Microcredits and the empowerment of Muslim female entrepreneurs

A comparative study on conventional microcredits and Islamic microcredits in empowering Muslim female entrepreneurs in Tanzania.

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Abstract

Previous research has emphasized the importance of promoting female entrepreneurship in developing countries. Women often lack assets, financial history and are disadvantaged in acquiring wage-employment. In Tanzania, female entrepreneurs face these constraints when seeking resources for entrepreneurial purposes. Provision of microcredits has thereby been highlighted to empower women. Impact assessments of women accessing microcredits has its focus on evaluating a change in the decision-making of women. Our study focusses on combining factors affecting female entrepreneurship and achievements.

Scarce literature has covered the possible empowerment of Muslim female entrepreneurs caused by microcredits in the world and in the context of Tanzania. Many Muslims do not engage in interest-based transactions. Instead, they use the products of Islamic microfinance institutions, who refrain from using interest-based credits. Our study, therefore, aims to explore the possible empowerment of Muslim female entrepreneurs, comparing female entrepreneurs who use microcredits provided by conventional microfinance institutions (MFIs) and Islamic microfinance institutions (IMFIs).

Our study points out in line with previous research that microcredits empower Muslim female entrepreneurs in Tanzania. The study highlights that Muslim female entrepreneurs in Tanzania prefer non-interest-based microcredits over interest-based microcredits, as they are in accordance with their faith.

Keywords: Microfinance, Islamic microfinance, Microcredits, Women empowerment, Resources, Agency, Achievements, Voice, Self-esteem, Self-reliance, Muslim female entrepreneurship, Islamic belief, Interest in Islam, Tanzania
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1. Introduction

1.1 Background and problem discussion

Women in developing countries suffer from constraints in accessing resources. Lack of assets, financial history, low level of financial literacy and limited education all remain as thresholds to accessing necessary resources for entrepreneurial activities (Banerjee, Duflo, Glennerster., & Kinnan, 2014). Women are less likely to access education and health services in developing countries compared to men. Women in developing countries are also limited to the ability to overcome this through employment and income generation (ILO, 2017). Thereby, researchers and policy-makers have emphasized the role of female entrepreneurship in enhancing economic development and labour opportunities as a way forward of closing the existing gender gap (Bardasi et al., 2007; Kobeissi, 2010). Female entrepreneurs in developing countries are disadvantaged in acquiring wage-employment, as they often are forced into small-scale entrepreneurship, in order to sustain their basic needs (Banerjee & Duflo, 2007).

For this reason, microfinance has been argued to solve the issue of credit restrictions for entrepreneurs in developing countries. Microfinance is a set of tools for which financial services contributes to serving entrepreneurs in developing countries. Microfinance institutions (MFIs) provide small credits to entrepreneurs with fixed interest rates to groups and fixed repayment plans (Khandker, 2005). To solve the credit constraints of poor entrepreneurs in Bangladesh, Graamen Bank was the first bank to provide microcredits as a tool for credit extension to poor clients who previously were financially excluded (Armendariz & Morduch, 2010). The bank established the group-based methodology. Group-based microcredits rely on credits provided to poor entrepreneurs without collateral requirements. In group-based lending, the members of the group share a group responsibility to repay the group debts, referred to as joint liability (Armendariz & Morduch, 2010).

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1 The gender gap is an index framework which estimates gender inequalities in the world. The framework measures four dimensions on gender inequalities; economic participation and opportunity, educational attainment, health, survival and political empowerment. (World Economic Forum, 2018)
Supporters of microfinance programs argue that this form of lending is beneficial for women as they often lack physical collaterals which are necessary to access credits from formal institutions\(^2\) (Khandker, 2005). The issue of financial exclusion is persistent in Tanzania, similarly to other developing countries. The scope of financial exclusion in Tanzania showed in 2017 that 30 per cent of all women in Tanzania were excluded from all financial services (FSDT, 2017). Seeking credit for business development or start-up is a critical issue for women in Tanzania.

One group of women which has been missing in the debate of credit expansion to female entrepreneurs is Muslim women. As it is prohibited to engage with interest-based transactions within Islam, Muslim female entrepreneurs arguably experience financial exclusion to a more substantial degree than their counterparts (Qureshi, 1991). Noticing the prevalence of traditional gender-roles limiting women to access employment in Tanzania, we argue that activities in stimulating female entrepreneurship remain vital. 30 per cent of the population in Tanzania is estimated to be Muslim (CIA, 2017). The number of Muslim entrepreneurs who lack access to credits for entrepreneurial activities is still unknown, as research on this field has been limited (Tammani & Liu, 2017).

Although the presence of Islamic Banks has increased globally, the microfinance sector, which deals with credits in compliance with Islam is small (Sulayman, 2015). As noted, there exist a knowledge gap concerning the demand for microfinance services by Muslim micro entrepreneurs and generally on the topic of Muslim female entrepreneurs in Tanzania. Most Muslims in the world have a strong belief that engaging with interest in Islam as unlawful (Billah, 2014). Masyita and Ahmed (2013) found that most Muslims prefer interest-free credits, as opposed to interest-based, microcredits in Indonesia. The reason for this being that interest-free microcredits are in line with their belief. We acknowledge that differences amongst Muslims in the world exist in how they view Islam, and we believe that this also is the case for Muslim female entrepreneurs in Tanzania. It is therefore vital to first understand the importance of Islamic belief about accessing microcredits in Tanzania.

\(^2\) By formal institutions we refer to banks and formal lending institutions.
Furthermore, the existing knowledge gap has an impact on the assessment of Muslim female entrepreneurs accessing credits through Islamic microfinance institutions (IMFIs) in Tanzania. We therefore believe that the preferences of Muslim female entrepreneurs who access microcredits is vital. To understand the possible impact of microcredits on their lives is thereby motivated. As the aim is to study the relationship between microcredits and empowerment of Muslim female entrepreneurs. Our study, therefore, intends to explore the perceived empowerment of Muslim female entrepreneurs in IMFI-lending and MFI-lending. Firstly, our method allows us to estimate the possible empowerment of the different groups of women. Secondly, to explore how their Islamic belief motivates their choice of resources. Also, finally, by exploring factors affecting microcredits and factors affecting the life of the female entrepreneurs, we hope to determine whether empowerment is decided by their religious belief or by other factors.

1.2 Purpose and research questions

The purpose of this study is to explore the implications of group-based microcredits on the possible empowerment of Muslim female entrepreneurs. We will, through interviews with Muslim female entrepreneurs who are engaged in interest-based microcredits and microcredits without interest, compare perceived empowerment. We have chosen to analyse factors formulated in our model as a basis for our comparative analysis. In order to conduct this comparative analysis, we will analyse factors related to the loan. Further, we will analyse the factors affecting female entrepreneurship and lastly achievement factors for measuring empowerment. To achieve the purpose of the study, we have formulated the following research questions:

- Do microcredits empower Muslim female entrepreneurs in Tanzania?
- Is the impact different between Muslim female entrepreneurs engaged in MFI-lending and IMFI-lending?

1.3 Contribution of the study

Studies on the impact of microfinance services in empowering female entrepreneurs in developing countries are widely studied. However, within the context of Tanzania, previous literature on Islamic microfinance as a tool for poverty alleviation, its impact on female entrepreneurs and their perceived empowerment, has been lacking. In Tanzania, Islamic microfinance services is a relatively new phenomenon in addressing the needs of Muslim female entrepreneurs. This study is the first to our knowledge, which in the context of Tanzania, combines theories on women empowerment in relation to Islam and
microfinance services. Through exploring the perceived impact of Islamic microfinance services and conventional microfinance services, we aim to cover the existing knowledge gap about Muslim female entrepreneurs in Tanzania, who access microcredits.

2. The Tanzanian context

The Tanzanian economy has in the last decade seen a growth rate of 6-7 percent per year (World Bank, 2018c). The growth in GDP is due to an increase in the service and industry sector (World Bank, 2018b). The World Bank has projected that the weak business environment in Tanzania poses a threat to the continuous growth of Real GDP. They have also implicated that they persist an inability in Tanzania to implement capital projects (World Bank, 2018b). There is an anticipation in the improved business environment for the upcoming years (BoT, 2018). Women entrepreneurs (WEs) in Tanzania have received increased interest in the discussions of entrepreneurship in Tanzania (Mori, 2014). WEs are primarily operating in the sector of micro, small and medium enterprises (MSMEs). Up to 97 per cent of the business qualifies in this sector under micro enterprises, as they usually employ between 1-4 persons and has a capital investment of up to 5 million Tanzanian shillings (TSh). Within this sector, the share of self-employed women was in 2012 estimated to 60 per cent. Women are greater in numbers when it comes to starting up new enterprises, yet they have more difficulties compared to men to make these businesses grow (Mori, 2014).

Tanzania is a country where traditional gender roles persists. It follows that the man in the family perceives himself as the head of family affairs. For this reason, women become limited in seeking business opportunities due to reluctance from their spouses (Mori, 2014). Naegels, Mori and Espallier (2017) supported that limitations based upon cultural values are an obstacle for women entrepreneurs (WEs) in Tanzania. Naegels et al. (2017) stated that social control on women by their husbands exist women by their spouses. The man fears to lose his role within the family if a woman becomes successful in conducting business (Mori, 2014). These expectations on women create problems for women in finding time to develop their businesses and at the same time maintain time for household work. Small-scale entrepreneurship exists in competitive markets, caused by the entrepreneur's unwillingness to take on substantial operational risks. Therefore, women in Tanzania are more inclined to establish already tested entrepreneurial activities.
One group of women who have received an emphasis within this study is Muslim women and their preconditions for entrepreneurship. Tanzania National Bureau of Statistics does not conduct surveys where religious affiliation is registered. It is therefore tricky to firstly estimate the population of Muslims and Muslim women, nevertheless the amount of Muslim female entrepreneurs. Yet we can conclude that only 1 per cent of all the microfinance services in Tanzania is conveyed by Islamic microfinance institutions (Sulaiman, 2015).

3. Theoretical Framework

3.1 Women empowerment

The concept of women empowerment, according to Kabeer (2001), entails a process of change by which women can make strategic life decisions. Primarily, decisions imply the possibility of alternatives. In this sense, “a person’s ability to make strategic life choices in a context where this ability was previously denied to them” (Kabeer, 2001, p. 19).

Further, the theory of Kabeer (2001) incorporates a three-dimensional grasp on empowerment involving resources, agency and achievement. Resources is according to Kabeer (2001) the pre-conditions for empowerment, such as material, human and social resources, which increase the ability to exercise strategic decisions. In our study, we view microcredits as a tool for women to increase their ability to exercise strategic decision-making. We present in these paragraphs below, two external factors which we see affecting the lives of the female entrepreneurs in Tanzania. We view intra-group relationship and family support as two important factors. Ndemo and Maina (2007) interviewed female entrepreneurs in Kenya. The relationship between a woman and her husband showed to influence the female entrepreneur’s decision-making. Seeking counsel from male family members for entrepreneurial decisions was frowned upon by women in cases of difficulties with business. Akpalu, Alnaa and Aglobitse (2012) found that women in Ghana who did not need to ask their husbands for permission when applying for microcredits were in relation to their counterparts, more efficient in conducting business. Similarly, women who were controlled by their husband showed to be less efficient than women who were not controlled socially.

Another dimension which influences the women’s strategic decision-making is the relationship with their fellow group members. Bruton (2011) highlights the influence of
group-based methodology on women empowerment. Similarly, Khavul and Chavez (2011) showed that the group's ability to repay debt impacts the ability to access future loans. Good relationships within the loan groups increase the ability to receive new loans and in extension create a successful business. This view is supported by Khandker (2005), who argues that independently formed groups are more successful in repaying loans. The argument follows that groups which already have an established relationship, are more inclined to excerpt potential defaulters (Khandker, 2005). Further, we argue that the relationship within the family and the group are determinants who affect the female’s entrepreneur’s ability to decide about her resources and business.

Achievement is the consequence of agency, which is the realized capabilities of an individual, in our case the female entrepreneurs in Tanzania (Kabeer, 2001). We can see achievement as their way to achieve entrepreneurial success which foster benefits in her life. This thereby forms the tool for measuring empowerment (Kabeer, 2001). Through analyzing the outcomes of the resources used by the agent in entrepreneurial activities, empowerment can be measured (Kabeer, 2001).

Our study has its emphasis on self-perceived empowerment. In order to fully grasp the concept of self-perception, we need to define what this embodies. The construct of self covers an individual’s attributes. The perception is the construction of an individual’s own experiences with their environment, which influence the relationship with others as well (Shavelson, Hubner & Stanton, 1976). The self illustrates a private picture of a person which reflects the person’s self-image, for example, the conception of their abilities and capabilities in their view of success (Oluwo & Oni, 2017).

Concerning the scarce resources of Muslim female entrepreneurs in Tanzania, we view the outcome of credit expansion for entrepreneurial activities in perceived autonomy. We have chosen three achievement factors of accessing microcredits and its effect on the agency — namely, voice, self-reliance and self-esteem. Voice is the participation of women in addressing their needs and challenging traditional gender roles. Exercising voice in formal and informal community spheres can be achieved by women individually but also collectively (Klugman, Hanmer, Twigg, Hasan, McCleary & Santamaria, 2014). Exercising voice collectively is often referred to as political participation. In our study,
we focus on individual voice, which relates to the ability of women to exercise voice in their family relationships and within their local community.

Self-reliance is the ability of female entrepreneurs to control their own resources and to sustain their own needs, as a result of entrepreneurial activities (Kabeer, 2001). The ability to set aside personal savings and own resources in business which the woman is in control of is our chosen indicator (Klugman et al., 2014).

Self-esteem describes an individual’s sense of value and involves experiences regarding their skills (Zimmerman, 2006; Oluwo & Oni, 2017). In our model, we apply self-esteem with female entrepreneurship. Given this, the females own belief in their capabilities of achieving success, indicates self-esteem. To measure the female entrepreneur’s level of self-esteem, we search for how they view their future as female entrepreneurs. This perspective is relevant as self-esteem indicates a belief in their ability to become successful. The positive views of the future showcase high confidence in their ability to be successful. Negative views on their future showcase a lower level of self-esteem (Zimmerman, 2006).

Measuring empowerment has some implications which are revealed by Malhotra, Schuler and Boender (2002), that empowerment is context specific. A context example portrayed by Malhotra et al. (2002) is that a woman’s ability to choose her education, without the need of permission from a male household member can be a sign of empowerment in rural Bangladesh but not necessarily in urban Peru. Further limitations of measuring empowerment are, whether to view empowerment through the lens of the entrepreneurs or by viewing them through objective indicators. Kabeer (1997) argues that the personal experiences of women are often left out when researchers and policymakers discuss efforts to empower women. Thus, analyzing the outcomes through the voices of the women enables us as researchers, to view empowerment in the context of the women’s own lives (Kabeer, 1997).

### 3.2 Muslim female entrepreneurship

Several studies emphasize the effect of traditional gender roles on the lives of Muslim female entrepreneurs in Islamic countries. The study of Dechant and Lamky (2005) explore the experiences of Muslim Arab females in Bahrain and Oman. The authors found that respondents in their sample recognized constraints in their access to resources and
networks. Conservative interpretations of Islam were argued to be the reason for gender separation. Consequently, women saw limitations in seeking credits and networks for business expansion. Similarly, Ilhaamie, Arni, Rosmawani and Al-banna (2014) found that access to capital was the main challenge for Muslim female entrepreneurs in Malaysia, supporting previous theory on the demand of shariah-compliant credits. Contrastingly Ilhaamie et al., (2014) showed that Muslim female entrepreneurs view socio-cultural context as the leading cause for discriminatory views on female entrepreneurship. Roomi (2013) also acknowledged restrictions on Muslim female entrepreneurs in Pakistan. Female interaction with men was found to be frowned upon, leading that women being limited to work close to their home, unlike men. A critically important factor influencing the woman’s ability to seek self-employment was the support of her family. The married woman’s ability to form or develop her business showed to be heavily impacted by the attitude and support of their spouses. An intra-family relationship which supports female entrepreneurship eases the woman’s burden to carry household activities by herself. Besides, it can be the way forward for women to overcome traditional gender-roles (Roomi & Harrison, 2008).

However, the subjugation of women to traditional gender-roles as restricted to household-labour is not necessarily caused by Islam itself according to several studies (Burke, 2012; Rinaldo, 2014). Instead, Roomi and Harrison (2008) argued that it is a way of using socio-cultural values in the name of religion. Madichie and Gallant (2012) explored the perceptions of Muslim female entrepreneurs on the matter of religion, entrepreneurship and gender. The women stated that traditional gender roles are not a result of Islam per se; in fact, Islam encourages and support female entrepreneurship. The women used their interpretations of Islam as a way of overcoming the socio-cultural values, which limited them (Madichie & Gallant, 2012).

Contrastingly, to previous studies indicating detrimental gender values in Muslim countries, the study of Tlaiss (2014) found that Islamic ethics were fundamental driving forces in the lives of Muslim female entrepreneurs in four different Islamic countries. Values such as honesty and trustfulness showed to be ethical values which Muslim female entrepreneurs upheld in their businesses. The women themselves saw these values as rooted in the ethics of Islam and driving forces for them to be accepted as equal to men in society (Tlaiss, 2014).
We can, through this, acknowledge three implications. Firstly, socio-cultural values vary among countries and societies. Secondly, that religion as a form of enabling agency can be used yet depending on context by limiting agency as well. Finally, the acts of agency should not be only compliance or resistance of traditional gender roles. Instead, it should be viewed as subjective with how females view their context and how they perceive and react to them as religious women in society (Burke, 2012).

3.3 Loan terms of microcredits and female entrepreneurship

The interest rates in conventional microfinance institutions is set quite differently compared to a traditional financial institution (Khandker, 2005). Generally, the interest rate is set to cover the MFI administrative and operating expenses. Microfinance institutions have higher interest rates in comparison to traditional financial institutions, as they serve clients without any financial history and collaterals (Khandker, 2005). Another cause for higher interest rates in microfinancing compared to conventional banking is the high administrative expenses in dealing with smaller loans. These expenses are associated with the cost of monitoring (Armendariz and Morduch, 2010). Profits needed for increasing the loan funds as well as recovery costs for potential defaulters influence the interest rates (Fernando, 2006). A combination of these factors contributes to interest rates in microfinance institutions being higher than traditional financial institutions (Rosenberg, Gonzalez and Narain; 2009).

Most microcredits, according to Fernando (2006), have a nominal interest rate between 30-70 per cent. The high-interest rates make the borrowers very sensitive to any interest rate changes. As an increase in the interest rate could be unfavourable to the borrower in the long-run (Shabib ul Hasan, 2012). Ssendi and Andersson (2009) found that female entrepreneurs often operate in entrepreneurial activities which yield low levels of income in comparison to the individual’s basic need for consumption. We, therefore, believe that high-interest rates are a threat to this, given that female entrepreneurs yield low levels of income. Moreover, it creates a problem that they cannot earn such high amounts needed for investing in what they borrowed (Armendariz & Morduch, 2010). In the long-run, it limits their possibilities to generate a stable income or business activity with high levels of interest rates. We do not intend to evaluate the optimal level of an interest rate for
female entrepreneurs in this study. Yet how female entrepreneurs perceive their interest rate and how it affects them in their entrepreneurship is vital to understand how it affects the agency.

Field and Pande (2008) show that the repayment frequency has a large bearing on whether the entrepreneurs will be able to repay their debt. As microentrepreneurs may face economic hardship, flexible repayment terms help them in addressing the immediate needs which may occur in life and relieve financial stress (Field, Pande, Papp & Park, 2012). Field and Pande (2008) state that MFIs use the traditional Graamen Bank model with weekly instalments starting one week after loan disbursement. Higher repayment frequency creates repayment habits. Further, reducing default risk by motivation. Although the change from monthly instalments to weekly instalments did not increase default risks (Field & Pande, 2008). From the perspective of the individual female entrepreneur, how they perceive their repayment scheme in relation to their income level is essential. We intend to see how the repayment frequency affects the Muslim female entrepreneurs in relation to their business.

Another factor affecting the possibility for female entrepreneurs to escape poverty is the size of the loans. We believe that this is a crucial factor in evaluating the possibility of further income-generation. It is also ultimately the female entrepreneur’s ability to generate income, which affects their self-reliance. Similarly, Agier and Szafarz (2012) highlight that the size of the loan remains vital for the business of the female entrepreneur. A study conveyed in Pakistan by Mahmood, Hussain and Matlay (2014), showed that the loan size has an impact on the female entrepreneur’s ability to overcome poverty. Mahmood et., al (2014) showed that there was a positive relationship between higher loan sizes and the increase in children’s education and an increase in the family’s health. The female entrepreneur’s possibility to increase family incomes and family expenses showed to have had a positive effect on the family’s wellbeing (Mahmood et al., 2014). Even though there is no optimal loan size for Muslim female entrepreneurs, the women’s reflections regarding the size of their loan are essential. The size of the loan may impact the female’s ability to strategic decision-making.

Adverse selection inherently threatens group-based lending schemes, where a group of clients, with different risk-profiles, apply for a loan together. According to Armendariz
and Morduch (2010), if group-members can form groups independently, the risk is mitigated. The risk-averse borrowers can seek credits together and face lower interest rates. In group-based lending, the members of the group share a responsibility to repay the debts, more called joint liability (Armendariz & Morduch, 2010). Loan officers from the providing institutions can visit clients in groups, limiting time and costs associated with client meetings. Although these group-based lending schemes vary in different countries, this holds as the main feature of group-based microfinance. The lack of physical collateral is also compensated by enforcing joint liability, as it forms social collateral. Joint liability ensures institutions to impose sanctions whenever a group fails to repay (Haldar & Stiglitz, 2016). In the case of group default, the group’s future loans are on hold. Inherently in the formation of groups, group members create incentives to both monitor members within groups and to eliminate potential risk-seeking borrowers. The implications of this are thereby that through group peer-pressure ensure repayment with intra-group monitoring (Armendariz & Morduch, 2010).

### 3.4 Islamic Microfinance institutions and interest-free microcredits

According to Billah (2014), the term ribā is a term in Arabic which can be translated to unlawful increase. The prohibition of interest means that Muslims cannot conduct transactions with unlawful increases on transactions. Even though all Islamic schools of thought agree on the existence of such a prohibition, there is a wide difference on what is seen as an unlawful increase (Billah, 2014).

We will in this section present the main interpretations of ribā. In the context of analyzing the operations of Islamic microfinance institutions, we can identify three types of ribā as relevant in our context.

The prohibition of ribā mainly involves three categories of interest, the first being *ribā al-nasī‘a*. This is an increase on the principal, caused by a delay in settlement of debt, regardless of whether the goods sold, which can be translated to credit interest. The second- category *ribā al fadl* involves, an increase from a spot transaction, with items or goods which have the same origin. IMFs oppose to credit interest used by conventional financial institutions, where a surplus is made from money. The origin of this opposition is according to Billah (2014) that “any addition above the amount borrowed or lent to be *ribā, when the items exchanged belongs to the same genus*” (Billah, 2014 p. 394).
Meaning that it is unlawful to exchange goods or items, which are similar or have the same origin, with a surplus involved in the transaction. Thus, trading money for money with a surplus is viewed to be unlawful. This view holds as being the majority view in Islam according to Billah (2014). It is here where the ruling of exchanging money to money with an increase comes in as unlawful.

Thirdly increased capital costs which are compounded and therefore leads to a prolonged repayment time in loan contracts, with a three folded or quadrupled increase on the principal is unlawful. This type of interest is referred to as *ribā-al-jahiliyyah* (usury³)(Billah,2014). All three categories of ribā, is held by most microfinance practitioners to be unlawful. A minority, views only the third category of ribā as unlawful in Islam (Billah,2014). Billah (2014) holds the minority view and believes that the origin of prohibition riba is derived from *usury*. Yet it suits a basis for discussion, later in this upcoming chapter. Billah (2014) believes that the use of current bank interests, does not fall under the category of usury. He also believes that the prohibition of interest, involved increase of lending used for private consumption. Meaning that this ruling on prohibiting ribā does not involve lending for business purposes (Billah,2014).

The theological reasons for the prohibition of interest or ribā will not be elaborated fully in this thesis, as the focus of this thesis is the loan terms of microfinance institutions and its implications on female empowerment. This background is relevant in exploring an overall understanding of the regulations of financial institutions who engage with Islamic finance. There are predominantly three theological reasons explaining the prohibition of interest in Islam. According to the conclusions of Qureshi (1991), the first reason is that creditors receive accumulated surplus from the interest paid by debtors. The surplus further on enables the possibility for wealth to accumulate as a result of the exploration of the borrowers.

The view on this premise is that the concern for the fellow men in society, as a result of interest-based transactions. A second reason for the prohibition of interest or ribā, is that

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³ Usury in this context refers to ribā al-jahiliyya (pre-Islamic riba). According to Massum Billah(2014) this was common in pre-Islamic Arab society and was the cause of the prohibition of riba from the very beginning. Ribā al-jahiliyya was exploitative interest, which included a doubled or quadrupled increase on loans on maturity date. This practice also involved an extension of debt, if the borrower was late with his/her payment.
the predetermined levels of interest in accumulation prevent creditors from taking occupations, as they can rely on the interest which is imposed on others. Finally, Qureshi (1991) concludes that the reason behind the prohibition of Riba within Islam is that it leads to a decline in sympathy for one another on a societal level and it ultimately leads to a practice of borrowing and squandering (Qureshi, 1991).

Empirical studies on the supply and demand of Islamic microfinance services is scarce. Even so, the operations and methodology of Islamic microfinance institutions (IMFIs) is limited. (Tammani & Liu, 2017). Yet, derived from previous theory we can conclude the following;
IMFIs use mainly two different product categories to microentrepreneurs. The first category qard ul-hasan, (interest-free cash loans) is credit provided to the poorest segment of clients and is a goodwill credit extension. The microentrepreneurs need only to pay back the principal of the loan in instalments without any additional costs or interest. This segment is funded through charity-based funding such as zakat⁴ and waqf⁵. (Tammani and Liu, 2017).

It follows that similarly to regular group-based lending, qard-al-hasan lending. Groups access loans together as a group and they repay instalments individually during group-meetings. The instrument of joint-liability is similarly to conventional microfinance used here in case of default (Ahmed 2002). Opposingly to conventional group-based microcredits, religious piety in repaying loans forms as social capital, in lowering default rates.

3.5 Our analytical framework
In this section, we present our model and the relationship between the different components. We have used Kabeer's (2001) conceptualization of women empowerment in order to analyse the impact of microcredits in empowering Muslim women. Providing microcredits for entrepreneurial activities has shown to be empowering for female entrepreneurs. Studies such as Kato and Kratzer (2013); Mtamakaya, Jeremia and Msuya

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⁴ Zakat is the among the five pillars of Islam and is a tax payed on property and goods (Britannica, 2018).
⁵ Waqf is voluntary charity raised by Muslims where the purpose of the donation can be decided by the donor. In the context of microfinace, it can be used to fund productive activities of entrepreneurs in need of start-up capital or business development (Obaidullah, 2008).
(2018), and Stray-Pedersen (2018) show that microcredits have had a positive impact on the decision-making of female entrepreneurs.

We believe that the Muslim female's faith governs their choices in life and thereby also has an impact on their preferences of resources (microcredits) between IMFI-lending and MFI-lending. We believe that Muslim female entrepreneurs in Tanzania prefer IMFI-lending over MFI-lending, as it corresponds with their faith as Muslims. We thereby believe that the view on interest and loan commitments are two aspects which govern the preference for IMFI-loans. Resources in our model are used to explore the differences between the two lending types and how the female entrepreneurs perceive them. It becomes essential, following Kabeer (2001) we view microcredits as the pre-conditions for empowerment and the basis for evaluation after the women have accessed microcredits. Agency is viewed as the individual female entrepreneur’s ability of making choices. The acquired resources affect the female entrepreneurs in their agency as entrepreneurs. Factors associated with the loan such as loan size, interest rate and repayment time all affect the ability for the individual Muslim female entrepreneurs to invest in their business. It is as we believe a factor which affects their agency as entrepreneurs in their ability to generate income. It may also form a basis for differences between the two lending types, explaining the preference for one institution over the other.

We view the Muslim female entrepreneur as the economic agent. The individual female entrepreneur can formulate strategic decisions in her life and entrepreneurship. Ultimately, she is the source for evaluation on perceived empowerment. Still, we believe that other factors affect their ability to exercise strategic decision making, in their lives as Muslim women in Tanzania, engaged in microcredit programs. The role of family members in providing support remains vital for enabling empowerment of female entrepreneurs (Jamali, 2009). Bruton et al. (2011) highlight the importance of group-members in affecting the possibilities of empowering women. It implies that there might be an effect of the intra-group relationship as group-based lending features joint-liability and that this may lead to increased social control as a result of group peer-pressure (Ssendi & Andersson, 2009).
Our model is applicable in the context of Muslim women in Tanzania, by measuring if there is a change in empowerment caused by the given resources and the factors affecting their agency. We thereby view achievement, which is the basis for evaluating women empowerment, as a result of Islamic belief, resources and agency.

4. Method

4.1 Choice of methodology

This thesis has followed the tradition of deductive approaches, where we have collected theory according to the problem statement, this has resulted in our model, which serves as the analytical framework. Our acquired data is then analysed and compared with the theory to confirm if the gathered data supports or contradicts the theory (Bryman, 2012). Furthermore, we choose to collect qualitative data through semi-structured interviews. The use of qualitative research is motivated by the researchers to understand the personal accounts of individuals (Kvale & Brinkman, 2014). We choose this method since our study focuses on, if microcredits empower Muslim female entrepreneurs. Evaluating women empowerment has some implications which affect our choice of methodology. Women empowerment is, to a large extent, subjective, which intends to derive individual accountings which might tell differences in how the effect of empowerment comes into place (Kabeer, 2001).

Semi-structured interviews have its focus on a set of topics or themes which the authors wish to explore with the help of respondents (Bryman, 2012). For each interview, we have chosen key indicators concerning factors related to the loan, external factors affecting female entrepreneurship (agency) and finally, achievement factors in order to measure women empowerment.

4.2 Sampling

We interviewed a total number of 17 female entrepreneurs, along with one representative from four different institutions. This resulted in an initial sample size of 21 respondents. We withdrew five respondents from the study sample. They did not fit in the respondent profile and were eliminated, due to misunderstandings regarding our research questions.
and specified a respondent profile. In order to find respondents suitable for our research questions, we took help from organisations who had information about where to find potential respondents. It was first during the interviews; this misunderstanding became apparent. Three of these five respondents were engaged in individual lending. As our focus is to study Muslim female entrepreneurs in group-based lending, they thereby had to be excluded from the final study sample. The two remaining respondents had not taken a loan within their group; they could not be a part of the final study sample, as our study focuses on analysing the impacts of microcredits. The women had joined their respective loan groups recently and had not acquired their first loan yet, making it difficult for both them and us to analyse any impacts from accessing microcredits. We conducted the interviews in the respondents’ home-environment for them to feel comfortable with having us.

The final sample size was twelve female entrepreneurs and four representatives, a total of sixteen respondents. As a basis for comparative analysis, the respondents were from both IMFIs and MFIs. Six of the respondents were clients through an MFI. The other six were female entrepreneurs used IMFI. A split in half between each type of organisation was done, which gives us two representatives of each type of MFI. The choice of our sample size was in line with the purpose of the study, which was to evaluate the impact of the loan terms of microfinance on women empowerment. A fixed sample is not necessary for qualitative research. Instead, the size was dependent upon the purpose of the study as well as the amount of time and resources available (Kvale & Brinkmann, 2014). The time which we had in total for collecting and processing our data was nine weeks. Therefore, we see this sample size as enough in order to achieve the purpose of our study.

We used purposeful sampling strategy together with snowball sampling. Purposive sampling is a sampling strategy, where the focus is on finding relevant respondents based on the research questions (Bryman, 2012). We created a respondent profile for the female entrepreneurs upon five criteria’s, the female entrepreneurs need to; be Muslims, taking part in a group-based loan and taking the loan for entrepreneurial activities, had received a loan within the last twelve months and lastly have taken a loan below 3 000
000\textsuperscript{6} Tanzanian shilling (Tzs). In order to find the respondents based on this profiling, Snowball sampling is used through initial contact with people with knowledge about the desired sample, receive help in accessing the desired people for the study (Bryman, 2012). In our study, we initiated contacts with representatives of organisations who work with female empowerment. We later asked them for information on suitable MFIs and IMFIs.

Furthermore, we chose the snowball sampling approach due to the limited amount of time, and the difficulty to achieve a broad geographical heterogeneity. As stated in the introductory chapter, the low prevalence of Islamic microfinance institutions in Tanzania made it difficult for us to find suitable respondents following our respondent profile. Therefore, we chose to interview respondents in Arusha and Unguja on the archipelago of Zanzibar. We chose these locations as we got in contact with organisations which had operations on those two locations. It was critical that respondents were suitable to our respondent profile, and in order to be able to conduct our data collection in time. Descriptions of participants are presented below in table 4.1 and 4.2, while table 4.3 presents the characteristics of the institutions and officials.

**Table 4.1: Characteristics of female entrepreneurs I**

<table>
<thead>
<tr>
<th>Name (code)</th>
<th>Date for interview</th>
<th>Age</th>
<th>Civil status</th>
<th>Members in household</th>
<th>Business</th>
<th>Level of education</th>
</tr>
</thead>
<tbody>
<tr>
<td>MWE1</td>
<td>2019-02-25</td>
<td>50</td>
<td>Married</td>
<td>5</td>
<td>Selling fish</td>
<td>Standard 7</td>
</tr>
<tr>
<td>MWE2</td>
<td>2019-02-25</td>
<td>45</td>
<td>Divorced</td>
<td>4</td>
<td>Selling soap and underwear</td>
<td>Standard 2</td>
</tr>
<tr>
<td>MWE3</td>
<td>2019-02-26</td>
<td>60</td>
<td>Widow</td>
<td>7</td>
<td>Charcoal, bananas and sell snacks</td>
<td>Standard 7</td>
</tr>
<tr>
<td>MWE4</td>
<td>2019-02-26</td>
<td>53</td>
<td>Widow</td>
<td>7</td>
<td>Sell second-hand clothes, masai blankets and sewing bags</td>
<td>Standard 7</td>
</tr>
<tr>
<td>MWE5</td>
<td>2019-03-20</td>
<td>62</td>
<td>Divorced</td>
<td>6</td>
<td>Agriculture work with hens</td>
<td>Class 10</td>
</tr>
<tr>
<td>MWE6</td>
<td>2019-03-19</td>
<td>46</td>
<td>Married</td>
<td>11</td>
<td>Agricultural work, raising hens, fabric bags, selling snacks</td>
<td>Form 3</td>
</tr>
<tr>
<td>MWE7</td>
<td>2019-03-25</td>
<td>41</td>
<td>Married</td>
<td>9</td>
<td>Raising hens</td>
<td>Form 4</td>
</tr>
<tr>
<td>MWE8</td>
<td>2019-03-25</td>
<td>64</td>
<td>Married</td>
<td>3</td>
<td>Cook food and snacks for vending</td>
<td>Form 3</td>
</tr>
</tbody>
</table>

\textsuperscript{6} Based upon the difficulty of conducting a proper analysis and narrowing down the sample variance we decided to decrease our target loan size. We narrowed down the 5 000 000 tzs which is the definition of a micro-entrepreneur in Tanzania to 3 000 000 Tzs. The reason for this being to have a better possibility to evaluate the impact of loan size, when the differences are lower.
Table 4.2: Characteristic of female entrepreneurs II

<table>
<thead>
<tr>
<th>Name/code</th>
<th>Savings plan (Tzs)</th>
<th>Loan size of recent loan</th>
<th>Repayment time</th>
</tr>
</thead>
<tbody>
<tr>
<td>MWE1</td>
<td>2000/week</td>
<td>50000 Tzs</td>
<td>3 months</td>
</tr>
<tr>
<td>MWE2</td>
<td>-</td>
<td>50000 Tzs</td>
<td>3 months</td>
</tr>
<tr>
<td>MWE3</td>
<td>-</td>
<td>50000 Tzs</td>
<td>2 months</td>
</tr>
<tr>
<td>MWE4</td>
<td>-</td>
<td>50000 Tzs</td>
<td>2 months</td>
</tr>
<tr>
<td>MWE5</td>
<td>-</td>
<td>100000 Tzs</td>
<td>6 months</td>
</tr>
<tr>
<td>MWE6</td>
<td>15000/month</td>
<td>100000 Tzs</td>
<td>6 months</td>
</tr>
<tr>
<td>MWE7</td>
<td>15000/month</td>
<td>1000000 Tzs</td>
<td>12 months</td>
</tr>
<tr>
<td>MWE8</td>
<td>30000/month</td>
<td>1500000 Tzs</td>
<td>12 months</td>
</tr>
<tr>
<td>MWE9</td>
<td>15000/month</td>
<td>2000000 Tzs</td>
<td>6 months</td>
</tr>
<tr>
<td>MWE10</td>
<td>30000/month</td>
<td>1000000 Tzs</td>
<td>12 months</td>
</tr>
<tr>
<td>MWE11</td>
<td>25000/month</td>
<td>4000000 Tzs</td>
<td>6 months</td>
</tr>
<tr>
<td>MWE12</td>
<td>20000/month</td>
<td>5000000 Tzs</td>
<td>6 months</td>
</tr>
</tbody>
</table>

Table 4.3: Characteristics of institutions and officials

<table>
<thead>
<tr>
<th>Organization</th>
<th>Date for interview</th>
<th>Title</th>
<th>Loan sizes</th>
<th>Repayment time</th>
<th>Interest rate /fees</th>
<th>Group-size</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMF1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(REP1)</td>
<td>2019-03-23</td>
<td>CEO</td>
<td>50000-200000</td>
<td>3-12 months</td>
<td>*</td>
<td>3-5 members</td>
</tr>
<tr>
<td>------------</td>
<td>------------</td>
<td>--------</td>
<td>--------------</td>
<td>-------------</td>
<td>---</td>
<td>-------------</td>
</tr>
<tr>
<td>IMFI2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(REP2)</td>
<td>2019-03-24</td>
<td>Lon officer</td>
<td>50000-1500000</td>
<td>3-12 months</td>
<td>***</td>
<td>12 members</td>
</tr>
<tr>
<td>MFI3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(REP3)</td>
<td>2019-03-28</td>
<td>Chairperson</td>
<td>500000-2000000</td>
<td>1-18 months</td>
<td>13-36%</td>
<td>3-10 members</td>
</tr>
<tr>
<td>MFI4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(REP4)</td>
<td>2019-04-06</td>
<td>Loan officer</td>
<td>200000-100000</td>
<td>1-12 months</td>
<td>12-20%</td>
<td>3-5 members</td>
</tr>
</tbody>
</table>

*Rep 1: Is a representative of an Islamic Organization, they charge their customers with an operational fee of 20 percent, on all contracts. These contracts are regular cash payment loans. They have a separate window for Murabahah financing, where they charge a share of future profits for the loans.
**Rep 2: Is a representative of an Islamic organization. Instead of interest upon loan contracts the organization uses a monthly membership fee of 15 000 Tzs for each member in the group. Each member also pays a fixed operational fee of 30 000 for the loan he/she uses.

4.3 Development of methods

4.3.1 Creating the interview guides

An interview guide is a list of key questions that the interviewer asks the participants or specific topics that cover all essential subjects. The guide is developed together with a set of prompts to encourage the interviewee to have a conversation about specific subjects (Bryman, 2012). We built the interview guides considering the deductive nature of our study and the theoretical framework. Through the formulated theories which forms the foundation of our model the interview guide includes different themes and aspects derived from our model. In order to avoid the risk of influencing the respondents with the potential judgements of our hypothesis, we formulated the questions in a non-judgmental way with open questions (Bryman, 2012).

Furthermore, four different interview guides were set up to cover the different respondents. We developed separate interview guides for the institutions to distinguish
their roles as microcredit providers to Muslim female entrepreneurs. The majority of the questions were similar. The first interview guide was towards the representatives of the MFIs; the second interview guide was towards the representatives of the IMFIs. This interview guide contained a few different questions. We included questions on the organizations view on interest as well as questions on how they perceived the situation for Muslim women in Tanzania. The third interview guide is developed to the female entrepreneurs using loans from MFIs. The last interview guide is adapted to female entrepreneurs using loans from IMFIs. Similarly, here at large, the structure of each guide is similar, yet with small differences. We further asked women in IMFIs whether they would access microcredits at all if they could not access IMFI-loans. Even if this was a small adjustment, out of convenience, we separated the interview guides towards the entrepreneurs in two different ones.

Moreover, the interview guides can be found in the Appendix of this thesis. We have divided the interview guides into three different parts, containing general questions at first, central questions and ending questions. The general questions were intended to put the respondents at ease with background questions regarding themselves and their life. The order of the questions is significant. Posing sensitive questions can have catastrophic consequences, as the respondents can feel insulted and interrupt the interview (Bryman, 2012). It also eases the situation of the conversation by preventing a threatening start and contribute to an excellent place to start (Leech, 2002).

Weinberg (1996) describes that "in an interview, you should always move from the non-threatening to the threatening" (Weinberg 1996, p.85). The main questions contained more sensitive questions, and we placed them in the middle and to the end of each interview guide. We included further probing questions in the main questions to be able to rescue the flow of the conversation, when responses turned to mush and to keep the conversations ongoing (Leech, 2002). The probing questions differed between questions based on the different respondents.

Since the lingua franca in Tanzania is Kiswahili, and most of the female entrepreneurs did not speak English, we received help from a female interpreter. At first, we needed to translate the interview guides from Swedish into English. As our first language is Swedish, we first developed the interview guide in Swedish and later translated it into
English. The translation was made separately by each one of us to avoid any context misinterpretations and language differences. The interview guides were later translated into Kiswahili by our interpreter. We chose to work with a female interpreter as we found it suitable as we were dealing with female respondents. In creating the interview guides for the female entrepreneurs, the interpreter had a decisive part in translating the guides into colloquial language. The interpreter had a good understanding of the respondent's vocabulary level, and the interview guides were adjusted to be in line with the colloquial language of the interviewee (Patton, 2015).

4.3.2 Pilot interview

We conducted a pilot interview to control that our interview guide provided us with valuable information and to explore if the questions were easy to comprehend. The use of a pilot interview is to control that the subject for investigation in the interview guide (Kvale & Brinkman, 2014).

For our pilot interview, we interviewed one of the female entrepreneurs from one of the MFIs. After processing the interview material from our pilot interview, we decided to include this interview in the study. After the pilot interview, some adjustments were made. We identified some questions as repetitive and erased them from the interview guide after conducting the interview. An example of this is that we first asked question seven in the interview guide for female entrepreneurs; “In relation to your life before taking the loan, how would you say the loan has affected your life?” We further asked a repetitive question; “If you could describe what would you say has been the main impacts of the loan on your life?”. We decided to erase the repetitive question as it was similar to question seven, in our interview guide towards female entrepreneurs.

We did not conduct a pilot interview for the representatives since the questions were treating the same topics but from another perspective. We completed the interviews with the representatives after the interviews with the female entrepreneurs, which contributed us to be more skilled as interviewers, which reduced the need for another pilot.

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7 Interview guides can be found in the Appendix
4.3.3 Conducting the interviews

Before the interviews, we sent all the questions to the interpreter beforehand to simplify the translation. Additionally, the interpreter also translated an invitation letter from English to Kiswahili, explaining the purpose of our study. By giving out the interview guides in advance, we made it possible for the interpreter to translate in her own pace and environment, to prevent misinterpretations. However, the difficulty of translating everything correctly with an interpreter still obtains. To prevent these situations, we instructed the interpreter before the interview to only translate, and to communicate misunderstandings or questions to us, for us to solve them. We made it clear for the interpreter to talk in an "I" form and to speak in two or three sentences, so the complete translation and message were not skipped of the respondent were not skipped. It facilitated a closer representation of the women's narrations to be present in our transcribed material. In situations where the respondent talked for a long time while the interpreter only translated the core meaning of the respond to us, we made sure to ask follow-up questions in order to ensure nuance or interesting details. We aimed to provide the respondents own narrations, yet the effect of translation might have influenced these narrations from Kiswahili to English.

At the beginning of each interview, we introduced ourselves and posed our general questions. We exchanged some phrases in Kiswahili which we had learned during our time in Tanzania to build trust with the respondent, and it often resulted in laughs. After the trust-building phase, we started to explain the purpose of the study, and we handed out the invitation letter in Kiswahili. Then we clarified and informed the female entrepreneurs that the participation was voluntary, the information we collected wouldn't be traceable back to them and that we would not hold their participation against them in any way. Ultimately, we asked for consent for the interview to be audio recorded. We didn't record all the respondents, because they felt uncomfortable being recorded, so we took notes instead We do not think the quality of the data changed since during the interviews we took well-documented notes. Therefore, interviews without the use of audio took more time. To prevent that the respondent and interpreter would get tired, we had short pauses. The interview with the representatives was in English, and we sent the questions in advance. The interviews were arranged by e-mail or a meeting with them the day before conducting the interview. We followed a similar procedure for the female's entrepreneurs considering the consent. We scheduled the interviews of the female
entrepreneur's interviews in advance. We submitted invitational letters to the organizations, who forwarded these to the female entrepreneurs.

All interviews with the female entrepreneurs were held in the female entrepreneur's home or at the house of close relatives or the respondent's business location. We followed the recommendations of Raworth et al. (2012) who recommends that the interviews should be held in a quiet and calm place without disturbance, in order to not disturb the interview process. We tried to formulate this to the organizations which helped us with arranging each interview session. Still considering the busy lives of the female entrepreneurs, we decided to comply with holding the interviews in any setting, when this could not be achieved if we could be alone with the respondent. There were occasions during the interviews where the interviews were interrupted, by the respondent's family members, friends or customers or even by heavy rainfall. When interruptions occurred, we gave the respondent a summary of where we left off and what we have said.

We held the interviews with the representatives in their offices without any remarkable disturbances. All the interviews were held during an extended timeframe, which resulted in large material. The interviews lasted between 74 minutes to 135 minutes. The average length of the interviews was 92 minutes.

4.4 Content analysis

Given the characteristics of our data, we chose a qualitative content analysis. According to Bryman (2012), there exists several methods on how to analyse qualitative data. Firstly, in order to present our data, we processed the interview material through transcribing. We transcribed word-by-word. According to Kvale and Brinkmann (2014), the mode of transcribing interviews contains a wide variety of methods. In order to minimize the risk of misinterpreting the respondent's narrations, we transcribed the emotions of the respondents. We excluded conversations which we saw as out of topic from the transcribed material. In order to strengthen the reliability of the transcribed interviews, each interview was transcribed once by each author in occasions were, we identified differences in wording, these words were marked, and we later together adjusted for these differences. According to Kvale and Brinkmann (2014), this method strengthens the reliability of the interview material. Another consideration which was made by us was to
write the transcribed material in written language, instead of spoken language. This choice was made of convenience in making sure that the written language was easily understood instead of oral language when presenting the data. We thereby, through this choice intended to minimize the risk of interpretational biases in the presented data, even though Kvale and Brinkmann (2014) suggest that the interviewees can be limited by interpretational bias upon changing oral language to written language. We believe that the inclusion of sentiments in our transcriptions can minimize this risk, and thereby facilitating an understandable language, without leaving out the core meanings of the respondent's narrations.

Furthermore, in the selection of content analysis, there are three different approaches to presenting data in content analysis; conventional, directed and summative (Hsieh & Shannon, 2005). The purpose of the three approaches is to interpret meaning from the collected data, and the differences among the approaches are threats to trustworthiness, schemes and origins of codes (Hsieh & Shannon, 2005). We choose to use the directed approach since our study consist of literature analysis of previous research along with qualitative data. The starting stage with a directed approach starts with a theory or relevant research findings as guidance for initial codes" (Hsieh & Shannon, 2005: p.1277). The direct approach aims to deepen a theoretical framework (Hsieh & Shannon, 2005).

We followed the procedure of Hsieh and Shannon (2005), where themes were predetermined in the directed approach. Themes were chosen beforehand concerning the factors which we identified as relevant in our interview guide. The directed approach allows us after transcribing the interviews to identify subthemes from the chosen predetermined themes from the interview guide.

We identified a subtheme when the interviewees discussed the same topics of a specific theme. As reported by Kvale and Brinkmann (2014), the replies of each subtheme were condensed to capture valuable core meanings of the interviewees and converted into short sentences. The method allows us in a well-organized way to interpret the data without losing valuable information. Table 4.4 below, is an example of how the collected information was structured.
<table>
<thead>
<tr>
<th>Theme</th>
<th>Subtheme</th>
<th>Condensed meaning</th>
<th>Meaning unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Societal view on Muslim female entrepreneurship</td>
<td>Positive view</td>
<td>Viewed as sign of development</td>
<td>“Firstly you are being appreciated for those who understand development. Also, for being a strong woman who takes care of the family and being the person whom everyone looks up to as a role model”</td>
</tr>
</tbody>
</table>

Table 4.4: An example of content analysis

There are some limitations highlighted by Hsiess and Shannon (2005) in using the direct approach. We have derived themes from theory, this can create a potential bias. Where questions are posed in order to find support in theory. Rather than findings which are non-supportive to previous theory. We have tried to deal with this potential bias by being transparent with this as well as fully designing questions, in our interview guide.

4.5 Methodological limitations and method criticism

In pursuing the purpose of assessing the empowerment of Muslim women entrepreneurs (MWEs) through microcredits, our study has some limitations for broader generalizations. According to Bryman (2012), qualitative research such as interviews with a small sample cannot be applicable for broader generalizations. On the other hand, the findings of our study are not intended to be representable for all MWEs in Tanzania. Instead, the theory used in our theoretical framework, together with the findings through the collected data, is limited to the context of our study. The size of the sample can, in this way, be limiting. A larger study sample would enable a more significant possibility of strengthening the validity of the study.

Furthermore, another critique of our sample, as previously discussed in the chapter concerning sampling is that our sampling strategy might have caused some bias. Using a strategy of snowball sampling diminishes our opportunity as researchers to control the process of data selection. A factor which is of concern is that the organizations which have helped us with gathering respondents might have presented a sample of respondents who have had good experiences with the loans. Concerning this, our results may be affected by selection bias as we have not been able to conduct a randomized sample. In order to find the right respondents for our study, we have had to rely on other people to help us find them.
Another concern in our sampling is that we have not interviewed Muslim female entrepreneurs who have not accessed microcredits at all. As our thesis deal with the empowerment of Muslim female entrepreneurs and comparing women in different types of lending, the study cannot fully represent all Muslim female entrepreneurs in Tanzania for this reason. As it exists, women who have decided to not take any microcredits as a result of the prohibition on riba (Billah, 2014). Furthermore, as previously stated, women empowerment, which is a key concept covered in this thesis, is viewed as a process of change. In order to measure the impact of microcredits, one should preferably conduct one initial study and complement with one follow-up study. To overcome this, we have tried to measure empowerment based on self-estimation by the women themselves. The time aspect might in this context be limiting the findings of our study. Qualitative research is contextual, according to Miller (2012). Our study is narrowed down to a specific theme and a specific target group, Muslim female entrepreneurs in Tanzania. It is based on interviews with a limited sample of all Muslim female entrepreneurs in Tanzania, which we search for findings based on a specific set of categories of empowerment. Concerning this, we need to acknowledge several limitations. We acknowledge that empowerment can be evaluated based on different elements. We have to our knowledge chosen the aspects which we view as critical for the empowerment of Muslim female entrepreneurs in Tanzania. We acknowledge that other aspects of achievements, such as spatial mobility can be used to evaluate empowerment. Yet, due to lack of time and resources, we have not been able to cover other possible aspects of evaluating empowerment.

4.6 Ethical considerations

In the process of collecting data, we needed to consider the ethics in how data would be collected as well as how to handle the data. Our method of data collecting data was to conduct interviews with female entrepreneurs. Before each interview, we made sure to inform the respondents on the purpose of the study and through that receive informed consent following the recommendations of Kvale and Brinkmann (2014). With informed consent, we informed the participants within the study that the participation was voluntary. As mentioned earlier on, we used transcriptions after audio recordings of each interview. We transcribed after each interview, and later the audio tapes were deleted. The issue of empowerment embodies narrations which are personal and, in many ways, sensitive. With this understanding, we made sure to grant each respondent confidentiality.
by not presenting any information which could jeopardize the identity of the respondent. (Kvale & Brinkmann, 2014). We acknowledge that we, as male researchers researching women empowerment in a third-world country has some implications. A way forward to this has been as mentioned previously to use a female interpreter. We have tried to reflect this awareness in our interview guides and during the process of both planning and conducting the interviews. The female interpreter has also been helpful in our discussions on what as sensitive in the cultural context of our study.

According to Benatar (2002), it is vital as a researcher acknowledge the potential impact of different world-views in research conducted in third-world countries. Even if this may not be the case, we have with great caution tried with the best effort not let our background as researchers from the wealthier parts of the world not affect the interaction with our respondents. By having an open mind and acknowledge our inability to a full extent understand their context, we believe that we at least can come closer to view our results through the lens of the women in our sample.

5. Results and findings

5.1 Loan terms and female entrepreneurship

5.1.1 Loan size

When asked about the size of the loan, ten of the respondents in total saw the loan size as enough in relation to their current business. All clients within IMFI-lending were satisfied with their loan size and four clients through the MFI were satisfied with the loan size of their recent loan. The women believed that the size of the loan was enough for buying necessary products in their respective businesses. The women also emphasized that the size of their respective loans was dependent upon how much they could save as a group. Four of the nine women were contrasting, not willing to acquire bigger loans because of the risks which they associated with not being able to pay back the loans. It suggests that the women also are afraid to uptake higher risk in accessing resources as well as operational risk, something that is acknowledged by Mori (2014).

The differences between the institutions were the size of the loans. Two of the clients within MFI-lending saw their loan size as too small for their business and wished to
expand their stocks. MWE3 used the loan to sell snacks. For her a bigger loan would mean that she could buy larger quantities of ingredients. “When I take the loan now and buy new ingredients, I buy in bulks, if I could buy a larger stock, I would get a lower price.” (MWE3). MWE4, on the other hand, wished for business expansion; thereby, she believed that a larger loan size would make that possible. Which is in line with Agier and Szafarz (2012). Instead we suggest that our snowball sampling strategy may cause this. The MFIs had smaller loans and the IMFIs had larger loans. This explanation may foster the difference between the two groups in seeing the loan size as sufficient. What can be said is that most of the female entrepreneurs within our sample where content with their loan sizes.

### 5.1.2 Interest rate

All MWEs adhere to the faith tradition of Islam and perceive themselves as practising Muslims. When asked what they saw as characterizing for being a practising Muslim, they mentioned the five prayers, which they do daily, paying the zakat, reading the Quran and studying other Islamic scriptures. All respondents within the sample believed that interest is forbidden in Islam. Furthermore, the respondents in interest-free lending, upon asked if they would take an interest-based loan if their current option were unavailable, all said that they would not take any loan if that were the case.

When asked what the consequences of taking such a loan (interest-based) could be, respondents in IMFIs replied in matters of consequences in the after-life. Three of the respondents in IMFI-lending feared that God would punish them on the day of judgement. An illustrative example of this is the view of MWE9, "It is not right; it is one of the biggest sins in Islam to take that type of loan. A religious person is not allowed to take riba in the eyes of God". The fear of extraordinary things to happen in life and business was also a reoccurring theme, amongst four women in IMFI-lending. As explained by these women, is that they believe that transgressing on what has been prohibited by God can cause unfortunate events, also in this life. "If you know it is a mistake you should not do it. To fear God is important. You might be doing something wrong even if you are not aware. [...] If you are doing something wrong your business could be on fire, or other things could happen to your business if you make something prohibited. A person might attract bad luck due to the prohibition of interest (MWE8).
The women who were engaged in IMFI-lending saw their form of lending as a relief as they were not going against their faith. All the women showed different examples of how they saw the problems with engaging with interest-based credits. They believed it would harm them in this life but also have consequences on the here-after by transgressing on the prohibition of interest.

However, similarly to women in IMFI-lending, women in MFI-lending viewed interest-based lending as conflicting with the teachings of Islam. Yet the women in MFI-lending chose to take interest-based loans due to lack of other options. What was evident among the women engaged in MFI-lending, was the sense of guilt in transgressing on the prohibition of interest. Five of the women in the MFIs motivated their choice with lack of other options. One of the female's stated the following “When you go to Hajj you cannot have any debt, especially debt with interest. Imagine that restriction that I have, but I have to do it anyway” (MWE4). MWE4 expressed Hajj as an important goal for her to fulfil during her life-time. MWE4 saw her loan as a restriction to this. The women who took interest-based credits saw these credits as a burden in their life. The example of MWE4 shows this clearly. Furthermore, it is in line with the study by Masyita and Ahmed (2013), which argues that most Muslim entrepreneurs prefer interest free loans over conventional microcredit loans. In line with Ilhaamie et al. (2014), the lack of sharia-compliant credits showed to be a challenge for Muslim female entrepreneurs in our sample. Within the IMFIs, all the females perceived the membership fee and operational fee as satisfactory. The women were content with having sharia-compliant loan terms and saw the cost of lending as acceptable. Yet when we asked what the definition of riba was, it was evident that this was unexplored for many of the women in our sample. Three out of six women in IMFI-lending, said that they had heard that it is sinful to take interest, but were unsure about what was the precise ruling was. They relied on the IMFI to be more knowledgeable in these questions. The other three women, said that paying anything more than the actual loan was interest, but paying an operational fee was something acceptable. Furthermore, all MWEs in MFI-lending were unsure.

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8 Hajj is the month of pilgrimage, where Muslims travel to Mecca in Saudi-Arabia. It is mandatory for every Muslim to conduct the pilgrimage once in their lifetime, given that they have the ability to.
Contrarily, to our initial thought, four out of six respondents in MFI-lending saw the interest-level as acceptable. Yet acknowledging the sense of committing sinful acts, they had no problems with the level of interest that they were paying. They could by accessing these loans and generate incomes for their families. This aspect of impact will be elaborated in the upcoming sections of this thesis. Yet, two of the females within the MFIs expressed that the interest rate of their current loans as too high. They expressed their dissatisfaction and mentioned their inability to generate a profit due to the high-interest rates. Which, to some extent, is in line with Shabib ul Hasan (2012), Ssendi and Andersson (2009), who argues that high-interest rates are unfavourable given that entrepreneurs generate low profits.

5.1.3 Repayment time and repayment frequency

In IMFI1, the length of the contracts showed to be dependent on the preferences of the groups and the size of the loans. The repayment period of IMFI1s loan contracts were in between 1-12 months for each group, when a loan is disbursed to the group the chairperson agrees with the loan officer on which is the appropriate length of the loan contract. IMFI2, on the other hand, had a repayment time between 3-12 months dependent on the loan size. One of the MFIs had monthly instalments as the other IMFI only used weekly instalments. In the case of MFIs, they had a repayment time of 1-18 months and respectively 1-12 months for each loan dependent on the size of the loan. The MFIs used different loan classes for different groups, where groups who had more massive savings could apply for larger loans. Both institutions used weekly instalments for the smaller loan classes and monthly instalments for their larger loan classes.

When we asked the women in our study sample on how they perceived the repayment times and repayment frequency, they were, in no small extent, positive towards weekly instalments. We could, in this not find any substantial differences between the two groups. Most respondents in IMFI and MFI lending were favourable to weekly instalments. Although Field and Pande (2008) found that female entrepreneurs prefer monthly instalments over weekly instalments. Our findings showed that only three respondents out of twelve were of this opinion. The two respondents who preferred monthly instalments instead said that they could be able to plan their incomes easier, which is in line with the theory of Field and Pande (2008). They saw their income streams as uneven, but we're sure they could receive enough revenue by the end of each month. We noticed
that these two women had larger loans than the majority of women who did not prefer monthly instalments as this may foster an explanation for their preference for monthly instalments. Contrastingly, the ten women who were satisfied with weekly instalments said that they found it easier to pay smaller instalments. In contrast to the theory of Field and Pande (2008), the ten women associated monthly instalments with being too much of a risk for them. With weekly instalments, they believed that they at least were sure that they could pay off the loan bit by bit. They highlighted that in case of economic hardship, they were sure that they could pay the smaller weekly instalments.

5.2 Entrepreneurial motivations and factors affecting female entrepreneurship

<table>
<thead>
<tr>
<th>Table 5.2 Reasons for starting business</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MWEs in MFI</td>
</tr>
<tr>
<td>Lack of support</td>
<td>4</td>
</tr>
<tr>
<td>Desire to get self-employed</td>
<td>1</td>
</tr>
<tr>
<td>Provide for family</td>
<td>6</td>
</tr>
</tbody>
</table>

Note: This table indicates the reasons for starting a business. MWE1, MWE2, MWE3, MWE7 and MWE11 mentioned several examples and figure in the table more than once. Total number of respondents were twelve female entrepreneurs.

The motives for the female entrepreneurs to start a business were mainly necessity driven. The two most frequently mentioned reasons were to provide for their families and lack of support. Seven of the responses was concerning the women's recognition of their lack of support and how they saw it as a necessity, to form a business in order to provide for themselves and their family. This motive is in line with the findings of Isaga (2018), which showed that most female entrepreneurs in Tanzania are necessity-driven. The lack of support is in line with this conclusion of Isaga (2018), as a means of survival.

An example of this is one of the women who were widowed and her need to find a way of getting an income. "So, after my husband passed away, I started to think about, oh I should wake up and do business, earning an income and support for schooling, food, hospital and the life of my family" (MWE3). Furthermore, one other divorced woman expressed that she before this, decided to start her own business as she realized that she now was the only provider for her family.
Nine respondents replied that their need to provide for their children's or other family members education, healthcare and food motivated them to start their own business. Although, we recognised a difference in motivations between the marital statuses among the women. Married women differed from widowed and divorced women in necessity motivation as married women are seeking to expand family income and provide for their family. While divorced and widowed women acknowledged the lack of previous income support, from their spouses. Thereby, they perceived similarly to MWE3 that they needed to earn an income in order to support their children as no one else could do this anymore.

In line with REP2, we identify that the main motives for women seeking microcredits are to improve their lives and their families. Further, female clients who start their own business does this as they lack support from their environment (REP2). It further indicates that widows and unmarried females who lack support has a motive to earn an income to survive, unlike married females who might receive support from their spouses.

However, something that was emphasised by all respondents was that they found it very difficult to find employment — leading them to see the development of their own business as something important. The findings of Mori (2014) supports this and shows that most women in Tanzania are self-employed. The difficulties which the women face in receiving employment may explain the necessity-driven motivations which the women in our sample have expressed.

The comparison between MWEs in interest-based lending and MWEs in interest-free lending showed that there were no substantial differences in the two groups motives for starting up their businesses. The women in both groups are subject to the same limitations of society and business climate. They all share similar life situations which drives them towards starting up a business as a way out of poverty, rather than a realisation of business development and self-realisation.

5.3 Societal view on Muslim female entrepreneurship

<table>
<thead>
<tr>
<th>Table 5.3 Societal view on female entrepreneurship</th>
<th>Frequency</th>
</tr>
</thead>
</table>

32
The female entrepreneurs perceived both positive and negative attitudes from society regarding female entrepreneurship. The difference between the groups was that four women in MFIs saw mostly negative feedback and four women in IMFIs received positive feedback. Three entrepreneurs in the IMFIs and one in MFI expressed the society's positive attitude towards female entrepreneurship as a sign of development. Furthermore, the four entrepreneurs argue that in the society, a female business owner is seen as someone making progress. For example, MWE9 states, "Firstly you are being appreciated for those who understand development. Also, for being a strong woman who takes care of the family and being the person whom everyone looks up to as a role model". It further indicates that female entrepreneurship for the four entrepreneurs leads to an increased social status in their local community.

In line with the findings of Klugman et al., (2014), we can find that this impact may suggest the exercise of voice. As the women see their efforts as a sign of development, they can be an inspiration for others in their local community. The women who felt that the societal view on female entrepreneurship was negative, had all personal experiences of these attitudes. Criticism has been raised towards some of the women in our sample, where being a woman and having a business is not suitable. One example of this is the experience of MWE1. She said that her husband was affected by other men in the neighbourhood. MWE1s stated the following: "They put pressure on my husband and encourage him to shut down my business. They also tell him that females cannot work..."
next to men because sexual intercourse might happen and that females might be above men and he allows it to happen." In the case of MWE1, the consequence of this was that the husband took the money which she intended to use for her business. Similarly, to the findings of Roomi (2013), the risk of interacting with men in business showed to be, the reason to limit MWE1 in her business. Through the words of MWE1, we can understand that discriminatory gender values may influence other men in society and ultimately, its effect on women like MWE1.

The comparison between MWEs in MFIs and MWEs in IMFIs showed that there were substantial differences in the societal view of Muslim female entrepreneurship. However, the result indicates that the females who experienced negative attitudes believed these views were due to the local community. In the context of being Muslim women, two of the women stated that the negative view on female entrepreneurship is particularly apparent within Muslim communities in Tanzania. The women had both experienced that men in these communities believe that women are not supposed to work, with the argument that it is against the religion. One of the representatives raised this view of the Islamic MFIs. REP2 states that he deals with men in his community, who believe that women are subordinated. He says that he faces many challenges in dealing with these men and that he and other religious leaders inform Muslim men (REP2). REP2 believes that this view contradicts the teachings of Islam. Furthermore, this is supported by Roomi and Harrison (2008) that argues that it is a way of using socio-cultural values in the name of Islam.

5.4 Effect of the loan on the female entrepreneurs´ life

5.4.1 Impact of loan on daily life

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MWEs in MFI</td>
<td>MWEs in IMFIs</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>Take care of family expenses</td>
<td></td>
<td>5</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Better equipment for business</td>
<td></td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Voice in the family</td>
<td></td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

Note: This table indicates impact of loan on daily life. Total number of respondents were twelve female entrepreneurs.
The most frequent mentioned effect was taking care of family expenses. Nine of the entrepreneurs replied that the loan has made it possible for them to earn a higher income and to support their families. This effect is in line with the findings of Kabeer (2001) and Bruton et al (2011), as empowerment entails a process of change by which we can refer to as empowerment. As expressed by Bruton et al. (2011) entrepreneurship by microfinance as a tool, should be viewed as an opportunity to change their living conditions. An example of this is a female entrepreneur who previously had problems to support her family. According to the MWE1; *My life has changed somehow to the better, I can provide my children with transport to school, food and healthcare.*

Furthermore, several entrepreneurs discuss their newfound ability to put the children through education. The entrepreneurs describe the cost of education as expensive and, the loan made it possible to pay for their children's education. Additionally, the loan is a successful opportunity for females to earn an income, which leads the females to improve their lives and advance. According to one of the females, *"The loan has been important to our family. For instance, at the end of the year, the children need to go further to the next class and, the loan helps with the education fees"* (MWE11). MWE11 could generate higher incomes through the investments she made from the loan in, buying new products. Through this income, she could finance the school fees of her children. One entrepreneur responded that the loan had affected her voice in the family and the community. The female entrepreneur explains that her successful business made it possible for her to provide the needs of the family, which resulted in her partaking a higher role in the family. The entrepreneur describes the significant changes in her life, *"I developed my business, which made it possible for my children to study in school. I can now afford insurance and hospital expenses. In the community and family, I have a voice"* (MWE4).

In line with the study Klugman et al. (2014), the female experienced an increased voice in the family relationships and within the community's spheres. Furthermore, we did not find any remarkable differences among the MFI and IMFI. Six of the respondents in IMFI experienced a positive impact on their lives and six in MFI as well.

### 5.4.2 Impact of loan on group relationships

<table>
<thead>
<tr>
<th>Table 5.4.3 Relationship with other group-members</th>
<th>Frequency</th>
</tr>
</thead>
</table>

35
As discussed by Naegels et al. (2017), the relationship within a group influences the empowerment of the women within group-based lending. Most of the female entrepreneurs in our sample had positive experiences with being engaged in a group-based lending scheme. The relationship is thereby an indicator to evaluate the social interactions within the groups. The group members in both types of lending forms had weekly meetings within the loan groups; it is during these meetings where repayments were done.

On the contrary to the study of Khandker (2005), the women we met, all formed the groups by themselves. The formation of the groups enables the possibility of conducting a social collateral assessment by the group members themselves. The groups applied for loans through their respective organization.

Upon the question of what caused the good relationship in the groups, five members stated that the advice and support the women received through the group meetings was the reason. During the group meetings, the women discuss the current situation of their group-funds. During these meetings, the group members have the chance to discuss other matters around their businesses. It is through these meetings the women have shared ideas and discussed how they could improve their businesses. The mechanism of group peer-pressure, which is existing due to joint-liability, showed to harm female entrepreneurs, according to Naegels et al., (2017). Yet for most of the women in our sample, this was not an issue.

<table>
<thead>
<tr>
<th>Positive factors of relationship with group-members</th>
<th>MWEs in MFI</th>
<th>MWEs in IMFI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share advice and support</td>
<td>3</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Strong by sharing previous bad experiences with other MFI’s</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Buy products from each other</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Negative factors of relationship with group-members</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other members do not pay back loans</td>
<td>2</td>
</tr>
<tr>
<td>Members leave group after they get the loan</td>
<td>2</td>
</tr>
</tbody>
</table>

Note: This table indicates the relationship with other group members. MWE9 and MWE10 mentioned several examples and figure in the table more than once. Total number of respondents were twelve female entrepreneurs.
On the other hand, the support they received from other group members during group-meetings was something which the women could benefit from. Buying products from each other and having a customer base within the group as well as sharing ideas. As we have mentioned previously in the method limitations chapter, this result may be affected by the selection bias during our sampling. At the same time, what we can see is that the independent group-formation may be the key force for the strong relationship within group members (Armendariz and Morduch, 2010).

Two members have expressed that they have a strong relationship with the other group members because of previous bad experiences with taking microcredits. One of the women mentioned that the previous organization which she was taking a loan from, had disadvantageous terms and that the new group is better in that sense for her. She believes that many of the other group members in her group feel the same. Another woman in an IMFI also experienced that the group she was a part of before was not supportive. On the contrary, she felt that the other group members were discouraging here. She explains that she shares this experience with others in her new group and that this has strengthened their relationship.

Two of the respondents in IMFI experienced negative experiences with being a part of their group. The two respondents were members of the same group in IMFI. The two females were initiators of their group; at first, there were 30 members in the group. After a while, many members left, right after they took the loan. They also faced members who were unwilling to repay the loans on time, which ultimately led to many members leaving the group.

MWE9 described the situation within the group as; "Some of the members are rude after receiving the loan giving and do not want to pay back the loan. So as a result, several people have left the group." (MWE9). MWE10 which is a part of the same group, says that the relationship within the group is now better. The size of the group has decreased to eight members instead of the previous 30 (MWE10). A group size of 30 members was much larger than the other group sizes, initially as the group was formed, their organization was unorganized, which made it more challenging to monitor group-members. Furthermore, the group size made the difference for MWE9 and MWE10, as they now are within a smaller group and they have a better opportunity to assemble a
smaller group of people they know. In contrast to when people they did not know were a part of the group. Khandker (2005) argues that the formation of the group is crucial in order to mitigate the risks with free-riding. As the women have expressed, they had issues with members who left the group after they had taken the loan. The problem seems to be that they did not have an established relationship with these members beforehand. A risk which they now limit as the group is smaller now.

We did find some differences between the MFI and IMFI. Six of the entrepreneurs in the MFI had a positive relationship with their group members, as well as four entrepreneurs of IMFI. Two of the entrepreneurs in IMFI expressed negative experiences. We don’t think this can be generalized for IMFIs as these females were in the same group. The bad experience from the females is a result of a dysfunctional group as the females describe above.

5.4.3 Impact of loan on family relationship

<table>
<thead>
<tr>
<th>Positive effects</th>
<th>MWEs in MFI</th>
<th>MWEs in IMFI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generally better relationship with the family</td>
<td>3</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Support from family members</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Voice in the family</td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Self-dependency from family</td>
<td></td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Negative effects</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of time with family</td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

Note: This table indicates the impact of loan on family relationship. Total number of respondents were twelve female entrepreneurs.

The table 5.4.3 above, illustrates how the entrepreneurs perceive their relationship with family members after receiving a loan. The table is divided into two effects positive effects and negative effects. Most of the entrepreneurs perceive to have had a positive impact on the relationship of their family members; only one replied that the loan affected their family relationship negatively. One of the most common response was "better relationship with their family members". Six respondents in total replied that the loan affected their relationship to the family to the better. The category "generally better relationship with family members" treats general positive factors the loan has on the entrepreneur, which
results in a better relationship to the family members. The six entrepreneurs reply that their ability to support their family has increased incrementally, which resulted in them experiencing a change in the ability to cover food, education and housing costs.

An example of this is a female entrepreneur who expressed that she now could provide happiness to her family members. She says "I can now provide with food, education, hospital and water to my children. These basic needs make the children happy because they now feel that they do not have to live without them as we did before the loan. They do not have to feel limited (MWE4). The second most frequent answer was "The loans have not affected the relationship with my family negatively. Before the loan, I consulted with my husband and kids. They supported me, and it made the process so much easier because when you receive support, you know that they will help you if something unexpected happens. (MWE6). The entrepreneur indicated that she already had a strong relationship with her family members, with the support of her family, she could feel trust and comfort.

One of the entrepreneurs experienced negative effects of the loan. The loan made her more oriented against the business instead of the family. The entrepreneur described the lack of time with family as a negative factor but emphasizes that she already had a great relationship with her family and that it was still the same after the loan. According to her on the question, if the relationship with family members has changed because of the loan; " I had a good relationship with my family before the loan, but now it is the same. I can afford more things and support them but might not spend as much time with them as I want" (MWE2).

We did not find notable differences between the IMFIIs and MFIs. Six of the respondents in IMFI experienced a positive impact on their lives and five in IMFI as well. The female who experienced a negative impact, expressed that she can afford more things because of the loan but her time with the family is now limited. The entrepreneurs negative experience can further be discussed as a sacrifice of earning a higher income instead of a negative impact.

5.4.4 Financial decision-making
The planning and disposal of who controls the profits is an essential factor in determining their level of empowerment. Ten out of twelve respondents said that they received profits
enough for them to manage accordingly to their living standard. They all had seen an increase in family income caused by the loans which they had taken. There were no notable differences in how the MWEs from the different institutions, managed their profits. Instead, the result indicates differences among married and unmarried females.

Ten of the respondents manage their profits all by themselves. Within the sample, six were married and the remaining six unmarried. Out of the married women, two women managed their profits independently, and the remaining four of the married women managed their profits together with their husbands. One of the married women hid the money she earned from the business from her husband, not trusting him with the money. She states; “I must hide it because he does not work, and he will try to take it. If I tell him to buy groceries, he will use it for his private consumption. He wants to serve himself. I am surprised about how he is, and if I stop doing things for him, he will shut down my business” (MWE1). In line with the study of Akpalu et al. (2012) the relationships between women and spouses which allows females to make their own decisions without permission from the spouse, are more efficient in developing the business. MWE1 experiences the opposite as she is forced to hide her money in fear of him using her profits for private consumption. The other married woman had a husband who was working, and her business is solely managed by herself. The usage of profits was mainly on household utilities.

Expenses on food, electricity and school fees were the most reoccurring expenses. According to Klugman et al. (2014), the ability for female entrepreneurs to control their resources is a sign of self-reliance. Four of the married women in the sample divided the profits between personal savings and consumption. This realization of setting aside personal savings can in this context be viewed as an increased ability of control over their own resources. The remaining eight respondents used their profits to reinvest in their business and separated this part from the part used for consumption. The role of profit management is crucial for evaluating the effect of the loan on the ability of women to generate new incomes, which benefits their own life. The women in the sample used their group accounts as a model for personal savings. They see this mode of saving as safe and two members of the group also complemented this part with a savings account at the bank. Four of the women in MFI-lending expressed that they were happy that through their profits, now could save money in the savings group. One of the women amongst the three expressed that she now as she can save money within the group, could access money in
the group-savings whenever she needed to. She gave the example that whenever one of her children needs new workbooks for school, she now could access money through the group-savings. The different amounts of savings which the women set aside can be viewed in table 4.2 in the description of participants.

5.4.5 Change in consumption of personal items

Table 5.4.4 Change in consumption of personal items

<table>
<thead>
<tr>
<th>Consumption of personal items has increased</th>
<th>MWOEs in MFI</th>
<th>MWOs in IMFI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption of personal items has increased</td>
<td>1</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Do not spend but feel that I have the possibility to</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>No, I invest in my business</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>I do not have the possibility</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Note: This table indicates the change in consumption of personal items. Total number of respondents were twelve female entrepreneurs.

To gain further access into the women's perceived effects of accessing credits through either MFIs or IMFIs, we asked if they have seen a change in consumption on personal items. Five of the female entrepreneurs experienced a significant change in how much they have spent on personal items. It was visible that four out of six respondents in IMFI-lending had experienced an increased consumption of clothes.

In comparison to only one woman in MFI-lending. A small majority of the respondents believe that they have seen a change in their ability to consume personal items for themselves. An expression of the impact is "I feel overwhelmed because I use my own money and, I do not need to consult anyone else. I do not need to hear you have misused the money" (MWE9). This view was shared by MWE10 and MWE11, who both believe that they, in general, can buy more things for their personal needs. They say that this feeling to suit their personal needs is because of the loans, they mean that the investments from the loans have increased their profits.

What we could find was that most respondents in both types of lending believed that their ability to spend money on themselves had increased. Eleven of the respondents in total felt that they could consume more clothes today in comparison with before they took the loan. This is supported by the findings of Hashemi et al. (1996). That women engaged in
microfinance programs can earn their income, and through this receive an increased ability to spend money on themselves (Hashemi et al., 1996). What differed the women in IMFI-lending and MFI-lending was instead of how they used their profits and how they rationalized the choice of using profits on personal spending or not.

Two of the respondents have not spent more money on clothes and personal items for themselves. Instead, they have invested more money in their business. Still, these two respondents believed that they could have spent more money on themselves if they wished, yet they chose. "I invest a lot in the business instead. Investing in unnecessary things is not optimal; I instead invest in developing the business " (MWE7). Another woman says that she, for now, does not spend money on clothes or personal items for herself; she prioritizes her children.

The other women who did not spend more money on clothes or personal items for themselves all acknowledged their role as family providers. Yet, they highlighted their increased ability to spend money on themselves with smaller purchases. MWE3 is one example of this; “I can buy my own things if I want to buy clothes from myself. Because now I am sure that I can buy things for myself, it is important to love yourself”. One of the respondents says that she has not consumed more personal items for herself. The reason is that her profits are currently too small for doing this. The three women all share the common view that their profits which they receive are too small for that. MWE6 is among those who believe that the loan size is limiting her ability to invest in her business so that it can generate more profits (MWE6). Small profits may be enough for the women to sustain their basic needs such as food and health for themselves and their children. The three women have rationalized that their profits are too small, for them to spend money on small purchases for themselves. By looking at the findings of Mahmood et al. (2014), we can see that the size of the loan not only affects the women's ability to invest in her business but also on her ability to sustain smaller purchases for themselves. We can also view the women as keen to prioritize their children's well-being before their enjoyments.
5.5 Entrepreneurial view on future

<table>
<thead>
<tr>
<th>Positive view on future</th>
<th>MWEs in MFI</th>
<th>MWEs in IMFs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invest in other businesses</td>
<td>1</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Expand current business</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Negative view on future</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsure</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

Note: Total numbers of respondents were twelve female entrepreneurs.

The female entrepreneurs view on their future, shown in the table highlights their level of self-esteem. According to Zimmerman (2006), a high level of self-esteem is manifested through an individual's belief in their own ability to become successful. Generally, a positive view of the future indicates a high level of self-esteem, while a negative view of the future illustrates a low level of self-esteem (Zimmerman, 2006).

In our findings, five of the female entrepreneurs in total replied that they planned to invest in other businesses. Four female entrepreneurs from the IMFs would invest in other businesses. The females from both groups mention God as an important factor in their future. They further state that they put their trust in God and trust in their abilities in achieving successes. This group of respondents highlighted the importance of investing in other businesses in order to increase their income and advance in life. An example is MWE8 she states the following; "The future depends on God, but of course you can always plan for your future on your own. If my business expands. I plan to further invest in other businesses to increase my income". MWE8 showcases her view of the future as successful for her part. The entrepreneur is determined to expand the business and invest in other businesses to further progress in income. MWE8 portrays a clear view of her future. In line with Zimmermann (2006), the four respondents, along with MWE8, shows to believe in their ability as a business-owner and plans after that in her aspirations for her future. Thereby, we identify her as having a high level of self-esteem.

Four of the respondents saw a positive view of their future, and they replied that they would expand their current business for their children. Two entrepreneurs from MFI and two of the IMFs answered in the same fashion. They were all very keen on making sure
that their children could inherit their businesses. That was the main motivational factor for these four women. However, three members in MFI-lending saw their future as unclear. What worried two of them was the interest payments they were committed to. As they saw them as too high as well as their profits are currently too low. Further, to have an interest-based loan at all was also worrying for them as they emphasized what they believed as a transgression on the rules of Islam. The third woman was worried about her age and the current level of her business. Because of this she saw her future as unclear. In reference to Zimmermann (2006), these women had a low level of self-esteem, as they saw the high-interest rates as a threat to their abilities as entrepreneurs.

The female entrepreneurs view on their future, is illustrated in table 5.5, which highlights their level of self-esteem. According to Zimmerman (2006), a high level of self-esteem is manifested through an individual's belief in their own ability to become successful. Generally, a positive view of the future indicates a high level of self-esteem, while a negative view of the future illustrates a low level of self-esteem (Zimmerman, 2006).

6. Discussion of research questions

6.1 What is the impact of microcredits on the empowerment of Muslim female entrepreneurs in Tanzania

We view resources (microcredits) as the preconditions for women empowerment. We therefore evaluated changes in decision-making as a process after the women received microcredits. The findings in our study supports that microfinance made entrepreneurship possible for the Muslim women in our sample. All the women in our sample used their loans for business start-up. To access microcredits was therefore vital for their ability to purchase different kinds of supplies for their entrepreneurial activities. The notion of empowerment is based upon an enablement of an ability which previously has been denied. We found that the majority of Muslim female entrepreneurs in our sample were driven by lack of support, motivating them to seek self-employment for food, other household expenses and education for their children. Similarly, to the findings of Isaga (2018) almost all female entrepreneurs in our sample where necessity-driven. They were
forced into seeking self-employment in order to sustain their basic needs. This is supported by the findings of Banerjee et al (2014), as a result of accessing microcredits the women could now provide for their basic needs. We through this can conclude that the microcredits to some extent have had a positive impact on the women’s self-reliance. The depth of financial self-reliance is difficult to estimate as the women all experienced different levels of self-reliance and the impact being different based on the previously inability of self-reliance. It follows that one needs to be disempowered in order to become empowered (Kabeer, 2001). In that sense all women saw a change, even though the depth of it may be different amongst the individuals. It was affirmed by the women that the increased family income affected the family relationships. The constraints in the family income were loosened, expanding opportunities for family members to enjoy education, food and electricity. Some of the women saw the tensions being released in the family’s economy as something enabling them to strengthen the bonds with their children and spouses. For other women, in relation to previously not having their own income in the household enabled them to become financially independent. They could now decide what they saw as beneficial for their children, as they had accessed resources which changed their ability to make financial decisions.

We found that most women could set a side personal savings. Which is in line with the findings of Kato and Kratzer, (2013); Klugman et al., (2014). Even though most women could afford to set a side personal savings, it was clear that some of the women could not differentiate the different savings which they had. Some of the women saw the savings they had in the group as fund pooling in order to access new loans. Other women had set a side separate buffer savings in case of economic hardship. Especially for these women they saw this as uplifting. Something which they were unable to do before acquiring the loans for their business. It was clear that this extended ability made the women more resilient to economic hardship.

To estimate their ability to purchase small items for themselves, we tested if the women saw an increase in consumption on clothes. Three women believed that they had the ability, yet they did not spend more money on clothes for themselves. In total eleven women saw an increased ability to do so. Even though, it supports the theory of Hashemi et al., (1996), that women engaged in microfinance programs received an increased ability in making small purchases for themselves. The women who did not do spend more money
on clothes for themselves, prioritized their children’s well-being or their businesses instead. The rationalization of the importance of spending more money on themselves were thereby found to be different between the women. As one of the women expressed spending money on clothes was something which she saw as unnecessary (MWE7). To what extent this ability is valued therefore seems to be highly individual. For other women this increased ability was more important in comparison to others. Our study therefore only further highlights how individual the process of empowerment can be.

According to Klugman et al. (2014) exercising voice is the ability to address needs and challenge traditional gender-roles in local community and within the family. Even though in contrary to the theory of Mori (2014), the women in our sample were not discouraged by their spouses to seek microcredits, the women all recognized the presence of traditional gender-roles in Tanzania. In the context of being Muslim female entrepreneurs in Tanzania, the women in our sample managed to overcome negative views on female entrepreneurship in Tanzania. Yet, the women dealt with this in different ways. Some entrepreneurs believed that female entrepreneurship was viewed positively by other women in society. Other women saw their efforts as a sign of development, that they could manage to take care of their families while at the same time be engaged in business. These women perceived that through their entrepreneurship they were appreciated by their husbands as they were not only taking care of, the household but also were able to generate income.

Malhotra et al. (2002) emphasize that measuring empowerment is context-specific. In the context of being Muslim female entrepreneurs in Tanzania, the women in our sample managed to overcome detrimental views on Muslim female entrepreneurship. A few of the respondents emphasized that detrimental gender-roles were existing especially within Muslim communities in their local community. It was also supported by one of the representatives which we interviewed who had affirmed that men in his community use the religion in order to subjugate Muslim women. A few women mentioned that men in their community argued that a woman conducting business may be harmful, as male and women interaction is frowned upon within Islam. The women themselves as well as the representative suggested that it is a way to use religion in order to subjugate women. Even though, this was acknowledged by a limited part of our sample, it is difficult for us to firstly estimate to what extent this is present. Similar findings were found by Roomi
(2013) where women in Pakistan experienced this. Our findings suggest that although a small sample acknowledged this issue, we cannot neither dismiss nor confirm the scale of this problem. Yet as it was found to have affected some of the women in our sample, we can find support for this. We can conclude that to what extent this is persisting also may vary among cities and communities in Tanzania. Further research with a larger sample size and heterogeneity is therefore recommended by us. A larger sample size can more precisely estimate to what extent these values are persistent among Muslim men in Tanzania as well as how Muslim women in Tanzania experience this.

Supported by the findings of Mori (2014) the women in our sample, faced traditional-gender role expectations to not succeed in business, due to their gender. Simultaneously, a minority in the sample experienced a positive attitude in their community as capable of both conducting business and taking care of their families. The women in our sample asserted that the negative attitudes did not hinder them from conducting business, rather the women who saw the societal view as encouraging viewed themselves as role-models. Their ability to inspire others and to see themselves as able to overcome existing socio-cultural values which they saw as detrimental, showcases voice exercising. Our findings also suggest that the women who had supportive spouses had to a larger degree an ability to exercise voice, in comparison to men who were non-supportive.

Contrastingly to the findings of Naegels et al., (2017); Sigalla and Carney; (2016) we could not find any support of increase of social control within the groups, caused by the joint-liability feature. The women instead found support from each other. We found that most of the women appreciated to be a part of their groups. One exception was noted, where we identified that the group size was a determinant. Two women mentioned previous bad experiences within their loan group. We noticed that these women emphasized that the group size affected the cohesion of the group.

The concept of empowerment has inherent limitations. The time factor which we have mentioned earlier in the chapter covering method limitations. We once again aim to highlight its effect on our results. To conduct to different studies where one is conducted prior to microcredits provision and one follow-up study would address this issue of time. The difficulty here is to estimate what can be motivated as an enough time horizon for a follow-up study.
6.2 Is the impact different between Muslim female entrepreneurs engaged in MFI-lending and IMFI-lending?

Our study had an emphasis on evaluating the outcomes of two groups of female entrepreneurs; Muslim female entrepreneurs engaged in MFI-lending and female entrepreneurs in IMFI-lending. Derived from theory, we pointed out inherent differences between the two lending institutions related to interest rates. Our study found that this formed as the main differences in between the outcomes of the two groups. We initially believed that Muslim female entrepreneurs engaged in IMFI-lending would be more empowered than their counterparts. The basis for this was that as IMFI-lending is in accordance with their faith, they will ultimately be empowered. The findings of our study support this and it will be the focus of discussion in the following paragraphs.

All Muslim female entrepreneurs in our sample were of the view that interest is prohibited in Islam. This is in line with Qureshi (1991) and Billah (2014). The female entrepreneurs in MFI-lending all affirmed that they had no other choice than to use MFI-lending. They affirmed the low supply of interest-free microcredits, which was highlighted by Sulayman (2015). Our study found that this had a direct effect on the women’s self-esteem, as most of these women felt guilt, because they perceived that they were transgressing on the prohibition on interest in Islam. The female entrepreneurs in our sample affirmed to being religious. They all saw themselves as practising Muslims. In this regard, they believed that this choice would have consequences for them on the day of judgement as they believed that they committed a sinful act. Some of the women in MFI-lending, not only suggested this to have consequences in their after-life, but also in present life as business-owners.

The sense of the loans as being a burden, in reference to Islam, was a frequently mentioned theme. We could see that this influenced some of the women's view on their future. To commit to a loan which in their view was sinful, made them unsure about how they would succeed in their business. As they believed that this act of sin, they believed it to affect the success of their business. On the contrary, female entrepreneurs in IMFI-lending instead experienced a sense of relief in having loans which they saw as in accordance with their faith. It was also ultimately this which motivated their choice of organization. It can be questioned if these choices were based on false premises.
Even though our study did not intend to cover this, we found that the women's perceived knowledge on what the prohibition of interest refers to was limiting. The Muslim female entrepreneurs in our sample followed what they had heard from representatives of each organization. Moreover, the IMFI-loans included membership fees and operational fees. The theory on *qard-ul-hasan* lending, which our theory covers, showed to have little in common with the features of the loans provided by the IMFIs.

What was evident was that there existed a difference between the two organizations. It can thereby be questioned to what extent the women are uninformed about the loans in reference to their belief. If they perceive to access loans in accordance with their belief or not, is suggested by us to have affected their self-esteem. As the products are labelled as Islamic, we argue that for anyone to make a fair judgement, based upon one's own belief, you need to draw an independent conclusion whether it is against or in accordance with Islam. As otherwise, suggested by us there seems to exist asymmetric information on the knowledge of the contract's applicability with Islam. What we found as an unexpected finding was the women’s inability to explain in their own words what they viewed as unlawful interest. It is a focal point for discussion as the existence of Islamic finance relies on a belief of being in accordance with Islam. It thereby raises the question to what extent they have fully understood what they engage in. Showcasing the differences among Islamic institutions on what can be seen as interest or not, is something which inherently can cause debate. It is not this part which we question, rather the ability of the Muslim female entrepreneurs in making their own judgements. As suggested by some of the female entrepreneurs, they rely on the information provided by the IMFIs themselves.

As our study have found the strong belief in doing what is prescribed to do as a Muslim, the female entrepreneurs need to fully understand which choices they make. Considering the strong emotions attached with being content or discontent with their life situation in either abiding with the rulings of Islam. Previous literature discusses the issues with financial literacy. In this extent we recommend further studies to investigate the ability to evaluate Islamic financial literacy. More specifically the ability to evaluate whether one can make fair judgements about rulings and regulations regarding Islamic microfinance products.
To conclude, in line with Masyita and Ahmed (2013) our study confirms that the Muslim female entrepreneurs in Tanzania prefer IMFI-lending over MFI-lending. Secondly, we can connect this to have an impact on the self-esteem of the Muslim female entrepreneurs. In extension our study suggests that the low supply of shariah-compliant microcredits, may harm the empowerment of Muslim female entrepreneurs. Lastly, we acknowledge that there exist different views among the Islamic institutions on what interest is. We recommend further research to involve the different applications of IMFI-lending, as we found no evidence of *qard-ul-hasan* financing in our sample. We also encourage researchers to evaluate whether the female entrepreneurs make their own judgements about what is forbidden or not.

7. Conclusion

Our study has explored the possible impact of microcredits on the empowerment of Muslim female entrepreneurs. We find support in our findings that microcredits impact the empowerment of Muslim female entrepreneurs. Our results suggest that the issue of interest is a concern for Muslim female entrepreneurs in Tanzania. Although our sample size was limited, we found empirical saturation showing that Muslim female entrepreneurs prefer Islamic microfinance institutions over conventional microfinance institutions. We found that both types of microcredits had an impact on empowering Muslim female entrepreneurs in enabling personal savings and facilitating to sustain household expenditure. Although the study finds this, it is difficult to estimate for how long these effects have been present. As the time factor is important in estimating empowerment it is difficult to state, whether other affecting factors have a more significant bearing on the empowerment of Muslim female entrepreneurs.

Factors such as changed intra-family relationship and intra-group relationship showed to be important. Yet a relative comparison on what has been the main contributor, the loan or the change of these two factors remains unknown. Being the first study to our knowledge to incorporate theories on women empowerment, microcredits and Islam in the context of Tanzania, our findings raise several concerns regarding the effect of shariah-compliancy on the women’s self-esteem. It was evident in our study not only supporting the previous theory, that Muslim female entrepreneurs prefer IMFI-lending...
(Masyita and Ahmed, 2013). We find that accessing interest-based loans may have a negative effect on the Muslim women's self-esteem.

We found a sense of guilt as a common theme among the women in MFI-lending. Some of the women in our study highlighted the urgency in their lives to sustain their basic needs and thereby felt forced to access non-Islamic credits. As it was evident that most women were necessity-driven in their business motivation, they were driven by a lack of support affirming previous theory.

Even so, the women saw an increase in family-income and self-reliance, the women enjoyed a higher degree of self-reliance. A large part of the sample experienced a positive impact of the loan on family relationship, as it eased family income constraints. To further analyse the effect of loan size one needs to consider a more extensive sampling size, as the sample variance was so prominent in our study. We encourage further research in this field as it remains a critical point for the financial inclusion of Muslim female entrepreneurs in Tanzania. Studies measuring the women who are self-excluded as a result of not wanting to take loans in contrary to their belief is therefore recommended by us to understand the scope of financial exclusion. Previous research has highlighted the limited empirics and explanations regarding Islamic microfinance in the world (Tammani and Liu, 2017). Through interviewing twelve Muslim female entrepreneurs and representatives of both MFIs and IMIFIs, our study has contributed with insights to the scarce literature on Muslim female entrepreneurs and women empowerment in Tanzania.
8. References


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9. Appendix

Interview Guide: I Microcredit institutions (Conventional MFIs)

General questions:
1. What is your name and age?
2. How many years have you been working within the field of microfinance?
3. Why did you start your career within the field of microfinance?
4. How do you perceive the situation of Muslim female entrepreneurs in Tanzania?
5. What kind of products and services do you offer to female entrepreneurs?
6. In what sectors does the typical female entrepreneurs engage in?
7. How many entrepreneurs receive new credits through your organization, annually (or weekly or monthly) and what would you say is the rough share of women among them?

Specific questions:
1. What are the main requirements of applying for loans in your organization?
2. What is the average size of the loans given to the female entrepreneurs?
3. As your methodology is group-based lending, how big are the groups?
4. Could you briefly describe how your application process works?
5. Could you describe the assessment’s that is conducted by your MFI prior to proposing the loan terms?
6. What impact do you think the loan has on your typical female client?
7. How do you think the female clients see their businesses develop in the future?
8. In general, would you say that the credit terms in your contracts is viewed negatively or positively by others, and in how does that come into expression?
9. In your experience, how many of the female entrepreneurs fail to meet the repayment requirements and how does that compare to male entrepreneurs?
10. How do you proceed if the female entrepreneurs fail to meet the requirements of the contract?
11. In general, what do people in your community think about women owning their own businesses?

Ending questions:
Is there anything you would like to add?
Is there anything you would like to ask us?
Interview Guide II: Microcredit institutions (Islamic)

General questions:
1. What is your name and age?
2. How many years have you been working within the field of microfinance?
3. Why did you start your career within the field of microfinance?
4. How do you perceive the situation of Muslim female entrepreneurs in Tanzania?
5. What kind of products and services do you offer to female entrepreneurs?
6. In what sectors does the typical female entrepreneur engage in?
7. How many entrepreneurs receive new credits through your organization, annually (or weekly or monthly) and what would you say is the rough share of women among them?

Specific questions:
1. As you are an Islamic organization, what would you say is the main difference between your organization and the conventional MFI?
2. Could you describe your organization's view on female entrepreneurship among Muslim women in Tanzania?
3. As your methodology is group-based lending, how big are the groups?
4. Could you describe the application process for female entrepreneurs prior to applying for micro credits?
5. What is the average loan sizes which your organization provides to the female entrepreneurs?
6. Could you describe how the repayments of the loan work?
7. What would you say is the main challenges for Islamic microfinance?
8. What would you say is the main opportunities for Islamic microfinance?
9. What is your organization's view on riba (interest)?
10. In general, would you say that the credit terms in your contracts is viewed negatively or positively by others, and in how does that come into expression?
11. How many of your female entrepreneurs go into default?
12. In cases where female entrepreneurs fail their repayments, how does your organization proceed?
13. In general, what do people in your community think about women owning their own businesses?

Ending questions:
Is there anything you would like to add?
Is there anything you would like to ask us?
Interview Guide III: Female entrepreneurs using MFI-loans

Female entrepreneurs using MFI-loans

General questions:
1. What is your name and age?
2. Are you currently married or have you been married before?
3. Do you have any children?
4. How many members are there in your household?
5. What is your level of education?
6. Do you have a savings plan?
7. What do you do for a living?
8. Would you consider yourself as a Muslim?
9. Regardless of your religious beliefs, would you consider yourself as a practicing religious person?

Main questions
1. Could you please describe why you started your business?
2. Could you describe why you took the loan from this MFI?
3. What is your view on interest (riba)?
4. Would you have taken a micro credit, if you would have the possibility to take this interest-free microcredit? Please elaborate your answer.
5. As you are a Muslim, how do you view repaying in time?
6. Could you describe how the repayments of the loan work?
7. In relation to your life before taking the loan, how would you say the loan has affected your life?
8. As you are a part of a group-based loan, how is your relationship with the rest of the group?
9. How has the loan affected your relationship with your family?
10. In general, in your community, what would you say people think about Muslim women owning their own businesses?
11. Has the family income been increased because of your business?
12. How do you manage the profits from your business?
13. Do you for example spend more money on clothes for yourself now than before the loan?
14. Could you describe whether you have any household responsibilities?
15. What do you see for your future(individually/family-related) and your business?

Ending questions:
Is there anything you would like to add?
Is there anything you would like to ask us?

Interview Guide III: Female entrepreneurs using IMFI-loans

Female entrepreneurs using IMFI-loans

General questions:
1. What is your name and age?
2. Are you currently married or have been married before?
3. Do you have any children?
4. How many members are there in your household?
5. What is your level of education?
6. Do you have a savings plan?
7. What do you do for a living?
8. Would you consider yourself as a Muslim?
9. Regardless of your religious beliefs, would you consider yourself as a practicing religious person?

Specific questions
1. Could you please describe why you started your business?
2. Could you describe why you took the loan from an Islamic MFI?
3. What is your view on interest (riba)?
4. Would you have taken micro credits, if you would not have had the possibility to take interest-free microcredits? Please elaborate your answer.
5. As you are a Muslim, how do you view repaying on time?
6. Could you describe how the repayments of the loan work?
7. In relation to your life before taking the loan, how would you say the loan has affected your life?
8. As you are a part of a group-based loan, how is your relationship with the rest of the group?
9. How has the loan affected your relationship with your family?
10. In general, in your community, what would you say people think about Muslim women owning their own businesses?
11. Has the family income been increased because of your business?
12. How do you manage the profits from your business?
13. Do you for example spend more money on clothes for yourself now than before the loan?
14. Could you describe whether you have any household responsibilities?
15. What do you see for your future(individually/family-related) and your business?

Ending questions:
Is there anything you would like to add?
Is there anything you would like to ask us?