European Journal of Business and Management www.iiste.org
ISSN 2222-1905 (Paper) ISSN 2222-2839 (Online)
Vol.6, No.32, 2014

# Socio-Cultural Factors and Financial Performance among Women Small and Medium Enterprises in Tanzania

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**Abstract**
The influence of socio-cultural factors (SCFs) on financial performance (FP) among women small and medium enterprises (SMEs) in Tanzania is understudied. This paper examines the relationship between SCFs and FP among women SMEs in Tanzania. A questionnaire survey of 80 women owner-managers was conducted in Dodoma region of Tanzania in order to collect quantitative data and 04 case studies for qualitative data. Descriptive analysis was employed in the analysis of quantitative data and content analysis for qualitative data analysis. Results show that SCFs and FP of women SMEs are related. Inadequate education and business training, poor access to business information, interference of husbands in business fund control, poor support from husbands are the critical SCFs which affect FP (capital growth and sales volume) of women SMEs. The study recommends that serious training programmes need to be designed and implemented in order to discourage unfavourable SCFs and promote the favourable ones.
**Keywords:** Socio-Cultural Factors, Women SMEs, Financial Performance, Tanzania

## 1. Introduction

Entrepreneurship is increasingly recognized as an important driver of economic growth, productivity, employment and innovation, and it is widely accepted as a key aspect of economic dynamism (Wube, 2010). The history shows that economic progress has been significantly advanced by pragmatic people who are entrepreneurial and innovative, able to exploit opportunities and willing to take risks (Histrich, 2005). However, the empirical evidence shows that significant numbers of these enterprises were owned by men and it was not common to see women owned businesses worldwide (ILO, 2006). Recently, there has been an increase in female-owned businesses across the world including Tanzania (Tundui, 2012). Based on the Tanzania National Baseline Survey Report (2012), it was estimated that about 2.75 million micro, small and medium enterprises (MSMEs) exist in Tanzania with enterprise density being much higher in urban than in rural areas. The survey findings show that there is slightly more women than men (54% women versus 46% men) own and run their own businesses but the high proportion of women owned businesses are microenterprises while men dominate the ownership of small and medium enterprises. These statistics pose the question of interest as to why high proportion of female owned enterprises have remained micro while those of their male counterpart dominate the ownership of small and medium enterprises despite the fact that more women own businesses than men.

In Africa, most women owned enterprises are confronted with a number of constraints which make them remain micro enterprises. For instance, in Nigeria women owned enterprises are confronted with difficulty in getting finance, legal requirements, technology, poor access to market information, education and skills acquisition (Aderemi *et al.,* 2008)**.** In Ethiopia, Bekele and Worku (2013) indicate that businesses operated by women are 2.52 times more likely to fail in comparison with businesses operated by men due to inability in obtaining loans from formal money lending institutions such as commercial banks (61%), inability to convert part of profit back into investment (46%), poor managerial skills (54%), shortage of technical skills (49%) and low level of education (55%). From these findings, it is evident to suggest that these causes of failure of women owned businesses are embedded within the socio-cultural environment.

In many previous studies on the factors affecting the performance of women SMEs in Tanzania, the effect of SCFs have been generalized to affect women owned enterprises, but do not directly relate SCFs with FP. For instance, Tundui (2012) relates SCFs with women entrepreneurial behavior and aspiration to create business ventures, but the study does not relate SCFs with FP. Maziku *et al.* (2014) investigates the effect of SCFs on the performance of women SMEs using growth in number of employees as dependent variable but the study does not relate SCFs with FP. Mashenene *et al.* (2014) point out that the Tanzania social structure is highly masculine as only 37% of women are involved in business but the study does not measure the relationship between SCFs and FP. The Tanzania National Baseline Survey Report identifies a number of challenges facing MSME owners but does not address the relationship between SCFs and FP. The intention of this study was to fill the gap in the literature by increasing our understanding on the relationship between SCFs and the FP among women SMEs in Tanzania.

## 2. Literature Review

### *2.1 Theoretical Literature Review*

*Three Levels of Uniqueness in Human Mental Programming (TLUHMP)*

The model was developed by Hofstede in 2003 by dividing the pyramid of human mental programming into three main levels. *Human nature* is an inherited trait that all humans have, *culture* is learned qualities that are shared with a group (educational, occupational, national etc.) and finally *personality* that is partly inherited and learned trait which is specific to the individual. Furthermore, the TLUHMP identifies five dimensions to assist in differentiating cultures; Power Distance Index (PDI) that is the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally. It suggests that a society's level of inequality is endorsed by the followers as much as by the leaders. Uncertainty Avoidance Index (UAI) deals with a society's tolerance for uncertainty and ambiguity. Long-Term Orientation (LTO) versus Short-Term Orientation (STO): Values associated with LTO are thrift and perseverance; values associated with STO are respect for tradition, fulfilling social obligations, and protecting one's 'face'. Others include Individualism (IDV) and Masculinity (MAS). In the context of this study, the cultural environment such as husbands' support, education and training, information, norms, beliefs and values have the effect on the FP of women SMEs.

### *2.2 Empirical Literature Review*

#### *2.2.1 Socio-Cultural Factors and Business Performance*

Many studies have examined the relationship between SCFs and business performance worldwide. Wetherly (2011) describes the socio-cultural environment as consisting of everything that is not contained within the economy or political system. According to him, socio-cultural setting is made up of collection of activities and the relationship people engage in their personal and private lives which include population features, age, ethnicity, religion, values, attitude, lifestyles and associates. These lead to the creation of different societies, some of which influence the decision to create businesses. Therefore, culture as distinct from political, social, technological or economic context has relevance for economic behavior and business performance (Shapero & Sokol, 1982). Jonson *et al.* (2013) in Nigeria examining the effects of socio-cultural realities on the Nigerian SMEs using a qualitative research approach involving 10 SME owners indicate that socio-cultural realities are key factors affecting their businesses. Mashenene *et al.* (2014) investigating socio-cultural determinants of entrepreneurial capabilities among the Chagga and Sukuma SMEs in Tanzania using questionnaire survey and case studies involving 254 owner-managers indicate that values, social factors, beliefs, norms and perceptions demonstrate positive effects while attitude show a negative effect on entrepreneurial capabilities. Maziku *et al.* (2014) on the effects of SCFs affecting the performance of women SMEs in Tanzania using quantitative and qualitative research approaches involving 80 female owner-managers, the results show that attitude of husbands, ethnicity and immobility of women SMEs have negative effect on the performance of women SMEs while family roles and education were found to have a weak positive effect on the performance of women SMEs. Accordingly, Msoka (2013) investigating the influence of entrepreneurship skills on the performance of women owned enterprises in Africa using quantitative and qualitative research approaches involving 9 key informants and 73 women involved in micro and small businesses, the findings reveal that there is a relationship between entrepreneurship knowledge and the performance of small scale businesses. The study recommends that women need training in business planning, marketing skills, accounting knowledge and customer care skills to enable them conduct businesses successfully. In the context of this study, the variables which were used to measure SCFs included husbands' support, education and training, traditions and availability of business information.

#### *2.2.2 Financial Performance (FP)*

Rao (2006) defines FP as the process synonymous to interpretation of financial statements of the firm. There are numerous measurements of financial performance. According to Miller, Boehlje and Dobbins (2001) measurement of FP includes profitability, size and growth. Tundui (2012) used capital and sales volume to measure the FP of small businesses in Tanzania. Accordingly, Mashenene *et al.* (2014) and Majenga (2013) used capital to measure FP of SMEs in Tanzania. In this study therefore, capital and sales were selected as indicators for measuring the FP of women SMEs.

## 3. Methodology

The study was conducted in Dodoma urban and Chamwino districts in Dodoma region of Tanzania in order to enable researchers compare the variations of SCFs influencing FP across the country which is characterized by both rural and urban women SMEs. Our study surveyed a sample of 80 women SMEs using proportionate and purposive sampling techniques in which 55 (68.8%) respondents were drawn from Dodoma urban district and 25 (31.3%) respondents from Chamwino district. The discrepancy in the number of respondents from the two districts was due to the facts that in rural areas (Chamwino district) a few women participate in business sector. Also, other business women SMEs were not ready to participate in the survey due to ignorance and lack of trust from researchers. To ensure reliability of the study, the study was preceded by a pilot study which later helped in refining a questionnaire by dropping unsuitable questions and adding relevant information which were missing. Four case studies were developed from purposively selected women SMEs in order to collect in-depth information on the relationship between SCFs and FP among women SMEs. Also, focus group discussion (FGD) was used to collect information from bankers, village and street leaders, trade officers, NGO's representatives and business owners. A cross-sectional research design was employed in which data were collected at one point in time, June-July 2013. Descriptive and qualitative methods were used in data analysis. The statistical Package for Social Sciences (SPSS) version 20 was used to analyze the data. Descriptive analysis involved the use of frequencies, percentages and tables while qualitative analysis involved the use of responses from case studies and FGD in order to supplement Quantitative data.

## 4. Results and Discussion

### *4.1 SCFs and Availability of Capital*

#### *4.1.1Sources of Start-up Capital*

The findings in **Table 1.0** reveal that majority (33.8%, 35% and 11.3%) of respondents obtained start-up capitals from their own savings, assistance from their husbands and parents/relatively respectively. Whereas 2.5% of respondents obtained start-up capital through loan from their friends, 3.8% sold family assets, 5% trade credit and 8.8% loan from financial institutions. These findings are consistent with the results from Tundui (2012) which reveal that 57.4% of female owner-managers started from their own savings, 33.3% received start-up from friends and families and 9.3% acquired start-up capital from other sources such as trade credit and UPATU. Moreover, the results are consistent with ILO (2003) study in Tanzania which shows that 67.2% of respondents started their businesses by using own savings and 21.1% received trade credit from friends and family members. Also, these findings are in harmony with Tundui and Tundui (2012) study which show that the majority (43.4%) of women SMEs started their businesses using their own savings as seed capital while loan from friends was 11.8% and loan from PRIDE and other MFIs was 15.8%. Through FGD with rural women SMEs, the findings reveal that no one had received a start-up capital from banks. These findings are consistent with the results from Tundui (2012) which show that no one received a start-up from banks/MFIs.

#### *4.1.2 Access to Loans from Financial Institutions (FIs)*

The findings from **Table 2.0** indicate that only 48.8% respondents had tried to access loans from FIs and 51.3% had not tried. The number of those SMEs who did not try to access loans from FIs being lager (51.3%) than those who tried to access loans indicates that the majority of women SMEs have low risk-taking propensity as attributed by SCFs. For instance, the findings from the case studies as evidenced by ZK substantiate that SCFs is a stumbling block to access capital from FIs. ZK evidenced that *"I have never attempted to borrow money from any FIs as my husband does not allow me to do so, also collateral is a problem as all family assets traditionally belong to my husband"*. It was revealed through FGD that women SMEs from rural areas fear to face FIs for loans. Such fear is due to rejection by FIs to offer loans to individual women SMEs unless those who team up in economic groups (the National Microfinance Bank, NMB was cited as an example), lack of collaterals as traditionally all family assets belong to husbands (in the FGD, it was ascertained that it is impossible to allow women SMEs to use family assets as collateral), high interest rates, short repayment period given by creditors (for instance, FINCA requires borrowers to make repayment every two weeks, PRIDE every week and SIDO every two weeks). However, a small number of women SMEs from urban areas (48.8%) had the guts to borrow from banks where high interest rates was identified to be a serious hindrance block to their business performance. These findings are consistent with those in Bekele and Worku (2013) study which indicates that inability in obtaining loans from money lending institutions such as commercial banks (53%) is among the critical factors affecting women entrepreneurship in micro, small and medium enterprises in Ethiopia. Also, the findings are in harmony with one cultural dimension in Hofstede's theory (2003) which suggest that high power distance index (PDI) exists between women and their husbands in terms of economic resources.

Furthermore, the findings in **Table 2.0** reveal that 74.4% of respondents who applied for loans from FIs successfully got loans while 25.6% did not. However, there were some variations between women SMEs who received loans from urban and rural areas. The findings indicate that 85.2% of SMEs from Dodoma urban district received loans from FIs and 14.8% did not. In the case of Chamwino district, only 50.0% of respondents received loans from FIs and 50.0% did not.

In this study, we asked the reasons for those who did not get the loans from FIs, the findings **(Table 3.0)** show that 40.0% of respondents experienced restrictions from husbands, 30.0% lack of collateral, 20.0%

bureaucratic procedures and 10.0% others. A total of 70.0% from husbands' restriction (40.0%) and lack of collateral (30.0%) indicate that most of the reasons which deny women SMEs from accessing loans from FIs are rooted into SCFs. These findings are consistent with one cultural dimension in Hofstede's theory (2003) which suggests that the Tanzanian social structure is masculine. These findings are consistent with findings in ILO (2005) study in which limited access to credit for both new and growing women-owned firms was a major constraint. Also, these findings are consistent with ILO (2003) study which reveals that cumbersome procedures, high interest rates and the requirements for loan collateral by financial institutions were cited to be the most problems in accessing loans for women SMEs. These findings are consistent with those of Bekele and Worku (2013) study in Ethiopia which indicates that the majority (61%) of female-owned businesses are characterized by inability in obtaining loans from money lending institutions such as commercial banks.

*4.1.3 SCFs and Loan Size Borrowed by Women SMEs from FIs*

In the study, we asked respondents the largest amount of loans they had borrowed from FIs. The findings **(Table 4.0)** show that the majority (37.9%) and (44.8%) of women SMEs received TZS 100,000-500,000 and TZS 1,000,000-5,000,000 respectively. Very few women SMEs received TZS 500,000-1,000,000 (3.4%), TZS 5,000,000-10,000,000 (13.8%) and 3.4% received TZS above 10,000,000. A total of 82.7% of women SMEs received loans between TZS 100,000 and TZS 5,000,000 (micro) indicates that the chance of women to borrow large amount of money from FIs is very limited. The majority of women SMEs borrow too little money to enable them grow their capital and consequently increase their profits. The reasons for SMEs to borrow such little money from FIs include most of women SMEs are unregistered, operate informally and lack of collateral. It was revealed through FGD that lack of information and education are critical problems which fuel businesses to remain unregistered and informal. *"We don't have right information on the reasons as to why we need to register and formalize our businesses. We fear to be taxed once we register and formalize our businesses." Additionally, we don't borrow large amount of money from FIs due to lack of collateral either our collateral are under ownership of husbands or low-valued and sometimes lack of supportive documents like deeds for our collateral.* Findings from this study are in agreement with a similar study conducted by Bekele and Worku (2013) in Ethiopia in which the study points out that the majority (75.4%) of women entrepreneurs in Ethiopia are involved in micro enterprise. Also, through FGD we revealed that lack of capital is the most critical problem hampering the performance of women SMEs from both rural and urban areas. *"It is true that our businesses are not performing quite fine as we don't have enough capital"* .In order to cope with the situation, currently rural women SMEs have formed women economic groups commonly known in Swahili as "v*ikundi vya akina mama"* in which each member is required to contribute voluntarily TZS 5,000 (2.9 USD) per week as shares and after sometimes each member is allowed to borrow from the "kikundi" at 5% interest rate per month. *"Women SMEs are very positive in joining to such groups (there are 30 groups with 30 members each now) but the problem is that we are seriously still constrained with undercapitalization as what we borrow from the kikundi does not suffice our capital requirements".* In July 2011, the Prime Minister (MP) Hon. Mizengo Peter inaugurated the interest free Vodacom Tanzania loan scheme to women SMEs who had already formed economic groups at Buigiri Village in Chamwino district. At the starting point, each member was allowed to borrow TZS 40,000 (23.5 USD) up to TZS 80,000 (47 USD) depending on the size of the business and up on successful completion of repayment, a member was allowed to double the amount of the first borrowing. On their views, women SMEs said *"we kindly thank Vodacom Tanzania for their interest free loans but the amount is still low to enable us suffice our capital requirements. We would like to argue to the government and other stakeholders to provide us more loans of similar kind to that of Vodacom Tanzania in order to boost our capitals, hence, improve our business performance".* Also, women SMEs from urban areas have formed economic groups known as Village Community Bank (VICOBA) from which they borrow money for their businesses but the size of the loan is too small to meet their business requirements.

*4.1.4 SCFs and Business Registration*

In this study, we considered registration in terms of those SMEs with certificate of registration for Taxpayer Identification Number (TIN) issued by Tanzania Revenue Authority (TRA). The findings **(Table 5.0)** show that the majority (58.8%) of women SMEs were unregistered whereas only 41.3% were registered. It was revealed through FGD that, lack of information and education are the critical challenges which fuel women SMEs to remain unregistered since perceived benefits from business registration are unknown to women. One of key informant said *"we don't register our businesses because we fear to be taxed by TRA".* The implication of these findings is that women SMEs lack business information and education about the perceived benefits from business registration. As the result, women SMEs lose a number of opportunities which emerge including access to credit since they operate informally. These findings are in harmony with those of the Tanzania National Baseline Survey (2012) which indicates that only 5% of business owners have a TIN while the majority (95%) operate without TIN and formal registration (96%) from the Business Registration and Licensing Agency

(BRELA). According to Hofstede theory (2003), these findings imply that Tanzanian women SMEs have high uncertainty avoidance index (UAI) since they fear to register their businesses.

Furthermore, we compared the registration status of women SMEs from Dodoma urban and Chamwino districts. The findings show that the majority (88%) of rural women owned enterprises are unregistered whereas a small number (12%) of them are registered. On the other hand, the situation in urban areas is somehow different whereas the majority (54.5%) of women owned enterprises are registered while 45.5% are not registered. The implication of these findings which pose a huge discrepancy in business registration between the rural and urban women owned enterprises is due to easy access to business training and information in urban areas.

*4.2 SCFs and Business Fund Control*

The findings in **Table 6.0** show that 60% respondents control their business fund themselves while 27.5% of women SMEs control jointly with their husbands and only 12.5% of business fund is controlled by their husbands. The implication of these findings is that the majority of women SMEs control their business fund. However, the findings show that there is a serious problem in business fund control since a total of 40.0% of women business fund is controlled either by husbands alone (12.5%) or jointly between women SMEs and husbands (27.5%).

In this study, we rated the level of satisfaction of women SMEs on the way they control their business funds. The findings **(Table 7.0)** show that 61.3% of women SMEs were satisfied with the way they control their business funds whereas 28.8% were unsatisfied and 10% were neutral. However, the findings from three case studies (75%) concur with 28.8% of the respondents who were not satisfied with the way they control their business funds. The case of ZOO exhibits that, *"my husband was taking my business money and misusing them as the result my business got stunted. I was not allowed to question anything about my business money and whenever I was trying to question, my husband was harassing me"*. Similarly, ZK exhibited the same, *"I keep my money in my bank account but I don't have any freedom to control my business funds as I experience a lot of orders from my husband to give him my business money for his own spending. Also my husband has access with my bank account password and several times he has been making unnecessary drawings for his own spending"*. Moreover, JM supported this argument, *"Today I am free with my business money as I keep it in my bank account and I have control over it, something which was not like that before I got divorced. What I can say, if you control your own business fund, you are likely to grow up your business in terms of capital"*.

Furthermore, the findings in **Table 8.0** show that 45% of respondents keep their business funds in their bank accounts and 38.8% keep at home. On the other hand, 5% of respondents give it to their husbands at home, 2.5% keep through their husbands' bank accounts, 6.3% through joint bank accounts with their husbands and 2.5% others. A total of 55.1% of women SMEs do not keep business fund in their bank account. Regarding to financial management, the majority of women SMEs' fund is vulnerable to misuse either by themselves due to being kept at home or their husbands who keep them in their bank accounts or pockets. These findings are in harmony with those in the URT (2012) national baseline survey report which supports that almost one in seven (69%) MSMEs in Tanzania do not use financial service (formal or informal), but might keep in a secret hiding place or in a kibubu. Through FGD with women SMEs from Chamwino district, it was revealed that none of women SMEs from rural areas keep their funds in any bank account as they said *"we don't keep our business funds in the bank because we don't have bank accounts. Also we fear to open bank accounts as our working capital are very small"*. The implication of these findings is that education and business training on the importance of women SMEs to have bank account is inadequate. The bank account will save not only to safeguard their funds but also increases the chances to access loans from FIs of which to possess bank account is a prerequisite.

*4.3 Socio-Cultural Factors and Financial Performance*

*4.3.1 Satisfaction of Women SMEs in their Business Performance*

In this study, we wanted to know the level of satisfaction of women SMEs in their business performance in terms of capital and revenue. The findings show that 48.8% of respondents were dissatisfied with their business performance while 31.3% of respondents were satisfied with their business performance and 20% of respondents were neutral. Furthermore, the FGD revealed that women SMEs are not free to control funds from their businesses as most of them get interference from their husbands. It was further reported that, most of husbands have tended to be waiting their wives when they report back at home from their businesses to provide them with money for a drink. *"When you refuse to give him such money for a drink, you become seriously bitten. Also, when our husbands report back from a drink, most of us (wives) end up getting disturbances over the night including being bitten, something which have been frustrating us and causing fatigue to us in the following day, hence, poor performance in our businesses"*. The implication of these findings is that, if women SMEs continue being interfered in business fund control and frustrated by their husbands like the way it is now, it will be very difficult for them to achieve high financial business performance. If women SMEs' business funds are misused by their husbands, do not have enough rest during night and being severely bitten by their husbands, it is true that during the following day they will not be mentally fit to carry on business activities as psychologically they will have been damaged and also fatigue will make them under perform when serving their customers.

Moreover, the responses from the four case studies regarding the satisfaction of women SMEs on the performance of their businesses reveal that, three cases (75%) are not satisfied with the performance of their businesses due to a number of reasons. ZOO said that *"I thank God, my business has grown and I am satisfied with this growth". Today my capital has grown to TZS 40 million and my total business worthiness today is over TZS 100 million where guest house is inclusive. Although my business performance would have gone higher than this if there was no interference in my business fund from my husband"*. Furthermore, ZK supported this as follows *"After marriage, everything in my business became worse, my business money was being stolen by my husband and he used to spend it with his friends"*. Similarly JM argued the same, *"You can't believe! My business has performed wonderfully since I got divorced. Proudly I can say, had it not been financial interference from my husband (before divorce) in my business, today my business would have performed amazingly! The secret of my success is hard working spirit, good financial discipline and building up business networks as today I can get products from my suppliers even on credit (trade credit). Growing up a capital from TZS 10 million to TZS 100 million and employing two people are indicators of achievement to my business"*.

Additionally, poor support from husbands was identified to be the stumbling block of financial performance among women owned enterprises since the majority of husbands do not give full support to their wives in business undertakings. The evidence from a case study of ZOO supports this argument, *"To be sincere my husband does not give me any support in my business. I think this poor support from my husband is due to fear of losing his power and control in the family if I could get more money than him". For instance, there was one moment I wanted to get a loan from the FI where I was supposed to use house title deed as collateral but my husband refused, as the result I could not access than loan"*.

Moreover, employees' dishonesty was revealed to be another critical problem facing women SMEs. Following the biological nature of women where they bear numerous family roles including pregnancy, as the result they are sometimes forced to find someone to take care of their businesses while performing family roles. Such people have been noted to be not honest as most of them have been either stealing or underperforming as since they are not really concerned with business. These findings are supported by those from case studies which indicate that 50% of women owned enterprises are constrained with employees' dishonesty. A good example is exhibited by case of ZOO, *"Several times employees have been stealing business money and disappear"*. To overcome this challenge, ZOO has been employing her relatives. Another challenge is about family roles which contradict with her business responsibilities. JM said, *"Sometimes I remain at home particularly when my kids are sick. This has been affecting negatively my business performance. To overcome this challenge, I have been delegating my business responsibilities to my employees but the problem is dishonesty shown by them particularly of financial matters"*. These findings are consistent with those of Maziku *et al.* (2014) which indicate that 95% of women SMEs in Tanzania agreed that family roles contradict with their business roles. Also, the findings are congruent with those of Nkonoki (2010) which indicate that theft/cheating and lack of trust in doing business is among internal factors limiting small business growth in Tanzania.

Also, inadequate education and business training (83.3%) was revealed to be a hindering factor to the performance of women SMEs in which they lack business training such as business record keeping and marketing skills. Currently, in Tanzania women SMEs perform their business activities basing on their long-time experience in business without any formal training. It was revealed from FGD with SMEs in rural areas that, a number of women wish to undertake business activities but lack of business training is the most critical challenge. *"We have never received any business training throughout our business lives at the village"*. On the case of women SMEs from urban areas said, *"We are doing the business using our own experience except little business training we receive from FIs when we go to borrow money (for instance SIDO offers eight days training to us (borrowers) before we receive loans"*. They further argued that, the government and other stakeholders should provide them with such business training in order to help them improve their businesses performance. For instance they said, *"Sometimes the little loans we get for business we miss allocate them for non-business uses such as paying school fees for our children"*. The implication from these findings is that, lack of proper training in business is a critical problem to women SMEs' performance since it impairs their business capabilities to plan and prioritize for the loans received. These findings are in harmony with those of Msoka (2013) study which show that there is a relationship between entrepreneurship knowledge and the performance of women small scale businesses in Tanzania. Also, the findings are congruent with those of Nkonoki (2010) which indicate that inadequate education and training is among internal factors limiting small business growth in Tanzania. Moreover, the findings are congruent with those of Tundui (2012) which show that the majority (44.6%) of women SMEs in Tanzania has primary education. Also, these findings concur with findings in the Tanzania National Baseline Survey Report (2012) which indicate that 72% of MSMEs have no training in business.

Furthermore, these findings are supported by Hassan and Mugambi (2013) which indicate that entrepreneurial skills is an important ingredient in growth and expansion of micro enterprises in Kenya.

### *4.3.2 Capital Growth*

In this study, we asked respondents on the average size of capital when they started their businesses. The findings **(Table 9.0)** reveal that 96.3% of women SMEs started their businesses with the capital below TZS 5 million (micro-enterprises) while only 3.8% started their businesses with a capital between TZS 5 million and 200 million (small enterprises). These results are consistent with Tundui (2012) study which finds that 89.1% of female owner-managers had start-up capitals of less than TZS 5million, followed by owner-managers who had start-up capitals between 5 million to 10 million and only 2% respondents had start-up capitals of more than 10 million. The implication of these findings is that the majority of women SMEs are constrained with undercapitalization during start-ups.

Furthermore, we investigated the average capital of women SMEs during the period of the study (2013). The findings **(Table 9.0)** show that 86.3% of respondents had capital below TZS 5 million (micro enterprises) and 13.8% between TZS 5 million and 200 million (small enterprises). These results show that only 10% of micro enterprises had graduated to small enterprises in terms of capital growth during. This financial performance shown by women SMEs for the period of five years (2009-2013) is too small to remark satisfactory business financial performance. These results are consistent with Tundui (2012) study in Tanzania which indicates that at the start-up period of women owned enterprises, the micro-businesses dominated the sample (91.5%) and at the time of study micro enterprises still dominated the sample (63.1%). Additionally, the findings are in harmony with those in the study of Bekele and Worku (2013) which indicates that the majority of women entrepreneurs (75.4%) in Ethiopia are involved with micro enterprises. Moreover, these findings are supported by Hassan and Mugambi (2013) which indicate that financial resources is an important ingredient in growth and expansion of micro enterprises in Kenya.

In this study, we further compared the average growth in capital among women SMEs from Chamwino and Dodoma urban districts. The findings show that 100.0% of women SMEs from Chamwino district did not grow their start-up capital and graduate from micro to small enterprises from 2009 to 2013 since 100.0% of them started their businesses with the start-up capital of less that TZS 5 million (micro). On the other hand, 14.5% of women SMEs from Dodoma urban district grew their start-up capital and graduated from micro to small enterprises from 2009 to 2013. The discrepancy in capital growth between women SMEs from Chamwino and Dodoma districts is due to the differences in SCFs between the rural and urban areas. Through FGD, the following reasons contribute to the discrepancy in capital growth between the rural and urban women SMEs; *"we women SMEs in rural areas are not privileged with business training, access to capital and good financial control".*

### *4.3.3 Average Sales per Month*

In this study, we first asked respondents about the average sales when they started their businesses **(Table 10.0)**. The findings show that the majority of respondents (55%) received average sales of less than TZS 500,000 per month while 23.8% received sales of TZS 1,000,000-5,000,000 and 20% received sales of TZS 500,000-1,000,000. On the other hand, only 1.3% received sales of TZS 5,000,000-10,000,000. These findings suggest that such low business sales at the year the businesses were started were caused by undercapitalization and poor business fund control.

Furthermore, we investigated the average sales per month generated from businesses today (in 2013). The findings **(Table 10.0)** show that the majority of women SMEs receive sales of TZS 1,000,000-5,000,000 (47.5%) and TSZ 500,000-1,000,000 (27.5%). Also, 5% of respondents receive sales of TZS 5,000,000-10,000,000 and 2.5% respondents receive sales above TZS 10,000,000. On the other hand, only 17.5% of respondents receive TZS less than 500,000.Genearally, there is still a large proportion (45.0%) of women SMEs generating sales from TZS less than 500,000 to 1,000,000. However, the findings suggest that there was a small positive financial performance as the percentage of women who received sales of less than TZ 500,000 at the year they started businesses decreased from 55% to 17.5%. Also, there is an increase in percentage of women SMEs who receive sales of TZS 500,000-1,000,000 from 20% to 27.5%. Furthermore, there is a reasonable increase in the percentage of women SMEs who receive sales of TZS 1,000,000-5,000,000 from 23.8% to 47.5%. Also, the percentage of women SMEs who receive sales of TZS 5,000,000-10,000,000 today has increased to 5% instead of 1.3% at the year the business started. Finally, the findings show that at the year the businesses started none of women SMEs received sales of TZS above 10,000,000 while today 2.5% of women SMEs receive sales above of TZS 10,000,000. Through FGD, one woman entrepreneur said *"The sales of my business would have grown tremendously if there were no interference from my husband. My husband has been a threat to my business fund as sometimes he comes to my business facility and starts receiving fund from customers and shortly disappears".*

**5. Conclusion and Recommendations**

The findings of this study indicate that SCFs and the FP of women SMEs are related. Inadequate education and business training, poor access to business information, interference of husbands in business fund control, poor support from husbands are the critical SCFs affecting the FP of women SMEs. Regarding availability of capital, the findings reveal that most of women SMEs get start-up capital for their businesses from their own savings (33.8%) and assistance from their husbands (35%). These sources of start-up capital were revealed to be too small to enable the business grow quickly as it takes so long for women SMEs to accumulate money in order to fund their businesses. Also, most of husbands give little money to their wives as start-up capital as the result women SMEs start their businesses with very limited capital which hamper rapid growth of their businesses. Regarding access to loans from FIs, the study concludes that very few women SMEs have access to loans and those who happen to access such loans receive too small amount of money to enable them meet their business fund requirements. It was noted that, the majority of women SMEs receive loans between TZS 100,000-500, 000 (58-290 USD) and between TZS 1,000,000-5,000,000 (290-2899 USD). The study concludes that such limited amount of capital cannot easily enable women SMEs grow their businesses quickly in terms of profitability. The main reasons for such limited chances for women to access sufficient borrowing were revealed to be husbands' restrictions and lack of collateral as traditionally all family assets belong to husbands. Regarding to business registration, the study concludes that the majority of businesses were unregistered and informal. The implication of these findings to policy makers is that serious efforts are required to be taken in order to create emphasis on business formalization including provision of education with the view of addressing the perceived benefits to be accrued from business formalization. In comparison between the urban and rural women SMEs on FP, the findings reveal urban women SMEs demonstrate better FP than those in rural areas. The reasons for this discrepancy in terms of FP between the rural and urban women SMEs include enhanced chances for urban women SMEs to access loans, good financial control using bank accounts, access to business information and training. As the result, urban women SMEs have grown their capital by far in comparison to their rural SMEs counterparts.

The recommendation to policy makers is that serious business training programmes should be designed in order to discourage the unfavourable SCFs and promote the favourable ones. The study recommends that, such training need to include both women and men since it will not be very much helpful if such training is inclined to one gender and ignoring the other. Such training will help to eliminate misunderstanding among women SMEs and their spouses and as well build sounding capacity for women SMEs to manage their businesses. Importantly, there is a need to integrate such SCFs in education curricular from primary to tertiary levels of education. This will help to unfold the folded mind of the society by instilling valuable SCFs in the minds of young generation. Also, we recommend that some stories of successful women SMEs should be published in order to make them publicly known and if possible some case studies be developed and integrated in schools/colleges/university curricula so as to create inspiration to women SMEs to perform better in their businesses. Additionally, role models should also be published and used as guest speakers in some workshops/seminars regarding women SMEs. Interestingly, very harsh laws should be enacted in order to put into task husbands who interfere their wives in control of their business funds. Following the findings on unsatisfactory financial control by women SMEs, we recommend that education should be provided to both men and women in order to address the benefits that are likely to be accrued from businesses if women are free from interferences imposed by their husbands in funds of their businesses. It is our recommendation that, training should aim at fighting against anti entrepreneurial culture that exist among Tanzanian men for not supporting their wives as the result they pose financial insecurities to the businesses of their wives. Moreover, we recommend on availability of capital to women SMEs that, more education is needed to borrowers for them to rationally understand effective management of borrowed fund as the findings show that some borrowers have been directing borrowed fund to unintended borrowing purposes. Additionally, education is need to the society members about the rights of women to own family assets as it can help them to use such assets as collateral during loan application from FIs. Consistently, we recommend that the government should invest a lot of resources to create enough awareness to women SMEs concerning business formalization as of now the majority of women businesses operate informally. During the survey it was noted, the majority of women SMEs do not know the importance of business formalization, yet they don't know even how formalization process can be undertaken. Among other strategies to be used, we recommend the use of mobile phones in the provision of business education, registration, taxation, legalization and business formalization since the majority of Tanzanians own mobile phones (Mramba *et al.,* 2014).

Furthermore, we recommend to FIs to provide more education about their loan schemes and associate them with benefits which borrowers get from loans. Finally, we recommend that women SMEs should operate in economic groups such as women operated economic groups known in Kiswahili as *"vikundi vya akina mama"*, VICOBA, Savings and Credit Cooperative Societies (SACCOs) and others so as to create favourable conditions for them to access loans. A good example is drawn from women SMEs in Chamwino district (Buigiri village) who enjoyed interest-free loans from Vodacom Tanzania simply because they operate in groups. It is the role of the government through cooperative officers to provide education to women SMEs so as to help them formulate such groups.

The recommendation to academicians is that a comparative study on the relationship between SCFs and FP of both women and men SMEs in Tanzania should be undertaken. Also, the same study on the relationship between SCFs and FP among women SMEs in Tanzania should be carried out including larger sample size drawn from other regions for generalization as in the current study samples were drawn from one region something which is regarded as the limitation of the study.

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**Table 1.0: Sources of Start-up Capital**

| Sources of start-up capital | Frequency | Percent |
|---|---|---|
| Own saving | 27 | 33.8 |
| Assistance from my husband | 28 | 35.0 |
| Assistance from my parents/ relatives | 9 | 11.3 |
| Loan from my friends | 2 | 2.5 |
| Sold family asset | 3 | 3.8 |
| Trade credit | 4 | 5.0 |
| Loan from financial institution | 7 | 8.8 |
| **Total** | **80** | **100.0** |

Source: Field data (2013)

**Table 2.0: Women SMEs tried to access loans from FIs**

| Responses | Frequency | Percent |
|---|---|---|
| **Women tried to access loans from FIs** | | |
| Yes | 39 | 48.8 |
| No | 41 | 51.3 |
| **Total** | **80** | **100.0** |
| **Women successfully got loans from FIs** | | |
| Yes | 29 | 74.4 |
| No | 10 | 25.6 |
| **Total** | **39** | **100.0** |

Source: Field data (2013)

**Table 3.0: Reasons for not accessing loans from FIs**

| Reasons for not accessing | Frequency | Percent |
|---|---|---|
| Lack of collateral | 3 | 30.0 |
| Bureaucratic procedures | 2 | 20.0 |
| Restriction from husband | 4 | 40.0 |
| Others | 1 | 10.0 |
| **Total** | **10** | **100.0** |

Source: Field data (2013)

**Table 4.0: Largest Amount of Money Borrowed by Women SMEs from FIs**

| Amount of money borrowed | Frequency | Percent |
|---|---|---|
| 100,000-500,000 | 10 | 34.5 |
| 500,000-1,000,000 | 1 | 3.4 |
| 1,000,000-5,000,000 | 13 | 44.8 |
| 5,000,000-10,000,000 | 4 | 13.8 |
| Above 10,000,000 | 1 | 3.4 |
| **Total** | **29** | **100.0** |

Source: Field data (2013)

**Table 5.0: Business Registration**

| Business Registration | Districts | | Total |
|---|---|---|---|
| | Dodoma Urban | Chamwino | |
| Yes | 30 (54.5%) | 3(12.0%) | 33(41.3%) |
| No | 25(45.5%) | 22(88.0%) | 47(58.8%) |
| Total | **55(100.0%)** | **25(100.0%)** | **80(100.0%)** |

Source: Field data (2013)

**Table 6.0: Business Fund Control**

| Fund control | Frequency | Percent |
|---|---|---|
| Myself | 48 | 60.0 |
| Husband | 10 | 12.5 |
| Both I and husband | 22 | 27.5 |
| **Total** | **80** | **100.0** |

Source: Field data (2013)

**Table 7.0: Level of Satisfaction with Monetary Control**

| Satisfaction level | Frequency | Percent |
|---|---|---|
| Very unsatisfied | 10 | 12.5 |
| Unsatisfied | 13 | 16.3 |
| Neutral | 8 | 10.0 |
| Satisfied | 18 | 22.5 |
| Very satisfied | 31 | 38.8 |
| **Total** | **80** | **100.0** |

Source: Field data (2013)

**Table 8: Ways used by Women SMEs to Keep their Business Funds**

| Keeping funds | Frequency | Percent |
|---|---|---|
| To my husband | 4 | 5.0 |
| Myself at home | 31 | 38.8 |
| My bank account | 36 | 45.0 |
| My husband's bank account | 2 | 2.5 |
| Joint bank account | 5 | 6.3 |
| Others | 2 | 2.5 |
| **Total** | **80** | **100.0** |

Source: Field data (2013)

**Table 9.0: Capital Invested by women SMEs**

| Capital Invested (TZS) | Start up size | | Current size | |
|---|---|---|---|---|
| | Frequency | Percent | Frequency | Percent |
| Below 5 million | 77 | 96.3 | 69 | 86.3 |
| 5-200 million | 3 | 3.8 | 11 | 13.8 |
| **Total** | **80** | **100.0** | **80** | **100.0** |

Source: Field data (2013)

**Table 10: Average Sales per Month**

| Sales per Month (TZS) | Start-up size | | Current size | |
|---|---|---|---|---|
| Below 500,000 | 44 | 55.0 | 14 | 17.5 |
| 500,000-1,000,000 | 16 | 20.0 | 22 | 27.5 |
| 1,000,000-5,000,000 | 19 | 23.8 | 38 | 47.5 |
| 5,000,000-10,000,000 | 1 | 1.3 | 4 | 5.0 |
| Above 10,000,000 | - | - | 2 | 2.5 |
| **Total** | **80** | **100.0** | **80** | **100.0** |

Source: Field data (2013)