

Factors Affecting People with Disabilities' Access to Micro-Finance Services in Kilimanjaro, Tanzania

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Abstract: This study investigated about factors affecting people with disabilities' access to micro-finance services in Kilimanjaro, Tanzania. The study used the case study design since the study intended to draw conclusions for a specific community in the study area. Through purposive and snowball sampling, the study involved four SACCOS and selected households that had People with Disabilities. The study picked 50 People with Disabilities aged 15 years and above (Members and non-members) and 7 SACCO's employees. Data collection involved a questionnaire and an interview schedule. The analysis of qualitative data took place through the thematic approach. The researcher coded the quantitative data into the SPSS, which determined the Relative Importance Index (RII), indicating factors affecting People with Disabilities' access to SACCO's services. The findings lead to a conclusion that little or no specific plans existed to cater for the needs of the People with Disabilities. Factors that majorly affected People with Disabilities' access to financial services related to either People with Disabilities' families or to the SACCOS's administration. Family background, level of education and type of disability directly related to the People with Disabilities' families while policy and legal conditions, limited SACCOS information and SACCOS publicity related to the SACCOS administration. The study recommends that the SACCOS need to conduct capacity-building and sensitization workshops toward People with Disabilities' self-determination and critical decisions to engage actively into entrepreneurship activities. Furthermore, the SACCOS need to have friendly and welcoming policies that support specific needs of People with Disabilities.

Keyword: People with disabilities; microfinance institutions; SACCOS; financial services.

How to cite: Komba, C. K. (2024). Factors Affecting People with Disabilities' Access to Micro-Finance Services in Kilimanjaro, Tanzania. *East African Journal of Management and Business Studies* 4(1), 73-79.

DOI: <https://doi.org/10.46606/eajmbs2024v04i01.0044>.

Introduction

Development inclusion to People with Disabilities (PWDs) is a global and regional concern. Historically, literature has shown that communities have excluded people with disabilities from various development processes and benefits, including access to financial services. Center for Financial Inclusion and the Christian Blind Mission (2016) indicated that People with Disabilities experience limited access to financial services, including traditional, online and mobile services. Barriers include inaccessible design and lack of reasonable accommodation, lack of awareness by service providers of the market potential, stigma or

prejudice as well as physical and digital barriers, including literacy, remote locations and security concerns. Disabled people have been taken as a group of dependents that cannot be capable to work and contribute to the economic well-being of their own families as well as for their society. As a result, people with disabilities cannot access financial services, including the micro-finance services both public/community owned and those privately owned. Although persons with disabilities are approximately 15% of the population in developing countries, they comprise only 0.5% of microfinance clients (Center for Financial Inclusion & Christian Blind Mission, 2016).

Disability is the loss or restraint of opportunities to take part in regular life of the community on an equivalent level with others due to temporally or everlasting physical, mental or social barriers, which are sometimes aggravated by community perception towards people with disabilities. In many African societies, including Tanzania, people's disability is associated with biases and negative attitude. People with disabilities are viewed as worth of pity, dependent and as such not an integral part of the community they live. This view is contrary to basic human rights, which assert that everyone is entitled to be free from any kind of discrimination (URT, 2004).

In development sector, including the financial sector, service inclusion to the people with disability is crucial to achieve the 2025 Tanzania Development Vision (TDV-2025) as well around the world through various efforts to achieving the Sustainable Development Goals (SDGs), which will ensure that people with disability are served in the financial markets and are included in the innovative financing solutions. According to Peparah *et. Al.* (2022), the People with Disabilities have specifically been referenced 11 times in the 2030 Agenda for SDGs, with a further six references to persons in vulnerable situations. This means that matters about disability are at the core of the global development agenda. Persons with disabilities, whether in developed or developing countries have limited access to financial services. Thus, the issues about the People with Disabilities are to be at the core of the countries' development agenda as well as being fundamental to the global development agenda.

The World Bank indicated that at the macroeconomic level it is estimated that between 5% and 7% of the GDP is not harvested due to economic exclusion of persons with disabilities. This implies that at the microeconomic level, financial service institutions are missing a large profit that they would have made by including people with disabilities as part of their market segments specifically for that purpose. Either there is no doubt that by default or through created systems, people with disabilities in both developing or developed countries have limited access to financial services more specifically in the micro-finance institutions. WHO (2011) and World Bank Group (2022) reported that 15% of the world population is comprised of people with disabilities and among them its only 0.5% who are clients to the micro-

finance institutions. This points a fact that the community of people with disabilities has not been seriously recognized as part of the customer base in the financial sector by most of the financial service providers. This has been an obstacle that affects their participation as groups or as individuals, which need a very serious step for intervention to boost the group of the marginalized.

In Tanzania, the situation of economic and other sectors' inclusion of the people with disabilities is somehow delayed, as the country faces challenges in ensuring the full inclusion and rights of people with disabilities like obstacles to gain meaningful employment (Tanzania Digest, 2023). This is a serious challenge towards development. The United Republic of Tanzania, has been responding towards disabled persons through various policies, programs, protocols and regional and international agreements. The 2004 policy on disabilities aimed to provide conducive environment for people with disabilities to engage in productive works (Possi & Milinga, 2017). Tanzania is a member of the United Nations (UN) who have signed a Convention on the rights of persons with disabilities since 2007. These efforts cannot be undermined as far as inclusive development strategies are concerned. The government of Tanzania has also put aside special development funds for the people with disabilities. However, experience show that, given these government steps, there are limited number of micro-finance (community or privately owned) which are known to have special consideration for the people with disabilities. This study sought to establish factors affecting people with disabilities' access to micro-finance services in Kilimanjaro, Tanzania. The region was selected because it is believed to be among the first regions in the country where microfinance institutions started (Rwekaza & Anania, 2021).

Literature Review

The National Policy on Disability (URT, 2004) is very much concerned with commitment to create conducive environments for People with Disabilities to utilize existing institutions for income generation. In this case, the MFIs in a country, including the SACCOS, are included as organizations registered to break down barriers and promote inclusivity. In this study, the Microfinance Institutions (MFIs) and the SACCOS shall be treated synonymously. The policy furthermore stipulates that the participation of People with Disabilities in income generation is minimal in Tanzania and less recognized, hence not

included in several development and poverty reduction programs and strategies.

Generally, the policy regards that People with Disabilities have not been sufficiently sensitized to access and benefit from public funds allocated to special groups like the youth and women (URT, 2004). Goodman *et al.* (2017) pointed out that the economic and demographic characteristics such as race, age, income or home ownership are among the factors that may contribute to limited access to various services, including financial services to the People with Disabilities. This is because they may be interplay for decision making to the People with Disabilities themselves or to service providers who ought to serve the People with Disabilities.

A study by Sarker (2020) in Bangladesh exposed that without a doubt, People with Disabilities are starved of accessing financial services from MFIs. The author indicated the reasons attributed to the denial include harder credit conditions, limited social capital, negative attitudes, limited financial literacy training and absenteeism of an integrated approach that caters for People with Disabilities. Moreover, the author indicated, “the perception about People with Disabilities that they do not engage in economic activities is false.

A study by Armendáriz and Labie (2011) revealed that microfinance is a means for dropping poverty and achieving economic empowerment for People with Disabilities. A study by Lagrelius (2016) revealed that MFIs are likely to meet the financial needs of People with Disabilities, backing up them to invest in economic activities, which can enhance their living standards. A study by Mprah *et al* (2014) in Ghana indicated that Ghanaians with physical disabilities generally want to work but their economic efficiency is often alleged trivial or low. The United States data from the biennial Panel Survey of Income Dynamics (PSID), (United States, 2016) reported that beyond labor force participation decisions, household financial decisions may be affected by families with children with disabilities. They further reiterated that

children with disabilities directly affect household financial investment decisions in a manner that restrains household wealth accumulation.

Methodology

Research Design

The study used the case study design. The design was convenient because the study intended to draw conclusions for a specific community in the study area.

Population and Sampling

The study took place in Kilimanjaro Region, involving four community-based SACCOS. Through purposive and snowball sampling, the study involved four SACCOS and selected households that had People with Disabilities. The ward and area leaders were the key sources in identifying the households with People with Disabilities to be involved in the study. Finally, the study picked 50 People with Disabilities aged 15 years and above (Members and non-members) and 7 SACCO’s employees. Data collection involved a questionnaire and an interview schedule.

Validity and Reliability

The sources of data (instruments) went through a critical scrutiny to make sure that they measure what the study required. To ascertain the reliability of data, the study applied the data triangulation method with a questionnaire and an interview schedule.

Data Analysis

The analysis of qualitative data took place through the thematic approach. The researcher coded the quantitative data into the Statistical Package for Social Science, which determined the Relative Importance Index (RII), indicating factors affecting People with Disabilities’ access to SACCO’s services. This was possible through the transformation matrix as proposed by Chen *et al.* (2010). The RII value ranged from 0 to 1 whereas 0 was not inclusive. The derived importance levels from the RII appear in table 1.

Table 1: Importance Level from RII

| SN | RII Level | RII Ranging Level | Model Assumptions |
|----|-------------------|-------------------|---------------------------------------|
| 1 | High (H) | 0.8<RII<1.0 | Extremely important affecting factor |
| 2 | High-Medium (H-M) | 0.6<RII<0.8 | Very Important Affecting factor |
| 3 | Medium (M) | 0.4<RII<0.6 | Moderate important affecting factor |
| 4 | Medium-Low (M-L) | 0.2<RII<0.4 | Low important affecting factor |
| 5 | Low (L) | 0.0<RII<0.2 | Not at all important affecting factor |

The RII assumption is that the higher the value of RII, the more important is the contributing factor. The RII formula is as follows:

$$RII = \frac{\sum (W)}{A * N} \dots \dots \dots (1)$$

Where: W-Weighting that is assigned to each variable by the respondent=250

A- Highest weight = 5

B- N- Total number of respondents = 50.

Ethical Considerations

The researchers safeguard people with disabilities from harm. A research permit was obtained from the Moshi Co-operative University. Voluntary participation was employed, hence no respondent was forced to provide any information. All information provided by the respondent and obtained from the SACCOS were treated with utmost confidentiality.

Findings and Discussion

Demographics of Respondents

Findings in Table 2 indicate the demographic distribution of the respondents, basing on their sex, age, marital status as well as their SACCOS

membership status. The distribution also includes the respondents' level of education and their occupation.

Table 2 indicates that 31 male (62%) were the majority compared to their 19 female counterparts (38%). The age of respondents ranged from 15 to above 55, those within 26 to 35 years old constituting a bigger portion of the respondents. As far as education level is concerned, respondents' education level ranged from primary education to masters' degree. The majority had achieved secondary education with 48%, followed by those with primary education (30%). The minority (2%) had achieved masters' degree by the time of data collection.

As far as marital status is concerned, the majority of respondents (58%) were singles while the minority were married (34%), divorced (2%), widows (4%) or widowers (2%). The majority of respondents with 58% had formal employment while the minority (42%) had informal employment. Finally, the majority (56%) were members while the minority (44%) were non-members.

Table 2: Socio-demographic Characteristics of Respondents (n=50)

| Characteristics | Attributes | Frequency | Percent (%) |
|--|-------------------------|--------------|--------------|
| Sex | Male | 31 | 62.0 |
| | Female | 19 | 38.0 |
| | Total | 50 | 100.0 |
| Age (Years) | 15-25 | 4 | 8.0 |
| | 26-35 | 19 | 38.0 |
| | 36-45 | 11 | 22.0 |
| | 46-55 | 9 | 18.0 |
| | Above 55 | 7 | 14.0 |
| | Total | 50 | 100.0 |
| Highest level of education attained | Primary education | 15 | 30.0 |
| | Secondary education | 24 | 48.0 |
| | Certificate and diploma | 7 | 14.0 |
| | Bachelor's degree | 3 | 6.0 |
| | Master's degree | 1 | 2.0 |
| Total | 50 | 100.0 | |
| Marital status | Married | 17 | 34.0 |
| | Single | 29 | 58.0 |
| | Divorced | 1 | 2.0 |
| | Widows | 2 | 4.0 |
| | Widowers | 1 | 2.0 |
| Total | 50 | 100.0 | |
| Occupation | Formal employment | 21 | 42.0 |
| | Informal employment | 29 | 58.0 |
| | Total | 50 | 100.0 |
| SACCOS Membership | Member | 22 | 44.0 |
| | Not a member | 28 | 56.0 |
| | Total | 50 | 100.0 |

As far as the findings in table 2 are concerned, the distribution of the respondents was good enough to convince a substantial representation.

Nevertheless, one SACCOS had the idea for establishment of a specific service for People with Disabilities. The initiative existed in their business plan. The remaining three SACCOS did not have any such idea, and nothing had been included in their business plans.

Research Question 1: Are there specific financial service plans for People with disabilities among the Savings and Credit Co-operative Societies in Kilimanjaro?

The research question sought to establish whether the Savings and Credit Co-operative Societies (SACCOS) in Kilimanjaro provided People with Disabilities specific financial services. The study revealed that none of the SACCOS had established specific services for people with disabilities. In an interview, a SACCO's employee revealed,

...We do not have specific products for People with Disabilities.... this is a new idea in our SACCOS. We are supposed to think of this and make it into plans to treat People with Disabilities as a special group. This will be part of the organizational social responsibility.... we buy this idea...

This finding informs that the SACCOS had never thought of products for People with Disabilities. Another respondent from a different SACCOS declared, "in our SACCOS, we have had such an idea of establishing a product to serve the People with Disabilitiesthe idea will be built-in in the next review of their strategic plan...."

These findings indicate an exclusive mind-set among people in the community. This matches what Robinson *et al.* (2023) had pointed out about little or no attention to People with Disabilities for them to participate in production and productive works. This experience calls for efforts to change community member's attitudes toward the People with Disabilities.

Research Question 2: Which factors do affect People with Disabilities' Access to Financial Services?

While plans to support People with Disabilities is one thing, ability for People with Disabilities to access the financial services is another thing. As table 3 indicates, this research question sought to establish factors that affect People with Disabilities' Access to financial services. To accomplish this goal, the study employed the Relative Importance Index (RII) to identify most and least important factors that affect People with Disabilities' access to financial services.

Table 3: Relative Importance Index on the Factors Affecting Access to Financial Services

| Factors | Extremely important affecting (5) | Very Important Affecting (4) | Moderate important affecting (3) | Low important affecting (2) | Not at all important affecting (1) | Weightage total (W) | Total Number (N) | A*N | RII | Rank |
|----------------------------|-----------------------------------|------------------------------|----------------------------------|-----------------------------|------------------------------------|---------------------|------------------|-----|--------------|------|
| Family Background | 44 | 45 | 41 | 47 | 40 | 217 | 50 | 250 | 0.868 | H |
| Age of PwDs | 31 | 45 | 47 | 31 | 28 | 182 | 50 | 250 | 0.728 | H-M |
| Level of Education | 50 | 50 | 49 | 50 | 43 | 242 | 50 | 250 | 0.968 | H |
| Sex | 37 | 31 | 40 | 33 | 29 | 170 | 50 | 250 | 0.680 | H-M |
| Marital Status | 40 | 42 | 37 | 18 | 26 | 163 | 50 | 250 | 0.652 | H-M |
| Household Size | 23 | 29 | 20 | 18 | 17 | 107 | 50 | 250 | 0.428 | M |
| Disability Type | 46 | 49 | 47 | 45 | 39 | 226 | 50 | 250 | 0.904 | H |
| Reliable Address | 41 | 36 | 37 | 33 | 41 | 188 | 50 | 250 | 0.752 | H-M |
| Stereotype | 35 | 26 | 23 | 33 | 30 | 147 | 50 | 250 | 0.588 | M |
| SACCOS' Regulations | 47 | 48 | 49 | 45 | 37 | 226 | 50 | 250 | 0.904 | H |
| SACCOS' Commitment | 45 | 47 | 29 | 32 | 27 | 180 | 50 | 250 | 0.720 | H-M |
| Limited SACCOS Information | 47 | 49 | 49 | 35 | 44 | 224 | 50 | 250 | 0.896 | H |
| SACCOS Publicity | 47 | 44 | 40 | 42 | 44 | 217 | 50 | 250 | 0.868 | H |

KEY: High (H), High-Medium (H-M), Medium-M

The comparison took place using the transformation matrix with 13 factors that Chen *et al.* (2010) proposed. In table 3, the factors appear in two groups: those related with People with Disabilities and those related with the SACCOS.

Findings in table 3 indicate that six out of the 13 factors scored the highest (high level). These factors highly affect the capability and opportunities of the people with disabilities to access the micro-finance services in the study area. These include family background (RII=0.868), Level of education (RII=0.968), type of disability (0.904), SACCOS regulations (RII=0.904), limited information (RII=0.896) and SACCOS publicity (RII=0.868). Out of the six factors, which had the highest RII, three relate with Persons with Disabilities (family background, level of education and type of disability) while the other three (SACCOS policy and legal conditions, limited SACCOS information and SACCOS publicity) relate with the SACCOS.

The background of the family appears one of the leading factors that prevent People with Disabilities from accessing microfinance service opportunities. This could be because some family members felt that People with Disabilities are not capable of being self-dependent. Instead, they considered People with Disabilities as permanent dependants. According to Katundu and Gabagambi (2016), positive entrepreneurial tendencies might affect child growth toward entrepreneurial thinking. Therefore, positive entrepreneurial tendencies must begin at a tender age if at all people with Disabilities will engage in entrepreneurial activities for self-dependency.

The ranking of education level as a factor that affect accessibility to financial support relate with literature, which contends that education enhances the individual's economic decisions and shapes one's behaviour. The more educated a person becomes, the more the person performs better compared with those with lesser education (Rosenberger, 2020). Literature further supports the fact that lack of information may hinder participation in entrepreneurial endeavours. For instance, the studies of Katundu and Gabagambi (2016) and Peprah *et al.*, (2022) contended that insufficient information tends to delay one to access entrepreneurial opportunities

Furthermore, in table 3, five factors scored High-Medium. These factors are Age (RII=0.728), Sex

(RII=0.680), Marital Status (RII=0.652), Reliable Address (RII=0.752) and SACCOS Commitment (RII=0.720). Among the five factors that scored high medium, four factors (Age, Sex, Marital Status and Reliable Addresses) relate with People with Disabilities while one factor (SACCOS' commitment) relates with the SACCOS. Finally, Household Size (RII=0.428) and Stereotype (RII=0.588) scored medium.

The revealed findings regarding sex as a contributing factor toward accessing financial support matches with the findings of Zins and Weil (2016) who reported that in Africa, being a female decreases the probability of accessing financial services. This finding signifies that gender gap exists among the People with Disability in accessing financial services.

Conclusion and Recommendations

Findings in this study lead to a conclusion that little or no specific plans existed to cater for the needs of the People with Disabilities. Factors that majorly affected People with Disabilities' access to financial services related to either People with Disabilities' families or to the SACCOS's administration. These factors are family background, education, disability type, regulations, limited information and SACCO's publicity. Family background, level of education and type of disability directly related to the People with Disabilities' families while policy and legal conditions, limited SACCOS information and SACCOS publicity relate to the SACCOS administration. The study recommends that the SACCOS need to conduct capacity-building and sensitisation workshops toward People with Disabilities' self-determination and critical decisions to engage actively into entrepreneurship activities. Furthermore, the SACCOS need to have friendly and welcoming policies that support specific needs of People with Disabilities.

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