of its Financial Sector Reform Policy Statement of 1991 (URT, 2000). Since then there had been a big growing numbers of MFIs in Tanzania helping the poor people especial women. Targeting women is generally acclaimed as 'a good thing' by donors, NGOs and governments (Mayoux, 1999, Mayoux, 2000). Providing credit to women has been accepted as a means of economic development (Ackerly, 1995) and an effective means for empowering women (Bartlett, 2004; Kay, 2002). It is believed that providing women with the proper resources, they have the power to help the whole family and entire communities escape poverty. Providing access to finance for entrepreneurial activities, microfinance services can significantly increased women ability and capacity to work independently which reduce their vulnerability to poverty (Wrigley-Asante, 2011).

Many evaluations of MFIs have shown that microfinance services have a positive impact on women (Hashemi et al., 1996; Khandker, 2005; Lakwo, 2006; Mahmud, 2003; MKNelly & Dunford, 1998, MKNelly & Dunford, 1999; Morduch, 1998; Osmani, 2007; Pitt & Khandker, 1998; Pitt et al., 2006; Pitt et al., 2003; Rai & Ravi, 2011; Schuler & Hashemi, 1994; Schuler et al., 1996). Hashemi et al. (1996)

found that credit programs had significant effects on eight different dimensions of women's empowerment. They found that women's access to credit was significant determinant of the magnitude of economic contributions reported by women; of the likelihood of an increase in asset holdings in their own names; of an increase in their exercise of purchasing power; of their political and legal awareness as well as of the value of the composite empowerment index (Kabeer, 2001a). In Ghana, MKNelly and Dunford (1998) found that participants experience an increase in monthly nonfarm income of \$36, compared to \$17 for the control group. Pitt and Khandker (1998) found that program credit has a larger effect on the behaviour of poor household in Bangladesh when women are the program participants. They also found that annual household consumption expenditure increases \$0.22 for every additional \$1.22 borrowed by women from credit programs, compared with \$0.13 for man. Barnes, Morris and Gaile (1999) found that participation in microfinance programs had positive impact on client households acquiring assets. Mahmud (2003) found that microcredit programme participation has only a limited effect in increasing women's access to choice-enhancing resources, but has a much stronger effect in increasing women's ability to exercise agency in intra-household processes. Consequently, program participation is able to increase women's welfare and possibility to reduce male bias in welfare outcomes, particularly in poor households. Furthermore, MKNelly and Watetip (1993) found that credit enhanced women empowerment in Thailand, such as increased self-confidence and better cooperation with neighbours. Rai and Ravi (2011) in their paper female empowerment and microfinance found that clients spouses use more health insurance in terms of filling claims than those of non-clients, and that women who are clients make significantly more use of health insurance than non-clients women who have obtained the insurance through their husband. Their findings provide evidence that women who are members of MFIs are more empowered than non-members. Becchetti and Castriota (2011) analyses the effectiveness of MFIs as a recovery tool after a natural disaster. In their paper they examine the contribution of MFIs loans in helping people who were hit by tsunami in Sri Lanka in 2004. They found that loans obtained from the MFI after the catastrophic event have a positive and significant effect on the change in real income and in weekly worked hours, and that the impact on performance variables is significantly stronger for damaged than non-damaged borrowers. Their study provides a strong evidence for effectiveness of MFIs as recovery tool (Hermes & Lensink, 2011). Kabeer (2005, p. 4709) stated that *'it becomes apparent that while access to finance services can and does make vital contributions to the economic productivity and social well-being of poor women and their households, it does "automatically" empower women, ...'*

Despite remarkable achievement, the assumption that microfinance empowers women remains controversial (Haile, Bock, & Folmer, 2012). Linda Mayoux stated that, the evidence indicates that for some women in some context, even very poor women, microfinance programmes can indeed contribute to empowerment. However, for many women, impact on both economic and social empowerment appears to be marginal and some women may be disempowered (Mayoux, 1999). Critics of credit programs argue that credit in itself is not a solution for women empowerment (Wrigley-Asante, 2011). Targeting women without adequate support networks and empowerment strategies can merely shift all the burden of household debt and household subsistence onto women (Cheston & Kuhn, 2002; Kay, 2002; Mahmud, 2003; Mayoux, 2000, Mayoux, 2002; Wrigley-Asante, 2011). Some studies point out that credit programs pay insufficient attention to their impact from a gender perspective and, as consequence, may weaken rather than strengthen women's position in the family (Goetz & Gupta,

1996), since credit by itself cannot overcome patriarchal systems of control at the household and community levels, empowerment is not always realized (Ahmed, Chowdhury, & Bhuiya, 2001). Rahman (1999) also show that some men compel their wives to hand over loans to them, which tends to increase marital conflict. Furthermore, Goetz and Gupta (1996) found that men often control loans given to women. Thus, microfinance services are not necessarily empowering women. Furthermore, some authors acknowledge the beneficial impacts but question the assumption that microfinance services help the poorest (Ahmed et al., 2001). They claim that MFIs does not reach the poorest of the poor, or they either deliberately excluded them from the microfinance programs (Hashemi & Rosenberg, 2006; Hermes & Lensink, 2011; Lascelles & Mendelson, 2011, Lascelles & Mendelson, 2012). Thus, MFIs benefits only the better-off poor, leading to increasing economic inequalities (Mosley & Hulme, 1998). In some cases microfinance for women might lead into domestic violence because of the tension of credit weekly repayment (Goetz & Gupta, 1996; Hashemi et al., 1996). Khan et al. (1998) found that BRAC members in Matlab involved with credit-base income-generating activities are more than two times more likely to be victims of violence in the initial years, with the tendency to decrease over time compared to non-members (Ahmed et al., 2001). Moreover, participation in MFIs can lead to indebtedness that is unmanageable, simply because there are no sufficiently profitable income-earning in which to invest. In this situation, women may end up being even more dependent than they were before (ILO, 1998).

Empowerment: Concept and definitions

The term empowerment is not new notion (Sinha, Jha, & Negi, 2012), and it is still lacks a clear definition (Hennink, Kiiti, Pillinger, & Jayakaran, 2012). It has been related to the terms like self-direction, agency, liberation, autonomy, self-determination, life of dignity in accordance with one's values, capacity to fight for one's rights, independence, own decision making, being free, awakening, self-strength, capability participation, control, own choice, self-confidence and mobilization (Ibrahim & Allen, 2007; Narayan, 2002, Narayan, 2005a). The term has also been defined differently by different scholars and used in a different context to mean something different (Malhotra, Schuler, & Boender, 2002). Petesch and others have defined empowerment as 'increasing both the capacity of individuals or groups to make purposeful choices and their capacity to transform these choices into desired actions and outcomes' (Petesch, Smulovitz, & Walton, 2005, p. 40). This definition implies that empowerment is the process of increasing capacity of the poor people, excluded and disadvantage groups to make choices and to be able to use it to realize desired outcome. It is about the extent to which some categories of people are able to control their own destinies, even when the people with whom they interact oppose their interests (Mason, 2005). Furthermore, Batliwala (1994) defined empowerment as the process by which the powerless gain great control over the circumstances of their lives. It includes both the control over resources (physical, human, intellectual, financial) and over ideology (beliefs, values and attitudes). The author stress that empowerment is the process which enables the poorer and subordinate groups gain control over resources and ideology which they were not possess prior to the process of empowering them which lead them to perceive as able and entitled to make decisions of their own (Rowlands, 1997). According to the World Bank's empowerment sourcebook, 'empowerment is the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold

accountable institutions that affect their lives' (Narayan, 2002, p. xviii). This definition refers to the change of ability of the poor people to interact in a powerful manner within the institutions that affects their lives. Petesch et al. (2005) states that institutions should be interpreted as refer to both formal and informal institutions. World Bank definition stress that poor people need material assets like land, housing, livestock, savings, Radio, Television, phone, and capabilities like education, training, good health, sense of identity, capacity to organize, access to information, participate in political life to increase their well-being and security, self-confidence, independence and mobility which enable them to negotiate with those more powerful.

These definitions above contain the idea that empowerment is about making changes, changing the perception of the community, causing personal transformation, and improving individual capabilities to be able to formulate a strategic choices for their lives (Malhotra et al., 2002). Applying this idea to women empowerment means that poor women should be able to define and formulate self interest and choice, and considers themselves as not only able, but entitled to make choices (Kabeer, 2001c; Malhotra et al., 2002). Naila kabeer states empowerment as 'expansion in people's ability to make strategic life choices in a context where this ability was previously denied to them' (Kabeer, 2001c, p. 19). Her work emphasize that empowerment entails a process of change by which those who have been denied the ability to make choices acquire such ability. Kabeer (2001c) argued that '*choice necessarily implies alternatives*', the ability to have chosen otherwise. For instance choice of livelihood, where to live, whether to marry, who to marry, whether to have children, how many children to have, whether to use contraceptive, freedom of movement, freedom of speech, choice of friends etc. In order to be able to make choice, women need to move from the state of disempowerment by expanding their ability. We adopt and employ Kabeer (2001c) description of empowerment in this study.

Conceptual Framework and Development of Hypotheses

There are different proposed frameworks by scholars and practitioners for measuring women empowerment. Chen (1997) proposed a consolidated framework for measuring the impact of microenterprise services, Kabeer (2001c) also proposed a framework for measuring women empowerment, the World Bank's empowerment sourcebook (Narayan, 2005b) proposed different frameworks for measuring women empowerment at different levels. This article theoretically place itself within the framework of empowerment by Kabeer (2001c) and drawing from the framework of Malhotra and Schuler (2005) and Chen (1997) to understand the position of women in Tanzania.

As it has been noted earlier that Kabeer (2001c) concept of empowerment refers to the expansion in people's ability to make strategic life choices in a context where this ability was previous denied. This concept is about getting out of disempowered position where you cannot make any choices and to be in an empowered position where one can be able to make choices. In order to change in the ability to exercise choices, for Kabeer (2001c) empowerment can be thought of in terms of resources, agency and achievements. According to Kabeer (2001c) resources can be material, social or human; resources form the conditions under which choices are made. Agency is the heart of the process by which choices are made; is the ability to define one's goals and act upon them. Resources and agency together constitute what Sen refers to as capabilities, the potential that people have for living the lives they want, of achieving valued ways of

‘being and doing’ (Kabeer, 2001c; Sen, 1985). Achievements are the outcomes of choices.

Malhotra and Schuler (2005) provide a framework of dimensions and indicators of women’s empowerment in household, community and broader arena. Most of the indicators of empowerment by Malhotra and Schuler (2005) refer to women’s ability to make strategic decisions that affect their well-being and their families. The dimensions of empowerment in Malhotra and Schuler (2005) framework are economic, social and cultural, legal, political and psychological. Economic empowerment includes women’s control, access to credit, contribution to family support and increased household ownership of properties and assets. Social and cultural empowerment includes freedom of movement, lack of discrimination against daughters, commitment to educating daughters, participation in domestic decision making, control over sexual relations, ability to make childbearing decisions, use contraception, control over spouse selection and marriage timing and freedom from violence. Legal empowerment includes the knowledge of legal rights and mechanisms and familial support for exercising rights. Political empowerment includes the knowledge of political system and means of access to it, familial support political engagement and ability to exercise fight to vote. Psychological empowerment includes women increased self-esteem, self-efficacy and psychological well-being.

Chen (1997) provides a consolidated framework which has four dimensions, material change, cognitive change, perceptual change and relational change. Material change includes increased in income, resources, basic needs and earning capacity. A cognitive change includes increased in knowledge, skills and awareness. Perceptual change includes change in self-esteem, self-confidence, vision for future, and visibility and respects. Relational change includes increased role in decision-making, bargaining power, participation in non-family activities and self-reliance. Drawing from Malhotra and Schuler (2005) and Chen (1997) the most used indicators of women empowerment in different studies are control over savings and income (Goetz & Gupta, 1996; Pitt et al., 2006); ownership of assets (Barnes et al., 2001b; Garikipati, 2008); decision-making (Hashemi & Rosenberg, 2006; Kabeer, 1997; kishor, 2000); mobility (Schuler, Islam, & Rottach, 2010); self-efficacy (Schuler et al., 2010), and self-esteem (Nikkhah, Redzuan, & Abu-Samah, 2010; Schuler et al., 1995). This study uses these indicators of women empowerment as the outcome of participating in MFIs to understand the positions of women who are members of MFIs in Tanzania.

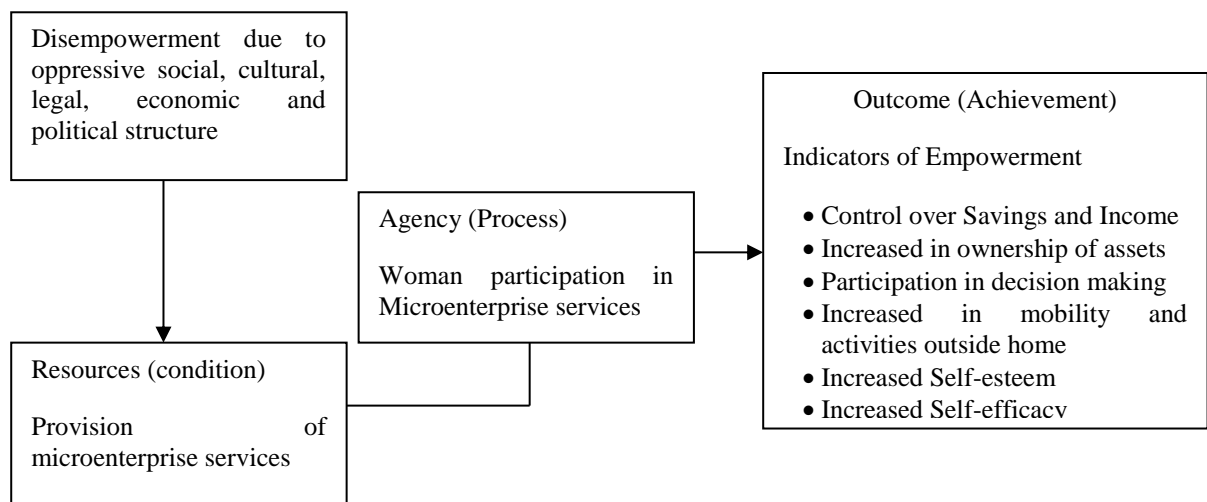


Figure 1: A framework for understanding women empowerment in Tanzania: Author's construct using the idea of Kabeer (2001b), Malhotra and Schuler (2005), and Chen (1997).

The authors argue that women were denied choices due to oppressive social, cultural, legal, economic and political structure which resulted being in the state of disempowered. Their ability to make choice was very low and at some places women are not in position to make any choices. The ability of women to make choices is limited because most of the women are very poor in the society. Kabeer illustrates that there is a *'logical association between poverty and disempowerment because an insufficiency of the means for meeting one's basic needs often rules out the ability to exercise meaningful choice'* (Kabeer, 1999, p. 437). For a people to make meaningful choices they have to be empowered (Kabeer, 1999). In order to address poverty among poor women is to provide them with resources which will remove them from state of disempowerment, i.e. poverty status, to an empowered status. As show in Figure 1, women will move from the state of disempowerment to an empowered position through access to microfinance services of MFIs. Access to microfinance services will enhance the ability of poor women to exercise choice and take strategic decision that affect their lives (Kabeer, 1999). When poor women access the microfinance services which provide them with start-up and working capital, training, insurance and savings, it is expected that women will engage themselves in income generating activities where they will experience increased in productivity which will lead to a positive outcome as shown in figure 1, and other forms of women empowerment (Amin, Becker, & Bayes, 1998; Cheston & Kuhn, 2002; Wrigley-Asante, 2011). The achievements (see figure 1) gained by women as a result of participating in MFIs used to form the hypotheses of this study.

Mayoux (1999) argued that sustainable microfinance services alone might lead to women's individual economic empowerment through stimulating women's micro-enterprise development, leading to increased income under women's control. This study assumes that microfinance services empower women by enabling them to earn cash income through various types of entrepreneurial activities. These entrepreneurial activities increases their ability to contributes to their families' support which increase

women's role in household decision making and control over allocation of resources within the household economic portfolio. Access to credit does not necessarily imply control and decision-making power for women members of MFIs. Thus managerial decision making indicates that the woman is in control of managing her work related activities and is measured by the respondent taking crucial decisions and planning in her income generating activity (Swain & Wallentin, 2008). Who control decision-making regarding the use of credit, and who keeps, decides on, and uses any income generated from the business? These questions are critical for understanding the contribution of microfinance to women's empowerment (Hunt & Kasynathan, 2001, Hunt & Kasynathan, 2002). It is well-established in literature that an economically active woman with her own independent savings and greater income share within the household, has more economic power (Swain & Wallentin, 2008) that strengthening women's bargaining position within the household, so that they are better able to make independent decision as well as to play a more decisive role in joint decisions thereby making her more empowered and likely to challenge the prevailing norms that restrict her ability to make choices (Ashraf, Karlan, & Yin, 2008; Blumberg, 2005; Browning & Chiappori, 1998; Duflo, 2003; Mayoux, 1998; Schuler, Hashemi, & Riley, 1997).

H 1: Participation in microfinance services leads to an increase in the women's control over savings and profits generated from the business than none participation.

H 2: Participation in microfinance services leads to an increased participation in household decision-making than none participation.

It is believed that the increased in income from women business activities will help women to buy and own things which they were not able to own before because of either poverty or not allowed by the tradition in the society. Thus women will own their own properties and assets (Chen, 1997) and also because of their access to finance and business activities might lead to the increase of household ownership of assets and properties (Malhotra & Schuler, 2005; Schuler & Hashemi, 1993; Schuler et al., 1995). A household economic portfolio approach to impact assessment suggests that there may be observable, positive changes to the accumulation of household durable assets by women clients using the benefits of their access to microenterprise credit (Barnes et al., 2001a). Credits provide a lump sum of money that women tend to use for their enterprise. The generation of profits from the use of the credits and better management of financial resources are likely to explain the ability of women households to make big expenditures that have an impact on women households acquiring assets (Barnes et al., 2001b). An increase in the value of durable assets purchased for the household, oneself, and/or an enterprise is regarded as a potentially strong indicator of the impact of microfinance programs on their clients (Barnes et al., 2001a). It serves as an indicator of an increase in the household's asset base, which in turn is a proxy measure of the wealth level of a household (Barnes et al., 1999).

H 3: Participation in microfinance services leads to an increased household ownership of properties/assets than none participation.

As women accessing microfinance services, these services start transforming and making changes in their lives. It is believed that increasing women's access to microfinance leads to a set of mutually-reinforcing of increasing economic empowerment, improved well-being and social, political and legal empowerment for

women (Mayoux, 2002). The economic empowerment changes the self-perception of the women themselves and perception that others have on them. Women start believing in themselves that they are capable of doing business on their own and making decision and choices for their businesses and families. In the study by Hunt and Kasynathan (2001) found that most of women valued most about being members in the credit groups are the confidence, knowledge, or training that they have gained. Some of the women stated that they felt that they could take action against wrong doing after they became members of credit groups (Hunt & Kasynathan, 2001). This indicate that participating in microfinance services increases the women's self-esteem and self-efficacy which lead to more active role in decision making both within the household and within the community. Chen (1997) defined self-esteem as refer to how one values oneself and one's contribution and how one feels that others value one's self and one's contributions. It is an individual's judgement of self-worth, which is derived from self-evaluations based on competence or on attributes that are culturally invested with a certain value (Bandura, 1997; Nikkhah et al., 2010). Self-efficacy reflects women's articulacy and confidence in speaking with outsiders, people of authority, children's teachers and her service provider, her confidence in her ability to disagree with her husband and other family members, and her belief that she is effective in solving family problems (Schuler et al., 2010).

H 4: Participation in microfinance services leads to an increased self-esteem than none participation.

H 5: Participation in microfinance services leads to an increased self-efficacy and in turn leads to own ability to manage than none participation.

Women who are the clients in most MFIs are required to attend regular meetings and trainings organised by MFI. Also before becoming a member or getting loan from the MFIs women are receiving form/letters and required to get signatures for their forms from different local official for certification. These circumstance strengthening women mobility and their access to information. Mayoux (1999) stated that microfinance programs have contributed to some changes in gender roles. Where women who previously had no access to income set up economic activities and particularly where they are involved in marketing this may lead to significant changes in women's mobility and knowledge of the world outside household. Furthermore, Hashemi et al. (1996) found that credit programs increase women's mobility within their villages by requiring that they attend weekly meetings. They also create opportunities for women to travel outside of their villages, by requiring some visits to the local program office, and through occasional training programs. Schuler et al. (2010) stated that in contracts to the situation in early 1990s, nowadays women can go just about anywhere, even alone. However, their findings suggested that this indicator (mobility) still have face validity, the only thing needed is to modify the specific items used to measure it to fit the changing social landscape.

H 6: Participation in microfinance services leads to an increased mobility and in turn lead to participation in activities outside the home than none participation.

Methods

Sample

This study uses both quantitative and qualitative data. The purpose of using both methods is to be able to examine further into the dataset to understand its meaning and to use one method to verify findings from other method (Creswell & Plano Clark, 2007; Morse, 1991; Onwuegbuzie & Leech, 2005). Furthermore, is to bring together the differing strengths and non-overlapping weaknesses of quantitative methods with those of qualitative methods (Creswell & Plano Clark, 2007; Johnson & Onwuegbuzie, 2004; Kelle, 2006; Sechrest & Sidani, 1995). Greene, Caracelli, & Graham (1989) outlined the usefulness of using both methods: (a) triangulation (i.e. seeking convergence and corroboration of results from different methods studying the same phenomenon); (b) complementarity (i.e. seeking elaboration, enhancement, illustration and clarification of the results from one method with results from the other method); (c) development (i.e. using the results from one method to help inform the other method); (d) initiation (i.e. discovering paradoxes and contradictions that lead to a re-framing of the research question); and (e) expansion (i.e. seeking to expand the breadth and range of inquiry by using different methods for different inquiry components). The data were collected from three regions of Arusha, Manyara and Morogoro in Tanzania. The quantitative data were collected from October 2011 to January 2012, survey of 305 women members of microfinance institutions (MFIs) and 149 women non-members from non-program areas. The interviews were conducted in February 2012 covering 10 women members of MFIs. The interviewees were selected based on the fact that they were members of the program long enough and they were considered successful for being members of MFIs. The survey of the women members of MFIs covered three microfinance institutions (MFIs) namely Promotion of Rural Initiative and Development Enterprises Limited (PRIDE Tanzania), Small Enterprise Development Agency (SEDA) and Small Industries Development Organization (SIDO) in these three regions.

It is estimated that all the MFIs in Tanzania put together serve a combined client population of about 400,000 SMEs, which is only around 5% of the total estimated demand (PRIDE Tanzania, 2005). PRIDE TZ is the biggest MFI in Tanzania with more than 21 branches across the country serving more than 63,359 clients, SEDA has more than 6 branches serving more than 14640 clients, and SIDO has more than 21 branches serving more than 10518 clients across the country (Bank of Tanzania, 2005). Since the aim of the study is to assess the extent to which women have been empowered through microfinance services, the selection of respondents were based on certain criteria. For members of MFIs must have been members for at least three years and for non-members must have been also in micro or small business for at least three years. The selection of non-members was done randomly by visiting business areas where there is no MFIs services. The respondent was explained the purposes of the survey and asked if she was ready to participate in the survey. If she was ready to participate in the survey, she was asked if she was the owner of the business and for how long continuously she has been running that business. If the answer was: she was the owner and she has been in that business for three years or more she was included in the sample and provided with the questionnaire to fill-in. Table 1 present the information about the sample of respondents who were members of microfinance services and non-members of the microfinance services (control group) according to different demographic characteristics.

Table 1: Personal Demographic of the Respondents

	Category of Respondents				Total	
	Members of MFI		Non-members		n	%
	n	%	n	%		
<i>Age</i>						
Below 30	45	14.8	35	23.5	80	17.6
30 – 39	136	44.6	70	47.0	206	45.4
40 – 49	88	28.9	29	19.5	117	25.8
Above 50	36	11.8	15	10.1	51	11.2
Total	305	100.0	149	100.0	454	100.0
<i>Marital Status</i>						
Single	27	8.9	25	16.8	52	11.5
Married	230	75.4	104	69.8	334	73.6
Widowed	33	10.8	9	6.0	42	9.3
Separated	15	4.9	11	7.4	26	5.7
Total	305	100.0	149	100.0	454	100.0
<i>Education</i>						
Have not attended	14	4.6	3	2.0	17	3.7
Primary education	222	72.8	94	63.1	316	69.6
Secondary education	66	21.6	48	32.2	114	25.1
University education	3	1.0	4	2.7	7	1.5
Total	305	100.0	149	100.0	454	100.0
<i>Number of children</i>						
None	11	3.6	24	16.1	35	7.7
1	33	10.8	20	13.4	53	11.7
2	79	25.9	41	27.5	120	26.4
3	58	19.0	30	20.1	88	19.4
4	61	20.0	15	10.1	76	16.7
5	34	11.1	11	7.4	45	9.9
More than 5	29	9.5	8	5.4	37	8.1
Total	305	100.0	149	100.0	454	100.0

n = Frequency

% = Percentage

Table 1 indicates that about 44.6% of respondents members of MFIs covered by this study were between the age of 30 and 39. The rest 28.9% were between 40 and 49 years old, 14.8% were below 30 year and 11.8% were above the age of 50 years old. The same table indicates that 47.0% of respondents in the control group were between 30 and 39 years old. The rest of the respondents in this category 23.5% were below the age

of 30 years, 19.5% were between the age of 40 and 49 years old, and 10.1% were below 50 years old.

In terms of marital status, the sample indicates that most of the respondents in both categories were married: 75.6% and 69.8% of respondents' members of MFIs and control group respectively. The rest of respondents' members of MFIs 10.8% were widowed, 8.9% were single and 4.9% were separated. In the control group 16.8% were single, 7.4% were separated and 6.0% were widowed. As depicted in Table 1, majority of respondents had primary education: 72.8% and 63.1% of respondents' members of MFIs and control group respectively. About 21.6% of respondents participating in microfinance services attained secondary school level, 4.6% have not attended any formal education and 1.0% had attained university education. In the control group about 32.2% had secondary education, 2.7% university education and 2.0% of them have not attended and education level.

In terms of number of children of the respondents covered by this study, table 1 shows that majority of respondents members of MFIs have more children than respondents in the control group. For instance, the cumulative percentage of the number of children from 3 upward is 59.6% and 43% for respondents participating in microfinance services and in the control group respectively.

Dependent variables

The data used in this study are ordinal in nature (see table 9). They are self-reported and subjective in nature (Swain & Wallentin, 2009). Self-reported measures are often criticized in the literature on adults, mainly with the argument that some people are unable to report their performance accurately due to poor introspection (Kratzer & Lettl, 2009; Locke, Latham, & Erez, 1988). However, there are also many studies that use self-reported measures and achieve high levels of accuracy (Cooper, 1981). Throughout the literature, the measurement of women empowerment is widely based on self-reported values (e.g., Hashemi et al., 1996; Pitt et al., 2006; Schuler et al., 2010; Swain & Wallentin, 2007). We thus adapted our measurements to existing operationalizations and used self-reported values. Furthermore, there is evidence that self-ratings correlate highly with more "objective" measures in cases where anonymity is assured (Kratzer & Lettl, 2009). With that view, we also promise anonymity in our study.

The dependent variables used in this study are: control over savings and income, ownership, decision-making, self-efficacy, self-esteem, mobility and participation in activities outside home.

- *Control over savings and income*: This variable refers to the ability of the client to exercise greater control over the savings and income within the household economic portfolio. Thus the term control is used here to refer to increased control of savings and income within the household. It is measured in terms of an increased role in and/or bargaining power in decisions regarding the decision to save and use of income earned and/or generated from business activities.
- *Ownership*: This variable refers to legally or socially authorized household/individual ownership of property or assets: that is, to when, under either modern law or customary law, the household/individual is recognized to own property or assets in their individual capacity. It is measured in terms of individual/household ownership of properties or assets approved either under modern or customary law.

- *Decision-making*: When women start to receive and use credit to make a positive contribution to the household and the community, the perception toward them starts to change. Changes include both in the self-perception of the women as well as changes in the perceptions that others have on those women. Increases in the women's self-esteem and self-confidence can lead to a more active role for the women in decision-making both with the household and within the community. This variable is measured by who made decision about recent purchases and investments within the household.
- *Self-efficacy*: This variable reflects women's articulacy and confidence in speaking with outsiders, people of authority, children's teachers and her service provider, her confidence in her ability to disagree with her husband and other family members, and her belief that she is effective in solving family problems. It is measured in terms of a) who do women interact freely with (e.g. husband's family, neighbours etc.), b) have they ever talk directly with (e.g. service provider, children teachers etc.), c) do they talk with confidence and assertiveness, and d) how confident do they feel that they can manage the different things on their own.
- *Self-esteem*: This variable refers to how one values oneself and one's contributions and how one feels that others value one's self and one's contributions. It is measured in terms of whether women make any major contributions to a) their household, and b) their community; and c) how women evaluate themselves compared to men and other groups in the society.
- *Mobility*: This variable refers to the free movement by women without being restricted or worried. It is measured in terms of women being travelled to different places alone.
- *Participation in activities outside home*: This variable refers to participation of women in the activities outside their home. It is measured in terms of participation in different meetings and activities outside home.

Table 9 in the appendix shows the categories and how the coding was done for every variable mentioned above.

Analysis

In order to test the hypotheses, non-parametric test, the Mann-Whitney U test was used to determine whether there were significant differences between the women members and non-members of MFIs. A Mann-Whitney U test is the alternative of the t -test for independent samples and looks at differences in the ranked positions of ordinal dependent variables in two independent groups (Nachar, 2008). The Mann-Whitney U test is robust to violations of normality and homogeneity of variance (Sheskin, 2004). In the analysis, first the percentages are calculated for the women members of MFIs and non-members. The Mann-Whitney U test is used to determine if any significant difference between the women members of MFIs and non-members in the dependent variables related to women empowerment. Any significant statistically different suggest that the dependent variable differs significantly between women who are members and non-members of MFIs (Aydınlı, 2010).

Results

Control over Savings and Income

In this study, first the women's control over savings and income are compared. As shown in Table 2, respondents members of MFIs have more control over saving and income generated from business compared to non-members when decision are made by respondents themselves. Furthermore the results indicated that few men control the savings and income generated from business. The Mann-Whitney *U* test confirms that differences observed in the categories of self, spouse, and self and spouse jointly control over savings and income generated from business is statistically significant.

Table 2: Comparison of the respondents' members and non-members of MFIs on the control over savings and income generated from business activities

	Respondents		Mean Rank		Z	Mann-Whitney <i>U</i> Statistic
	Members of MFIs N=305	Non-members N=149	Members of MFIs	Non-members		
Decision to make savings						
Self	154 (50.5%)	56 (37.6%)	217.88	247.18	-2.59	19789.5*
Spouse	7 (2.3%)	9 (6.0%)	230.29	221.79	-2.03	21871.5*
Self and spouse jointly	144 (47.2%)	83 (55.7%)	233.83	214.55	-1.70	20793.0*
Decision on how to use income						
Self	148 (48.5%)	53 (35.6%)	217.85	247.26	-2.61	19779.0*
Spouse	7 (2.3%)	9 (6.0%)	230.29	221.79	-2.30	21871.5*
Self and spouse jointly	150 (49.2%)	86 (57.7%)	233.86	214.48	-1.71	20782.5*

*P < 0.05; **P < 0.001

During interviews eight respondents stated that they had no problem using income generated from their business the way they want. They also stated that they normally make their own savings without getting any interference from their spouse. Six respondents said that they would make purchase or spending the money and inform their husband later. They also said that their husband have no problem with that system. One respondent said that:

I have no problem using my money the way I want. I can decide to buy anything being my own items or children's clothes without asking my husband. Sometimes I buy clothes for my husband with my own money without seeking his permission. Recently I have bought a gas cooker and informed him later and he was happy

These findings clearly show that there are considerable differences between the control over savings and income generated by respondents' members and non-members of MFIs.

Decision-Making

Table 3 and 4 presents the number of respondents, percentage and Mann-Whitney *U* test results of respondents members of MFIs and non-members with three level of decision-making i.e. self, spouse, and self and spouse jointly. As Table 3 indicates, the respondents members of MFIs are generally participating or making decision alone than non-members. The Mann-Whitney *U* tests carried out on these data also reveal statistically significant differences between the respondents' members and non-members of MFIs in the role played in decision-making (see Table 3).

Table 3: Comparison of the respondents' members and non-members of MFIs on the decision-making in purchasing small and self items

Who took the decision to purchase	Respondents		Mean Rank		Z	Mann-Whitney <i>U</i> Statistic
	Members of MFIs N=305	Non-members N=149	Members of MFIs	Non-members		
Daily groceries						
Self	177 (58.0%)	68 (45.6%)	218.27	246.40	-2.49	19906.0*
Self and spouse jointly	128 (42.0%)	81 (54.4%)	236.73	208.60	-2.49	19906.0*
Children clothes						
Self	143 (46.9%)	54 (36.2%)	219.57	243.73	-2.15	20304.0*
Spouse	5 (1.6%)	13 (8.7%)	232.78	216.69	-3.69	21112.5**
Self and spouse jointly	156 (51.1%)	73 (49.0%)	225.90	230.79	-0.43	22233.0
Self-items						
Self	199 (65.2%)	74 (49.7%)	215.89	251.26	-3.18	19182.0**
Self and spouse jointly	106 (34.8%)	75 (50.3%)	239.11	203.74	-3.18	19182.0**
Pots and Pans						
Self	194 (63.6%)	80 (53.7%)	220.11	242.62	-2.03	20469.5*
Self and spouse jointly	110 (36.1%)	69 (46.3%)	235.13	211.88	-2.10	20395.0*

* $P < 0.05$; ** $P < 0.001$

Table 4 shows for all four issues asked majority respondents members of MFIs indicated that they either alone decided or they decided jointly with their spouses. The percentage which shows that spouses made decision alone is very small which indicates that respondents' members of MFIs are empowered to either make decision alone or jointly with their spouse. The Mann-Whitney *U* test confirms that differences observed in the decision-making is statistically significant.

Table 4: Comparison of the respondent' members and non-members of MFIs on the decision-making on large expenditure

Who took the decision on	Respondents		Mean Rank		Z	Mann-Whitney U Statistic
	Members of MFIs N=305	Non-members N=149	Members of MFIs	Non-members		
Repair the house						
Self	57 (18.7%)	10 (6.7%)	218.58	245.77	-3.38	20001.0**
Spouse	14 (4.6%)	14 (9.4%)	231.08	220.17	-2.00	21630.5*
Self and spouse jointly	144 (47.2%)	32 (21.5%)	208.33	266.75	-5.28	16874.5**
Purchase land						
Self	69 (22.6%)	17 (11.4%)	219.15	244.60	-2.86	20174.5*
Spouse	13 (4.3%)	17 (11.4%)	232.82	216.60	-2.88	21098.5*
Self and spouse jointly	150 (49.2%)	39 (26.2%)	210.36	262.58	-4.66	17495.0**
Built the house						
Self	58 (19.0%)	8 (5.4%)	217.33	248.31	-3.87	19621.5**
Spouse	13 (4.3%)	13 (8.7%)	230.82	267.22	-1.92	21708.5*
Self and spouse jointly	147 (48.2%)	33 (22.1%)	208.09	267.22	-5.32	16803.5**
Bought properties/assets						
Self	72 (23.6%)	19 (12.8%)	219.41	244.05	-2.71	20256.0*
Spouse	14 (4.6%)	14 (9.4%)	231.08	220.17	-2.00	21630.5*
Self and spouse jointly	177 (58.0%)	59 (39.6%)	213.77	255.61	-3.69	18533.5**

*P < 0.05; **P < 0.001

The results from the interviews revealed that men usually consult their wives before making most of decisions in the family. Also respondents are capable of making decision on their own even if the spouse has not fully accepted the idea. For instance one respondent from RRIDE TZ Morogoro said that

Mother (meaning wife) is supposed to have a very big role in decision-making. A few weeks ago, I searched for a nice school (meaning English medium) in Kihonda for my child, Father (meaning husband) asked how much per year? I told him that it is TZS 370,000/= (\$232.92). No, he said, adding that he is suppose to go to the normal primary school..., I told him that we need to sacrifice and pay for that fees..., He did not reply anything and left. I had my own savings, when the day came, the school was opened and I enrolled my child and paid with my own savings.

Ownership

Third in this study, respondents' members and non-members of MFIs were compared regarding their household ownership of assets/properties. Acquiring mentioned properties in Tanzania for a poor household is somehow difficult. Majority of households of women members of MIFs had more ownership of assets/properties than

non-members of MFIs (see Table 5). The Mann-Whitney U tests carried out on these data also reveal statistically significant differences between the respondents' members and non-members of MFIs in the household ownership of assets/properties except for the ownership of radio and gas/electric cooker (see Table 5).

Table 5: Comparison of the respondents' members of MFIs households and non-members on the ownership of properties/assets

Ownership	Respondents		Mean Rank		Z	Mann-Whitney U Statistic
	Members of MFIs N=305	Non-members N=149	Members of MFIs	Non-members		
Radio	281 (92.1%)	135 (90.6%)	224.91	229.73	-0.70	22091.5
TV	234 (76.7%)	103 (69.1%)	220.47	238.77	-1.86	20745.0*
Mobile phone	284 (93.1%)	123 (82.6%)	218.17	243.44	-3.73	20050.0**
Gas/electric cooker	83 (27.2%)	39 (26.2%)	225.59	228.35	-0.27	22298.5
Refrigerator	131 (43.0%)	44 (29.5%)	216.29	247.26	-2.81	19480.0*
Land	222 (72.8%)	73 (49.0%)	208.42	263.28	-5.09	17094.0**
House	190 (62.3%)	48 (32.2%)	203.13	272.36	-6.14	15592.0**
Bicycle	152 (49.8%)	30 (20.1%)	202.88	271.20	-6.17	15615.5**
Motor cycle	88 (28.9%)	13 (8.7%)	209.65	255.91	-4.92	17744.0**

* $P < 0.05$; ** $P < 0.001$

The interviews revealed an interesting result that was not examined by the survey questions. Respondents by becoming members of MFIs, they also own durable and more assets on their own names. Three different respondents said that:

I have a house with three bedrooms, which I have built in my homeland in my name.

After joined PRIDE TZ, I have bought a farm and a land all registered in my name.

I used my sixth loan, plus my own savings to buy a graining-milling machine.

Thus, these results show that respondents by becoming members of MFIs they own durable assets on their own names which were denied to them.

Self-esteem

Table 6 presents the number of respondents, percentage and Mann-Whitney U test results of respondents' members of MFIs and non-members with regard to self-esteem. Respondents were asked four different questions intended to measure the self-esteem of the women. The Mann-Whitney U tests carried out on these data also reveal statistically significant differences between the women members and non-members of MFIs in self-esteem. Most of respondents' members of MFIs indicated that they were able to make different contribution to their household and community, and they felt self-worth and that woman should have equal rights to men. The results from the interviews revealed that respondents are more empowered due to contribution they make in their households. This further indicates that women self-perception and perception from

others have positively changed compared to before they were members of MFIs. During the interviews respondents said that:

The position of woman is very big nowadays; we have been given the freedom of movement and even to do business. We are now working to support our families. The money I am earning from my business has given me a big strength and respect in my family. You cannot believe I am supporting my husband and my children too. But our fellow women in the past, they were not respected because they had no money.

Table 6: Comparison of the respondents' members and non-members of MFIs on self-esteem

	Respondents		Mean Rank		Z	Mann-Whitney U Statistic
	Members of MFIs N=305	Non-members N=149	Members of MFIs	Non-members		
What contribution do you make to your household	287 (94.1%)	106 (71.1%)	244.60	192.42	-6.73	17506.0**
What contribution do you make to your community	245 (80.3%)	43 (28.9%)	265.24	147.72	-10.80	10835.5**
Do you think women should have rights equal to men	277 (90.8%)	106 (71.1%)	241.88	196.63	-5.52	18123.5**
Do you feel equal with	233 (76.4%)	74 (49.7%)	242.85	177.75	-6.36	15281.0**

*P < 0.05; **P < 0.001

Another respondent said that:

Our fellow women in the past were not able to raise their voices in their families. The problem, they had no money. They were not doing any economic activities. The income I am getting now, make me so much respected both in my family and by the community.

A respondent who had managed to take her child to the English medium school said that:

Nowadays, I am so much respected as a result of the contribution I am making in my family. I have managed to take my child to a nice school; even my neighbours and street people respect and praise me for the way that I am taking my children to school. I am poor but my child is going to a nice school, they teach very good..., I am also proud of myself that I have done a good thing and the community accepted that.

Self-efficacy

Table 7 presents the comparison between respondents' members and non-members of MFIs regarding self-efficacy. Respondents were asked three questions on the basis at which self-efficacy was tested. Majority of respondents' members of MFIs indicated they could interact freely and talk directly and with confidence with different people in the community. Furthermore, as the result of participating in MFIs women confidence on their ability to manage alone have increased. More than 91% indicated they felt confident that they can manage most of things on their own. The Mann-Whitney U tests carried out on these data also reveal statistically significant differences between the respondents' members and non-members of MFIs in self-efficacy.

Table 7: Comparison of the respondents' members and non-members of MFIs on self-efficacy

	Respondents		Mean Rank		Z	Mann-Whitney U Statistic
	Members of MFIs N=305	Non-members N=149	Members of MFIs	Non-members		
Who do you interact freely with	267 (87.5%)	90 (60.4%)	247.43	185.31	-6.70	16436.5**
Have you ever talk directly with	271 (88.9%)	77 (51.7%)	255.20	170.81	-8.78	14275.5**
Do you talk with confidence and assertiveness with	249 (81.6%)	57 (38.3%)	259.82	161.34	-9.25	12864.5**
Do you feel confident that you can manage the following on your own	280 (91.8%)	70 (47.0%)	259.93	159.13	-10.59	12525.0**

*P < 0.05; **P < 0.001

The results from the interviews reveal that respondents' confidences have increased after being members of MFIs. Their ability to manage their family and business has also increased. For instance respondents said that during interviews:

In the past I was afraid so much to go alone for example to the village chairman, to town to pay bills, but nowadays I can go without any hesitation to pay for water and electricity bills, and I am going alone. I can go anywhere and talk to anybody without any hesitation.

In the past before I joined the program, we used to quarrel a lot with my husband. He was sometimes leaving us without money for food or sometimes when I asked him he would not give it to me and that was usually led into quarrels. After I became a member of credit group, I can manage many things alone and I do not require much from him.

Mobility

The last part seeks to compare respondents' members and non-members of MFIs with regard to mobility and participation on outside home activities. The results indicate that almost 100% of the women indicated that they had been to different places alone. However, the Mann-Whitney U tests carried out on these data also reveal statistically significant differences between the respondents' members and non-members of MFIs in mobility (see Table 8). Respondents were also asked about their participation in outside home activities. The results show respondents members of MFIs are participating in activities outside their home than non-members. The Mann-Whitney U test confirms that the difference observed in participation on outside home activities between respondents members and non-members of MFIs is statistically significant (see table 8).

Table 8: Comparison of the respondents' members and non-members of MFIs on the mobility and activities outside home

	Respondents		Mean Rank		Z	Mann-Whitney U Statistic
	Members of MFIs N=305	Non-members N=149	Members of MFIs	Non-members		
Have you ever gone on your own to the following places	295 (96.7%)	147 (98.7%)	231.03	220.27	-2.57	21644.5*
Participation	160 (52.5%)	52 (34.9%)	238.00	196.00	-3.75	18029.0**

*P < 0.05; **P < 0.001

The results of the interviews also reveal that participation in microfinance services leads to participation of activities outside home by women. For example members of PRIDE TZ are required to attend weekly meeting at PRIDE branch, also before they start taking loans they are supposed to be certified by village chairman. These circumstance strengthening women mobility and their access to information (Hashemi *et al.* 1996). For instance a respondent said that:

In the past I was not involved in activities outside my home, I was not aware of different meetings like village assembly meeting or activities organised by street chairman, but after joined a credit group I am attending different meetings and most of the activities organized in my street.

Regarding travelling the interviews revealed that respondents were allowed by their husband to travel provided that they discuss with their husband their travel plans and the reasons. For instance one respondent stated that during interviews:

A married woman must respect her husband, you cannot decide on your own to travel without the permission of your husband even if you have money. For example myself, whenever I want to travel, I tell my husband and the reasons of my travelling. He always gives me permission without any problem. I cannot leave without permission because I have money.

Another respondent during interview said that:

I have been travelling to many places since I became member of SIDO. I have participated to Dar es Salaam International Trade Fair and in the Nanenane Agriculture show in Arusha. I have been travelling to different trainings to other regions. For sure, SIDO made me travelling to the regions which I would not for my personal reasons.

Concluding discussions

This article examines the effect of women's participation in microfinance institutions (MFIs) on various indicators of women's empowerment using quantitative and qualitative data collected from three regions of Tanzania in 2011/12. The study shown that participating in microfinance services could be a way for women to gain the ability to make strategic choices concerning their lives (Kabeer, 2001c). With access to microfinance services women can set up their own businesses (Steele *et al.*, 1998; Wrigley-Asante, 2011) and consequently improve their status in the household and community. As noted earlier this is the first study in Tanzania to examine the relationship between the participation in MFIs and women empowerment. The study examined how participation in microfinance services leads to an increased (1) in the women's control over savings and income generated from business, (2) participation in household decision-making, (3) household ownership of properties/assets, (4) self-esteem, (5) self-efficacy, and (6) mobility and in turn lead to participation in activities outside home. The results are consistent with prior research with the view that women's participation in microfinance services leads to an increased women's empowerment (Leach & Sitaram, 2002; Pitt *et al.*, 2006; Rai & Ravi, 2011). In line with results established in earlier research, the results showed that there is a significant relationship between participation in MFIs and control of savings and income generated from business. The results show that most of women members of MFIs have control over their savings and income. They indicated that they had no problem using their income the way they want without any problem from their spouses. This finding is contrary with that of (Goetz & Gupta, 1996; Rahman, 1999) which found that often men control

loan and income of the women. Furthermore, the findings show that there is a significant relationship between the participation in MFIs and decision-making in the household. As the results indicate MFIs creates the opportunity for women to develop a greater voice in the home upon being recognized as earners of income and contributors to the household budget (Wrigley-Asante, 2011). MFIs provided an opportunity for women to set-up their own business and gets income to contribute and support their families which increases their role in decision-making. The contribution made by women strengthening women's position within the household and their role in decision-making increased (Cheston & Kuhn, 2002; Hashemi et al., 1996; Wrigley-Asante, 2011) as stated by women during interviews that women in the past were not able to raise their voice in their families, simply because they had neither money nor any kind of economic activities. The findings also show that participation in MFIs leads to increased women self-efficacy and self-esteem. Women members of MFIs felt that they were more respected by their families and community as the result of contribution they are making. The confidence and ability of women to be independent has also increased as stated by one woman during interviews that *after I became a member of credit group, I can manage many things alone and I do not require much from him (meaning husband)*. Women became able to make choice and improve their well-being personally, in their home and in their communities (Cheston & Kuhn, 2002; Wrigley-Asante, 2011). The findings also support that access to credit lead to ownership of more household and their own assets compared to women non-members of MFIs (Barnes et al., 2001b; Chen, 1997; Chen & Mahmud, 1995). As the result of participation in MFIs women own assets (like land, house) which were denied in the past because of cultures and traditions in the societies. Furthermore, the findings support the claim made by (Schuler et al., 2010) that nowadays woman could go just about anywhere and even alone. Women are not restricted by their husband to travel as long as the reasons are well known before hand. Generally this study has confirmed the view that access to microfinance services by women leads to their empowerment in their households and community.

The result of our study has a policy and strategy implication in improving the lives of women in Tanzania and beyond particularly in the area where culture factors still strongly influence the ability of many women to realize their potential in business; subordination to men; and where culture and norms still have a pervasive impact on social and economic life, and on how laws and regulations operate in practice (Ellis et al., 2007). Our finding reveals that participating in MFIs by women leads to their empowerment. This means women can gain the ability to make choices and take decisions concerning their personal and children well-being. MFIs help women access economic resources which enable them to increase their control over their own lives and improve their positions in their households. First, this finding suggest that if poor women would be given an opportunity to access microfinance services will help to unlock their full economic potential and to develop a greater 'voice' in the home upon being recognized as earners of income and contributors to household budgets (Wrigley-Asante, 2011). This would help women to move from being disempowered to the state of being able to exercise their denied rights. Second, access to microfinance services provides a platform where women could share their experiences and knowledge of different aspects of their lives. Women tend to be more willing than men to disclose their experiences and emotions to strangers and, in particular to other women (Datta & Gailey, 2012). This would help women to develop a network of helping each other in challenging patriarchal attitudes and sharing the knowledge of their rights. Furthermore, women would be able to own assets like land and houses which were denied to them because of culture and traditions as to women who were able to bought land and built

house after become the members of MFIs. The findings also indicate that microfinance programs can be potent agents of social change in impoverished settings where women lack access to resources (Cheston & Kuhn, 2002; Wrigley-Asante, 2011).

However, this study did not look at the impact of MFIs on gender relations at the household level and its implications for women. Some studies suggest that microfinance services have varied effects on women and gender relationship (Wrigley-Asante, 2011). Despite the fact that MFIs can empower women in socio-economic status, and thereby reduce women's vulnerability to men's violence, microfinance services sometimes provoke violence in the home when 'empowered' women challenge gender norms (Schuler, Hashemi, & Badal, 1998; Wrigley-Asante, 2011). In some cases, women's increased autonomy has led to the withdrawal of male support (Mayoux, 1997; Silbertschmidt, 1999; Wrigley-Asante, 2011). In the future study, we suggest examining the women empowerment and gender relations, since the patriarchal attitudes still exists in large part of Tanzania (URT, 2011). Furthermore, although this study uses a control group to compare the dependent variables, data was collected at one point in time. Ideally, the use of longitudinal approach that tracks recipients of credit over time would have provided the accurate information to analyse changes in empowerment variables.

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Appendix

Table 9: Description of observed indicators to measure variables

Variable	Description	Categories	Coding		
Control over savings and income	Who made the following decisions?	a) Self	Self = 1, Others = 0		
		b) Spouse	Spouse = 2, Others = 0		
		c) Self + Spouse jointly	Self + Spouse jointly = 3, Others = 0		
		d) Someone else			
		e) Jointly with someone else			
Ownership	Which of the following properties/assets do you own?	a) Radio	Yes = 1, No = 0		
		b) TV	Yes = 1, No = 0		
		c) Mobile phone	Yes = 1, No = 0		
		d) Gas/electric cooker	Yes = 1, No = 0		
		e) Refrigerator	Yes = 1, No = 0		
		f) Land	Yes = 1, No = 0		
		g) House	Yes = 1, No = 0		
		h) Bicycle	Yes = 1, No = 0		
Decision-making	Who took the decision to purchase the following items the last time they were purchase?	<ul style="list-style-type: none"> • Daily Groceries (Kerosene & cooking oil, Charcoal, spices) • Children Clothing • Self items (Clothing, oil, soap etc.) • Pots & Pans 	a) Self	Self = 1, Others = 0	
			b) Spouse	Spouse = 2, Others = 0	
			c) Self + Spouse jointly	Self + Spouse jointly = 3, Others = 0	
			d) Someone else		
			e) Jointly with someone else		
		<ul style="list-style-type: none"> • Repair house • Purchase Land • Build House 			

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Variable	Description	Categories	Coding
Self-efficacy	<ul style="list-style-type: none"> • Purchase Equipment Who do you interact freely with? (tick as appropriate)	a) with own family members b) with husband's family c) with neighbours d) with personal friends outside family circle e) with local community leaders f) people in marketplace	At least 4 ticks = 1, otherwise = 0
	Have you ever talked directly with? (tick as appropriate)	a) trader b) Service provider (TANESCO, Water suppliers, etc.)	At least 6 ticks = 1, otherwise = 0
	Do you talk with confidence and assertiveness with? (tick as appropriate)	c) Police d) Children's head teacher/teachers e) Street chairman f) Village chairman g) Ward Secretary h) municipal officials i) community council	
	Do you feel confident that you can manage the following on your own? (tick as appropriate)	a) daily needs of household b) own business c) Children school d) husband's business e) marriages of children f) household assets/properties g) allocation of family's resources h) welfare of the family i) other: specify_____	At least 4 ticks = 1, otherwise = 0
Self-esteem	What contribution do you make to your household? (tick as appropriate)	a) able to feed family b) able to educate children c) works longer and harder than others d) contributes large share of income e) takes major decisions in household f) other: specify_____	At least 4 ticks = 1, otherwise = 0
	What contribution do you make to your community? (tick as appropriate)	a) helps neighbours b) resolves local conflicts c) takes up demands on behalf of community d) protests against actions which badly affects community e) plays leadership role in community f) other: specify_____	At least 4 ticks = 1, otherwise = 0
	Do you think women should have rights equal to men? (tick as appropriate)	a) right to property b) right to equal wages c) right to equal food as husband d) right to equal medical care as husband e) right to vote f) other: specify_____	At least 4 ticks = 1, otherwise = 0
	Do you feel equal with? (tick as appropriate)	a) mother-in-law b) sisters-in-law c) husband d) brother e) other male relatives f) community leaders	At least 4 ticks = 1, otherwise = 0
Mobility	Have you ever gone on your own to the following place? (tick as appropriate)	a) to place of work outside area of residence b) government office c) hospital/clinic/doctor d) police station e) Market f) Children's school g) To your home village h) everywhere in village i) in another village in the region j) to any other region	At least 8 ticks = 1, otherwise = 0

Variable	Description	Categories	Coding
Participation in activities outside home	Have you ever participated in? (tick as appropriate)	k) another country	At least 3 ticks = 1, otherwise = 0
		a) Village Assembly or Mtaa Residents Meeting	
		b) Village Council or Mtaa Committee	
		c) Ward Development Committees or Full Council	
		d) local judicial councils	
		e) local program-organized groups	
		f) Dar International Trade Fair	
		g) Agriculture show	
		h) other (specific) _____	