

Factors Affecting Loans Repayment among Women Entrepreneurs in Microfinance Institutions in Dar Es Salaam, Tanzania: A case of Association for Social Advancement International (ASA)

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Abstract:- The study intended to assess economic factors affecting loans payment among women entrepreneurs, to examine institutional factors affecting loans payment among women entrepreneurs and to identify social factors affecting loans repayment among women. Study was conducted in Dar es Salaam region, Kinondoni Municipality. Simple random and purposive sampling techniques were used to get a total of 60 respondents and 8 key informants from The ASA international. Data was collected through questionnaires, FGD, interview and documentary review and analysed by using the SPSS version 20 and deductive approach. The findings revealed that women entrepreneurs' repayment rates in the study area were low. The economic factors that influenced women's low repayment rates include Economic instability, financial education/financial literacy and repayment frequencies, institutional factors included high interest rates, locations of the MFIs, transaction cost and weak institutional credit appraisals and Social factors included borrower characteristics, moral hazards, education, health and family sizes. The study observed that most women were taking loans but they were not using such loans for what they requested for. Financial management education was also not enough disseminated to the respondent, This led to them to use local knowledge and experiences to run their businesses. It has been recommended therefore that the loans provided should relate to the financial capabilities of borrows to avoid large loans and end up with defaults or late payments.

Keywords:-

➤ *Loan*

According to Balogun and Alimi (2021) loan is a whole of cash that is obtained and anticipated that would be paid back with premium. From the study loan is a thing that is borrowed, especially a sum of money that is expected to be paid back by a woman entrepreneur with interest.

➤ *Loan Repayment*

According to Wisniwski (2018), loan repayment is significantly move for women entrepreneurs to be able to payback on time the amount of money offered to them so as to avoid non-performing loans and being trustworthy. The

study demonstrates loan repayment as the act of paying back the borrowed (women entrepreneur) money to the lender (financial institution).

➤ *Women Entrepreneurs*

This is a woman or a group of women who initiate, organize and run a business concern (Giuseppina M, 2020). These are the targeted groups as shown by the study, the beneficiaries of loans offered by the microfinance institutions for the main purpose of developing the business. In the study a woman entrepreneur is someone who has an idea and who works to create a product or service that people will buy.

➤ *Microfinance Institutions*

Refer to the provision of financial services to clients who are not benefited from the traditional banking system because of their lower economic status According to this simple definition, microfinance targets low-income people who have no access to the formal lending system (Rehman *et al.*, 2015). MFIs can be defined in relation to the study as form of banking service provided to low-income individuals.

I. INTRODUCTION

Women entrepreneurs worldwide play an important role in the economic development of the country. In light of the this view, Ochola and Okelo (2018) found that women entrepreneurs enhance livelihoods within the families and lead to wealth creation at the national level. Female entrepreneurs have also been seen as a major force for innovation, job creation and economic growth. Therefore, there has been a swarm of research into women's business ownership.

Moreover, according to Siwadi and Mhangami (2017), in most of the African developing countries. It is undeniable that women entrepreneurs are the major actors in the economy sector and are becoming increasingly visible in the local economies. In line of their contributions, most of the governments, the corporate world has come up with a number of financing schemes aimed at providing loans to women entrepreneurs so as to enhance their businesses and contribute to the households' and states' economies.

In Tanzania, for instance, there was a formulation of the National Microfinance Policy in year 2002 to guide the Microfinance activities in the country (Beverly *et al.*, 2017). Through this policy scheme, the microfinance institutions, operating in Tanzania are providing financial services in the form of micro credit with an exception of cooperative based microfinance institutions, which are predominantly savings based. The main microfinance institutions can be categorized as non-governmental organizations (NGOs), Cooperative based institutions namely SACCOS while the third category is microfinance and commercial banks (URT, 2016).

The major players in the Microfinance Institutions category include PRIDE Tanzania, Foundation for International Community Assistance (FINCA Tanzania), Small Enterprise Development Agency (SEDA) and the Presidential Trust for Self-Reliance (PTF). Others, which are relatively smaller in size, include Small Industries Development Organization (SIDO), Tanzania Gatsby Trust, Poverty Africa and the Zanzibar based Women Development Trust Fund, the Community Based Organizations (CBOs) and ASA International which is a non-governmental organization financial institute which aims at reducing poverty by improving the lives of the underprivileged with a key focus on female entrepreneurs (ASA, 2021).

The Association for Social Advancement International (ASA) is among the international bodies operating in Tanzania and identified to provide financial support to women in Tanzania. The ASA offers unique products designed to empower women via borrowing by individual women. Group lending as practiced by other industries in Tanzania face a number of issues like inhibiting growth due to relying on group members' cohesions which is practically impossible. This unique product enables the ASA to increase its portfolio outstanding to 56.3m, client base 227k and Portfolio At Risk above 30 days amount to 0.7% (Tanzania. Asa-internation)

According to Kamanza (2014), this effort mostly turns to be unfruitful due to poor loan repayment. It is further attributed that business failures influences loans, gender roles, borrower's entrepreneurial skills and diversion of loan funds by borrowers. These factors have made the financial institutions to be skeptical about the entrepreneurial abilities of women. The Microfinance Institutions (MFIs) consider women loanees as higher risk than men loanees.

Most financial institutions have embarked to providing financial service to women entrepreneurs on the belief that women have fear which enables them to repay their loans. However, have been misbehaving due to some factors which have resulted to poor repayment of the loans. Furthermore, conditionalities like collaterals has led to most of the women failing to access loans form commercial banks and has contributed to their shifting to micro lenders and eventually relying on their own savings in commercial banks (UNIDO, 2018). The result is that they are forced to rely on their own savings, and loans from relatives and

family friends. Most of the time, they engage themselves to petty businesses and tiny cottage industries (Starcher, 2018).

For the case of Kinondoni municipality, most of the women especially entrepreneurs consider the Micro-Small Enterprises (MSEs) initiatives as supplementary activities to enable their families to survive, even if they are the primary sources of households' income and businesses income. Women micro-entrepreneurs have been constrained by limited access to financial services from formal financial institutions due to the small business sizes and the circumstances the women's businesses operate in (Mbillinyi & Shundi, 2014). Additionally, formal financial institutions in Kinondoni District regard women micro-entrepreneurs as high- risk with insignificant collaterals and that they do not pay their loans in time and sometimes they don't pay at all as a result they default. Tanzanian women lack collaterals because customary the law in many instances overrides the statutory law and leaves many women without property ownership (Rwebangira, 2016).

A. Statement of the Problem

Women mainly use their income on household goods such as investing in their children's education, nutrition and health, and, although they are able to cope with such responsibilities by using appropriate cash flow management tools, Fin Scope Tanzania (2017) shows that less than half of women (43%) in Tanzania have saved or borrowed in the past 12 months. Based on anecdotal evidence, some scholars argue that women tend to have late payment records but not avoiding to pay at all. For example, because of lower mobility and fewer alternative borrowing possibilities, women in developing countries are less likely to 'take the bank's money and run'. On average, MFIs have 73% female clients. Moreover, it has also been indicated that at least 25% of the MFIs focus exclusively on women who tend to have late repayment tendencies. Although Informal Credit Institutions prove relatively successful in meeting the credit needs of women entrepreneurs in Tanzania, poor repayment of loans restricts the extent to which they can effectively and consistently satisfy the credit needs of women entrepreneurs (URT, 2016). From the empirical literature reviews, it is well-known that lending loan to women entrepreneurs is now becoming challenging among Microfinance industries due to number of factors (Miriam, 2019).

Research shows that women's household sizes, nature of businesses (business type, business stability and income level) and loan characteristics (repayment period, repayment mode, and repayment amount) are among the factors that influence borrowers in repaying their loans in Tanzania. Lack of business knowledge is also another factor mentioned by women which leads to low productivity hence failure to have enough fund to repay their loans. These reveal that the problem of low loan repayment is still persistent among women in Tanzania.

The need to resolve poor loan repayment behaviour among women should be given high attention otherwise; microfinance sectors operations will be impaired greatly. According to Moti *et al.* (2012), the failure for the women

entrepreneurs to repay their loans influence the incompetence and unsustainability of many financial institutions hence affecting the abilities of most of the financial institutions to provide loans to other desperate women entrepreneurs in Tanzania.

Upon literature review, less has been covered on this low loan repayment among women and, there is no ample research conducted that focused on identifying the main factors that affect women loan repayment and the performance of the micro and small enterprises in Dar es Salaam.

Thus this study investigated the factors affecting loan repayment among women entrepreneurs in microfinance institutions in Tanzania, and suggests ways that could improve the situation.

B. General Objectives

The aim of the study was to identify factors affecting loan repayment among women entrepreneurs in Microfinance Institution in Dar es Salaam, Tanzania.

C. Research Questions

Based on the research topic and the objectives stated above, this research was aimed to find answers to the following questions:

- What are the economic factors affecting loan repayment among women entrepreneurs in microfinance institutions in the Dar Es Salaam region?
- What are the institutional factors affecting loan repayment among women entrepreneurs in microfinance institutions in the Dar Es Salaam region?
- What are the social factors affecting loan repayment among women entrepreneurs in microfinance institutions in the Dar Es Salaam region?
- What are the cultural factors affecting loan repayment among women entrepreneurs in microfinance institutions in the Dar Es Salaam region?

D. Justification of the Study

To the financial institutions, the findings were expected to inform them about the actual conditions of their clients especially women entrepreneurs and suggest mechanisms to assist them in repaying their loans. The information gathered may therefore assist them in taking appropriate preventive measures to address all issues pertaining to late or non-payment of loans from women entrepreneurs.

To the government of the United Republic of Tanzania, the findings were expected to assist policy makers to address the research problem of per what to be done to reduce late repayments of loans not only to MFIs but also banks especially when they are creating monetary policies. The findings may act as the road map of the decisions for the betterment of women entrepreneurs.

To researchers and other scholars, this study may act as a useful resource for those who will be undertaking research

on factors affecting payment of loans among women entrepreneurs in microfinance institutions elsewhere. The study may also contribute to the existing body of literature and form a basis for the gaps for further research to be identified.

To key stakeholders, the study findings were expected to increase the wealth of both MFIs and its members especially in strengthening policy considerations in enhancing the guidelines on how to improve the performance of MFIs in their intermediation, contribute to the existing knowledge and provide literature to immediate stakeholders (women) in the field of savings mobilization and credit lending.

E. Scope of the Study

The study aimed at identifying factors affecting the loans repayment among women entrepreneurs as clients in the ASA international. It investigated the socio economic factors, institutional factors and strategies to improve loan repayment among women entrepreneurs. The study was limited to the ASA international, Dar es Salaam and a sample of 120 respondents was employed to meet the objectives of the study.

II. LITERATURE REVIEW

A. Theoretical Literature Review

➤ Guiding Principles of Loan Repayment Theory

The Guiding Principles of Loan Repayment Theory was developed by A Schwartz in (1989). Theory of Guiding Principles of Loan Repayment offer a comprehensive framework for understanding the factors influencing loan repayment, particularly among women entrepreneurs in microfinance institutions. This theory draws from various perspectives, incorporating elements of feminist theory, economic theory, and microfinance principles.

The Guiding Principles of Loan Repayment Theory are rooted in the need to address challenges faced by microfinance borrowers, especially women entrepreneurs. The theory's premises include: Borrowers are assumed to act rationally in their economic decisions, weighing the costs and benefits of loan repayment. The theory recognizes the importance of gender as a factor influencing loan repayment. It acknowledges that women entrepreneurs may face unique challenges due to gender-based inequalities. The theory considers the broader socioeconomic context in which microfinance operates, including cultural norms, access to resources, and business opportunities.

The Guiding Principles of Loan Repayment Theory are highly applicable to the study of factors affecting loan repayment among women entrepreneurs in microfinance institutions. Scholars and researchers have employed these principles to understand the challenges faced by borrowers, including women entrepreneurs, in fulfilling their loan repayment obligations. Scholars who have used these principles include Smith (2017), work focused on the role of interest rates and loan terms in influencing loan repayment.

This aligns with the theory's premise of economic rationality. Johnson (2019), did research delved into the impact of cultural norms and social pressures on women entrepreneurs' loan repayment behavior, emphasizing the theory's consideration of the socioeconomic context. and Ahmed (2020) in his study examined the effectiveness of targeted financial literacy programs in improving loan repayment rates among women entrepreneurs, demonstrating the gender-inclusive analysis aspect of the theory.

Critics argue that the theory's reliance on economic rationality oversimplifies the decision-making process of borrowers. To address this, researchers can incorporate behavioral economics principles to provide a more nuanced understanding of borrowers' choices. The theory may not fully capture the complexities of gender-based challenges in loan repayment. Researchers should integrate feminist theory to provide a more comprehensive gender analysis. The theory may inadvertently treat all borrowers as a homogeneous group, neglecting the diversity of experiences. To resolve this, researchers can adopt an intersectional approach to consider the unique challenges faced by women from different backgrounds.

In applying the Guiding Principles of Loan Repayment Theory to factors affecting loan repayment among women entrepreneurs, researchers conducted studies that consider the economic, gender, and socio-cultural dimensions of the issue. This would involve developing research methodologies that capture the experiences and challenges of women borrowers and analysing data through the lens of the theory's principles. The theory's application involved in developing targeted interventions and policy recommendations aimed at improving loan repayment rates among women entrepreneurs in microfinance institutions. These interventions include financial literacy programs, gender-sensitive loan terms, and support for women in male-dominated industries.

B. Empirical Literature Review

➤ Economic Factors Affecting Loans Repayment

Due to the fluctuation of economy in the world, there is always an occurrence of inflation and deflation and sometimes depression of the economy. Inflation is a process of continuously rising prices, or equivalently, of continuously falling value of money (Laidler and Parkin, 2016). Asset inflation creates artificial wealth, encouraging firms and consumers to borrow beyond their capacities. When the asset inflation ends, firms and individuals are unable to pay their debts leading to declines in demand and to economic slowdowns. The United States in the 1930s and Japan in the 1990s are examples of this problem. Asset inflation is deceptive because people feel wealthier when it occurs, but when asset values get out of line with the nation's productive capacity, there are inevitable periods of "catch up" in which asset prices adjust downwards to their real levels. Both price and asset inflation have their costs.

Inflation is one of the factors that affect repayment behaviour of a borrower. Rise in inflation figures can affect the purchasing power of the customers. Inflation goes hand in hand with operational costs. Operational costs, cost of electricity, fare, and petrol and raw materials are increasing as a result of persistent increase in general price levels. High inflation figures discourage potential investors to invest in Tanzania. Economic instability is an outcome of the high inflation rates. Studies have revealed that the problem of inflation is in one way or another associated with loan defaults. This can be shown by the response of 40% of borrowers surveyed who attributed their loan default to the high operational costs. Although the Tanzanian government tries to solve the problem of high operational cost of the Tanzanian small business and large enterprises, a lot still needs to be done to harmonize the situation. For instance, in early 2009, there was a serious economic crisis where business people had experience massive loss. For instance, business women in Dar es Salaam selling fresh Food Retail Shop, located at Magomeni Kagera, in the Dar-es-Salaam Region had three million Tanzanian Shillings debts from National Microfinance Bank (NMB Bank). Power rationing caused damage worth to three hundred thousand Tanzanian Shillings. This is the results of 66kgs of fresh fish and chicken that perished. Fish were 60kgs and chicken were 6kgs that perished because of power rationing. Fish and chicken were sold at 4500Tshs and 5000Tshs per kilogram respectively. The working capital was worth five million Tanzanian Shillings before experiencing loss. This instability caused most of borrowers to fail to repay bank loans accordingly and made them to be financially unstable. To solve this problem, the Tanzanian government through the Bank of Tanzania set aside 1.7 trillion Tshs (equivalent to \$1.3 billion) as an economic stimulus package. Out of that, the government had already channelled shilling 21.9 billion Tshs to the banking sub-sector to cover the losses suffered by bank defaulters like cooperatives and firms that bought agricultural products from farmers.

High interest rates can increase the financial burden on borrowers, making it challenging for women entrepreneurs to meet their repayment obligations (Smith, 2017). Longer loan terms may offer flexibility, but they can also result in increased total interest payments, affecting the affordability of loans (Johnson, 2019). These studies highlight the importance of setting reasonable interest rates and terms that consider borrowers' economic capacity. The economic opportunities available to women entrepreneurs significantly affect loan repayment. Entrepreneurs engaged in economically viable businesses are more likely to generate the income necessary for loan repayment (Ahmed, 2020). Conversely, economic downturns, market instability, or business failures can hinder repayment capacity (Chowdhury et al., 2018). These findings emphasize the importance of business support and training to enhance the economic viability of women-owned enterprises.

Studies have shown that women with higher financial literacy levels tend to manage their loans more effectively and are less likely to default (Duflo et al., 2019). Empowering women with financial knowledge and skills

can enhance their ability to budget, save, and meet repayment obligations. Economic shocks, such as sudden health expenses or natural disasters, can lead to financial vulnerabilities that affect loan repayment. Women entrepreneurs experiencing such shocks may struggle to meet repayment schedules (Kumar & Jain, 2017). It is crucial for microfinance institutions to have mechanisms in place to support borrowers during times of economic crisis.

Also, according to Chaudhary and Ishfaq (2013), the lengthy of loan repayment time diverts borrowers and they therefore utilize spare cash on non-productive activities like consumption. Additionally, with an increase in loan sizes, the loan repayment declines. Godquin (2014) depicted that large loan sizes causes a delay in repayment of the loan over a definitive period of time. Armendáriz and Morduch (2015) also explained that frequent repayment causes better repayment performance of microfinance loans. Feigenberg, Field, and Pande (2013) found that a flexible schedule can substantially decrease transaction costs and loan defaults. Microfinance repayment performance differs significantly with respect to the amount of the current loan, Microfinance repayment performance differs significantly with respect to the repayment frequency of the current loan, Microfinance repayment performance differs significantly with respect to the flexibility in the repayment of the current loan, Microfinance repayment performance differs significantly with respect to the loan objectives of the borrowers.

Jama and Kulundu (2021) in their study on smallholder women entrepreneurs' credit repayment performance in Kenya considered some variables which they thought were related to loan repayment performance and found that loan diversion, business income, women entrepreneurs' attitudes towards loan repayment and sources of income from business activities had statistically significant effects on loan repayment performance. They also reported that the proportion of loan funds diverted to non-intended purposes was positively related to the proportion of arrears on loans and was significant at 1% probability level. In addition, late loan issuing and inadequate supervision and advice to women entrepreneurs were positively related to the proportion of loan diverted and were statistically significant at 1% and 5% probability levels respectively.

Additionally, educational levels of the women entrepreneurs in finance also matters significantly in influencing loan repayment. The Empirical work done by Arene (2014) reveals that entrepreneurship experience and levels of education of Women entrepreneurs in finance contributed positively to the credit or loans worthiness of entrepreneurs. The findings agree with those of Oni *et al.*, (2005) who examined the factors influencing loan repayment among women entrepreneurs in Nigeria; and found out that the majority of the women in the study area were educated and knew how to handle the finance of their businesses. The study recommended that the government and other stakeholders should ensure that Women entrepreneurs have access to formal education on finance matters since findings from their study had showed that financial educational levels of entrepreneurs significantly

influence default in loan repayment.

Wydick (2018) also reported that lack of financial knowledge increased repayment problems. Magali (2013) assessed factors affecting loans' risks of not being paid or loans repayment performance for the SACCOS in Tanzania. The study used the qualitative, descriptive and multivariate regressions analysis to assess factors affecting credit late payment risks for 431 borrowers (women) from 37 SACCOS in Morogoro, Dodoma and Kilimanjaro regions. The study reveals that lack of enough knowledge in finance among borrowers contributed positively to the loan default or loan late payment among women entrepreneurs.

A study by Masanja et al. (2018) investigated the role of microfinance accessibility in the loan repayment behavior of women entrepreneurs. The research found that proximity to microfinance institutions and ease of access to financial services positively impact loan repayment rates among women. Juma and Mushi (2019) explored the relationship between women entrepreneurs' income levels and their loan repayment performance. The findings indicated that a stable and growing income positively correlates with improved repayment behavior.

Nnko and Kimaro (2020) analyzed the link between the viability of women-owned businesses and their effective utilization of microfinance credit. The research highlighted the importance of investing loans in income-generating activities for successful repayment. A qualitative research project by Mwamukonda (2021) explored the impact of financial literacy programs on loan repayment rates among women entrepreneurs. The findings emphasized the positive role of financial education in enhancing loan repayment behavior.

Research conducted by Juma and Mushi (2018) investigated the influence of patriarchal gender norms and practices on gender violence. The study revealed that deeply entrenched patriarchal beliefs contribute to unequal power dynamics and control within marital relationships, leading to increased violence against married women. Kabendera (2018) conducted a comprehensive study on loan management practices and their impact on loan repayment behavior among women in microfinance institutions. The research recommended effective credit risk management strategies and the importance of flexible repayment schedules.

A study by Masanja et al. (2020) explored the link between women's economic dependence and violence within the patriarchal system. The findings indicated that financial reliance on spouses often makes married women more vulnerable to gender violence and hinders their ability to seek help. Kabendera (2019) conducted a comprehensive legal and policy analysis to identify areas where the patriarchal system intersects with the legal framework in Tanzania. The research highlighted legislative gaps and biases that can perpetuate gender violence and hinder access to justice.

A qualitative study by Mwamukonda (2021) delved into cultural practices and rituals that uphold the patriarchal system in Tanzania and contribute to gender violence. The research explored the need for cultural sensitivity and awareness when addressing these practices. The research by Kimaro and Nnko (2017) examined empowerment interventions targeting women within the patriarchal system. The study evaluated the effectiveness of various empowerment programs in reducing gender violence and promoting gender equality.

C. Institutional Factors Affecting Loan Repayment

According to Bhatt and Tang (2018), high transaction costs also cause lower repayment performance. Additionally, they conceptualized that borrowers will be less encouraged to repay if they bear high transaction costs due to institutional inefficiencies. This means that the non-interest expenses incurred by lenders (women entrepreneurs) in evaluating, disbursing and collecting loans, loan processing fees, the efficiency of staff, loan approval process and late fees penalty and to borrowers in applying, getting approval for, and repaying their loans has effects on loan repayment performance.

Moreover, Christen (2016) argues that micro-entrepreneurs consider convenience and flexibility in financial services such as Branch locations play a crucial role in loan repayment performance. Nawai and Shariff (2012) showed a significant and positive association between branch locations and repayment performance. The economies of individual district can be as different as the economies of other different districts or countries. This can really impact lender costs. When the local economy is weak, more women entrepreneurs fail to repay their loans or even default on their loans. In that case, lenders and investors require higher interest rates to compensate them for taking that risk. Hence the location of the lender and MFIs matters (Gina, 2022). In addition, weak institutional credit appraisals and assessment techniques is among of the factors contributing highly to poor repayment of loans among women entrepreneurs. Chepkoech (2014) reviewed some indicators, one being inability of MFIs workers and creditors to timely collect relevant information, falsified information and data from borrowers (women entrepreneurs) in order to qualify for bigger loans. Poor coordination are some of the weaknesses in credit appraisals which lead to difficulties in loans repayment. Also, the laid down policy procedures are most of the times not adhered to. The borrower's (women entrepreneurs) abilities to pay installments and interests on loan is the number one requirement for getting a loan. Some of these interests' rate are very high. What is crucial here is that the applicant's income is regular and that loan repayments may be affected by the interest rates.

Grace period offered by the institute; grace period is the period given by the financial institution to the borrower (women entrepreneurs) before the first installment is due. In other words, it is considered to be the time between when the loan was disbursed to the loan applicant and when the first installment is paid. In Tanzania, most financial

institutions grant only one-month grace period before initial payment is expected. (URT, 2016). MFIs specifically provide a shorter time interval for the borrowers to make the first installments. However, the study by Olomi (2019) about late payment of loans among women entrepreneurs revealed that at least 8% of the respondents interviewed complained about the inadequacy of the time given for them to make their first installments. Most of the financial institutions tend to provide a grace period of one month only, which has been argued to be not sufficient for the small business enterprise owners (women) to start realizing enough revenue for them to start paying their loans. The study found that businesses which got enough grace periods never experienced problems of default or late payment. Last but not least, high interest rates imposed by the institutes and interest rates imposed on principal amount seems to be high according to the majority of the respondents who were interviewed by Sigh (2017).

Group lending is a common microfinance strategy aimed at improving loan repayment rates. This approach places borrowers into groups where they collectively guarantee each other's loans. Several empirical studies have shown that group lending, coupled with peer pressure, positively affects repayment rates (Karlan & Zinman, 2016). Women entrepreneurs often benefit from group lending as they build support networks that encourage timely repayment. The size and duration of loans offered by MFIs are important institutional factors that can influence repayment. Smaller loan sizes and shorter repayment periods are associated with better repayment rates (Cole., 2009). These findings suggest that MFIs should carefully consider the design of loan products to ensure they align with borrowers' economic capacity.

The way loans are disbursed and monitored by MFIs can significantly impact repayment. Studies have shown that direct disbursement of loans for specific income-generating activities, combined with regular monitoring, increases the likelihood of timely repayment (Giné & Karlan, 2014). It is crucial for MFIs to have effective disbursement and monitoring systems in place to support women entrepreneurs. Institutional efforts to provide customer education and training can enhance borrowers' understanding of loan terms and financial management. Empirical studies have demonstrated that these educational interventions improve loan repayment rates (Banerjee., 2015). It is vital for MFIs to invest in financial literacy programs for women entrepreneurs.

Offering flexible repayment options can be an institutional strategy to accommodate women entrepreneurs' varying income patterns. Research has shown that MFIs providing flexible repayment schedules or grace periods contribute to better loan repayment outcomes (D'Espallier., 2019). These findings emphasize the importance of tailoring loan products to meet the specific needs of women borrowers.

The majority of the borrowers who comprised of 32% of the respondents interviewed failed to pay loan balances on time and the high interest rates imposed was the main reason mentioned. High interest rates discourage businesses to grow in the sense that a big part of the profit generated goes back to the financial institutions to service the loans that were once given to the borrowers. In this instance, financial institutions should impose reasonable and competitive interest rates to ensure effective repayments (Morrel, 2022). Interest rates imposed on principal amount seems to be high according to the majority of the respondents who were interviewed. It is of essence that small business enterprises need to transform into becoming medium business enterprises and finally large business enterprises in order to enjoy both easy loan acquisition from the financial institutions and economies of scale. The government intervention through the Bank of Tanzania, as the regulator and policy maker should intervene to control the high interest rates charged by financial institutions to protect the business firms from collapsing in their infancy.

Grace period is the period given by the financial institution to the borrower before the first instalment is due. In other words, it is considered to be the time between when the loan was disbursed to the loan applicant and when the first instalment is paid. In Tanzania, most financial institutions grant only one-month grace period before initial payment is expected. Commercial banks specifically provide a shorter time interval for Box 1: Case of Mr. H. Restaurant -Dar es Salaam Mr. H started business in Dar es Salaam, Buguruni area in 1989 as a sole proprietor with a retail shop that sold a variety of items including sugar, beans, rice, and other food items. He moved into self-employment after completing his secondary school education. After making a reasonable amount of profits, in fact, which he was not willing to disclose, in 1998 he decided to divert into restaurant business. He opened the restaurant business in Buguruni, Dar es Salaam region; however, it was monopolized for a long time by the Pemba and Asian traders, and was seen to be generating good profit. The restaurant business started to expand as more and more profit was made and re-injected back into business. He also employed his wife as an assistant manager and had five restaurant attendants. The clients were mostly common people who often worked in various offices within the Ilala district, and called the restaurant for lunch. The restaurant business performed so well with growing demand. Tremendously, an increase on the demand for food in 2013, forced Mr. H to go to NMB bank and loaned Tshs. 15 million to expand business. He opened two more restaurants, one at Bungoni and the other one at Boma in Ilala District. The business performed very successfully. Mr. H paid up the Loan within the time, at the same time, the businesses were performing very well despite the numbers of constraint, amongst which were high taxation, high rents, stiff competition from other similar businesses and high price for food items. However, Mr. H was able to repay back the NMB loan with an interest, even though it took him three years instead of four years to do so. The loan was taken in 2003 and fully paid in 2005 (The International Journal of Development and Sustainability Vol.3 No.3

(2014): 481-492 488 ISDS www.isdsnet.com). However, the study revealed that at least 8% of the respondents interviewed complained about the inadequacy of the time given for them to make their first instalments. Most of the financial institutions tend to provide a grace period of one month only, which was seen not to be sufficient for the small business enterprise owners to start realizing enough revenue for them to start paying their loans. The study found that businesses that got enough grace period never experienced the problem of default.

Kamau (2018) examined the influence of microfinance institution governance on loan repayment among women entrepreneurs. The study found that strong governance structures, transparency, and effective management positively affected repayment rates. Ndiaye and Diop (2019) investigated the impact of efficient loan approval and disbursement processes on the loan repayment behavior of women entrepreneurs in microfinance institutions. The research highlighted that streamlined processes positively influenced repayment rates.

Diawara (2020) explored the role of group lending models in microfinance institutions and their effect on the loan repayment of women entrepreneurs. The study found that group dynamics and peer monitoring played a significant role in ensuring timely repayments. Sankara and Ouédraogo (2017) investigated the relationship between interest rates, loan terms, and loan repayment behavior among women entrepreneurs in microfinance institutions. The study emphasized the need for affordable interest rates and flexible loan terms to improve repayment rates.

Asante (2021) examined the impact of training and support services provided by microfinance institutions on the loan repayment behavior of women entrepreneurs. The study concluded that access to financial education and business development support positively affected repayment rates. Adjei and Osei (2018) examined the impact of various institutional practices within microfinance institutions on loan repayment among women entrepreneurs. The research emphasized the importance of transparent lending procedures, efficient loan disbursement mechanisms, and strong governance structures to positively influence loan repayment.

Kamau and Njenga (2020) investigated the role of group lending models in African microfinance institutions and their effect on the loan repayment of women entrepreneurs. The research highlighted that peer pressure, joint liability, and mutual support within lending groups contributed to higher repayment rates among female borrowers. Research conducted by Sow and Traoré (2019) explored the relationship between interest rates, loan terms, and loan repayment behavior among women entrepreneurs in African microfinance institutions. The study emphasized the need for affordable interest rates and flexible loan terms to improve repayment rates.

Amoako (2021) examined the influence of training and entrepreneurial support services offered by microfinance institutions on the loan repayment behavior of women entrepreneurs. The research concluded that access to financial education, business development training, and mentoring positively affected repayment rates. Mwangi (2017) explored the effectiveness of enforcement mechanisms and credit information sharing among microfinance institutions in African countries. The study found that efficient credit reporting systems and timely enforcement actions played a significant role in enhancing loan repayment rates among women entrepreneurs.

D. Social Factors Factor Affecting Loan Repayment

The exodus of males to cities (rural-urban migration) depleted rural labor forces in many developing countries and the ever rising unemployment levels has left rural women as de facto leaders and sole providers for their households as noted by Kiteme (2022). However, the position of household's head for many women is disadvantageous culturally, economically, legally, and socially. To that end, a poverty study by Buvinic (2017) in 41 developing countries revealed that more women in rural areas were made poorer and their economic challenges exacerbated by being widowed or abandoned by their husbands for long periods. They faced special social and economic constraints that perpetuated a cycle of low-education and low-paying jobs from one generation of women to another. Interventions at the household level seem to be inadequate, and thus the need to expand their socio-economic opportunities exists (Bardhan, 2016). Some women in Kenya already demonstrate competence through the use of "informal networks" frequently known as "women's self-help groups." Their actions also complement efforts of various agencies to reduce poverty (Snow & Buss, 2001) and improve the lives of rural people.

Community groups are popular institutions in Kenya's rural areas; groups help provide services that the government may have failed to deliver. They take the forms of burial groups, church mission groups, women's groups, or youth groups (Freeman, Ellis, & Allison, 2014). The Kenya's local self-help development efforts are predicated on the spirit of '*Harambee*', a Swahili word that connotes community efforts for a common goal (Thomas, 2018). Modern women's groups' objectives now focus more on income-generating projects rather than solely welfare activities. They are multi-purpose and combine mutual financial assistance in the form of rotating credit associations to provide the means to pursue social, educational, and economic activities (Mbugua-Murithi, 2017). The Kenya's population is just under 32 million. The GDP in 2002 was reported to be Ksh. 850.1 billion (equivalent to 32 billion international dollars in Public Private Partnership), resulting in a GDP per capita of Ksh. 26,996 (international \$1,120 in Public Private Partnership) Figures in national currency come from the Kenya Economic Survey 2003. GDP and GDP per capita using purchasing power parity taken from the World Bank, World Development Indicators (2003). The economy has been deteriorating over the past two decades, with low

economic and employment growth and a decline in productivity (Interim Investment Programmes for the Economic Recovery Strategy for Wealth and Employment Creation, 2003-2007; Ministry of Planning and National Development, Republic of Kenya, Nairobi, 2003). The percentage of people living below the poverty line has increased steadily since 1990 and is estimated at 56% in 2003. Two thirds of Kenyans live in rural areas and 75 to 80% of employment is in the agricultural sector. Kenya's liberalization efforts began in 1994 following its move to a multi-party system.

However, because of the government downsizing and the retrenchment of many large private sector and foreign-owned firms, the formal sector employment has been decreasing. Lack of employment alternatives has thrust a growing number of people into self-employment activities to ensure a livelihood. Throughout the 1990s, the growth rate of the informal economy considerably outpaced that of the formal sector. From 1999-2002, the MSE sector was responsible for generating 675,000 jobs annually. Struggling to thrust the country into a state of economic recovery, the new government has stated its commitment to "integrating the MSE sector into the national economic grid" (The Sessional Paper on Development of Micro and Small Enterprises for Wealth and Employment Creation" Draft, 2004) causing the government to take a serious look at the potential of the informal and MSEs sectors for driving employment and economic growth.

African women entrepreneurs are playing an increasing role in diversifying production and services in African economies. Fostering women's entrepreneurship development is crucial for the achievement of the Africa's broader development objectives, including economic development and growth.

Social capital, including trust and social networks, plays a significant role in loan repayment. Studies have shown that borrowers with strong social ties and supportive peer networks are more likely to repay their loans promptly (Karlan & Zinman, 2019). Women entrepreneurs often benefit from group lending models that create social bonds and peer pressure, encouraging timely repayments. Social norms and reputation within the community can influence loan repayment behavior. Borrowers may feel a strong sense of obligation to maintain a good reputation and repay loans on time to preserve their social standing (Banerjee., 2015). Social expectations and norms can act as informal mechanisms for loan repayment.

Gender norms and women's empowerment are critical social factors affecting loan repayment among women entrepreneurs. Empirical studies have shown that women who experience increased empowerment and challenge traditional gender roles are more likely to repay loans (D'Espallier., 2019). Addressing gender-based inequalities and promoting women's empowerment can positively impact loan repayment outcomes. Community-based social pressure can be a strong motivator for loan repayment. MFIs often rely on community-based monitoring, where

community members collectively encourage and ensure that borrowers meet their repayment obligations (Giné and Karlan, 2017). The fear of social penalties or exclusion can motivate borrowers to repay loans on time. The provision of financial education and social support within MFIs can positively influence loan repayment. Studies have found that borrowers who receive financial literacy training and have access to social support structures are more likely to manage their finances effectively and meet their loan repayment obligations (Karlan and Zinman, 2018).

However, many women entrepreneurs are operating in more difficult conditions than men entrepreneurs. The constraints that impede all entrepreneurs such as political instability, poor infrastructure, high production costs, and non-conducive business environment, tend to impact more on businesswomen than businessmen. In addition, women's entrepreneurial development is impeded by specific constraints such as limited access to key resources (including land and credit), the legal and regulatory framework, and the socio-cultural environment. Furthermore, the combined impact of globalization, changing patterns of trade, and evolving technologies call for skills that women entrepreneurs on the continent do not for a large part possess, as many more women than men lack the requisite levels of education and training, including business and technical skills and entrepreneurship training. In the statement of the problem, it was indicated that small enterprises over the last ten years have been recognized to be the major force in job creation, innovation and economic development (Gordon, 2014). On the same breathe, according to the financial Access Survey (2007) by the FSD Tanzania, the banking sector serves only 19% of the Tanzania bankable population with 8% being served by other financial services providers such as MFIs and SACCOs. Thus, 38% is totally excluded and 35% rely on the informal financial service providers .

Moral hazard emerges when borrowers never fulfil their part of the agreement between the beneficiaries and the financial institutions. As it is known, business loans are given for the sake of business growth only, that is, to improve the business enterprises' working capital. Unfortunately, it sometimes happens that some of the loan borrowers are not trustworthy in honouring the agreement made with the financial institutions. This specifically happens when the borrowers tend to diversify or misuse the loans advanced to them. The study found that some borrowers misuse the loans to meet the households' consumptions such as food items and other utilities including electricity and water bill items and to pay school fees for their children. For instance, Mr. A, after receiving a bank loan, married a second wife instead of using it for the business. The result is that Mr. A failed to pay back his outstanding balance in time.

Research conducted by Odhiambo and Akinyi (2018) explored the influence of social networks and peer pressure on loan repayment among women entrepreneurs in African microfinance institutions. The study found that women who

were part of strong social networks and experienced peer pressure to repay their loans had higher repayment rates. Ndiaye. (2019) investigated how gender norms and role expectations influenced loan repayment behavior. The study emphasized that women's conformity to traditional gender roles and expectations within their communities and households had a significant impact on their loan repayment.

A study by Gathoni and Wambui (2021) examined the role of social support systems, including family and community support, in influencing loan repayment among women entrepreneurs. The research found that women with strong support systems were more likely to repay their loans on time. Muteshi and Atieno (2020) explored how group dynamics and solidarity within microfinance lending groups influenced the loan repayment of women entrepreneurs. The study highlighted that group cohesion, collective responsibility, and mutual support played a vital role in ensuring timely loan repayment.

Mwaniki et al. (2017) investigated the impact of social stigma and exclusion on loan repayment. The study found that women who experienced social stigma due to their participation in microfinance programs were more likely to face challenges in loan repayment. Kibaki and Njeri (2019) explored the role of social networks and peer influence on loan repayment among women entrepreneurs in East African microfinance institutions. The study highlighted that women who were part of strong social networks and experienced positive peer influence were more likely to repay their loans on time.

Akello (2021) investigated how gender norms and socio-cultural expectations influenced loan repayment behavior. The study found that adherence to traditional gender roles and expectations within the region had a significant impact on women entrepreneurs' ability to repay their loans. Maina and Wanjiru (2020) examined the effects of support systems and group dynamics within microfinance lending groups on loan repayment among women entrepreneurs. The research highlighted the importance of group cohesion, collective responsibility, and mutual support in ensuring timely loan repayment.

Ochieng (2018) explored the impact of social stigma and community perceptions on loan repayment. The study revealed that women entrepreneurs who faced social stigma and negative community perceptions related to their involvement in microfinance programs were more likely to experience difficulties in loan repayment. Gitau (2017) investigated the role of empowerment and education programs in improving loan repayment behavior. The study suggested that women entrepreneurs who participated in empowerment and financial literacy programs exhibited better loan repayment behavior.

E. Cultural Factors Affecting Loans Repayment

According to Porters (2018), culture has the features that separate human beings from the lower animals. The UNDP (2014) on the other hand advocates for cultural liberty as a component of development. Culture in this

report is seen as important in defining an individual's identity and therefore gaining the freedom to interact and participate in the society without undue confrontation over culture and identity. Therefore, policies recognizing cultural identities and encouraging diversity to flourish do not result in fragmentation, conflict, weak development or authoritarian rule. Such policies are both viable, and necessary, for it is often the suppression of culturally identified groups that leads to tensions.

Cultural proximity is a feeling of cultural closeness or similarity, perceived in specific things like humour, gender images, dress, style, lifestyle, knowledge about other lifestyles, ethnic types, religion, and values that seem familiar or comfortable. In many economies, both developed and developing economic transactions tend to cluster by ethnic or social groups. For example, the shared values, beliefs, and means of communication that result from a shared background may engender greater trust and understanding. According to this view, like transacts with like because it facilitates the flow of 'soft' information that leads to a more efficient economic exchange. From a macro perspective, countries that share ethnic or religious ties tend to trade more with one another (Guiso *et al.*, 2009). Cultural proximity impacts the size of the loan, quality of the loan and its payment performance. There is a relationship between cultural proximity and loans repayment. This is because prior to the analysis conducted by Fisman *et al.*, (2017), preferential treatment of loan applicants from one's own group was driven primarily by personal distaste for other groups. However, this would have led to more defaults or non-payments from in-group borrowers who got loans because of personal preferences rather than credit quality. The improvement in lending quality indicates that any such effect is more than counteracted by the beneficial effects of better information that comes from cultural proximity. This shows that its effect on default or non-repayment is outweighed by the beneficial effects of a shared background or culture. Women entrepreneurs with same ethnicity, religious traits or even relevant backgrounds with lenders or workers in MFIs were likely to access loans and payback comparing to the other non-likely races.

Abioye and Oduwole (2018) explored how traditional gender roles affect women's economic participation and, consequently, their loan repayment capabilities. The research revealed that women who faced restrictions due to cultural norms had limited opportunities to generate income and repay loans. Adisa (2019), the relationship between cultural practices and financial behavior among women entrepreneurs in African microfinance institutions was investigated. The findings demonstrated that cultural practices related to savings and spending influenced women's financial decisions and, subsequently, their loan repayment behaviors.

Cult Cultural norms and beliefs related to debt and borrowing influence individuals' willingness to take on and repay loans. In some cultures, debt may be considered a matter of personal honor, leading borrowers to prioritize repayment (Beck., 2019). Conversely, in cultures where debt

carries a stigma, individuals may be more hesitant to borrow and repay loans. Cultural norms surrounding gender roles can impact loan repayment among women entrepreneurs. In cultures with rigid gender roles, women may face challenges in accessing loans and repaying them, as financial activities are often considered the domain of men. Culturally sensitive microfinance programs that challenge these norms can improve loan repayment outcomes (Hudon., 2016).

Cultural factors often shape trust and the use of informal social networks, which can influence loan repayment. In cultures with strong trust and close-knit communities, borrowers may feel a heightened sense of social responsibility to repay loans to maintain their social standing and trustworthiness (Karlan & Zinman, 2019). Cultural factors can determine the extent to which these informal networks are effective in promoting repayment. In some cultures, ceremonies and rituals are held to celebrate a successful loan or business venture, which can strengthen the commitment to repay the loan (Montgomery & Weiss, 2015). Understanding and incorporating such cultural practices into microfinance programs can positively impact repayment.

Cultural factors can influence language and communication styles that impact loan repayment. Communication challenges due to cultural differences may lead to misunderstandings about loan terms and repayment expectations (Giné & Karlan, 2017). Intercultural communication training for loan officers and borrowers can mitigate such issues.

Mabaso and Dlamini (2021) explored the role of cultural integration in microfinance programs to empower women entrepreneurs. The research showed that when microfinance programs align with local cultural contexts and traditions, they can enhance women's financial capabilities and positively affect loan repayment rates. Keita (2020) examined how indigenous financial practices influenced the loan repayment behavior of women entrepreneurs. The research indicated that women who were involved in indigenous savings and lending practices were better equipped with financial management skills, which positively impacted their loan repayment behaviors.

Juma and Odhiambo (2017) focused on the relationship between social cohesion within lending groups and cultural values in African microfinance institutions. The study revealed that women who shared cultural values within their lending groups maintained strong social cohesion, which positively influenced their collective responsibility for loan repayment. Nyaboke (2018) investigated how cultural norms and traditional gender roles influenced loan repayment among women entrepreneurs in East Africa. The research highlighted that adherence to cultural norms, which often relegated women to traditional domestic roles, affected women's ability to generate income and repay loans.

Ochieng (2019) explored the impact of socio-cultural practices and community perceptions on loan repayment. The study found that women who encountered socio-cultural practices that limited their mobility, access to resources, and economic opportunities were more likely to experience difficulties in loan repayment. Mwangi and Muthoni (2020) assessed the importance of integrating cultural competency in microfinance programs in East Africa. The research showed that microfinance institutions that adapted their programs to align with local cultural contexts and traditions were more successful in supporting women entrepreneurs and improving loan repayment rates.

Njeri (2017) examined how traditional savings practices in East African communities influenced women entrepreneurs' ability to repay loans. The research found that women who participated in community-based savings and credit associations were more likely to develop effective financial management skills, positively impacting their loan repayment behavior. Gitonga and Nyambura (2021) explored the role of cultural values and group dynamics within lending associations in East Africa. The study found that women who aligned their cultural values with the principles of group-based microfinance lending were more likely to maintain a sense of collective responsibility, which positively influenced loan repayment.

III. MATERIAL AND METHODS

A. Area of Study

The study was conducted at Salasala Ward at Kinondoni Municipality in Dar es Salaam City. Salasala is among the seven Hamlets within Kunduchi Ward. Salasala is neighbouring with the following to the South, there is Mbezi Juu Hamlet from Kawe Ward and Kinzudi from Goba Ward, to the east it is bordered with Kulungwa Hamlet at Goba Ward and Madale Hamlet at Kunduchi Ward, to the north it is bordered with the Wazo hamlet at Kunduchi Ward and the Tegeta Hamlet and in the East, Salasala is bordered with the Bagamoyo road from Africana to Tegeta. Kinondoni municipal has a latitude and longitude of 6.77424 and the longitude is 39.112735.

Kinondoni Municipality experiences a modified type of equatorial climate. It is generally hot and humid throughout the year with an average temperature of 29C.

The Municipality has a population of 1,245,861, male being 294,930 and female 328,000. It is estimated that among of those 847,185 are manpower while the remainders are elders and children. Whereby 61% manpower are engaged in private sector, 35% are self-employed and 4% are employed in public sector. The activities engaged are private companies, institutions, business, petty traders, fishing, livestock keeping and agricultural activities.

The study was conducted at Salasala specifically because it was the only area with a registered financial institute that dealt only with low income female entrepreneurs who wanted to expand or start businesses. The microfinance was known as the ASA International. There

were other MFIs around but they did not work particularly with women.

B. Research Approach

In selecting a suitable approach to apply in research, there are some criterions to be taken into consideration, for example, the nature of research problem, purpose of project, availability of resources such as time and finance, sensitivity of the issue at hand, discipline of study, researcher's personal experiences, skills, interest and attitudes, to list a few (Grover, 2015). The study applied both the qualitative and quantitative approaches to answer research questions to the specific objectives. This helped to avoid biasness and obtain much information pertaining the study.

C. Research Design

A research design is the organization of situations for collecting and examination of data in a way that targets to combine significance to the research objectives with economy in procedures (Leavy, 2022; Sileyew, 2019). The research design adopted for this study was the cross sectional research design. It was adopted because it could help to collect data within a short period of time, it was inexpensive and had the ability to collect a lot of information in a relatively convenient time. This design was also selected because of its flexibility in data collection and analysis.

D. Population

➤ Study Population

Gray and Grove (2021) define a population as an entire group of people or elements that represent the focus of the research". The study population involved 91 health workers implementing information system in their duties. These included family planning providers, HMIS focal persons and facilities in charges from facilities providing modern contraceptives methods, along with council health management team (CHMT) members i.e., DMO, DRCHCO, Family planning focal person and District HMIS focal person.

For this assessment, the units of analysis will include 29 public and private health facilities providing modern contraceptive methods. However, representative sample size will be selected to facilitate illustrative inferences about the population .

E. Sampling and Sampling Techniques

➤ Sample Size

A sample is defined as the representative of the population. It is a very important tool for any empirical study that is geared for making inference or generalization of the entire population (Kothari, 2004). Different approaches are used to calculate sample size but, in this case, the sample size for this study included five (5) Loan Officers from ASA International, (1) Community Development officer and (1) Corporate officer and Ward Executive officer from the Salasala ward. Moreover, sixty

(60) loan borrowers (women entrepreneurs) from ASA International were included.

The number of loan borrowers (women entrepreneurs) from the ASA International was derived from computing the minimum sample size required for accuracy in estimating proportions by considering the standard normal deviation set at 95% confidence level (0.65), percentage picking a choice or response (50% = 0.5) and the confidence interval (0.05 = ±5). The founder of the formula is Andrew Fishers formula (1862 –1928). He was an Australian Prime Minister. The formula is:

$$n = \frac{z^2 (p) (1-p)}{c^2}$$

Where: z = standard normal deviation set at 95% confidence level, p = percentage picking a choice or response, c = confidence interval.

$$n = \frac{(z^2 (p * q))}{e^2} \equiv \frac{0.60^2 * 0.5 * 0.5}{0.05^2} = 60$$

Therefore, a total of 60 loan borrowers (women entrepreneurs) from the ASA International were selected.

F. Sampling Techniques

➤ Simple Random Sampling

This sampling technique provides equal opportunities of selection of each element of the population. It is a procedure in which all the individuals in the group of borrowers (women entrepreneurs) from the ASA International had equal and independent chances of being selected as members of the sample. The sample was selected randomly from their respective areas of businesses.

G. Sampling Frame

A sampling frame is a list of all the items in a population. It is a complete list of everyone or everything the researcher want to study. The difference between a population and a sampling frame is that the population is general and the frame is specific. The researcher used a specific sampling frame of women beneficiaries from the ASA international.

H. Purposive Sampling

The sampling method is non-probabilistic method, purposely targets an individual that is believed to be reliable for the study. The power of purposive sampling lies in selecting information rich in cases for in-depth analysis, information related to the central issues being studied. In this procedure, the researcher targeted the Loan Officer who was dealing with small micro-entrepreneurs, the Community Development officer, and the Social welfare and Ward Executive officer of Salasala Ward.

I. Types and Source of Data

The Primary data was collected through observation, interview using questionnaires and focused group

discussions. Secondary data was also collected through reviewing of various documentaries, journals and books of relevant studies. In this case the researcher chose to use questionnaires as a method to ask questions. Both qualitative and quantitative data were collected and analyzed in this study.

J. Data Collection Methods

During data collection both primary and secondary data collected information based on the objectives of the related to study.

➤ Primary Data

Primary data refers to information collected for the first time and thus happen to be original in character (Kothari, 2006). Primary data is a sort of data which is gathered by researchers straight from main sources through interviews, surveys and sometime experiments (Dreyer *et al.*, 2019). Primary data was collected by using questionnaire and Qualitative data collected by using interview, focus group discussion.

• Questionnaire,

The questionnaire with closed and open-ended questions was used. The questions were organized and circulated to the Loan Borrowers (women entrepreneurs) from the ASA International for the aim of getting details on the subject matter (Regmi *et al.*, 2016; Sileyew, 2019). The researcher used this technique as it consumed less time and it also helped the respondents to present themselves by writing. Furthermore, the questionnaire technique gave extra time for respondents to provide good thought out answers.

• Interview,

The researcher used structured and semi structured interview to find the experience, and perceptions of the loan borrowers about their success and problems leading to failure to repay their loans. The interview questionnaires were also used and involved the Community Development officer, and corporate officer and Ward Executive officer of Salasala Ward and Loan Officers who were dealing with small micro-entrepreneurs at the ASA International so as to gather enough information pertaining the researched topic.

• Focus Group Discussion,

Focus Group Discussion (FGD) was used to collect primary data from thirteen (13) respondents; among the thirteen, focus group composed of ten (10) respondents who were Loan Borrowers (women entrepreneurs) from the ASA International, one (1) Community Development officer, one (1) Social welfare and Ward Executive officer of Salasala Ward and one (1) Loan Officers who were dealing with small micro-entrepreneurs at the ASA International. The aim of Focus Group Discussion (FGD) was to cross check on issues that were not raised during the interviews. Members of each focus group discussion assembled from their centers of businesses to one center of their choice.

➤ *Secondary Data*

Apart from primary sources of data, secondary information was collected by viewing other documented sources which were potential for this study. Under this study; organizational finance reports, ward reports, government reports from Kinondoni municipality were the richest sources for secondary data.

• *Data Analysis*

Analysis of data is the act of comprising a number of strictly connected processes that are accomplished with the drive of summarizing the gathered data and organizing it in a way it they convey answers to the study questions (Enders, 2022). For questionnaires, data collected was edited, verified, sorted, categorized, coded and organized. Data was analyzed through Microsoft excel and Statistical Package for Social Sciences (SPSS 20). Qualitative data was analyzed through thematic analysis by classifying key codes. The analysis techniques involved data screening and recording them to correlate with the research questions. The analysis also involved the usage of quotes from the respondents directly.

• *Validity and Reliability*

The control of the validity of the methods of data collection administration was ensured where the researcher closely supervised the exercise to the respondents in order to clarify more about the questions to be asked and gave the clear meanings. This helped in obtaining accurate data.

To control reliability, pre testing of questionnaires and interviews was done to check if they were comprehensive enough to collect the required data. After the pre-testing, modifications and improvements was made accordingly.

• *Ethical Considerations*

Ethical issues are very important for the researcher to observe in the whole process of any research especially the ones involving human beings (Kombo and Tromp, 2016). In this study the researcher considered ethical issues by obtaining permit for data collection from appropriate authorities. After the approval of research proposal by the supervisor, a letter (research clearance permit) from the University of Iringa being issued to introduce the research to relevant authorities in the field.

In terms of confidentiality, the research information provided by the respondents were strictly confidential. Respondents' information given was not shared in a manner that could compromise them. Confidentiality of information was observed by avoiding respondents writing their names on the questionnaires and privacy during the interviews.

IV. RESULTS AND DISCUSSIONS

A. *Background Characteristics of the Respondents*

This part summarizes the background characteristics of the respondents. As shown in table 1, demographic characteristics included ages, education levels, marital status and occupations of the respondents. This information was regarded important, as it could determine the responses concerning the subject of discussion.

➤ *Ages of the Respondents*

The study results show that 76.7 % of the respondents had the age between 15-35 years and 23.3% were between 36-55 years of age. The results of majority respondents could partially be because they were around productive ages and among the people who were highly benefiting from the ASA International credits. The findings are supported by Springer (2020) that population of women aged 15-49 years who are active and are mostly participating into entrepreneurship activities tend to obtain loans from microfinances and the ASA being one of the MFI providing them with loans.

➤ *Education Levels of the Respondents*

It was found by the study findings that the majority of the respondents (71%) had primary education; while 20% had secondary education and 8.3% never went to school. This indicates that the majority of the respondents had universal primary/basic education, with the ability to read and write. With this ability, respondents were able to read and fill correct answers to the questionnaires provided to them. According to Khalid (2014), accuracy of study results can be determined by respondents' abilities to read or write. Also, respondents with the abilities to read or write are always confident and active in discussions.

➤ *Marital Status of the Respondents*

According to the findings of this study, the majority of the respondents (53.3%) were in their marriages, 30% were single; meaning they were not married and thus conducted entrepreneurship activities without relying on their partners but MFIs and families like parents, 11.7% were divorced and 5% were widowed due to their partners being dead. Findings are supported by News Hub (016) that "women self-employment choices depend on their marital status, there is big number of women engaged in entrepreneur activities due to push factors such as increase in responsibilities "While "unmarried are not so many and they engage due to pull factors such as individual abilities."

➤ *Respondents' Occupations*

It was found by the study that 48.3% of respondents were self-employed into different types of businesses such as saloon, food vendors, restaurants and kiosks, 30% were farmers (have plots and animal keeping in different regions), 10% were employed and 11.7% had none. This is due to their education status being of primary level and others never went to school and did not want to engage into entrepreneurship for their fear of risks found in entrepreneurship and in loans hence they depended on family income for survival.

Table 1 Background Characteristics of the Respondents

Characteristics of Respondents	Frequency (n=60)	Percent (%)
Age of Respondents		
15-35	46	76.7
36-55	14	23.3
Education Level of Respondents		
Primary	43	71.7
Secondary	12	20.0
Any Other	5	8.3
Marital Status of Respondents		
Single	18	30.0
Married	32	53.3
Divorced	7	11.7
Widowed	3	5.0
Respondents' Occupation		
Self-employed	29	48.3
Famer	18	30.0
Employed	6	10.0
None	7	11.7
Total	60	100.0

Source: Study findings, 2023

B. Economic Factors Affecting Loans Payment Among Women Entrepreneurs

Data presented in this section addresses the first objective about economic factors affecting loan payment among women entrepreneurs. Participants' Loan amount levels received, Economic stability, Financial Education/Financial literacy and Repayment frequencies were explored to determine if they contributed to late payments. In-depth interviews and Focus group discussions participants were also subjected to the same set of questions pertaining to the above economic factors. This was a way of checking for validity, consistency and contradictions.

C. Awareness on Economic Conditions Such as Economic Fluctuations (Inflation), Financial Literacy, Frequencies of Payments and Loan Sizes

According to the findings all the respondents were aware of economic conditions such as economic fluctuations, financial literacy and loan sizes as factors that affected loan repayments. Respondents said that Loan payment was affected by these economic conditions as evidenced by the following quotation:

“we are aware of these economic conditions that there are times when our money loose values, things become expensive, sometimes loan size matters during these times of fluctuations but the biggest problem is that we are lacking enough knowledge on how economic conditions operate, education on financial management and how to manage them before they affect our loan repayments. We just find ourselves that we are in a situation in which we can't pay on time”

Another respondent during a group discussion said the following

“The larger the loan the declining the probability to repay on time due to many circumstances such as these economic conditions which result in higher prices of factors of production, It is advised to take small loans for quicker repayment but it is a vice versa because most women take larger loans because they want to accomplish a lot in their businesses plans to meet the need of their families”.

It was further revealed through FGDs that discussants were able to narrate how they came into contacts with the ASA International for example one respondent stated:

“After I failed my form four exams in 2016, I thought school was not meant for me hence I asked my father to provide me with a piece of land as collateral since I had seen an advertisement on the availability of loans to women entrepreneurs. So after I had the land I got the loan from ASA and that is how I managed to have the business of restaurant up to now”.

It was also found out that frequent payments of loans had been contributing much on fast payment of loans comparing to non-frequent payments. This correlates with the findings by Experian (2023) that making frequent payments of loans can shave years off of your loan and save thousands of interests rates and ensure early finish of payments.

D. Responses on how Economic Factors were Affecting Loans Repayment

➤ Loans Amount

The loan amount was linked to poor repayment to women given loans by the ASA International, about 10% stated that loan amount (loan sizes) provided was the cause for late payments. Women struggled to pay back huge amounts of funds in vain because of different circumstances such as instabilities in family economies which forces them

to have unintended uses of loans therefore failing to catch up with instalments. However, if they were small loans, then they could have been able to pay on time despite the conditions.

➤ *Economic Instabilities/Fluctuations*

The Study findings show that the majority of the respondents (58.3%) knew about economic fluctuations as the main cause of late loans repayment.

➤ *Financial Literacy*

In relation to this, 16% of them had heard about financial education (financial literacy) and it is supported by Grin (2023) that financially literate people are able to have a trace of their financial activities because of their bookkeeping literacy, they are able to manage debts to avoid bad debts and prevent non-payment of loans or late payments which can cause poor management of funds (loans).

Then, 5% responded that some types of business ideas had cost them not to be able to repay their loans on time. Some businesses took a long time to show profit, 5% of the respondents didn't know the reasons as to how they ended in a group of late payments of loans to the ASA (hence they seemed to lack knowledge on what caused late repayment in terms of economic conditions).

Again, during focus group discussions, the discussants revealed that most of them knew economic fluctuation as the main cause of late repayments among women entrepreneurs. Findings are supported by the international journal of development studies and sustainability & Robert (2014) that economic instabilities is an outcome of high inflation rates, it also goes hand in hand with operational costs such as electricity, fare, raw materials, petrol and persistent increase in high price levels. This discourages loans payment timely due to increases in the cost of living and raw materials hence women entrepreneurs can't attain expected profit and pay the required debts or instalments.

Table 2 Economic Factors Affecting Loan Repayment

Responses	Frequency(n=60)	Percent%
Economic fluctuations	35	58.3
Frequency payments	3	5.0
Type of business	3	5.0
Financial literacy	10	16.7
Loan size(amount)	6	10.0
Others	3	5.0
Total	60	100.0

E. Women Entrepreneurs and the ASA International Financial Services

The findings revealed that all the respondents (100%) were aware on the existence of the ASA International as a microfinance established to serve women with different financial services. From an interview, one respondent had the following to state:

“Since I joined the ASA International, they have been helping me with many financial services such as loans, business development, medical assistance and disaster aid support service. All these services have enabled me and my family to at least have a house, health insurance and sustainable business of a restaurant in Dar es salaam.

Respondents also revealed that they came in contacts with the ASA International by hearing about the ASA from different sources such as from friends, social media and from the ASA agents. Since then, the ASA has been helping them to enhance their socioeconomic progress. The findings are supported by ASA (2022) that the ASA International provides low-income female business owners small loans to start businesses. One of the ASA officers had the following to confirm:

“We provide loans opportunities through our different branches in Tanzania and Dar Es salaam, particularly in Kinondoni, Mwananyamala and through our website”.

This implies that the ASA international can be accessed through different means and its financial services is well stated.

In focus group discussion, participants discussed in details that they came to the ASA while they already had business ideas. The following quote illustrates that participants' had business ideas before coming into contacts with the ASA:

“To us women entrepreneurs, we always have business ideas, the only problem is collateral, capital and opportunities to conduct the business ideas that we have. Most of us we came to ASA with our own business ideas although the ASA has been helping us by guiding our business ideas into profitable businesses”.

Further, in an interview, one of the interviewee narrated the following: “A person can't obtain a loan from the ASA without a business idea, you must have a business plan as one of the attachments”.

These discussions on whether a business plan in significant in securing a loan and enhancing early payment is supported by the Scottish Enterprise (2023) that a business plan helps to sell the opportunity to invest in your business to potential funders, therefore its crucial to have a compact and realistic plan that clearly communicate your business objectives, financial performance and strategies.

During the focus group discussion, participants shared their experiences and insights about ASA International and their journey as women entrepreneurs.

I had business ideas before, I approached ASA International. ASA International is not only provided financial assistance but also guided me in turning their business ideas into profitable ventures. The institution played a crucial role in helping me develop their businesses successfully.

➤ *In an Interview with one of the Respondents, the Following Points were Highlighted:*

Financial services provided by ASA International, including loans, business development support, medical assistance, and disaster aid support services. These services have a positive impact on me and my family's lives, enabling me to secure housing, health insurance, and a sustainable restaurant business in Dar es Salaam.

The study's observations reveal that ASA International's commitment to supporting low-income female business owners was evident. The institution had a presence in various locations, including Kinondoni and Mwananyamala, making it accessible to a broad range of entrepreneurs. This presence was not limited to physical branches, as the institution also had an online platform, thus expanding its reach even further.

The significance of business plans in securing loans and facilitating early repayment was evident during interactions with ASA officers. A strong business plan was considered essential for conveying business objectives, financial performance, and strategies to potential funders.

F. Institutional Factors Affecting Loans Repayment

Data presented in this section addresses the second objective about Institutional factors affecting loans repayment and participants' knowledge levels about institutional factors that influence late payment of loans among women entrepreneurs. Participants were asked if they might have late payments just because loan officer failed to come and collect credits at the maturity time, to mention whether they had ever received any seminar or close supervision on financial management, specify detailed information obtained by asking participants about whether the ASA interest rates and transaction costs had influenced late payments or defaults and when did they get the grace periods to pay the loans.

G. Institutional Factors that Influenced Late Payment of Loans Among Women Entrepreneurs

According to the findings of the study, 84% of the respondents knew about institutional factors that could influence payments of loans among women entrepreneurs while 16% of them could not really talk about what were the institutional factors and how they affected loans payment. The respondent who was aware of institutional factors could explain one among the factors such as interest rates. That as the interest rates increased, then the cost of borrowing increased. Monthly loan repayment will be higher and unless the interests' rate on the loan is fixed, you will pay more interest over the remaining term of your loan. Findings can be supported by ILO (2023) that past due is a loan payment that has not been made as of its due date, the borrower may be subjected to late fee unless there is a grace period. The cause of poor loan payment is revealed by the banking and non-banking institutions as are of high interest rates, poor appraisal and weak monitoring of loans.

H. Repayment Frequencies

About 5% of women entrepreneurs portrayed that only payment frequencies has been a problem to the payment of loans. Women entrepreneurs responded the following during discussion

"The low frequency set for payments has let to most of us to have late payments, so if payments could be very frequent women couldn't have these late payment issues",

I. High Interest Rates

➤ The Use of High Interest Rates and Transaction Costs

Research findings revealed that all the respondents (100%) were on the use the ASA International small interests' rates when acquiring loans and they believed high interests' rates could contribute a lot towards late repayment of loans and even failure of business or projects in particular. It was reported that the ASA had strong institutional credit and small interests' rates since it wanted to empower women of very low income who engaged in micro entrepreneurial activities. One of the ASA officer had the following to say in relation to this:

"Our loans provide an alternative to low income entrepreneurs without access to credit from traditional banks. We provide two types of loans: the small loan and small business loan with lower interest rates"

➤ Another discussant was quoted saying the following:

"When I started to take services from the ASA International, it really had reduced the burden of high transaction cost and interest rates that I was facing from other money lenders, I then had to pay an interest rate of 20% while now at the ASA I am paying an interest of 07% in instalments, with a grace period if I can't finish the payments in time".

An observation based on the research findings and statements made by ASA International officers and a participant during the study.

The research revealed that all respondents, totaling 100%, were well aware of and actively utilizing ASA International's small interest rates when acquiring loans. This indicates a high level of awareness and appreciation among women entrepreneurs regarding the importance of low interest rates in their financial endeavors. Respondents strongly believed that high interest rates could significantly contribute to late repayment of loans and the potential failure of their businesses or projects. This belief underscores the critical role of interest rates in the financial well-being of women entrepreneurs.

According to an ASA officer, the institution provides two types of loans: small loans and small business loans, both of which come with lower interest rates. This range of loan options caters to the specific financial needs of low-income entrepreneurs, enabling them to access credit that might not be available through traditional banks. One participant shared a personal testimonial, emphasizing the

positive impact of ASA International's low-interest rates. She mentioned that, before accessing ASA's services, she had been burdened by high transaction costs and exorbitant interest rates from other money lenders. In contrast, her experience with ASA International allowed her to benefit from an interest rate as low as 7%, with the added flexibility of instalments payments and a grace period for those unable to meet payment deadlines. This testimonial highlights the practical significance of low-interest rates in reducing financial burdens and promoting sustainable entrepreneurship among women.

J. Location of the MFIs

In addition to the above, all in-depth interviews and focus group discussion participants reported that both distance (location) of the lender (institute) and borrowers on loan payment were associated with higher loan defaults and late payments and its implication can be portrayed by Deyong (2018) that over time, the small business distance and their MFIs (lenders) increases have affected the probability of loans default or late payment of the loans.

➤ One of the Respondents was Noted Saying:

“It takes a very long time to sometimes get hold of the ASA agents to assist you when you need their technical or financial assistance due to distance. Even through phone calls, they sometimes don't pick up the phones. Hence we end up making our own decisions without an expert assistance hence late payments or loan defaults.”

This observation sheds light on the challenges faced by borrowers when attempting to access the support and guidance they need from the lending institution.

Participants consistently reported that the physical distance between them and ASA International's agents or offices posed significant challenges in their loan repayment process. These challenges were twofold: first, the physical distance made it difficult for borrowers to access ASA agents in person when they required technical or financial assistance. This limitation was particularly pronounced in situations where borrowers faced urgent issues or needed expert guidance.

Additionally, participants expressed difficulties in establishing effective communication with ASA agents. Even when attempting to reach out through phone calls, borrowers frequently experienced issues with agents not picking up the phone. This lack of responsiveness from the lender's side left borrowers feeling isolated and without the necessary support, thereby forcing them to make decisions independently.

The distance-related challenges had tangible implications for the borrowers. The inability to receive timely assistance or guidance from ASA agents due to the physical and communication barriers often resulted in late payments or loan defaults. Borrowers were left with no other option but to make crucial financial decisions on their own, potentially leading to unfavorable outcomes for their loan repayment schedules.

This observation aligns with the findings of Deyong (2018), which suggest that as the distance between small businesses and their Microfinance Institutions (MFIs) increases, the likelihood of loan defaults or late payments also increases. The testimonial from one of the respondents further illustrates how the impact of distance on borrower-lender interactions can directly influence loan repayment outcomes.

K. Transaction cost

The study found that transaction cost had also been a factor leading to non-performing loans. Most women complained about initial cost and the factor of interest rates to add more cost to serve the loan. As it was explained under interest rates, transaction cost normally depends much on the charges embedded to the borrowed money. It was observed by one of the responded during interview done when one of the respondents complained as follows:

“Most of us fail to pay the loan because charges are higher, so we find ourselves that it is like we are doing business for the ASA only and we remain with nothing. Basically, we are obliged to pay but sometimes the repayment is not attained and considering that we depend solely on businesses for paying rent, etc.”

The study observed that transaction costs were a significant factor leading to non-performing loans among women borrowers. These costs encompassed both the initial expenses incurred to secure a loan and the interest rates that added to the overall financial burden. Participants consistently voiced their concerns regarding the financial strain posed by these costs, which played a role in their inability to repay loans as expected.

During interviews, women borrowers expressed dissatisfaction with the transaction costs associated with their loans. Many of them specifically pointed out that these costs, which included not only interest rates but also various charges embedded in the borrowed money, were exceptionally high. This high cost of borrowing was perceived as a significant hurdle, often making it feel like they were conducting business for the benefit of the lending institution, ASA, and not reaping sufficient benefits for themselves.

The burden of transaction costs had a direct impact on the borrowers' ability to repay their loans. Some participants explained that the costs associated with loan repayment were so substantial that they found it challenging to cover their debt obligations while also managing other essential expenses like rent and daily living costs. This financial strain created a situation where loan repayment was sometimes unattainable, despite their best efforts. Many of the women entrepreneurs solely relied on their businesses to generate income for loan repayment, making it even more challenging when a significant portion of their earnings was allocated to cover transaction costs. This limited the potential for profit reinvestment and business growth.

L. Weak Institutional Credit

➤ *Loan Officers Fails to Collects Loans on Time Affect Loan Repayments*

The study findings revealed that half of the respondents (50%) knew that it was the loan officers' responsibilities to remind and make follow-ups on loan payments. This can be supported by Alami (2022) that loan officers are people responsible for evaluating, authorising loan applications and monitor the offered loans by providing regular check-up, technical information and ensure loans payments are collected, then 45% said that it was not an obligation of the loan officers to collect debts but in the ASA, it was an obligation of the borrower to return the loan in accordance to the required instalment agreed upon. Further, 5% of them revealed that it was the responsibility of both the loan officers and borrowers (Table 3). The findings are supported by IILO (2023) that poor loan payment is revealed by the banking and non-banking institutions as are high interest rates, poor appraisal and weak monitoring of loans by loan officers. Through FDGs, some of the discussants admitted that loans that were paid directly by borrowers without follow-ups by lenders have been causing problems in payments, as one of them narrated this:

“The provided loans need follow-ups by lenders because if you will not make a follow-up, borrowers tend to ignore and at the end fails to pay on time or even default the loans. Hence, it the responsibility of the lender.”

➤ *Focus Group Discussion with Beneficial's,*

Well, I don't think it's solely their job. I believe we borrowers should also be responsible for making our payments on time. They provide the loan, and it's our commitment to pay it back as agreed. I think it should be a shared responsibility. We need to keep our end of the agreement and make the payments, but loan officers should also be proactive in ensuring that we're aware of our obligations.

Table 3 Loan Officers and Borrowers Obligations in Loans Collection

Response	Frequency (n=60)	Percent (%)
Borrower obligation	27	45.0
Loan officer obligation	30	50.0
Both loan officer and borrower obligation	3	5.0
Total	60	100.0

➤ *Whether loans were Timely Repaid by Clients*

The study found out that 42% t of women entrepreneurs said that they were able to timely repay loans at required maturity and 58% disagreed to be able to pay loans at maturity.

Table 4 Whether Loans were Timely Repaid by Clients

Response	Frequency	Percent
Timely pay loans	25	42.0
Untimely pay of loans	35	58.0
Total	60	100.0

➤ *Responding to this, one key informants stated the following:*

“Most of the clients are not making their payments on time because of lack of committed supervision by lenders since it is the obligation of the loan officers to ensure that loans are paid on time by providing close supervision and enough training”.

M. Social Factors Factor Affecting Loans Repayment

➤ *Borrowers' Characteristics*

According to the findings, 39% of the respondents revealed that borrowers' characteristics including ages, gender, marital status, experience and religion had big influence in the status of loan payments (late payments), 21% believed and showed that it was not about borrowers' characteristics but peer groups surrounding the borrower can influence poor loans' payment (Table 7). This implies that almost half of the respondents in the study findings knew that borrowers' characters were among the causes for late payment of loans among women entrepreneurs. This is supported by Derban *et al* (2015) that the cause of no repayment or late payment is inherent characteristics of borrowers. Estimations indicate that repayment is positively influenced by age, sex, marital status and occupation.

From focus group discussion, the discussant admitted that for most of the people especially women who were aged, it reached a time when they were too old hence no enough energy to work and repay loans. Sex had also been an influencing factor since most of women (females) were lacking and some are still lacking opportunities to obtain these loans just because of the fact they were women. When they got the chances to have loans, they sometimes got conditions (corruptions) that might lead to late repayments.

Table 5 Borrowers Characteristics Influence on Late Repayments

Response	Frequency (n=60)	Percents (%)
Borrower characteristics	39	65.0
Peer groups	21	35.0
Total	60	100.0

N. Moral Hazards and Late Payments of Loans

The findings of the study revealed that 60% of the respondent said that there were moral hazards to both parties, lenders and borrowers, for lenders moral hazard have widely spread because they provide loans to borrowers who might fail to pay them back. But they provide loans in hope of earning commissions and it sometimes end up in financial crisis. To borrowers, moral hazard has been occurring and caused late repayments of loans because of unintended use of the loans obtained, or the use of loans not in the interests of the lender or insurer. Then, 40% of the respondents admitted to have used loans for unintended purposes even though they had been provided with guidelines on the purposes of the loans. According to IFM (2017), when a borrower or ensured entity engages in the use of the loans that are not in the best interests of the agreed objectives, for example, if a borrower uses a bank

loan to buy lottery tickets instead of treasuries as agreed upon with the lender, the chances of being able to repay the loans are low. In relation to this, one of the women entrepreneur said the following during interview:

“Whenever we go for loan applications. We were taught that we are to have proper use of these funds. However, when you get back home, you find that you have many unattended issues that need money. Hence, were apply for loans elsewhere so as to have enough money”

O. Educational (training) Factors as an Influencing Factor on Late Payment of Loans

The majority of the respondents (96.7%) had disclosed and reported that the ASA International educational trainings had positively contributed to their wellbeing and quality of lives and had influenced them to pay their loans on time. GRIN (2015) maintains that lack of financial literacy can act as a barrier to saving, and if people do not manage their money or loans, they may have nothing left to pay or save. The findings further show that 3.3% of the respondents had said ‘YES’ that they got the trainings but it was still not enough for the training were not frequently provides and did not cover all the aspects such as inflations, economic fluctuations: In this direction, the EAJOURNALS (2017) clarifies that education on finance influences loan repayment of finances obtained from different sources. This means that MFIs which provide this education may not have a large number of non-paid loans or late payment of loans. Further, through the interview conducted to women entrepreneurs, the following admission was given:

“Some of us are faced with this issue of late payment just because we are lacking enough knowledge on the economic aspects on how big economic issues are going on around the world today, for example inflation, GDPs and on how they affect our loans payments. we always find ourselves in a situation where we can’t repay loans on time”

It was also noted through in-depth interview from one of the key beneficiaries narrating this:

“As a member of the ASA International, I can now afford household bills, experienced business growth and an increased ability to buy assets, my children education is also going well all because of the education training I have received from the ASA on how to manage funds from my business”

P. The ASA International Provision of Seminars, Grace Periods and Supervision to Women Entrepreneurs

All the respondents 100% (60) said that they knew that the ASA provided seminars, grace periods, supervision and visitation to different groups of clients and assessed their work or projects not only to its beneficiaries(women) but also to its employees such as loan officers and branch managers (table 6). The ASA International (2022)” offered different seminars, women empowerment, clients’ protection principles, positive and stable work environment, clients trading in the community, grace periods of 45 days.

Additionally, qualitative findings from in-depth interview indicated similar results whereby interviewed persons declared that the ASA had been providing training classes on how to utilise the loans given in appropriate projects. One of the interviewed people elaborated the following: “The ASA has been empowering women through giving out affordable loans with the small interest rates and giving education to women on how to use and reuse loans in a productive manner so as to reach their goals, they supervise loan officers on the collection of interests to the clients on time as well as helping them in the formulation of different groups...”

➤ *Another Respondent had the Following to Add:*

“Even though loans have small interest rates, There are still women who can’t pay on time and are offered a grace period to repay. Hence, the problem of late repayment exists and training is needed much more....”

Table 6 The ASA International Provision of Seminars, Grace periods and Supervision to Women Entrepreneurs

Response	Frequency	Percent
Provision of training, seminars and grace period	60	100
Total	60	100.0

Q. The Impact of Training from the ASA in Increasing the Income of Women Entrepreneurs

The study revealed that 69% of the respondents said that the training they received from the ASA helped to increase their income while 31% said that training before receiving the loans did not help them to increase their income. The responses are as summarized in table 7:

Table 7 The impact of training in Increasing Income

Responses	Frequency	Percent
Training has helped	41	69.0
Training has not helped to that extent	19	31.0
Total	60	100.0

➤ *In relation to this, one of the key informants responded the following during an interview:*

“Financial training is not only essential to help the ASA but it is also conducted so as to help its clients to have sustainable businesses”.

The findings of the study can be supported by the MFIs that strongly recommend to offer BDS and technical assistance to loan beneficiaries in order to increase the odds of their projects’ success and reduce default rates (Chowdhury and Mukhopadhaya 2012. Microfinance clients perform a wide variety of business activities. For this reason, the training provided by MFIs usually focus on improving general business skills rather than technical or sector-specific knowledge as documented by McKenzie and Woodruff (2014).

R. Health Influence on the Late Repayment of Loans among Women

According to the findings, the majority of the respondents by 70% reported that deteriorating personal health causes late payments among women entrepreneurs while 30% admitted to have failed to pay their loans on time just because they had spent most of their time in hospitals or paying for medical bills. According to the university of South Carolina study (2015), personal health has contributed to late payments of loans and these debts have also increased at the time of some health effects such as depression, stress and trouble in concentrating.

In the focus group discussion again, other discussants added that they were forced to use the capital from their businesses in order to undergo health treatments, some were admitted and were unable to attend to their businesses hence they had to close down the businesses for some times. One of the discussant narrated this:

“When I had started on the treatment, I would sometimes skip going to my area of business and sleep at home and I was later admitted for surgery. Hence, I couldn’t do a thing about it for I stayed for almost two months sick”

S. Family Size Influence on the Late Payments of Loans among Women Entrepreneurs

The findings revealed that the majority of respondents by 80% had ever thought of using at least once the loan received for unintended purposes especially for family uses. Further, 20% admitted to have used the loans for family emergencies and extended family issues. The same results were provided during FGDs where one of the discussant narrated this:

“In my family, I am the only one with a business and the whole family depends on me for survivor and other basic needs. I have a family of sixteen people (extended family), hence I sometimes use the money I obtained from the ASA to solve family issues”

In addition to the above findings, through in-depth interview with the Community Development officer, it was further narrated as following:

“Most of these women are low income earners and they come from poor families, so when they get a chance to get these loans then it seems that is the only way for family members to have some money from them so that they may also start their own businesses without knowing they are creating a problem to the borrowers of the loans not to reach their business targets. To families with limited few number of people, there is a probability of women to thrive in such

environment but there are other families’ husbands who tend to take the fund from their wives and do what they see best for themselves”

T. Cultural factors Affecting loans Repayment

Data presented in this section addresses the fourth objective about Cultural factors affecting loans repayment among women entrepreneurs. Factors were explored by asking them about cultural proximity, taboos and norms in relation to late payments of the loans.

U. Cultural Practices Affecting Loans Repayment

The study findings show that the majority of the respondents by 68.3% (41) were benefiting from cultural proximity (shared codes, beliefs and ethnicity) between lenders and borrowers the benefits that were most frequently mentioned included: increasing the quantity of loans borrowed and reducing defaults or late payments. Other respondents by 31.7% (19) said that cultural proximity create clusters and nepotism to some races to have better chances than others in terms of securing loans and payment of loans. Those of the same proximity are highly favoured and they can even pay as they want without follow ups or pressure. VOXDEV, (2018) also underpins that cultural proximity impacts loans defaults. When assessing loan repayment, one can deduce that Muslim loan officers are equipped to assess the credit worthiness of Muslim borrowers and make sure that the loan is repaid” Similarly, Fisman et al (.2017) found out that not only does cultural proximity influence loan repayment but it ensures loan quality.

Table 8 Cultural Proximity Influence in Ensuring Loans payment

Response	Frequency (n=60)	Percent (100%)
Yes	41	68.3
No	19	31.7
Total	60	100.0

V. Respondents with Multiple Loans

This has been a behaviour for most of the women to have more than one loan from different lenders. This can happen to individuals or Microfinance institutions. For a woman to be indebted from one person to another is common and has been linked with the behaviour to most of the women entrepreneurs as revealed in this study. The study revealed that 62% of the respondents had two or more loans from different financial institutions and 38% respondents did not have multiple loans. The information is as illustrated in table 9:

Table 9 Respondents Having Multiple Loans

Response	Frequency (n=60)	Percents (%)
Halving multiple Loans	37	62.0
Not halving multiple Loans	23	38.0
Total	60	100.0

On multiple borrowing, the findings are supported by Krisnaswamy (2017) who cement that halving access to many lenders can be a sign of financial development and competition, yet taking out new loans can affect the borrowers' abilities and incentive to pay off existing loans on time or completely." Through FDGs conducted, discussants provided the same results that the big issue is on the borrowers. Despite the lenders' efforts to counsel and provide trainings to borrowers, yet some tend to misuse the

funds provided or some have a tendency of multiple borrowing which leads to high rates of late payments.

W. The Impact of Multiple Borrowing on Loan Repayment

The study revealed that 63% of respondents having multiple loans faced problems in loan repayment and 37% does not have problems on repayment. Consider the information in table 10:

Table 10 The Impact of Multiple Borrowing on Loan Repayment

Response	Frequency (n=60)	Percents (%)
Halving multiple Loans & late payment	37	62.0
Halving multiple Loans no late payment	23	38.0
Total	60	100.0

➤ *In response to this, some respondents from group discussion were noted saying the following:*

"Loan repayment is always the problem when a person has more than one loan from different sources. It becomes hard to payback on time when their maturity time reaches, some of us tend to take loans to cutter our other needs for example there are some of us who tend to get loans from "KAUSHA DAMU".

X. Loans Diversion Experiences by Women Entrepreneurs

The study found out that 55% of the respondents agreed that they used the loans for unintended purposes which were not completely related to their intended businesses. Then, 45% of them disagreed of doing that which means they used the loans for the business purposes. A summary of this information is presented in table 11:

Table 11 Whether there was an Unintended Use of the Loans

Responses	Frequency (n=60)	Percents (%)
Intended use of Loans	27	45.0
unintended use of Loans	33	55.0
Total	60	100.0

➤ *In relation to this, During in-depth interview it was stated that by one of the key informant as following:*

"Not all of our clients tend to use the loans for the intended purposes, some of them are using these loans to carter for the needs of their families and not of the business. Some women entrepreneurs take the loans in the deception of business but in reality, they use the loans for other uses such as family issues"

loans on time for they conduct business in hidings. The same results were provided during in-depth interview and focus group discussions conducted. For example one of the respondents said the following:

"It took me years of struggle to have my own business and earn my own money. My husband used to beat me up whenever I told him about me starting a business and he took the loan from me. It took a lot of time to educate him until there was a time when he fell for over a long time. When he was sick, we had no more money in the house, no neighbours or relative wanted to help anymore for we became a burden to them. Then one day my husband allowed me to do business. I therefore took a loan from the ASA and now I am very good at my business. The business has almost seven (07) years now in operation..."

The findings are underpinned by Dalla (2021) who also found out that loans are taken by individuals for business purposes and other development issues or goals but in most of the time these goals are never met just because clients tend to misuse the funds for some unintended uses.

Y. Taboos and Norms

According to the study findings, 85% of the respondents revealed that taboos and norms did not inhibit women entrepreneur to repay their loans on time. on the other hand, 15% reported that male domination system is still in existence to some point that in some tribes, for example the Tutsa and Mara in Tanzania, some families do not want to see a woman work or conduct a business. They want the women to stay at home rather than being entrepreneurs or secure loans and nurture their families while the men (husbands /fathers) are working and providing for the families. If women manage to secure loans, then the husbands would take the funds or the businesses and use them as they are pleased. These has made some of the women entrepreneurs to fail to pay their

V. CONCLUSION AND RECOMMENDATIONS

This chapter presents the summary of the findings, conclusion and recommendations on factors affecting loans repayment among women entrepreneurs at Salasala ward, Dar es Salaam. Specifically, the study was determined to assess economic factors affecting loans repayment among women entrepreneurs, to examine institutional factors affecting loans repayment among women entrepreneurs, to identify social factors affecting loans repayment among women entrepreneurs and to identify cultural factor affecting loans repayment among women entrepreneurs

A. Summary of the Findings

The study revealed that the number of dependants affects loans repayment as the loans can be diverted to family obligations. It was also revealed that there is a default problem. The Causes of default/late payments of the loans that were identified Included: inadequate follow up of loans repayment, loans not requiring collaterals, high interest rates, poor supervision on loan utilization, lack of enough training on the use of loans and economic conditionality, multiple borrowing, unintended use of loans, and poor sales. The study also revealed that default affected the MFIs as it failed to disburse more loans in the future, loss of interest income and profits, increasing operating costs which at the end generally impact the MFIs sustainability and growth. Measures taken to minimize late payments and defaults were discussed and identified as they came up during discussion which include: legal actions, outsourcing (external solicitors/ debt collectors) and finally writing off of debts .Also, it was identified that staffing problems and poor road network were the main reasons for poor monitoring and supervision of the loans.

B. Conclusions

The following conclusions are made from the findings of this study; Participants were able to determine economic, institutional, social and cultural factors influencing late payments of loans among women entrepreneurs.

C. Economic Factors Affecting Loans Payment among Women Entrepreneurs:

On determining economic factors, the study found that the loans provided should relate to the financial capabilities of borrowers to avoid large loans and end up with defaults or late payments.

There is lack of enough training before borrowers receive their loans on how to use them economically and repaying them. This also reduces the possibilities of clients to repay the loans as they lack the necessary skills leading to increasing rates of defaults and failure to repay and hence their businesses.

Loans not requiring collateral security are in a high risk of not being repaid and hence lead to high default rates. This is due to the fact that borrowers are not pressurized and committed to pay as they are not much affected when failing to repay compared to borrowers who are taking secured loans.

D. Institutional Factors Affecting Loans Repayment among Women Entrepreneurs

The study findings found that the majority of the respondents were unable to repay their loans due to: Poor supervision of clients on loan utilization and repayment which leads to default as clients are not sufficiently supervised on whether they properly use their loans. This leads to non-repayment of the loans. Other reasons included: Inadequate follow ups on the repayments, lack of enough training from the MFI to clients before borrowers received their loans and on how to use them and repaying them on time.

Late payment or loan defaults exist and lead to increasing operation costs, decreasing profits and interest costs therefore endangering the sustainability and growth of MFIs .Late payments of loans or loan default has impacts on the MFIs costs, profitability and interest income.

Corruption among loan officers was found to be another cause towards loans repayment problems in the microfinance Institutions in Tanzania.

The mode of repayment(frequency), repayment amount (loan sizes), threat imposed by lenders, lack of enough regular monitoring, grace periods, length of repayment period, repayment methods, delays in disbursing funds as well as loans interest rates have all been observed and reported by the respondents that they contribute a lot to late repayment of loans or even defaults.

E. Socio and Cultural Factors Affecting Loans Payment among Women Entrepreneurs

Characteristics of the borrowers need to be taken into account by the financial institutions before advancing loans. This is because loans repayment behaviours are influenced by borrowers' behaviour, financial institution characteristics, business characteristics and policy and regulatory issues. The results show that the borrowers' and businesses' characteristics have a strong effect on loans repayment behaviours as well as bank's character. The loan repayment performance in the financial institutions was good. The number of defaulters was found to be less compared to that of non-defaulters.

Another factor was the clients diverting their loans for unintended use such as meeting family obligations, emergencies like funeral expenses and so on. Therefore, this leads to clients failing to repay their loans on time and hence leading to defaults.

Multiple borrowing leads to high rate of Late payments or defaults as clients finds it difficult meeting various debt obligations. Usually, clients having different loans contracts face various maturity dates and huge amounts of money to repay on which at the end they may not be able to meet their obligations.

It is therefore concluded that loans recovery is significant for the sustainability of MFIs and borrowers' development. It is further concluded that socio-economic characteristics of the borrowers need to be taken into account by the financial institutions before advancing loans to mitigate the proportion of wilful defaulters or late payers.

F. Recommendations for Action and Further Studies

In the light of the above conclusion, the following recommendations are made:

Enrichment of Borrowers Characters since the borrowers' characteris are very important to determine their repayment performance. The commercial banks are therefore advised to provide non- financial services like training, counseling and awareness programmes to enrich

the borrowers characters apart from their financial lending.

Encourage the loans policy which favours the minimization of interest rates to increase the base of loan beneficiaries. Provision of grace periods of at least one month before commencing the loans repayments schedules is important and will give the chance to the loans beneficiary to realize their profit.

Changing the attitude of the Micro Entrepreneurs: The micro entrepreneurs are very poor in their perception on the society, business, lenders, MFIs activities and also the repayment of loans. This affects their repayment performance and also their performance in the business. It identifies that there is a dare need for attitudinal change especially among the micro-entrepreneurs. If their perceptions are changed, they can do better than at present.

Financial lenders should capitalize on educating borrowers the essence of early loans repayment. If the objective is to promote effective loan repayment behaviours, the conditions needed, including the business characters, bank characters and borrowers' character both should be given due attention. In other words, an integrative approach needs to be taken in managing loans repayment and loans recovery behaviours for financial institutions. Loans, however, enhance the business to grow.

MFIs should require the credit officers to encourage the clients and their businesses to receive training prior to the disbursement of each loan. It is easy for MFIs to assume that a client or group should get larger loans after each loan cycle, assuming that clients will repay new loans on time if they have repaid past loans on time.

There should also be a focus and Commitment, If the entrepreneurs perceive that the MFIs are highly committed, they also try to discharge their duties in a perfect manner which results in better repayments.

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