

Factors Influencing Women Join in The Community Savings Groups in Tanzania

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Introduction

To improve their standards of living, women in Tanzania are becoming increasingly likely to engage in income-generating activities. Mayoux, (1997) Community Savings and Credit groups play an important financial role in any nation not only to women but also to men. They are normally formed by people from poor communities who cannot acquire loans from the bank due to a lack of collateral security Mochoge, M, (2016). Therefore, they organize themselves to help each other financially by lending and borrowing among themselves.

In Tanzania, Shauri (2014) did a study to assess the specifically, savings and credit organizations' contributions to reducing poverty. Using the case study of rural households in North Unguja, the findings revealed that these women are most beneficial to saving and credit group to the community because they increased the incomes of their members. Through the loans given to the members from these groups, such members were reported to successfully manage their businesses. By using the funds, they got, the members of these groups were able to pay school fees for their children and meet different household expenses.

According to URT, (2009) Promote social networks to access to new information as well as provide evaluative information about the consequences of behavior. Women likelihood of using contraceptives may be enhanced when they join credit group because related activities such as attending meeting can increase their social interaction Wright, (1997).

However, studies have consistently shown that factors lead to women join and borrow in saving and credit group, to empower women to engaged income generating activities, they can provide more opportunities for their children such as opportunities to get quality education, proper healthy services care well as being in a better position on more of a decision-making role in households Kimberly et al, (2013).

Zaman, (2000) argue that, microfinance allow women to join and borrow loan in credit and saving groups in order to increase sources of income, which helps to smooth out income fluctuations and to maintain consumption levels even during times of emergency. Study conducted by the Bangladesh rural advancement Committee (BRAC) The result on the welfare of its client, found that participation in micro-credit programs reduces vulnerability by smoothing consumption, building assets, providing emergency assistance during natural disasters. Muwanga, H. (2018).

According, Women empowerment strategic impact inquiry (2006), report that village savings and loans associations (VSLA) women households experienced greater food security compared to non-VSLA households. VSLA households also reported a great improvement in the quantity and quality of meals over the last three years, compare to non-VSLA households.

For example, the Rotating Saving and Credit Association (ROSCAS) in Kenya helped women in the Mathere Valley by availing credit facilities with these credit services, women we able to invest in many ventures, send their children to constructed and either repaired or constructed new homesteads.

IFAD (2005), studied a project that gave women a unique opportunity to start their own businesses by setting up a series of savings and credit associations and providing business skills training in Gaza, Palestine. Poverty had increased by at least 45 per cent in September 2000, following the intifada (uprising). An innovative element of the project was the Women's Livelihood Support component, which empowered women by setting up Savings and Credit Associations (SCAs) with the support of the Palestinian Agricultural Relief Committees (PARC). These "village banks" provided women with access to credit and other services, thus paving the way for them to establish their own businesses. The IFAD project covered 176 locations and villages with 7,383 members, registering a total amount of over US\$2.6 million in savings and shares, and a total current portfolio of over US\$3.1 million. Since 2000, the overall credit portfolio has reached over US\$10.1 million. Findings showed that although women were reluctant to use formal credit institutions and lack collateral, they actively participated in savings and credit schemes.

Caretta (2010) in a study on microfinance among women groups in Kisumu, argue that microfinance is the best way to reach the first Millennium Development Goal (MDG) of hunger and poverty eradication on the third MDG on gender equality and women empowerment because 90% to the member of saving and credit groups. This factor leads women joining and borrow fund to saving and credit groups.

According to research on Bangladesh's Grameen Bank by Hossain (1984), borrowers' per-capital income increased by 30%. In 1998, a review of the Bangladesh Rural Advancement Committee's (BRAC) effects was conducted. 500 borrowers who got loans from BRAC were the subject of research. To gauge how much their lives had improved, their earnings were looked at. The study also showed that BRAC borrower households had annual per capital incomes that were 26% greater than those of the control households. Additionally, it revealed that 50% of the borrowing households had annual incomes of more than 19000 taka (Bangladesh currency), compared to only 29% of the non-borrowing households.

But Cowling and Mitchell's (2003) study on the examination of the UK Small Loan Guarantee Scheme was especially pertinent. To experimentally evaluate the default assumption in the foundational work of Stiglitz and Weiss (1981), the study used data set of 42,000 small firm borrowers who were precisely rationed in the debt market prior to their successful application for loan guarantee backed funding.

According, Elizabeth (2013) study show that reason as women joined saving and credit groups with many of them indicating that they joined the group for psychosocial support 17%, to save 16%, buy household 15%, to buy fixed items 14%, to start business 13%, to get loan to pay bills 12%, emergency 5% and community services 7%.

However, Mosley (1996) argue that factor lead women join the credit community are credit have the potential of improving credit users' income and saving and as consequence enhance investment and reinforce high income of the level of household. The finding supported by Kashuliza (1998) who observed that income of the credit users is significantly higher than the income of credit in the Southern highland.

According the World bank, (2014) Saving offers communities in the VSLA system the chance to build up assets and develop income-generating activities: these often take the form of small shops, food processing businesses, and handicraft workshops, among others. Small businesses account for 45% of all employment in developing countries, and their growth is vital to job creation and prosperity. Women are often already engaged in small-scale activities, but access to savings and credit allows them to further develop these activities and secure a return on their investment over the long term. With the savings generated, women can have the means to acquire productive assets normally owned by men, such as land or livestock. As well as financing long term investments, VSLAs can in the first instance help to meet the personal and household needs of women by ensuring an income sufficient to provide enough food, as well as education for children. Beyond this, the aim of VSLAs is to ensure a self-sustaining cash flow through investment in income-generating activities.

Methodology

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

Design

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

Population and sampling

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

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

Statistical Treatment of Data

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

Validity and Reliability

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

Ethical Consideration

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

Findings

Factor Influence Women decide to join in the community Saving and Credit Group

The study found that 52.0 % reported that they were joining in the Community Saving and Credit Group for purpose to increase the income of the business in order to pay children for education expenses, solve household expenses, pay back loan to other run business to get more income, for building new house or repair house and for health expenses. Other finding shows that 6.2% promote social interaction,17.3% Emergence assistance during disaster,10.0% Increase women participation and 14.3% Increase gender inequality. These are reasons of women decide to join in the Community Savings and Credit Group.

Women (35) Years Old from Kisesa A village “two years ago she decided to join in the community saving and credit group (AMANI Group) for increase my income through the small credit and emergence assistance when problems occur now day have investment capital from 200,000 at 2021 to 2,740,000 at December2024”.

The participants during focus group discussion argue that they were faced by a variety of problem such as lack of enough capital to run business decide to joining in the Community Saving and Credit Group in order to increase capital.

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

“Majority of the household who participate in the study had financial problem and inadequate capital to invest in small business and agriculture activities so Women to join in the Community Saving can helps to increase and capital”

The leader from Tupandane Community Saving and Credit Group from Magu Mjini by an informant who said.

“Women who decide to join in the community saving and credit group enjoyed after got loan and increase women participation in economy and social activities to the community”

Figure 1. Women decide to join in the Saving and Credit Group



Mkombe (2005) indicate that savings are among the most important aspects to investment and to come out of income poverty through savings to invest in income generating activities.

However, the study identified the reasons make women to join in the Community Saving and Credit Group, the finding of this study show that 52.0% of woman joining in the Community Saving in the purpose of increase of capital through small business started. These finding similarly of study conducted Morogoro Tanzania with Mkombe (2005) argue that Community Saving and Credit Group are among the most important aspects to Investment and to come out income poverty through saving to invest in income generating activities.

Moreover, Community Saving expand the perspective of member beyond addressing the individual to looking at collective problem and possible responses. Kessy (2006) reported that the study found that women joined community saving and credit groups to manage family expenses such as opening new investments, expanding existing investments, being able to pay school fees, paying for health services, ensuring they had enough food, and being able to invest in other activities.

However, credit for female had a positive in the level of economic women empowerment helpful in the family representative power in the family planning, decision making for issues were house repair and construction, livestock sale and purchases, transaction involving house equipment, women spend of money borrowed for family expenses rather than male spend more out of family expenses Arifull, (2014).

According to Tshuma, N., & Salome, J. (2014), contributing to family savings and spending Credit has significantly improved how much women contribute to household spending and savings. Prior to entering the credit, program women were unable to contribute to family expenses or save any money that would allow them to take action. After enrolling in the credit scheme, women contribute far more. Food costs rise by 241.74%, clothing costs by 567.18%, children's school costs rise significantly, and healthcare costs rise significantly as well. According Mankanja (2013) conducted similarly study it was discovered that 73.3% of respondents used loans to pay for school expenses, 51.6% of respondents used loans to build good, quality houses, 71% of respondents used loans to improve their health status, 64% of respondents improved their food sufficiency, and 37.5% of respondents purchased assets, as opposed to those who did not improve who are negligent 0%. Through loans, they were able to pay for school expenses, build houses, increase the number of houses, increase their assert, and improve their health status in some cases.

Source of start-up Capital

The majority of respondent 48.0 % reported that, women who joining the community saving and credit group the capital of starting the entrepreneur activities are receiving credit from various financial stakeholder such as community saving and credit, Total of 27.0% are grant from the friends and other stake holders while 23.0% of respondents start her business for uses own capital. However, according to Muwango (2018) indicate that 70% of the respondents had access the soft loan from community saving and credit group without collateral.

These finding are supplemented by qualitative data from focus group discussions and face to face interviews. From a Focus group discussion conducted in Chabula Village participants agreed that the capital of start-up small business borrowed from community saving and credit group.

“Participant (31) years old women from Chabula village, is the one of member from Community Saving and Credit Group Called TUIJENGANE Group she argues that due saving wen get loan at 5% interest rate which we are not get before joining in the community saving and credit Group because of us lack assert for collateral. Community Saving and Credit Group helps and to save money for household expenses”.

However, credit are important services in efforts toward increase and maintain the entrepreneur activities argued by Mkombe (2005), that credit is among the important to investment in women economic empowerment especially who start up the small business in order to increase and generating income activities. This study similar with study conducted Eunice ,2017 Morogoro Rural. The majority of the study area's credit beneficiaries (91%) established their businesses prior to obtaining loans from financial institutions. This is because before requesting for a loan, credit agencies needed loan applicants to have an established firm.

Satisfaction of respondents with procedure of community saving and credit groups

Having learnt of procedure of securing loan from the Community Saving and Credit Group it was important to get the clients option of this procedure. The total of 98 participates are respondents as the follows show that 82 % respondents were satisfied with the procedure of credit provide in the community saving and credit groups and only 16% of respondents are not satisfied with process of got loan form the community savings and credit groups.

This are finding supplemented by qualitative data from focus group discussion and face to face interview from focus group discussion conducted in Magu Mjini the participants agreed that they were satisfied with the procedure of credit from saving and credit group for determine the time of application for loan and requirement setting with the members within the group.

The following case of women are member of community Saving and Credit Group is the one of respondent in the study during a face-to-face interview in Nyashimba Village is illustrative of the foregoing when she said;

. "I confidence to say she was satisfied with the procedure of credit in my group because before get credit there are requirement of to feel application form, pay application fees every member must pay TZS 1000 and must have active member"

The application(women) should contact by the leader of group before the day of group meeting and applicant filling special form for credit provided free in order to secure loan women undertaking Income Generating Activities are obliged to form a self-selected small group within the group of maximin five members who know and trust each other well and group should be guaranteed. The criterial for forming small group in large group should not include people from on family this reduces the risk in case the whole group take loan and disappeared. This condition limits access of credit to women who undertake income generating activities. Eunice (2007).

The comment that interest rate charged were high is attributed to the fact that financial institutions provide unsubsidized loans and that the interest rate charged are expected to meet all loan transaction costs plus profit (Kuzilwa et al, 1997) the same rate were found by Chiduo

(2001) in a study conducted at Dar-es-salaam where most of credit clients claimed that the loan conditions of high interest rate was unpleasant and the most difficult one. Other comments were: short grace period (23.5%), low amount of money issued (18.7%), provision of pre-loan savings (5.9%), contribution of transport costs (5.9 %) and group guarantee (4.9%)

CONCLUSION AND RECOMMENDATION

CONCLUSION

The finding from the first objective, it was found that provision of community saving and credit group service (Saving, increase income, promote social interaction, increase gender inequality) were among the major factors which influence women to join community saving and credit group based on these finding conclude that community saving and credit helps women empowerment for provide family expenses such food, housing health expenses, education expenses for children.

However, community saving and credit would be able improve their household income through for school, medicine, house which can increase human capital. The individual's productivity and ultimately contribute to poverty the improving saving credit can be one effective formal institution.

RECOMMENDATION

The recommendations are addressed to the Government, stakeholder and community at large to make women active involvement in economically women empowerment in community saving and credit. The following recommendation are giving in order to inform strategies for supporting community saving and credit group to improve livelihood outcomes communities.

The Government should support all Community Saving and Credit Group implementing agencies to establish an umbrella institution at National level that will work as their networking platform for the purposes of increasing geographical coverage while protecting the authenticity of this unique development Mode.

The potential of Community Saving and Credit Group is not only on credit but, also in other discipline like social aspect. These observations indicate that something needs to be done urgently to improve coverage and increase the number of Tanzanians to be served by Community Saving and Credit Group for their livelihood development.

The government of Tanzania in collaboration with the higher learning institutions should work towards the provision of entrepreneurial skills and knowledge on business management.

Entrepreneurial skills and knowledge on business management are important in making business organization a success.

The Community Saving and Credit Group management should assure continuous training for its members to increase their skills and knowledge in entrepreneurship and financial management. This will enable members to reduce their burden of failure to return loan on time and misallocation of loans.

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