



Research Article

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Challenges Faced by Women in Using Borrowing Loans

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Abstract: Community saving and credit groups assist women in growing businesses in the development and increase of the business especially women who live in rural areas. This study aimed to assess women's challenges in using borrowing loans in the Magu District in Tanzania.

The data was collected through using a descriptive survey design that falls into the Quantitative and qualitative research approach. The population of the study was 123 representing respondents from each community saving and credit group. The study shows that various challenges facing women in the uses of borrowing loans from community savings and credit groups are types of businesses choose not to provide high benefits, Loan received from credit group are not sufficient, family conflict, lack of financial management, lack of recording and keeping and high illiteracy level among members. Therefore, the researcher recommends the Government, stakeholders, and community at large make women actively involved in economic empowerment in community saving and credit. The government will provide seed capital and other financial resources for women.

Keywords: community savings, credit unions, women empowerment. Magu community.

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INTRODUCTION

According to, Aloysius et.al, (2017), the most common challenges facing women in joining and borrowing funds in credit and saving groups include interpersonal relationships (34%), irregular attendance of groups meetings (22%), Lack of training in financial management (19%), high illiteracy level among members (12%), failure to cover the loan (13%). However, women who borrow funds fail to recover the loans from members mainly due to poverty.

Waweru, E. W. (2011). They argued that the problem with women's credit and saving groups lies in leadership. He insists that most leaders of women's groups are separated from their members and rarely understand their problems, resulting in a lack of unified vision and strategies between the groups and other stakeholders. However, they fail to explain the extent to which leadership affects the operations of these areas of leadership that need to be addressed.

Membership of women in the credit and saving group is one of the challenges facing these groups most of the group members are made up of forty (40) years of age thus making young women resistant to joining these groups (Ibid). This deprives the group of new ideas from the young women who are relatively more educated.

According to Zhiri, D. (2017). women groups accessing loans from savings and credit groups are not equipped with their management skills and thus end up missing losses as it is difficult for them to repay the loans. In this report, women fail to identify and do specific activities that are involved. However, this weakness

creates the need for research to establish the specific economic activities in which women are involved and the variability in terms of settlement.

Uniform of introduction of women's saving and credit groups. These saving and credit groups are formed by different models that can facilitate. For example, CARE uses the term "village saving and loan association" (VSLA). Catholic Relief Services calls the SG program "Saving and Internal Lending Communities" (SILC). Oxfam /FFH implemented their "Saving for Change" (SFC) program in fewer countries (Mali, Senegal, Cambodia) and the PACT model is known as WORTH and has roots in Nepal, where it launched the women empowerment program in 1999. Also, The Aga Khan Foundation (AKF) is a relative newcomer to SG promotion. All its communities-based saving groups (CBGs) are modelled after CAREs, VSLAS, and AKF, which committed itself to large-scale projects in Pakistan, India, Kenya, Mali, Mozambique, Madagascar, and Tanzania Chung, (2013).

However, extended families are one of the main reasons for failure to pay back loans in savings and credit groups as many members have a lot of dependents in the family. This implies that a large member of the family cannot be involved in economic activities. The loan that is obtained from savings and credit groups acts as the only source of income in the family to solve different problems in the family rather than channelling in income generation activities so can be difficult to repay the loan on time. Mitoko, J. (2021). Argues that family conflict leads to misunderstanding among the family members on the other hand factors that contribute to loan defaulting

among the saving and credit groups when the family's conflict, any economic activities can be undertaken, this leads to poor performance of the business, hence decrease the ability of loan repayment rate.

The findings of this study were to be used when it comes to assessing the contribution of the credit and savings groups in the Magu district to see the extent of their successes as well as their challenges. Highlighting the importance of community savings in general, d'Cruz *et al.* (2014), stated that they expanded the perspectives of members beyond addressing their problems to looking at collective problems and possible responses. What they mean here is that community savings, apart from addressing their members' economic issues, are also socializing agents that bring people together where they also address their social matters. They argue that, when members address their social problems together, it is a great achievement when an individual looks at her problems in the context of those of her neighbor's and the rest of the community.

However, Debora, (2013) argued that challenges facing the community-saving and credit group include in production of poor-quality products 5.7%, which in turn leads to a lack of market, which was pointed out by over a third 37.5 of the VICOBA. Also, Lycette and white (1989) reported that women's business affects their access to credit because women have limited access to resources, and their business tends to be small and have low-profit margins, which makes them a bigger credit risk.

According to Kisyombe (1996), lack of market access had contributed to many women's needs for credit. Women see that there is no need to get loans to run income-generating activities while there is no market to sell their products to failure to repay from the credit group.

Other major challenges of the Community Saving and Credit Group, as reported in Kenya include limited product diversity, inadequate governance and management, lack of performance standards, and weak official supervision and regulation Mumanyi, (2014). It was also found that inadequate technical skills at the both board and management levels resulted in failure to run SACCOS and members lost their expectations. This corresponds to the study by Korir (2008), which reported that about 54% of respondents had poor savings mobilization that contributed to delays in the payment of loans, as most of the time, SACCOS do not have enough savings to pay loans to its members.

METHODOLOGY

The section presents the methodology that was employed in the study.

Design

This study employs a cross-sectional explanatory design Brayman, (2001). The design has been suggested for the following reasons, first, it offers an opportunity to collect both quantitative and qualitative data. Cross-sectional analysis was used because the data used to shape the study's direction concerned local saving and credit organisations. Cross-sectional designs, according to Mathers *et al.* (2007), can be used to analyse variables in several groups that are all other things being equal. Using groups of persons with distinct interests in the variable of interest but commonalities in other traits like education, background, ethnicity, and socioeconomic status is known as a cross-sectional design. Participants are chosen using random and purposeful sampling techniques in cross-sectional designs, which can be questionnaires or qualitative surveys.

Population and Sampling

Magu District had a population of 215 Community Saving groups registered in the BOT each group had a maximum are 30 members so the total members in all groups were 5375. The researcher performed a simple random sampling frame of 25 Wards.

A total number of 123 respondents engaged in Community Development a sample to fill the questionnaires (Babies,2013)

Statistical Treatment of Data

Treatment of data used descriptive statistics. The research questionnaire was analyzed using descriptive statistics.

Validity and Reliability

The study employed the researcher to conduct a pilot study to evaluate the validity and utility of the developed data collection tools for process validation involves gathering and analysing data to assess the accuracy of an instrument before actual data collection from the field. To perform the pilot, participants from the Magu District were chosen at random and interviewed. Reliability The researcher ensures accuracy in the use of the study methodology in the natural setting to avoid influencing their responses due to other social factors that exist outside their natural setting, Baker, and Foy, (2008).

Ethical Consideration

The study considers the research ethics that were followed. The researcher sought an approval letter from the graduate school of Lucent University UK—the approval letter from the Magu Commissioner Authority permission level to collect data. Respondents filled out consent forms informed that all information would be confidential.

Findings

The study shows that 50.4% of respondents were married and living with partners in some households were by 24.4 % were single,13.0% widowed, and 12.2% were divorced/separated. These indicate that most of the respondents interviewed in the study were married. These results show that women are encouraged by the members of the family to join the Community Saving and Credit Group to increase their household income for the sustainability of the families to meet basic needs such as food, shelter, and health expenses.

The challenges facing Community Saving and Credit Group are presented. The result shows that 19% of types of business do not provide high benefits, while 17% of respondents Credit offered is not sufficient,10% interpersonal relationships,13% family conflict,10% of the type of business do not provide high benefits,9% lack of financial management,8% lack of recording and keeping information, 6% High illiteracy level among member,6% irregular attendance of group.

Table 1: Challenges facing women in the use of borrowing

	Frequency	Percent	Valid Percent	Cumulative Percent
Interpersonal relationship	10	10.2	10.2	10.2
Irregular attendance of group	6	6.1	6.1	16.3
Lack of financial management	9	9.2	9.2	25.5
Lack of recording and keeping information	8	8.2	8.2	33.7
High illiteracy level among member	6	6.1	6.1	39.8
The type of business did not provide high-benefit	19	19.4	19.4	59.2
Family Conflict	13	13.3	13.3	72.4
Credit offered are not sufficient	17	17.3	17.3	89.8
Type of business not provide high benefit	10	10.2	10.2	100.0
Total	98	100.0	100.0	

Source: Field Survey, 2023

During face-to-face interviews and group discussions, respondents argue that the majority of members of the community-saving and credit group are facing the problem of how to choose the type of business which helps to grow the profit. Participant (38) Years Old Magu Mjini hamlet

“After receiving a loan from the Community Saving and Credit group, I decided to start a business selling soaps but after three months my business dropdown because I chose an improper business, now a day I introduced a new business of selling rice in a small market she received high profit for short time”
“Our incomes are too low to meet the necessary basic needs and Community Saving and credit activities, require a member to manage a profitable small-scale business and be able to repay the loan” (52-year-old woman from Kahangara village.

This was confirmed through focus group discussions, in-person interviews, and key informant interviews using qualitative methodologies. Discussions in focus groups revealed the main challenges facing the women who join the Community Saving and Credit Group are types of businesses not enable women to get high profits to increase the income in the level of the household.

However, the observation was formed by the Community Development Officer as shown in the quote below. (One of the key informants)

“Not only members of Saving and Credit Group facing the challenge of types businesses not provide high benefits but also facing with challenge of family conflict, after women get credit, the husband attacks all funds and uses the loan differently of the purpose of loan so women cannot ability to pay back the loan”.

Participant (38) Years Old from Kisesa A village

“I face challenges during uses of borrowing loans such challenges are lack of finance management, Credit offered not sufficient, interpersonal relationship family conflict.

“Our incomes are too low to meet the necessary basic needs and VICOBA activities, as VICOBA requires a member to manage a profitable small-scale business and be able to repay the loan” (36 years old woman from Isandula Village)

According to Begasha (2012) assessing the impact of the VICOBA project is difficult in the sense that sometimes loans are borrowed as required following all the formalities but, not all the borrowed money is used for IGAs activities. According VICOBA model not recommended members take loans and use them for other activities. However, Spring, (2009), argues that operating in the informal economy cannot accumulate the savings required for the start-up process. Most members of the Community Saving and Credit Group most of them are poor levels of education and are less likely to have accumulated savings from previous employment. They therefore lack access to working capital and credit and, as a result, have low profits to reinvest in their firms.

“Even though our Community Saving and Credit Group places a high priority on

education, the majority of our clients are misinformed about money management and entrepreneurship. This is because we frequently request loans for our businesses, farms, and investments. However, some use these loans for unproductive social activities, failing to make timely loan repayments (FGD # 2 Key Formative).

Lack of money management and business skills among recipients, according to IFAD (2005), is critical to the success of businesses. The majority of earlier studies focused only on women. You may see this in IFAD (2005).

According to Eunice, (2007), Findings confirm that more than half (56.8%) of the respondents faced problems of high-interest rates, insufficient amount (21%) short grace period (11.2%) and working long distance (9.3%) while few (1.7%) of respondents had faced the problem of misunderstanding within the group.

The study was interested in identifying the challenges facing Community Saving and Credit Group (CSCG) in providing services the study found that the majority of the respondents (48 %) revealed that Lack of experts is a strong challenge for Community Saving and Credit in providing loans to women members. Also, the study found that the minority of the respondents (29.6%) identified Poor Management as a challenge facing CSCGs in the provision of services, (13.3%) Budgeting limitation and (9.2%) Lack of government support.

Table 2: Challenges facing Community Saving and Credit Group in proving services to members

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Budgeting limitation	13	13.3	13.3	13.3
	Lack of experts	47	48.0	48.0	61.2
	Lack of government support	9	9.2	9.2	70.4
	Poor Management	29	29.6	29.6	100.0
	Total	98	100.0	100.0	

Lack of experts is the one of challenges facing Community and Credit Groups within the community the professional who can mental the Group’s leader in how to run and conduct savings and credit group, most Community Development Officer only works at the ward level and there have no any incentive and transport to empower community-saving and credit group in the level of hamlets.

Similar to the study made by Mondal, (2016), the study found MFIs are facing budgetary limitations. This hinders the provision of services to micro-entrepreneurs. MFI schemes in Tanzania were initiated to meet different objectives. The most commonly mentioned objectives include poverty alleviation and improved living standards, offering financing to the poor, women’s empowerment, and the development of the

business sector as a means of achieving high standards and reducing market failure.

Focus group Discussion:

“Majority of members in Community Saving and Credit Group realise lack of Community-saving and credit group experts contribute most of members cannot manage in what way can use credit and payback loan, for example, community development officers employed by Government are insufficient to manage to help all groups established in the one Ward.”

Moreover, the study found a small number of the respondents (9.2%) identified lack of government support as a challenge facing most of the MFIs. The regulatory frameworks for microfinance institutions

(MFIs) and cooperative financial institutions (CFIs) are still in the process of being enacted into pertinent laws and corresponding implementing regulations. There is a need for a clearly defined strategy on how to integrate SACCOs and NGOs into the emerging microfinance regulatory framework, and what policy environment, resource and capacity requirements will be required not only by the institutions but also by the regulatory bodies.

Conclusion and Recommendation

This section covers the conclusion and recommendation of the study based on research questions that supported the study.

CONCLUSION

The study concludes that various challenges facing women in the uses of borrowing loans from community savings and credit groups are types of businesses not provide high benefits, Loan received from Credit group are not sufficient, family conflict, lack of financial management, lack of recording and keeping and high illiteracy level among members. However, Government and International and local Non-Governmental Organizations need to enhance the Community Saving and Credit Group management continuous training for its members to increase their skills and knowledge in entrepreneurship and financial management this will enable members to reduce their burden of failure to return loans on time, misallocation of loans and reduce family conflict. Nevertheless, the Government needs to consider the establishment of a national umbrella and networking platform for community-saving and credit groups to help members share achievement issues and stakeholders need to help the members of community-saving and credit groups to integrate community-saving and credit group activities with complimentary training programs; for instance, agriculture and livestock could potentially improve food security for held to increase nutrition status for children under five years old.

RECOMMENDATION

The recommendations are addressed to the Government, stakeholders, and community at large to make women actively involved in economic empowerment in community saving and credit The government should take measures that will reduce the risks and transaction costs of lending to increase competition in the financial sector and strengthen its

capabilities to serve women's businesses. The government will provide seed capital and other financial resources for women.

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