AFRICAN JOURNAL OF ACCOUNTING AND SOCIAL SCIENCE STUDIES (AJASSS)

Volume 4 Issue No. 1 2022

TANZANIA INSTITUTE OF ACCOUNTANCY
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Volume 4 **Issue No. 1** **ISSN 2591-6815**

Published by the Tanzania Institute of Accountancy
P.O. Box 9522, Dar Es Salaam,
TANZANIA

TANZANIA INSTITUTE OF ACCOUNTANCY (TIA)

AFRICAN JOURNAL OF ACCOUNTING AND SOCIAL SCIENCE STUDIES (AJASSS)

Volume 4 **Issue No. 1** **June 2022**

ISSN 2591-6815

eISSN2591-6823 ONLINE

Published by the Tanzania Institute of Accountancy
P. O. Box 9522,
Dar Es Salaam, TANZANIA

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AFRICAN JOURNAL OF ACCOUNTING AND SOCIAL SCIENCE STUDIES (AJASSS)

ISSUED TWICE A YEAR

EVERY JUNE AND DECEMBER

AFRICAN JOURNAL OF ACCOUNTING AND SOCIAL SCIENCE STUDIES (AJASSS)

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Effects of Credit Management Practices on Performance of Women Owned SMEs in Morogoro Municipality, Tanzania

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Abstract

This paper determined the effects of credit management practices on the performance of women owned SMEs in Morogoro Municipality. Data were collected from 120 women which included both credit and non-credit recipients. A purposeful sampling procedure was employed to select the study district and three wards whereby two streets were selected from each ward randomly. The women's respondents were then selected randomly from each street. Descriptive analysis was used to compute the enterprise performance status of the respondents. The results indicate that 55 percent of the women respondents were credit beneficiaries while 45 percent were not. Among those who received credit, 68 percent used the whole credit to invest in the same business; about 21 percent used 50 percent of the credit received to invest in other businesses besides the core ones and about 50 percent used the credit in non-business purposes. Moreover, about 11 percent of the credit recipients used the whole loan given (100%) in other activities such as family parties and paying school fees. An independent t-test was run to determine whether there is a significance difference in performance among women with and without credits. The performance indicators were all significant in terms of asset value, number of employees, monthly sales, and gross margin at $p>0.05$. The findings show that credit availability influenced the performance of women owning SMEs. The findings also show further that women who received credit and invest the whole of it in the same business were performing better compared to non-credit recipients. It is therefore concluded that if credit is available and women use the whole of it in investing within the business, their SMEs performance will improve. It is recommended that women owning SME's should be encouraged to take the available credits which have competitive interest rates and deploy it in their business in order to enhance performance of their enterprises.

Keywords: Loans management practices, accomplishment, gender, microenterprises, Tanzania.

Received: 25-02-2022
Accepted: 30-04-2022
Published: 30-06-2022
doi: https://dx.doi.org/10.4314/ajasss.v4i1.16

1.0 Introduction

Credit availability refers to a given time a borrower has access to the amount of credit or loan he/she requires. The determinant of credit availability for enterprises is the length of cooperation between the enterprise and the bank, especially if the cooperation gets to the relational character. As Petersen and Rajan (1994) argue, long-term relationship strengthens the bank's inclination for financing familiar enterprises. However, the cooperation itself does not have to relate to crediting. This is because a lot of information about the condition of the enterprise is supplied through the observation of changes in current trading volume, quality, and the number of contractors or deposit accounts (Włodarczyk et al., 2018), and this is the one that is important for creditors.

Studies on Small and Medium Enterprises (SMEs) reveal that access to credit is an impediment to SMEs' contributions to national economic development (Onyimba & Muturi, 2016). However, sometimes credit to SMEs has caused trauma and perpetuation a vicious cycle of financial problems to the majority of borrowers or credit recipients due to none or delayed repayments. As Gichana and Barasa (2013) argue, repayment of credit/loans affects performance of rural enterprises. This is because outstanding loan balances advanced to SMEs keep on growing in the subsequent years due to accrued interests or costs of borrowing, hence depicting a problem with the performance of these enterprises. However, availing credit to SMEs does not necessarily lead to additional assets; expanding market share nor increase in the ability to purchase additional stock. Instead, it determines SMEs' competitive readiness and the ability to fully exploit and participate in the global, national or local economies and business opportunities stemming from these areas (Eton et al., 2019; Emad et al., 2014).

Small and Medium Enterprises (SMEs) cover non-farm economic activities mainly manufacturing, mining, commerce, and service sub sectors (Turuka, 2013). However, there is no universally accepted definition of SME. Different countries use various measures of size depending on the purpose and the reasons. For instance, in the United Kingdom (UK) a small enterprise is defined as the one ranging from 5 to 2000 employees depending on the nature of the industrial sector (Kibera, 1996). The European Union Enterprise and Industry (EUEI), (2012), define a small business as one that has fewer than 50 employees. However, in Australia a small business is generally defined by Fair Work Act 2009 as one that has fewer than 15 employees. Moreover, in the context of Tanzania, SMEs are those enterprises engaging up to 4 people with a capital investment ranging from Tsh 5 million to TShs. 200 million (URT, 2012). In addition, the amount of sales (sales turnover), value of assets, net profits, and the balance sheet alone or in combination can also be used to define small companies in addition to the number of employees (Turuka, 2013).

Women are active in micro, small, and medium scale enterprises (MSMEs), but face many problems in developing their businesses (Kalleberg & Leitch 2017). Moreover, besides the common challenges small-scale entrepreneurs face, women are also claimed to face gender bias in the socio-economic environment including in employment, wages, and access to economic resources in the business areas in which they operate (Mayoux, 2001). Furthermore, women face additional or at least different social, cultural, educational, and technological challenges than is the case with men in establishing and developing enterprises and accessing economic resources (Mayoux, 2001).

In addition, it is also argued that women in most societies carry additional burden of family and domestic responsibilities, which have a limiting impact upon their ability to generate income outside of their homes (Sharma, 2015). As Sharma et al. (2012) claimed, females are supposed to be more efficient than men in the management of entrepreneurial related activities because of their hardworking nature, desire to upgrade family status in the society and the desire to become economically independent. Women normally nourish the whole family including their children. Therefore, it is argued that if women would be self-employed and educated, they could give proper education to their children, contribute to household expenditure, take better individual decisions of their own and their dependents, and gradually take an important part in the nation's and global development agenda (Sharma, 2015).

However, despite their crucial role in the economy and in supporting their families and the country in general, most women lack proper understanding of the uses of the credit they receive leading to poor business performance as opposed to their male counterparts (Ekpe et al., 2010). Furthermore, Kalleberg and Leitch (2017) argue that women can succumb to business failure due to the fact that some of their businesses sustain lower sales volumes and lower incomes based on positioning themselves in less profitable industries. In addition, some women owned SMEs collapse due to lack of proper credit management practices (Pilipinas, 2014). These factors normally affect entrepreneurial performance and include but not limited to lack of credit, savings, education or training, human resource management, marketing information, application of information technology and social capital (Ekpe et al., 2010). Therefore, if women owned SMEs are faced with some of these challenges, they will definitely experience low business growth and expansion.

Moreover, several researchers (i.e., Gatuhu, 2013; Maritim, 2013; Asante, 2018; Edwin & Omagwa. 2018) have dwelt on women owned SMEs extensively. However, they have mainly focused on the relationship between credit risk management and financial institutions. In addition, they focused on the supply side, that is, the financial institutions such as the banks and non-financial institutions in assessing how these institutions manage credit. This is because most of these researchers were interested in the problem of poor credit risk management, mitigation measures, and failure to recover from collateral, and not in the other side of credit recipients and specifically women.

Therefore, this paper looked at the practice in the demand side (i.e. borrowers) especially the women who do receive credits from different financial institutions, and the manner in which they manage those credits to improve the performance of their enterprises. This is because if credit management is not given much attention and especially from the recipients' side, then women owned firms are likely to fail and face bankruptcy (Kargar & Bluemental, 1994). These will results to the borrowers' failure of paying back the loans, which will affect both the borrower and lenders' performances. The study therefore, seeks to answer the following questions: (i) what are the forms and types of credits received by women owned SMEs in Morogoro Municipality? (ii) How are the credit received by women used and managed in their business endeavours?

According to the Literature, an SME refers to a Small and Medium Enterprise. Kessy and Urio (2006) define SME as a productive activity of either producing or distributing goods and or services, mostly undertaken in the informal sector. In terms of credit management, Nelson (2012) defines an SME as the practice used by an organization to manage the sales they make on credit. This is a common practice in most business organizations that have credit transactions, and it is their objective to make sure that credit risks are minimized. Myers and Berkley (2013) define credit management practices as the strategies used by an organization to ensure that the level of credit in the firm is acceptable and it is managed effectively. It is part of the financial management that comprises the analysis of credit, rating of credit, classification and reporting of credit. On the other hand, there has been an ambiguity in defining business performance (Franco-Santos, 2007). According to literature there is no consensus about what really constitutes business performance. However, Rai et al. (1997) define business performance from the firm output perspective, using value added by the organization and total sales. This includes business results, which are assessed using return on assets (ROA) and return on equity (ROE); measures of financial performance; and intermediate performance, which are assessed using labour productivity and administrative productivity. Business performance can also be measured using a gross margin (GM) although it has its limitations and therefore it is being applied differently in different businesses and industries (Whitish, 1986). Moreover, as observed by Harash et al. (2014) there are various indicators which can be involved in measuring enterprise performance some of which are objective, subjective, and operational measures. Therefore, for the context of this study, GM was employed to measure enterprise performance based on its simplicity and its association with sales volumes, selling prices and the costs of sales (Whitish, 1986).

This study is guided by two theories of Information Asymmetry (IA) and Transaction Costs (TC) and The theory of asymmetric information and transaction costs economies theory (TCE). The Information asymmetry is a situation whereby business owners or managers know more about the prospects for, and the risks facing their business, than do lenders (Eppy, 2005; PWHC, 2002). When all parties involved in the undertaking (lenders and borrowers) do not have relevant information, then information asymmetric occurs. In a debt market, information asymmetric tends to rise when a borrower who takes a loan has better information about the potential risks and returns associated with investment projects for which the funds are earmarked. On the other hand, the lender does not have sufficient information concerning the borrower (Edwards & Turnbull, 1994). Thus, knowing credit management practices by borrowers (women owning SMEs), will help them minimise potential business risks and effects of information asymmetry.

According to Williamson (1981), a transaction is a basic unit of analysis. Transaction cost (TC) broadly refers to the cost involved in an exchange. Transaction costs in the credit markets therefore are indirect financial costs generated by various processes. They occur both on the lenders' side as well as on the borrowers' side (Simba & Mugo, 2018). On the lender's side, transaction costs involve the costs of searching, loan administration, and the collection of relevant information. The transaction costs from the borrowers side refer to the time used to negotiate and repay the loan, the number of back and forth trips or travelling to search and negotiate the loan, and security costs which sometimes cause friction in the flow of credit funds, which sometimes prevent credit markets from reaching efficient market equilibrium (Sseggujja, 2010).

The TCE is relevant to the current study because for women who have applied for loans, the TC might be too high to promote growth of their businesses. Therefore, some women may not apply for the loans for fear of TC which also include the opportunity cost of time taken to negotiate for the loan and costs involved in the loan processing.

2.0 Methodology

The population of the study was the women owned SMEs in Morogoro Municipality, Morogoro Region, Tanzania. The cross sectional research design was used for gathering both quantitative and qualitative data which included opinions on the factors affecting performance of women owned SMEs. As with qualitative survey data, the aim was to generate detailed information on the phenomena being investigated as they are derived directly from the people involved or stakeholders (Patton, 2002). However, because of the heterogeneity nature of women owned SMEs in the three wards namely Kilakala, Sabasaba and Kihonda a stratified probabilistic sampling technique was used to draw 120 women owned SMEs spread across key business enterprises such as textiles, stationeries, cosmetic stores, hotels and food catering joints (restaurants) in Morogoro Municipality.

Data collected from questionnaire were analysed using the Statistical Package for Social Sciences (SPSS) software. Descriptive and inferential analyses were used to present the findings of this study. Descriptive analysis aimed at showing the respondents demographic characteristics in relation to the effects of credit management practices on the performance of women owned SMEs in Morogoro Municipality. In addition, , content analysis approach through first understanding the respondents' views, interpreting them and putting in writing (Tundui, 2012)was used in analysing qualitative data. Then, the respondents' explanations and observations were matched with the literature and empirical findings from other studies.

3.0 Results and Discussions

This section discusses the results whereby the respondents were only women who were the owners of small and medium enterprises within Morogoro Municipality.

3.1 Socio-economic Characteristics of the Respondents

The study assessed the age of the respondents and the results as presented in Table 1 show that, the majority (35%) of the respondents were in the age group of between 30-39 years. About 34.2 per cent of the respondents were in the age group of between 40-49 years, 17.5 per cent were between 20-29 years, 7.5 per cent were between 50-59 years and the remaining 5.8 per cent were between 60-69 years. These findings imply that, women belonging to the age group of between 30-39 years were more engaged in entrepreneurial activities than those belonging to other age groups. This is because people in this age group have family responsibilities to take care of; hence, they establish their business in order to support their families. These findings are consistent with the findings in a study by Maziku (2014) and a study by Mchome (2016) who revealed that most of the small and medium business owners were young of the average age of 40 years.

Table 1: Characteristics of the Respondents (n=120)

Variables	Frequency	Percent (%)
Age		
20-29	21	17.5
30-39	42	35.0
40-49	41	34.2
50-59	9	7.5
60-69	7	5.8
Education level		
Primary	35	29.2
Secondary	57	47.5
Tertiary (cert &diploma)	23	19.7
University	5	4.2
Marital status		
Single	31	25.8
Married	66	55.0
Separated / Divorced	7	5.8
Widowed	16	13.3
Household size		
<3	44	36.67
4-9	74	61.67
10>	2	1.67
Years in current Business		
<5	61	50.83
5-10	56	46.67
11>	3	2.5
Total	**120**	**100**

The study assessed the educational level of the respondents and the results as presented in Table 1 show that about 47.5 per cent of the respondents had secondary education, 29.2 per cent had completed primary education, 19.7 per cent had tertiary education, and a few, that is, 4.2 per cent had university education. This indicates that most of the women entrepreneurs have secondary education, hence they are more engaged in business probably after missing the opportunities of continuing with post-secondary education at a diploma or degree levels. This can have an impact on their business performance, since very few secondary schools provide training on entrepreneurial skills. These findings are consistent with the findings in a study by Mchome (2016).

The study assessed the marital status of the respondents. The results as presented in Table 1 show that about 55 per cent of the respondents were married, 25.8 per cent were single, 13.3 per cent were widowed and the remaining 5.8 per cent were divorced or separated. These findings imply that, the majority of women entrepreneurs in the study area are married and engaged in business to supplement family income. However, sometimes, their participation in caring for their families takes up much of their time thereby negatively affecting the performance of their enterprises (Ekpe et al., 2010). A study by Mchome (2016) reveals similar findings that, sometimes, many married women do participate fully in family chores, and therefore resulting in poor performance of their enterprises. The findings also show further that women who were single are ranked second in population size, and most of them were aged below 29 years. This might be due to the argument that probably this group did not get formal employment, and or they have not started family, hence had to resort to entrepreneurship as their main source of income.

The study assessed the household size of the respondents. The results as presented in Table 1 show that, 61.67 per cent of the households had family size of between 4 and 9 members, 36.67 per cent had less than three (3) members and 1.67 per cent had greater than ten (10) members. These findings imply that, most of the women entrepreneurs belong to the households with large family sizes. This tends to affect the performance of their enterprises negatively. This is because they have to spend much of their profits in taking care of their families at the expense of their enterprises. These findings are consistent with the findings in a study by Mwania (2015).

The study inquired about the number of years the respondents had been in the current business. The results as presented in Table 1 show that 50.83 per cent of the respondents had been in their current business for less than five 5 years, 46.67 per cent had between 5 and 10 years, and the remaining 2.5 per cent had been in business for more than ten (10) years. This implies that, most of the women in small enterprises were still at the initial stages of developing their enterprises.

The study assessed the number of the respondents who had receiving credits and those who were not in the study area. The results as presented in Table 2 show that 55 per cent of the respondents received credit while 45 per cent did not.

Table 2: Number of the recipients with and without credit (n=120)

Credit availability	Frequency	Percent
With credit	66	55.0
Without credit	54	45.0
Total	**120**	**100.00**

The study assessed how the respondents were managing the credits they have received and the results are presented in Table 3.

Table 3: Credit management practices of credit recipients (n= 66)

Credit management practices	Frequency	Percent
Whole credit invested	45	68.18
Whole credit divested	7	10.61
Credit subdivided and partly invested	14	21.21
Total	**66**	**100.00**

Women credit recipients were asked to indicate how they were managing credits they received from the financial institutions. The results as presented in Table 3 show that about 68 per cent of credit recipients used the whole credit to invest in their businesses as per credit requirements and as agreed with the lenders. About 21 per cent of the credit recipients used half of it to invest in their businesses and spent the other half for other matters, and about 11 per cent of credit recipients spent the whole credit on other matters apart from investing in business for which the credits were applied for. These other uses include paying school fees, paying house rents, and supporting their spouses. These findings imply that the majority of women who received financial credits were using the credits to boost their capital or investing in their business as intended. However, others were spending only part of their credits to their business and the other half in other expenses. Moreover, some borrowers used the whole loan for purposes unrelated to business investments for which the credits were applied. In this case, the latter group of credit recipients (who diverted the whole credit received) had limited chances of making their business perform well.

3.2 Performance Assessment of Women Owned SMEs

The study used Gross Margin analysis to assess the performance of women owned SME's in the study area as presented in equation 1.

$$GM = TR - TVC \quad \ldots\ldots 1$$

Whereby

GM is Gross Margin,

TR is Total Revenue, and

TVC is Total Variable Cost

The GM analysis results show that women who received credits had higher GM of more than TShs. 2.2 million compared to those who did not and whose GM was about TShs 600,000/= (Table 4). Therefore, the businesses of those with credits were expected to perform better than those who did not have credits.

Table 4: Gross Margin results for women owned SMEs in the study area

Variable	With credit (TShs)	Without credit TShs)
Total revenue (Sales per month)	322,479,416.70	64,759,224.95
Total variable cost (Purchases and labour)	320,263,100.00	64,153,833.00
Gross Margin	**2,216,316.70**	**605,391.95**

3.3. Effects of Credit on Performance of Women Owned SMEs

The study assessed the differences in the performance of women owned SME's through Independent t- test by looking at their asset values, the number of employees, monthly sales, and gross margins. The results are presented in Table 5.

Table 5: Effects of credit management practices on performance (n= 120)

Test variable	Grouping variable	Mean GM	Standard deviation	F-value	Significance (p-value	T-test
Asset value	Group No			6.118	0.015	
	With credit 66	36 559 849.48	13 6719 477.6			1.628
	Without credit 54	6 115 555.56	13 908 717.73			1.798
People employed	Group No			19.709	.001	
	With credit 66	0.61	0.630			-5.038
	Without credit 54	1.13	0.478			-5.177
Monthly sales	Group No			12.678	0.001	
	With credit 66	7 068 787.88	14 481 293.66			2.629
	Without credit 54	1 793 425.98	3 000 691.088			2.885
Gross margin	Group No			6.056	0.015	
	With credit 66	2 216 316.667	8 517 541.848			1.338
	Without credit 54	605 391.9815	2 630 306.919			1.454

The findings as presented in Table 5 show a significant difference in the performance between women's owned SMEs with credit as compared with those without credit. The Levene's test showed that the significance value (p) of the asset is 0.015, which is lower than 0.05. Thus, the variance between two groups is not the same hence; there is a significant difference on asset value between the credit recipients and non-credit recipients as the p value is less than 0.05. Therefore, on average, credit recipients have high asset value of M=36 559 849.48, SD =13 6719 477.6 compared to non-credit recipients (M = 6 115 555.56, SD=13 908 717.73). This implies that, the majority of women with financial credits have access to additional amount of money as capital into their business hence performed better in terms of assets accumulation as compared to those who had no access to credit.

In terms of the number of employees, the results as presented in Table 5 show that, there is a significant difference between the credit and non-credit recipients because p = 0.001, which is lower than 0.05. Since the p-value is less than 0.05, thus the data are confident, as they have violated the assumption of homogeneity of variance. On average, credit recipients had lower number of employees of M=0.61 and SD =0.630 than those without credit having M = 1.13 and SD=0.478. This implies that, the majority of women without credit tend to increase their number of employees, which leads to an increase in the costs of production in their businesses as they add more labour costs leading to a decrease in profits unlike the case with those with credits. These have lower labour costs, thus leads to an increase of their gross margins and profitability. This means that credit recipients are more efficient in maximizing the utilization of the current labour force they have.

The findings as presented in Table 5 show that, there is a significant difference in monthly sales between women with credits and those without credits. These findings are based on Levene's test of significance which shows that, p = 0.001, which is lower than 0.05. Hence, the variance between two groups is not the same. On average, credit recipients have high monthly sales of (M=7 068 787.88, SD =14 481 293.66) as compared to non-credit recipients of (M =1 793 425.98, SD=3 000 691.088). This implies that, the majority of women with credit have access to additional capital into their business and can constantly supply (sovereignty) goods which increase their sales performance of their business.

The findings as presented in Table 5 show that, there is a significant difference between credit recipients and non-credit recipients in terms of the value of

GM at p =0.015, which is lower than 0.05. Hence, the variance between two groups is not the same. On average, credit recipients have high GM of (M=2 216 316.667, SD =8 517 541.848) compared to non-credit recipients (M = 605 391.9815, SD=2 630 306.919). This implies that, the majority women with credit have higher GM values those without.

3.4 Challenges Faced by Women's Owned SMEs in Morogoro Municipality

The study assessed the challenges faced by women owning SME's in the study areas. The responses are as presented in Table 6.

Table 6: Challenges faced by women's SMEs (n= 120)

Challenges	Frequency	Percent
High market competition	42	35.0
Price fluctuations	27	22.5
Government tax	16	13.3
Inadequate product choices	12	10.0
Business premise rental	11	9.2
Credit availability	10	8.3
Interest rates	2	1.7
Total	**120**	**100.00**

Women were asked to indicate the challenges, which are affecting their businesses and specifically, the challenges that contribute to lowering or decreasing their performance. The responses as presented in Table 6 indicate that there are seven dominating challenges which include high market competition, price fluctuation, government taxes, inadequate product choices, business premises rentals and credit availability.

Almost one-third of the respondents, that is, 35 per cent reported facing stiff competition, which was their challenge number one. This is because the majority of women were dealing with food, textile, stationeries, cosmetic stores, and catering whose competition is high. In addition, such businesses have low entry barriers and thus, the dealers of these products use pricing strategy to wage competition. Therefore, if one of the suppliers lowers the price, he /she will attract many customers as compared to those who do not. Hence, women with low capital cannot use price as a competitive strategy.

About 22.5 per cent of the respondents reported facing price fluctuation problem. This is because most of the business tend to perform poorly or sometimes tend to collapse due to price fluctuation from the suppliers. Price fluctuations from the suppliers discourage customers hence sales tend to be unstable. This is due to high price elasticity of demand, which leads to low performance as customers keep on shifting to cheap substitutes available in the market. A good example is the cosmetic products whereby cheap substitutes from China compete with high quality products from Europe, USA, or even from other East African countries such as Kenya.

Government taxes is another challenging area against women owned SMEs profitability. About 13.3 per cent of the respondents reported being victims. Government taxes here refer to the taxes paid to Tanzania Revenue Authority (TRA), and to other taxes paid to the Morogoro Municipal Council as levy. That is, the majority of women complained that, the rates of taxes charged were too high and too many compared to the actual cash flow from their business leading to poor business performance due to low capital accumulation expected to be obtained from recapitalized profits.

About 10 per cent of women respondents who were credit recipients reported having limited choices of products or a variety of products from the suppliers vis-a-vis the demand. Hence, ending up procuring little stock to sell or keeping stocks that are not attractive to customers. As a result, their SMEs tend to lose the market since customers shift to other sellers. In addition, some of them end up investing their capital in slow-moving stocks leading to low profitability.

About 9.2 percent of the respondents reported paying high rental fees to their property owners, which cause them to keep shifting business locations often. This results in losing a lot of regular customers and markets. As a result, the cost of running business becomes high and sales become low. This situation leads to low business performance, hence low profitability.

About 8.3 per cent of the respondents indicated that, credit availability is one of the challenges they are facing. However, credit availability was not rated as high as expected as compared to other challenges. This is because some women are running their business in their own premises, and thus, have collateral in accessing credit. However, women who run their business in rented premises have limited collateral for accessing loans. This, leads to poor performance of their business since they start their business with few assets and small capital bases.

About 1.7 per cent of credit recipients reported of high interest rates offered especially for loans from lenders such as VICOBA and other non-financial institutions. The respondents indicated that the interest rates charged were very high and contributed to low performance of their businesses as the large part of the profit obtained is used to pay back the loan instead of accumulating capital and increasing assets acquisition or expanding their working capital.

4.0 Conclusions and Recommendations

This paper discusses the effects of credit management practices on women owned SMEs performance in Morogoro Municipality, Tanzania. The key questions were the types of credit management practices and the manner in which they affect performance. The findings show that credit management practices include hundred percent invested, hundred percent divested, partly divested, and partly invested in the intended business. The findings show further that about 55 per cent are credit recipients whose majority are aged between 30 to 39 years and are married. Most of the respondents had secondary education and belonged to household sizes ranging from 4 to 9 people. Most of the women are between 5 to 10 years in business. The findings also show that credits have positive effects on women owned SME's performance in terms of gross margins, in other words, credit recipients have higher GM of TShs 2 216 316.66 as compared to non-credit recipients of TShs 605 391.98.

The results show further that credit management practice contributes positively to women owned SME's welfare in terms of asset accumulation, monthly revenues, and gross margins. However, it was not significant in terms of employees in influencing GMs. However, despite the fact that some women owning SMEs in Morogoro have access to credit; their performance is very much influenced by high market competition, price fluctuation, government taxes, high business premise rentals, credit unavailability and interest rates.

The study recommends the following:

i. Women owning SMEs should be encouraged to look for credits in improving their business but should be trained on how to manage it;

ii. Women owning SMEs should be advised and guided to borrow money from financial institutions with reasonable and competitive interest rates;

iii. Women owning SMEs should be advised and encouraged to use credit borrowed for the intended purposes and not diverting it; and

iv. Women who intend to establish SMEs should be advised and guided to establish businesses which are less competitive. This in turn will lead to high switching costs for those who want to copy them and therefore curb competition. Hence, their business profitability will increase.

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