

# THE INFLUENCE OF VICOBA MICROCREDITS ON WOMEN EMPOWERMENT IN KOROGWE TOWN, TANZANIA

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## ABSTRACT

*This study was conducted to assess the influence of Village Community Bank (VICOBA) microcredits on women clients economic, social-cultural, political and legal empowerment in Korogwe town, Tanzania. The study adopted the descriptive and explanatory research designs where 4 among 11 wards were selected for the survey. The study applied the systematic sampling technique to select 128 VICOBA clients for the study. The SPSS and Stata software were used to enter data. The data were analyzed using descriptive and Canonical correlation analysis. The findings indicate that the contribution of microcredits to economic and political empowerment was insignificant. However, the findings show that microcredits influenced positively and significantly both social cultural and legal empowerment. The study recommends that efforts should be executed to promote the microcredits empowerment of women in economic and political contexts.*

**Keywords:** VICOBA microcredits, economic, social-cultural, political, legal empowerment

## 1. Introduction

Empowerment is the ability of people to make deliberate choices that were denied before. The choice-making is reflected in three parameters: the condition (resources) the process (agency) and the outcomes (achievement). For resources to empower women, they should be offered equally without any forms of discrimination (Kabeer, 2002). The microcredit provided to women from VICOBA is the vital financial resource that cultivates empowerment. For the attainment of sustainable economic development, it is essential to promote the involvement of women in economic activities (Kato & Kratzer, 2013).

Tanzania Women development policy of 1992 recognizes equal rights in the property ownership and distribution of productive resources in improving the standard of living. The policy emphasizes equality, freedom in participation in economic activities and to be benefited from economic activities for both genders. The policy declared that the status of women socially, economically and in decision making in Tanzania was low (URT, 1992). UN Women (2020) affirmed that Tanzanian women still face some constraints that limit them to participate in socio-economic and political sectors. These include formal education illiteracy, early teenage pregnancy, girls and women violence and unfavourable customs and norms.

According to UN Women (2021), in Tanzania, women comprise 27.7 million people which was 51.9% of all people (52.4 million) in the country. The majority of women who were more than 50% of the population had been employed in the micro, small and medium enterprises (MSMEs). Therefore, they were likely to expand their economic activities since they had potential access to financial capital from the financial institutions. Girls and women empowerment were among the Tanzania government strategies to achieve sustainable development (UN Women, 2021).

USAID (2021) argued that youths below 15 age and women were amongst the most underutilized and marginalized people in Tanzania. USAID (2021) stressed that empowering women to control and access resources and opportunities and in making the decision was essential to reduce extreme poverty, foster communities healthy, and promote broad growth. URT (2005) emphasized that the Beijing platforms aimed at empowering women economically and politically. It also fostered the ability to make the decision and eradicate poverty for women.

Datta and Sahu (2021) recognized the role of microcredits on economic empowerment, particularly on the generation of employment. Bhandari (2021) uncovered that women who borrowed microcredits in Nepal realized economic and social-cultural empowerment.

Akhter and Cheng (2020) maintained that micro credits in Bangladesh have empowered women in terms of increasing women involvement in decision-making, awareness of legal issues, and personal mobility. The empowerment of women through microcredits has been also confirmed by Jaafar and Alwazni (2019) and Al-Mamun, et al. (2014) in Malaysia, Li et al.(2011) in China and Addai (2017) in Ghana, to list a few. However, Jackson and Roland (2016) disconfirmed the empowerment of women through microcredits in Nigeria.

Village Community Banks (VICOBA) play essential roles in promoting the empowerment of poor people through the provision of microcredits, remittances, savings, training and insurance services in Tanzania (Magali, 2018). Social and Economic Development Initiatives of Tanzania (SEDI, 2008) defined VICOBA as informal and community lending schemes that operate both in rural and urban Tanzania. VICOBA issue loans from financial resources donated by clients themselves. This tendency makes VICOBA clients overcome the challenges of inadequate resources because the majority of them are poor. Niger was the first African country to establish VICOBA in 1991 to support the development and empowerment of women (Kitomari & Abwe, 2016). In Tanzania, VICOBA were formed to perform the same role. CARE International in Tanzania championed the establishment of VICOBA in Zanzibar in the 2000s (Kihongo, 2005). Currently, VICOBA have been established at least everywhere in Tanzania. The total VICOBA groups in Tanzania are rounded to 50,000. Moreover, they have a capital of about Tanzanian Shillings (TZS) 1.5 trillion and 4.4 million clients (Vodacom, 2019).

VICOBA are vital for the consolidation of inadequate monetary resources and risks. They are moreover a government recognized tool for the alleviation of poverty in Tanzania (The Ministry of Finance-MOF, 2009). VICOBA promote the availability of adequate food, education, housing building and repairment, and covering health-related expenditures. They also foster the capability to finance the children education, health and other household expenditures.

Most of the studies assessed the roles of VICOBA on clients economic empowerment and livelihood improvement (Brennen, 2010; Chipindula & Mwanga, 2016). VICOBA enhance access to loans at the favourable condition for its clients. The conditions include flexibility in the loan processing, use of a group as collateral and charging a small interest rate (Lucas & Akarro, 2016). The easy accessibility of VICOBA loans promotes livelihood improvement for its clients. VICOBA also promote social solidity between group members and the culture of saving (Rutenge, 2016).

Previous studies indicate that studies on women empowerment in Tanzania are concentrated in SACCOS. For instance, Shekilango (2012) assessed the role of SACCOS microcredit on women empowerment in the Mbeya district. Josephat et al. (2017) evaluated the role of SACCOS empowerment in the Kondoa district in Tanzania. Mwanga (2016) and Kyara (2013) examined the role of mixed MFIs on the empowerment of women in the Kilimanjaro region, to list a few. Malamsha and Zakaria (2016) proclaimed that shares and loans, income-generating activities, leadership, accountability and education of members determined the sustainability of VICOBA in Tanzania but the study did not assess the roles of social-cultural and political variables.

Mzingula (2020) found that in Lushoto district, Tanzania, the Mshikamano VICOBA group experienced a 70% default rate where gender, business, and loan amount were the determinants of loan repayment performance. Mwaipopo and Dauda (2019) contended that VICOBA promoted the accessibility of microcredit for the majority of women in Tanzania and hence they catalyzed women empowerment, despite no empirical data that validated their argument. Gomera and Oreku (2020) found that the use of ICT in promoting the performance of VICOBA was insufficient. However, this study did not assess how the use of ICT promoted women empowerment of the VICOBA clients.

Therefore, the gap filled by this study was assessing the role of VICOBA microcredits on women empowerment, particularly, economical, social-cultural, political and legal empowerment. To the best of the author's knowledge, none of the studies has examined the role of VICOBA microcredits on women empowerment. Moreover, the variable of legal empowerment was missing in previous studies that assessed the role of MFIs on women empowerment. Therefore, the objective of this study was to assess the role of VICOBA microcredits on economical, social-cultural,

political and legal empowerment. The research question was: What is the role of VICOBA microcredits on economical, social-cultural, political and legal empowerment?

### **Microcredits and Women empowerment theories**

The microcredit theory was established in Bangladesh by Prof Mohammad Yunus in 1976. The theory states that microcredits have the potential to reduce poverty among the destitute especially in developing countries (Rahman, 1999). It also has a role to empower the disadvantaged and excluded groups of the population such as women and disabled people. At the same time, microcredit promotes world peace. Jinia (2016) stressed that microcredit empowered women to decide in Bangladesh. Though the impacts were not direct, microcredits facilitated the acquisition of assets and promoted the decision-making ability of women. The impacts of microcredit in developing countries include the creation of women access to capital, self-employment, assets ownership and an increase in poor women respect.

A Nijera Kori NGO, operating in Bangladesh denounced the microcredit package by arguing that it is a trap for destitute and rural women. The condemnation was justified because the lending organizations distillate mainly on loan recovering rather than devising techniques to ensure that the loans benefit the women borrowers (Kabbeer, 2002). World Bank (2014) viewed that when women are empowered economically, socially, and legally they usually increase their decision-making aptitude. Huis et al. (2017) proposed a women empowerment model of three levels. The first dimension is micro-level, where personal beliefs and actions lead to individual empowerment. The second level is the middle level in which empowerment occurs when personal beliefs and actions are integrated with others. At the large level, empowerment is observed at the societal level and it becomes broader. Mersland (2005) regarded microcredit as a resource that helped disabled people in developing countries to gain economic empowerment. However, the study argued that asymmetric information deterred the diffusion of microcredit for women.

Rappaport (1981) considered empowerment as an increase of self-determination and autonomy of individuals in the communities. The individual's autonomy promotes decision making, allocation, control and use of resources profitably. The theory of empowerment stresses that empowerment outcome is dictated by activities, actions, structures and processes (Rappaport, 1984). The level of empowerment from individuals, communities and organizations varies (Zimmerman, 2000). Microcredit

is being regarded as one of the resources used for empowerment, provided that women obtain, control, and use it. Some scholars regarded women empowerment only in economic terms (Wong, 2003). Malhotra, et al. (2002) argued that women empowerment occurs at personal, community and a wider level. Malhotra et al. (2002) further classified the empowerment variables into economic, familial/interpersonal, socio-cultural, psychological and legal dimensions.

Jinia (2016) presented the history of the microcredit theory but the study did not examine how the variables of the theory influenced women empowerment. Gatimu (2014) related the microcredit theory with loan default in Kenya. Mader (2016) aligned the microcredit theory with digital financial inclusion. Nonetheless, the study did correlate microcredit theory with any type of empowerment. Metrine (2018) emphasized that the small loans offered by the savings and credits groups empower women economically since it is offered without collateral and at a small rate of interest. However, the study linked the microcredit theory with poverty reduction and not with economical, social-cultural, political and legal empowerment. Jameel (2015) argued that microcredits promote economic empowerment, particularly in increasing income, consumption, facilitating access to business capital and payment for education and health expenses. However, the study did not align the microcredit theory with social-cultural, political and legal empowerment.

The literature indicated that most of the previous studies correlated microcredit theory with economical empowerment but they did not link the theory with economical, social-cultural, political and social empowerment. The findings further indicated that none of the studies linked the microcredit theory with the empowerment of VICOBA clients.

## **2. Empirical Literature Review**

Jaafar and Alwazni (2019) found that microcredits positively influenced the monthly food consumption budget, assets, education, other expenses and assets acquisition in Malaysia. Al- Mamun et al. (2014) observed that the microcredit package in Malaysia promoted women clients to make household decisions, achieve financial security, gain control of their resources, improve their mobility and awareness in legal matters. Jackson and Roland (2016) revealed that women in Nigeria were less economically empowered because microcredit access was restrained by low access to information, discrimination and inflexible lending practices. Similarly, Mersland (2005) unveiled that asymmetry information

challenges constrained disabled individuals in developing countries to access microcredits.

Li et al. (2011) confirmed that in China the microcredit empowered women on financial assets control, movement, purchasing power, decision-making ability and awareness in legal issues. Graflund (2013) revealed that microcredit significantly and positively empowered women on economic and social empowerment in Bangladesh. Akhter and Cheng (2020) exposed that microcredit led to increased women involvement in decision-making, awareness of legal issues, free mobility and improvement in the standard of living in Bangladesh.

Miedema et al.(2018) measured the empowerment of women in East African countries considering their wellbeing, health, and capability to achieve their potentials. Specifically, the variables under analysis were social assets, beliefs, gendered attitudes and household decision making participation. However, the study did not consider the political and legal dimensions of women empowerment. Shakya (2016) assessed the role of microfinance in enhancing the participation of women in a leadership position and household decision making in Nepal. Addai (2017) assessed the relationship between microfinance and the social and economic dimensions in Ghana while Wanjiku and Njiru (2016) examined the role of MFIs on women economic and social empowerment dimensions in Kenya. Debnath et al.(2019) revealed the empowerment of microcredits on economic, legal awareness and social culture aspects in Bangladesh.

Kyara (2013) analyzed the factors which hindered the empowerment of Microfinance women clients in the Kilimanjaro region, Tanzania. The respondents were clients from BRAC Tanzania, VICOBA, SACCOS, FINCA and Opportunity Limited Moshi. The study found that poor loan repayment, interference from politicians, funds payment delay, bureaucracy, corruption, and lack of faithfulness among MFIs staff were the factors that deterred women empowerment. Nonetheless, The study did not focus on any type of women empowerment, rather it was a general study.

Kato and Kratzer (2013) assessed how Rural Initiative and Development Enterprises Limited (PRIDE) Tanzania, Small Enterprise Development Agency (SEDA) and Small Industries Development Organization (SIDO) empowered women

in Arusha, Manyara and Morogoro regions. The study concentrated on variables of business control, savings and making decisions.

Mwanga (2016) assessed the economic empowerment of women in the Siha district in Tanzania. Clients were from Uchumi Commercial Bank, Umoja SACCOS Magadini, and Women Development Fund staff in the Siha district of the Kilimanjaro region. The study disclosed that women were empowered by MFIs on assets acquisition, access to business education, capital, meeting the health expenditure and promoting the decision-making ability in their households. However, the study did not focus on legal and political empowerment variables.

Shekilango (2012) bared that women SACCOS clients in Mbeya rural district were empowered economically in terms of accessing the capital for business, assets ownership, participation in leadership and financing the education and health expenditures. Gwahula and Mrema (2016) reported that PRIDE women clients in the Shinyanga region were empowered in such a way that their participation in PRIDE reduced violence and gained entrepreneur knowledge. Also, participation in MFIs activities increased saving and reduced the rate of microcredit interest for them. Similarly, the two studies did not concentrate on political and legal empowerment.

The current studies on the role of microcredits focused on the diverse variables of women empowerment. For instance, Chale and Medard (2020) on economic empowerment. Debnath et al. (2019) on economic, and social-cultural empowerment; Akter et al. (2021) on political empowerment; Debnath et al.(2019) and Hofbeck (2013) on legal empowerment and Khursheed (2021) on psychological, economic and political empowerment. However, the empirical studies indicated that none of the studies integrated economic, social-cultural, political and legal empowerment.

The empirical literature further indicates that the studies on the role of VICOBA microcredits on the empowerment of women are missing. Moreover, the reviewed studies expose that, in Tanzania, most of the studies articulating the role of MFIs on women empowerment were done in SACCOS. Therefore, the author was motivated to examine the role of VICOBA microcredits on women empowerment. This study broadly covers the economic, social-cultural, political and legal empowerment variables and is the first study that hooks up microcredits and women empowerment. VICOBA have spread all over Tanzania and microcredits disbursement is one of their major activities. Hence, the author was interested to assess if the disbursement of microcredits facilitates women empowerment of the VICOBA clients.



### 3. Methodology

The study adopted the descriptive and explanatory research design. The study was done in the Korogwe town council which has 11 wards (see Table 3.1) and the author selected randomly only four wards since the VICOBA groups in the wards were homogenous. The selected wards were Mtonga, Manundu, Masuguru and Old Korogwe, which had 1160 women. Since the study focused on women empowerment, only 1118 women clients were considered for the study. The planned sample size was 11.4% of the population which was 128 clients. According to Bullen (2014), a sample worth ten percent of the population is appropriate for the analysis of data. However, the 101 women clients submitted the questionnaire which was a 78.9% response rate. A rate of response equal to 30% or above is good enough for the analysis of quantitative data (Hair et al., 2018). The systematic sampling technique was used to select the VICOBA clients for the survey. The author used the VICOBA clients listed in the town council register to select every 10th member of VICOBA for the survey. The systematic sampling technique was used because the researcher accessed the list of the total clients, the population was relatively large, the data did not exhibit a pattern and the risk of data manipulation by the researcher was low (Blokhin, 2021). Data were collected in November 2021 during the prevalence of the COVID 19 pandemic. The questionnaires contained the client's demographic information and the variables of women economic, social-cultural, political and legal empowerment. The clients were requested to rate the sub-variables of the four variables using the 5-Likert scales which were 1-Strongly disagree, 2-Disagree, 3-Neutral, 4 Agree and 5-Strongly disagree. The researchers pretested the questionnaire before administrating it to respondents. Consent from the respondents was sought before filling the questionnaires. After the collection of data, screening was done to confirm the proper collection of the questionnaire and to check if there were outliers.

The SPSS software was used for descriptive data analysis. Moreover, Stata software was used for canonical correlation analysis. The assumptions of canonical correlation analysis such as normality, linearity and homoscedasticity were tested. The reliability of data was computed using the Cronbach Alpha statistics. The average Cronbach Alpha recorded a value of 0.769 confirming the data were reliable (Quansah, 2017). The researcher cited all relevant literature and data fabrication and falsification were avoided.

**Table 3.1: Distribution of VICOBA in Korogwe Town Council**

| Ward         | No of VICOBA | Members |        | Total members | Percentages |         |
|--------------|--------------|---------|--------|---------------|-------------|---------|
|              |              | Male    | Female |               | Male        | Females |
| Mtonga       | 08           | 17      | 203    | 220           | 7.7         | 92.3    |
| Manundu      | 11           | 10      | 320    | 330           | 3.0         | 97.0    |
| Majengo      | 07           | 5       | 205    | 210           | 2.4         | 97.6    |
| Magunga      | 07           | 26      | 174    | 200           | 13          | 87      |
| Masuguru     | 05           | 5       | 125    | 130           | 3.8         | 96.2    |
| Kilole       | 09           | 10      | 250    | 260           | 3.8         | 96.2    |
| Bagamoyo     | 03           | 0       | 86     | 86            | 0.0         | 100     |
| Old korogwe  | 18           | 10      | 470    | 480           | 2.1         | 97.9    |
| Mgombezi     | 08           | 23      | 214    | 237           | 9.7         | 90.3    |
| Kwamndolwa   | 04           | 2       | 115    | 117           | 1.7         | 98.3    |
| Kwamsisi     | 15           | 41      | 397    | 438           | 9.4         | 90.6    |
| <b>Total</b> | 95           | 149     | 2,559  | <b>2,708</b>  | 5.1         | 94.9    |

Source: Korogwe Town district Council, 2020

Table 3.2 shows the number of planned versus actual respondents who returned the questionnaires. The researcher intended to use 10% of the population as indicated by Bullen (2014). However, in order to overcome the problem of the missing responses, in the Old Korogwe ward, the planned number of respondents was increased to 13.4% because the ward had a large number of women than the other wards.

**Table 3.2: The number of planned and surveyed respondents in the four wards**

| Name of the ward | Planned respondents (10%) | Actual respondents |
|------------------|---------------------------|--------------------|
| Mtonga           | 21                        | 16                 |
| Manundu          | 32                        | 25                 |
| Masuguru         | 13                        | 10                 |
| Old Korogwe      | 63 (13.4%)                | 50                 |
| <b>Total</b>     | <b>128</b>                | <b>101</b>         |

## The Model

### Canonical correlation analysis (CCA)

Since there are one independent variable and many dependent variables, the normal multiple regression analysis was not suitable for this case. Hence, the multivariate analysis particularly, the Canonical Correlation Analysis (CCA) were applied. According to Marlow (1980), CCA is one of the multivariate methods through which the relationship between two sets of independent and dependent variables say X and Y, is ascertained. The model is been written as follows:

$$Y(\pi_i) = X(E_1, E_2, E_3, \dots, E_n)$$

Where  $\pi_i$  ( $i = 1, 2, 3 \dots m$ ) are the measure of effects of microcredit on women empowerment which is categorized into:

1= Economic empowerment

2= Social-cultural empowerment

3= political empowerment

4 =Legal empowerment and  $E_j$  measures the sets of the explanatory variable, in this case, the role of microcredit.

The canonical correlation analysis determines the values of correlation of microcredit which maximizes women empowerment. First, canonical analysis determines linear combinations of the explanatory variables that are most highly. Therefore, the higher the correlation coefficient indicates that the independent variable predicts well the dependent variables.

#### **4. Empirical Results**

Demographic information for VICOBA Women borrowers

The results from Table 4.1 shows the demographic information of the women VICOBA clients. The findings show that majority of the respondents (about 50%) were married borrowers. However, the findings from Table 4.1 also present other women's marital statuses. The married clients were high because they borrowed from VICOBA to finance the family's needs as they possessed a large number of dependents compared to other groups. Addai (2017) attested that marital status positively influenced the economic and social empowerment of MFIs clients in Ghana.

The findings further show that majority of the women borrowers were having primary education, followed by secondary education. The other level of education for women clients is indicated in Table 4.1. Possession of primary education facilitates the training of clients in various issues including entrepreneurship and investment analysis and promotes the earlier repayment of loans. Salum (2017) revealed that the majority (87%) of VICOBA clients in Rorya district in Tanzania possessed primary education. Addai (2017) attested that the level of education positively influenced the economic and social empowerment of MFIs clients in Ghana.

The information about the occupation of women clients divulged that agriculture and business occupied larger compositions and few women were employed while other few performed the artisan activities. The viability of the agriculture and business activities motivated VICOBA clients to borrow loans and invest in those activities. The findings further show that majority of VICOBA clients borrowed loans to finance largely agriculture and business activities. Rathirane and Semasinghe (2013) found

that agriculture and business activities promoted positively and significantly women economic empowerment in Sri Lanka. Okesina (2021) argued that 70-80% of women who borrowed loans from MFIs in Nigeria paid back compared to 40% of men because they feared the social sanctions

**Table 4.1: Demographic information for female VICOBA borrowers**

| <b>Marital Status</b>  | <b>Frequency</b> | <b>Percent</b> |
|------------------------|------------------|----------------|
| Single                 | 12               | 11.9           |
| Married                | 50               | 49.5           |
| Divorced/separated     | 23               | 22.8           |
| Widow/Widower          | 16               | 15.8           |
| <b>Education level</b> |                  |                |
| None                   | 2                | 2.0            |
| Primary                | 60               | 59.4           |
| Secondary              | 25               | 24.8           |
| Certificate            | 3                | 3.0            |
| Diploma                | 7                | 6.9            |
| Degree and above       | 4                | 4.0            |
| <b>Main Occupation</b> |                  |                |
| Agriculture            | 44               | 43.6           |
| Business               | 43               | 42.6           |
| Employment             | 9                | 8.9            |
| Artisan                | 5                | 5.0            |
| <b>Total</b>           | <b>101</b>       | <b>100.0</b>   |

Table 4.2 shows that the minimum and maximum age of the VICOBA women borrowers were 20 and 78 respectively. The findings indicate that women of different age categories borrowed and invested loans in multiple activities. However, the majority of borrowers (more than 60%) were those from the active age group (18-50 years). Mila and Minot (2018) revealed that higher women empowerment were correlated to education and age. However, Batool and Jadoon (2018) found that age had no significant influence on women empowerment in Pakistan. Similar findings were revealed by Addai (2017) in Ghana. The findings further disclose that experience in borrowing from VICOBA ranged from 1-12 years indicating that women clients were having diverse experiences. This facilitated those with a low level of experience to learn from experienced colleagues on the viable use of loans. The experienced borrowers shared their experiences in the operation of agriculture production and business activities and this assisted the other clients to invest the loans profitably. Rathirane and Semasinghe (2013) disclosed that experience in borrowing influenced positively women empowerment in Sri Lanka.

The number of dependents for women borrowers ranged from 0-12. According to Yeboah and Oduro (2018), the high number of dependents influenced negatively the repayment of loans. In the surveyed wards the repayment rate of the loans was 95%, confirming that the number of dependents did not hinder the loan repayment. Furthermore, the findings revealed that the loans issued in 2020 varied from Tanzanian Shillings (TZS) 10,000 to 5 million. The variances were attributed to diverse economic status among the women clients in the groups. The client's economic status determined the number of shares deposited per week and hence influences the amount of loans issued by a particular VICOBA. The study revealed that VICOBA set a regulation of issuing loans worth three times the client's shares. For instance, the analysis indicated that some borrowers from SES and Jangwani group borrowed up to 5 million TZS because they were government employees and hence had the capability of depositing a large amount of weekly shares.

However, the Vumilia kwa Mkole-group was composed of a poor family consolidated by the TASAF programme. The group members from the TASAF group borrowed up to TZS 10,000 because they faced the challenge of depositing a large number of shares per week. Therefore, the study revealed that the income-earning assurance determined the amount of shares deposited per week. For instance, in the Mshikamano group members were allowed to deposit up to a maximum share of TZS 33,000 per week (1 USD=2310 TZS). Massawe (2020) asserted that in the Arusha district, savings determined the loan amounts issued to VICOBA's members. Hence, the economic empowerment was highly realized for VICOBA groups that saved effectively.

**Table 4.2: Descriptive Statistics**

| <b>Descriptive variables</b> | <b>N</b> | <b>Minimum</b> | <b>Maximum</b> | <b>Mean</b> | <b>Variance</b> |
|------------------------------|----------|----------------|----------------|-------------|-----------------|
| Age of VICOBA clients        | 101      | 20             | 78             | 43.43       | 152.827         |
| Experience (Years) in VICOBA | 101      | 1              | 12             | 4.55        | 6.870           |
| Number of Dependents         | 101      | 0              | 15             | 4.61        | 4.739           |
| Loan issued in 2020          | 101      | 10000          | 5000000        | 402871.29   | 411854673267.3  |

### **Results from the Canonical correlation analysis**

The findings from the canonical correction analysis express that the value of Wilk's lambda is 0.76259 signifying that the independent variable explained well the dependent variables and the model was well specified. The results further designate that the value of Pillai's trace is 0.23741 while the value of Hotelling's trace and Roy's largest root were both 0.311321. The coefficients of F-statistics and R-square was 7.4717 and 0.7924 respectively which witnesses the strength of the model (Table 4.3).

The findings from Table 4.3 further depicts that all variables of the model are highly significant. According to Androniceanu, et al. (2020), the F-statistic and Wilks' Lambda value indicates how independent variables estimates the dependent variables. Their values of significance are within the acceptable ranges (Crossman, 2019). The coefficient of R2 is used to indicate how the model is specified, as it is applied in the multiple regression analysis. Pillai's trace, Hotelling's trace and Roy's largest root are always positive and their values indicate the level contribution of independent and dependent variables to the model. The indication of the strong correlation between the explanatory and dependent variables occurs when Roy's largest root and Hotelling's trace are equal (IBM, 2021).

Table 4.3: Statistics of the Canonical correlation analysis

| Coefficient            | statistics | df1 | df2 | F      | Probab>F |
|------------------------|------------|-----|-----|--------|----------|
| Wilk's lambda          | .76259     | 4   | 96  | 7.4717 | 0.0000 e |
| Pillai's trace         | .23741     | 4   | 96  | 7.4717 | 0.0000 e |
| Lawley-Hotelling trace | .311321    | 4   | 96  | 7.4717 | 0.0000 e |
| Roy's largest root     | .311321    | 4   | 96  | 7.4717 | 0.0000 e |

(e=exact value)

Source: Stata Canonical correlation analysis (2021)

The findings from Table 4.4 portray the coefficients of independent and dependent variables. The data shows that the values of economic and political empowerment are negative and they are not significant. The results from Table 4.4b shows the correlation level for each dependent variable and independent variable. The findings show that the correlation between microcredit and economic empowerment is positive, despite the value being small.

The data implies that VICOBA microcredit did not contribute significantly to empowering women economically. This occurred because the loan amount given to the majority of the borrowers was very small and the borrowers lacked adequate skills on loan usage and investment analysis. Moreover, COVID 19 affected partially the execution of economic activities. During the pandemic, the performance of economic activities declined and this scenario reduced the performance of microcredits as well. The findings are concurrent with Jackson and Roland (2016) who revealed that women were not empowered economically by microcredits in Nigeria. However, Chale and Medard (2020) affirmed that VICOBA empowered women economically in terms of enabling clients to build modern houses, expand business capital, finance agricultural production and pay for the basic needs. Datta and Dahu (2021) and

Bhandari (2021) also revealed the Positive influence of micro credit on women economic empowerment in India and Nepal respectively.

The results from Table 4.4a and 4.4b further show that the coefficient of political empowerment is negative and insignificant. The findings indicate that the micro credits did not contribute significantly to political empowerment. During the COVID 19 pandemic, women in the study perceived that it was too risky to invest micro credits in political activities. The findings contradict Akter et al. (2021) who declared that MFI strengthened political mindfulness in Bangladesh. Similarly, Khursheed (2021) found a positive and moderate level of MFIs influence on political empowerment.

The findings, however, show that micro credits contributed largely to social and legal empowerment because the coefficients are positive, the figures are larger and significant. The social-cultural variables express the ability of microloans to empower women, clients to participate in decision making in family, groups and society and gain self-esteem, self-efficiency, freedom of mobility and social acceptance. Also, it included the participation of women in society cultural activities. The sub-variables of legal empowerment were increasing knowledge of legal rights and the ability to exercise their legal rights. The findings are in tandem with Akhter and Cheng (2020) and Debnath et al.(2019) who unveiled that microcredit empowered women on social-cultural dimensions in Bangladesh.

Similarly, Li et al.(2011) confirmed that micro credit empowered women in social dimensions in China. Debnath et al.(2019) revealed the empowerment of microcredits on legal awareness and in Bangladesh. Hofbeck (2013) asserted that in Kenya, women legal empowerment was contextualized by the ability of the MFI group to buy the land collectively.

Table 4.4a: Linear combinations for canonical correlations-Number of obs = 101

| Variable    | Coef.     | Std err  | T     | p>  t | [95% conf. Interval |
|-------------|-----------|----------|-------|-------|---------------------|
| economic    | -.1118966 | .2528902 | -0.44 | 0.659 | -.6136236 .3898303  |
| sociculemp  | .730191   | .307576  | 2.37  | 0.020 | .119969 1.340413    |
| poliemp     | -.2003614 | .2054245 | -0.98 | 0.332 | -.6079177 .207195   |
| legal emp   | .7340713  | .1705799 | 4.30  | 0.000 | .3956457 1.072497   |
| microcredit | .792435   | .1427387 | 5.55  | 0.000 | .05092454 1.072497  |

(Standard errors estimated conditionally)

Source: Stata software (2021)

**Table 4.4b: Correlation between variable list 1 and canonical variates from list 2**

| Variables                   | Correlation value |
|-----------------------------|-------------------|
| Economic empowerment        | 0.1082            |
| Social-cultural empowerment | 0.2943            |
| Political empowerment       | -0.0603           |
| Legal empowerment           | 0.4189            |
| Microcredit                 | 0.4872            |
| R-Square                    | 0.7924            |

## 5. Conclusion

The study indicated that the contribution of microcredits to economic and political empowerment are insignificant. However, the findings show that microcredits influence positively and significantly both social cultural and legal empowerment. Moreover, the correlation values further unveil that microcredits are correlated highly with legal empowerment followed by Social-cultural empowerment. The findings indicated that microcredits did not foster economic and political empowerment. The study noted that COVID 19 pandemic affected the contribution of microcredit on economic and political women empowerment.

This study contributes to microfinance literature by examining the contribution of microcredits on VICOBA women borrowers' empowerment in the four dimensions which are economic, social culturally, political and legal. In literature, to the best of the author knowledge, none of the studies has examined the role of microcredits in VICOBA focusing on the four dimensions. The peculiarity of this study is to link the microcredit theory with economical, social-cultural, political and social empowerment. Since most of the previous studies associated microcredit theory with economical empowerment. Moreover, this is the first study to interrelate the microcredit theory and empowerment of VICOBA clients. Assessing the contribution of microcredits on the empowerment of VICOBA women clients is essential because VICOBA serve the majority of poor women both in rural and urban areas in Tanzania. The study recommends that VICOBA clients should be trained on economic and political aspects to promote economic and political empowerment. The policy makers should design policies that promote economic, social-cultural, political and legal empowerment of VICOBA clients.



However, this study concentrated only in one town council where 101 VICOBA women clients participated in the study. The author remarks this as one of the study's limitations. The other limitations include the use of a small sample size and the application of only quantitative data analysis. The author perceives that the larger sample size could offer a more precise result. Furthermore, advanced data methodology such as Structural Equation Modelling (SEM) would possibly offer more desirable results. Therefore, a mixed study is recommended to capture a detailed explanation of the qualitative empowerment variables.

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