International Journal for Multidisciplinary Research (IJFMR)
E-ISSN: 2582-2160 ● Website: www.ijfmr.com ● Email: editor@ijfmr.com

Credit Management and Financial Sustainability of Women Entrepreneurs Zanzibar, Tanzania

Khamis M. Haji[1], Biruk Ayalew Wondem[2], Namungo Hamzah[3]

[1]PhD Student in Kampala International University, College of Economic and Management, Department of Accounting & Finance

[2,3]Lecturers in Kampala International University, College of Economic and Management, Department of Accounting & Finance

Abstract

Credit management is a condition that carrying debt over time can have a negative effect on the business life cycle, from restricting cash flow and ability to save money to impacting credit score (Carranza et al., 2020; Kenton, 2024; Stash, 2023). Financial sustainability as reliably fund of organization operations, meet obligations over long-term future process, building a resilient financial foundation that can support ongoing stability (Torre & Leo, 2025). This study aims to examine the effect of credit management on the financial sustainability of women entrepreneurs in Mjini Magharib, Zanzibar. Entrepreneurs participate a crucial position in addressing societal challenges. Through the Credit Risk Theory developed by Robert C. Merton (1974), and the Resource-Based View (RBV) theory developed by Penrose (1980-1990), these theories suggest that entrepreneurs applied a combination of knowledge and skills to sustain financial resources for future business growth. The regression analysis used in the data presentation and discussion of primary data collected illustrates that the credit management components, which are collateral, interest rates, and financial literacy have a positive relationship to financial sustainability. To conclude that financial credit management plays a significant role to reach business goals through knowledge for growing financial sustainability. Ministry concerns collaboration with financial institutions continues to organize trainings for women entrepreneurs to open their minds on financial literacy. Further study focuses on the impact of credit management on microeconomics in loan utilization and repayment practices.

Keywords: Collateral, interest rates, financial literacy, education level, and financial sustainability

Introduction

Financial sustainability refers are the reliably fund of organization operations, meet obligations, and grow over the long-term without exhausting future process, building a resilient financial foundation that can support ongoing stability (Torre & Leo, 2025), is crucial for ensuring long-term organizational ability to invest in future growth while managing risks effectively, ensuring long period viability, supporting operational continuity, enabling growth and investment, risk management and resilience, enhancing stakeholders confidence, contribute sustainable development (Gunther et al., 2016; Gleibner et al., 2022). Credit management are involves planning, monitoring, and controlling borrowed funds to ensure timely repayment and effective utilization of credit. Proper credit management enables entrepreneurs to maintain healthy cash flow, improve profitability, and sustain business operations

(Bullivant, 2016; Gunther et al., 2016). Women entrepreneurs play a significant role in economic growth, employment creation, and poverty reduction. On the other hand, most women-owned businesses face financial challenges due to limited access to finance, poor credit management practices, and inadequate financial literacy.

Globally, women entrepreneurs has positive significant in economic growth in many countries in the world like Bangladesh, Indonesia, Lebanon, and Turkey, but still faced with various barriers to accessing traditional financial services such as loans and credit due to the lack of formal identification and societal norms that discourage financial independence (Hussain et al., 2025; Lingappa et al., 2024; Gleibner et al., 2022). Micro, small and medium women enterprises has financial gap around $1.7 trillion highlighting a significant systemic issue that must be addressed to unlock economic potential (Welter, 2011), limited their access to business capital, difficult to invest in new technology or expand operations. In Africa, property rights and family laws for women entrepreneurs are very intricate, which hampers women development in developing countries (Franzke et al. 2022), lack of financial resources is solitary of the mainly significant issue, require of capability, and inadequate information (Mashapue, et al., 2022).

Regionally, the financial sustainability of women entrepreneurs in East African countries very difficult issue, influenced by various factors, including ownership challenges in Kenya and Rwanda. They still face barriers to utilizing formal financial services like banking, insurance, and pension (UN Women, 2026). Structural challenges like limited digital literacy, lack of collateral, and reliance on informal financial mechanism such as village savings and loan association that hinder women's economic empowerment (Franzke et al., 2022). In nationally, according to FinScope Survey, (2023), Tanzania has observed that formal financial services increased from 66% (2017) to 76% (2023), but still women left behind in both access and use formal financial services (FinScope, 2023; Were, et al., 2024), Locally, in west urban region Zanzibar most of women entrepreneurs contribute economic growth through employment opportunities, tax payment, and market competition but still facing with various challenges in credit access such as loan, training, capability, strategic planning and mentoring (Nama, 2026).

Credit management, as a condition of carrying high debt over time, can have a negative effect on business life cycle, from restricting cash flow and ability to save money to impacting credit score (Carranza et al., 2020; Kenton, 2024; Stash, 2023). It can also cause a significant amount of stress for saving, investing, or simply enjoying with less financial worry by knowing what are owing, paying off high interest rate avoid new debt always plan before borrowing without reasons (Roy et al., 2019; Stash, 2023). Women entrepreneurs in Zanzibar received a significant boost in 2023, with over 16,000 beneficiaries accessing TZS 16.83 billion in loans, marking a sharp increase from TZS 7.32 billion in 2022. Regardless of development, women still appearance a financing gap and structural barriers in credit management, considered managed responsibly includes collateral, interest rate, financial literacy, and increase earning potential or net worth stay away from high interest rates can quickly cause debt out of control with a negative outcome on business cash flow and low ability to save money for development (Trust, 2024; Zia, 2012; Kinnon et al., 2013).

Financial sustainability is indicated through a mixed economic, financial and organized with revenues diversification, debt management, liquidity, and long-term resilience (Ahmad, 2011; Roomi & Parrott, 2013). Networking and negotiation skills are essential for any entrepreneur, but these skills are shortfall between women entrepreneurs (Tambunan, 2009). The seed capital and long-term capital need to be improved, and these are treated as significant constraints for the advancement of entrepreneurship among women in emerging economies (Moreira et al., 2024). Need initiatives to bridge the financing gap by providing targeted financial solutions, training, and mentorship to empower women entrepreneurs, this challenge urgent need research to enhance financial sustainability for women entrepreneurs in west urban region Zanzibar, this study aims to examine the impact of credit management on the financial sustainability of women entrepreneurs in the West Urban region, Zanzibar, Tanzania.

Literature review

The study focuses on Credit Risk Theory developed by Robert C. Merton (1974), Present the foundation for efforts to measure and manage credit risk exposure, its introduced the Merton model, focus on mathematical framework used to assess the structural credit risk and evaluate corporate bond with pricing of company, also used for equity as call option on its assets, work as instrumental in developing risk management strategies in finance (Bolder, 2018; Karum, 2025). The framework characterized for any type of borrower and used as the basis for default modeling, credit loss estimates are formed by combining the borrower's probability with their loss given default (Moreira et al., 2024). According to him, this theory is relevant to the research, which delivers vital insights moving forward for credit management and financial sustainability by assessing assets as collateral, profit, and potential investment properties of women entrepreneurs.

Resource-Based View (RBV) theory developed by Penrose (1980-1990) state that a firm's sustainable competitive advantage stems from its unique internal resources and capabilities rather than external market conditions. According to Penrose, (2009) firms are heterogeneous because they possess different resources which allows to adopt distinct strategies, resources are classified into tangible resources or fixed assets, and intangible resources. The implication of this theory encourages looking inward and delaying to external market opportunities. He suggest that firms adopt a new opportunity internal driven approach to influence strategic planning, resource management, and capability development across industries (Akter, 2016). This theory is applicable and direct reflect to the study because it provides a framework for understanding the firm to achieve and sustain competitive advantage by focusing on the heterogeneity, value, and organization of internal resources, highlighting intangible assets and strategic capabilities to modernize strategic management theory.

Pecking Order Theory, developed by Donaldson (1961) and modified by Stewart et al. (1984), the theory state that ''The managers follow a hierarchy when considering sources of financing". It refers to the model that guides a company in determining the financing that should be prioritized over the other to ensure company growth without or with least increase in its financial liabilities (Utama, 2023). According to Stewart et al. (1984), the hierarchy approach its show that there is three sources of financing includes; internal finance which is still risk stay in company, external finance either by debt or selling bonds as apart of the company's shares, and equity finance. According to him this theory is not good for individual women entrepreneurs because most of them there have not enough financial education in fund raising to finance a new project through offer some company shares to pay the shareholder's rights in decision making.

Objectives

1. To determine the effect of collateral on the financial sustainability of women entrepreneurs,

2. To establish the relationship between interest rates and the financial sustainability of women entrepreneurs.
3. To assess effect of financial literacy on the financial sustainability of women entrepreneurs.
4. To evaluate the moderating effect of educational level on the relationship between credit management components (collateral, interest rates, and financial literacy) and financial sustainability.
5. To evaluate the mediating effect of financial behavior change on the relationship between credit management components (collateral, interest rates, and financial literacy) and financial sustainability.

Hypothesis

1. **$H_0$1**: Collateral has no significant effect on the financial sustainability of women entrepreneurs,
2. **$H_0$2**: There is no significant relationship between interest rates and the financial sustainability of women entrepreneurs.
3. **$H_0$3:** Financial literacy has no significant effect on the financial sustainability of women entrepreneurs,
4. **$H_0$4:** Education level has not significant moderate relationship between collateral, interest rates, financial literacy, and financial sustainability.
5. **$H_0$5**: Financial behavior change has no significant relationship between credit management components (collateral, interest rates, financial literacy) and financial sustainability

Empirical review

There are various studies related to credit management on the financial sustainability of women entrepreneurs shaped by structural barriers like collateral requirements, high interest rates, and gender bias, alongside enabling factors such as financial literacy, social networks, and supportive policies. Tailored financial instruments and inclusive banking practices are critical to improving access and sustainability. This study is based on credit management as the independent variable, with education level is a moderator variable, financial behavior change as a mediating variable, and financial sustainability as a dependent variable of women entrepreneur's functions. This section concentrate to the discussion and analysis of different related previous studies, objectives or knowledge analyzed to be researched to further studies.

Credit management refers to the process of monitoring, controlling, and optimizing the credit extended to customers to ensure timely payment and maintain financial stability (Ahmadyan, 2018). According to Legass and Roba (2024), in the study of "impact of credit risk management on financial performance of commercial banks in Ethiopia", observe that credit management in credit risk management had a positive and statistically significant effect on financial performance, effective credit management is crucial for both large and small business (Legass, et al.2024). Similarly, in Sharma et al. (2026) their study of "Credit management practices of small business enterprises" revealed that credit management has a significant positive with financial sustainability and higher profitability it indicate that credit management is used as strategic lever to achieve a high level of financial performance and even threaten business survival. Credit management is a strategic financial discipline that protects company revenue, ensures timely cash inflows, and supports sustainable growth by carefully managing the credit extended to customers (Zimon et al. 2024).

Financial sustainability refer to an entity capacity to generate reliable, recurring revenue that covers expenses, support growth, and ensures long-term viability focuses on the financial health (Banerjee, 2025), according to Gleibner et al. (2025) in his study of financial sustainability measurement and empirical evidence, financial sustainability is important for risk management especially for the strategic and holistic risk governance approach (Lenssen, et al. 2014; Stein and Wiedemann 2016; Hiebl et al, 2018; Hiebl, 2019), the financial sustainability presented in the article remedies deficiency not only is common control parameter for risk and sustainability management but also suits empirical studies by expressing and providing the benefits of risk governance concepts (Gleibner, et al. 2022). Organization can meet demand, cover expenses and acquire a surplus that enable to invest in further growth and expansion, ensuring financial stability and ability to absorb risk.

Collateral refers to the assets pledged by a borrower to a lender as security for a loan and can include cash, securities, real estate, commodities, and other financial assets (Prasad, 2022). Collateral manages the mitigate credit risk by security financial obligations and protecting against counterparty defaults. According to Prasad (2022), in his study of credit risk management strategies in banking, observe that collateral is significant positive effect on credit management to financial sustainability this indicate that collateral management process involves periodic valuation, ongoing monitoring, and mechanism for liquidation in the event default in safeguarding the banks interests. Similarly, Oyetola et al. (2023), in his study of credit risk and its management in the banks; a conceptual review, he found that collateral was significant positive effect in credit management to financial performance, this means that credit available in the business its assist the intrinsic risk in loan features. Effective collateral management improves liquidity, optimizes capital usage, and improves access of favorable financing opportunities, it strengthens market confidence, supporting stability, trust, and ensuring the borrower keeps up with their financial obligation.

Interest rates refers as reward rate percentage charged on any loan for saving money, depending on other factors such as economic conditions, governance policies, credit worthiness, and the risk associated with it (Tamplin, 2025). According to Legass, et al. (2024), in their study of credit risk management, they observe that interest rates has a significant positive effect on credit to financial sustainability through deducting actual cost of borrowing principal by annually or semiannually. Similarly, Joe (2024), in his study of understanding interest rate on credit management. In his study shows that interest rate have a significant positive effect on credit to the financial sustainability, this indicate that interest rate effect everyone in determining the cost borrowing money and return on saving and investment in stocks and retirements effectively (Joe, 2024; Banerjee, 2015).

Financial literacy refers to the ability and skills, knowledge, and confidence needed to make informed financial decisions in daily life, understand and manage everyday finances, including earning, spending, saving, borrowing, and investing to achieve financial well-being. According to Sharma et al. (2026), a study of credit management practices of small business enterprises. They observe that results confirm that financial literacy is a critical determinant of organized provide practices adoption rates, significantly positives effect financial sustainability of small business with a high beta coefficient ($\beta = 0.65$, $p < 0.01$). Similarly, Banerjee (2015), in a study of financial sustainability in corporate finance resource, she observe that financial literacy plays a crucial role in helping business owners create formal credit policies, evaluate customers' credit worthiness, and leverage advanced credit management tools. Additionally, including external training programs as an important predictor ($\beta = 0.48$, $p < 0.05$) indicates the importance of capacity-building programs for improving credit management skills.

Education level refers to the multiple stages divided into childhood, higher to adult education support in connecting of knowledge, experiences, learning and teaching. Formal education demonstrate a vital positions in general improvement of individuals and community, facilitate serious thinking, solve problem, decision making and communicate with give social and economic growth (Verma et al., 2023), in his study of education, meaning and types, according to him education level aspect observed that has positive significance relationship with credit management on the financial sustainability structured from fixed curriculum, in the future research strengthen women programs focus on policies and the knowledge gap area of insufficient understanding the strategies to financial sustainability of women entrepreneurs. According to Bernard (2023) and Mashapure (2023) who investigated in his study knowledge on the operating business of women entrepreneurs in Zimbabwe. The government and other development partners work effectively in providing required support needed for the financial sustainability. Despite other studies addressing the problem, there is scarce knowledge about the extent to which women entrepreneurs affects on financial sustainable at rural areas.

Financial behavior change are the individual practice that influenced by multiple factors in family includes knowledge on peer groups economic status which convinced by income level for expected futures result through investment, saving behavior, spending and borrowing (Sudindra et al., 2020), in his study of financial behavior and decision making, they observe that financial behavior linked in decision-making savings, spending, borrowing and investment all have a positive impact on financial behavior its had been influenced financial sustainability. Results revealed that both financial behavior elements guide the investors towards selecting the best investment avenues and assessing risk and return content for financial sustainability. According to Shukla (2016), the investment favorite of women entrepreneurs was examined. The results of the study it shows that investment preference of women is greatly influenced by a variety of assets avenues, women are mainly attracted to invest into fiscal assets rather than physical assets includes; stocks, bonds, life insurance, mutual funds, with various cash deposits.

Methodology

This article uses a quantitative study plan to reach its objective of examining the impact of credit management on the financial sustainability of women entrepreneurs in West Urban region, Zanzibar. The study running a cross-sectional review study design to accumulate prime data via Structural Equation Modeling (SEM) (Zikmund et al., 2013). The target population of this study involves women entrepreneurs allocated in the Mjini Magharib region, contained in three districts; Mjini, Magharib “A”, and Magharib “B”. A sample of 400 women entrepreneurs was concerned as proposed (Owolabi, 2003). The questionnaire was developed based on the thesis study (Muhammed & Isah, 2020; Olajide &Obialo, 2020 and Sooriyakumara, et al., 2020) on financial literacy, including its component effect of credit management on the financial sustainability.

The questionnaire divided into six groups including characteristics of the respondents, credit management components (collateral, interest rates, and financial literacy), education level, financial behavior change, and financial sustainability. It’s issued tools to a pilot review for improve validity with reliability. From a pilot survey, some modifications were made to improve the quality of the research tools; the data accumulated was cleaned for coding with analyses.

Model Development

This study aims to show the impact of credit management on financial sustainability among individual women entrepreneurs in Mjini Magharib. Firstly, predict the effect of collateral on the financial sustainability of women entrepreneurs. Secondly, expect to establish the relationship between interest rates on financial sustainability of women entrepreneurs. Thirdly, evaluate the moderating effect of educational level on the relationship between credit management components (collateral, interest rates, and financial literacy) and financial sustainability. Fourthly, expect to evaluate the mediating effect of financial behavior change on the relationship between credit management components (collateral, interest rates, and financial literacy) and financial sustainability.

$FS_i = \beta_0 + \beta_1 Cl_i + \beta_2 IR_i + \beta_3 FL_i + \beta_4 EL_i + \beta_5 FBC_i + \varepsilon_i$

Where, FS_i indicates the financial sustainability of women entrepreneurs, β_0 indicates the constant items, CL_i indicates collateral of individual women entrepreneurs, IR_i refers to interest rates of credit/loan, FL_i refers to the financial literacy of individual women entrepreneur, EL_i refer to the educational level of women entrepreneurs, FBC_i refers to the financial behavior change, i, and εi is the error term.

Validity and pre-test reliability Analysis

The research data collecting instrument was validated configured to have complete responses as reviewed from different experts linked to financial literacy such as Hamid et al., 2023: Muhammad et al., 2020 and Miroga et al., 2025, The reliability of the data collection tools was pre-tested by using Cronbach's alpha, which is usually applied to check the accuracy of the measurements that are free from bias to get reliable and correct results. SPSS v.26 and Jamovi-v.2.7.12 were used to test a score of tools was 0.94, for a Cronbach's alpha was shows that adequate reliability. This result is applicable for data compilation in the field.

Table 3.1 Coding data

Variables	Code
Collateral	CL
Interest Rates	IR
Financial Literacy	FL
Educational Level	EL
Financial Behavior Change	FBC
Financial Sustainability	FS

Source: Researcher's idea, 2026

The Structural Equation Modeling (SEM) was employed to examine the impact of credit management (collateral, interest rates, and financial literacy) on financial sustainability, moderated by educational level, and mediated by financial behavior changes of women entrepreneurs in the Mjini Magharib region, Zanzibar.

Finding and discussion

This section are deals with the presentation and discussion, divided into two parts, one part focuses on data analysis involves descriptive and testing assumptions of variables, and the second parts concentrate with discussion, conclusion, and recommendations. The analysis of the variables to determine the independent variables, which include collateral, interest rates, and financial literacy are moderated by educational level with mediated by financial behavior changes to financial sustainability.

Data presentations

This area concentrates on finding presentation in frequency by percentage and descriptive statistics of respondent's characteristics, such as age, educational level, marital status, business types and experience, also illustrate independent variable, moderating, mediating, and dependent variable.

Frequency table

The research deals with women entrepreneurs in Zanzibar, it means that the findings from the field were described five respondents information includes age, marital status, educational level, business types, and experience, which are not includes the gender of the respondents as follows:-

Table 4.1: Age

		Frequency	Percent
Valid	20-25 years	2	.5
	26-30 years	10	2.5
	31-35years	118	29.5
	36-40years	198	49.5
	41 year and above	72	18.0
	Total	400	100.0

Source: Data from the field, 2026

The result from table 4.1 illustrate that the most of women entrepreneurs has age between 36-40 years of (49.5%), followed by age between 31-35 years (29.5%), age from 41 years and above (18.0%) age between 26 -30 years (2.5%) and the final one negligible age between 20-25 years (0.5%), this means that the most respondents in research were women entrepreneurs who have aged between 36-40 years have enough effort with ability to run credit for operating business.

Table 4.2: Marital status

		Frequency	Percent
Valid	Married	269	67.3
	Single	87	21.8
	Divorced	40	10.0
	Widow	4	1.0
	Total	400	100.0

Source: Data from the field, 2026

Table 4.2 indicates that the majority of respondents has married by (67.3%), followed by the women who is not entered in married as a single by (21.8%), women who live with divorced was (10.0%), and minor women respondents was (1.0%). This means that most of women entrepreneurs are married and they get support in term of advice and strength from their partners, a little beat single women entrepreneur's success through their own effort, divorced and widow women entrepreneurs their straggle to find successions.

Table 4.3: Educational level

		Frequency	Percent
Valid	Primary	8	2.0
	Secondary	32	8.0
	Certificate	196	49.0
	Diploma	160	40.0
	Degree	4	1.0
	Total	400	100.0

Source: Data from the field, 2026

Table 4.3 describes that the majority of respondents have a Certificate level (49.0%), followed by Diploma holders by (40.0%), respondents who have Secondary level (8.0%), Primary level (2.0%), and lowest level ranked Degree holders (1.0%). The results show that most women entrepreneurs in Mjini Magharib region have a certificate level, and the small number of participants is degree holders.

Table 4.4: Type of Business

		Frequency	Percent
Valid	Production	18	4.5
	Buying and Selling products	285	71.3
	Art craft	72	18.0
	Others	25	6.3
	Total	400	100.0

Source: Data from the field, 2026

Table 4.4 shows that the most of respondents deal with buying and selling finished goods (71.3%), followed by Art and craft (18.0%), other type of business, including saloon and local mats ranked (6.3%), and production is (4.5%).

Table 4.5: Experience

		Frequency	Percent
Valid	0-5 years	40	10.0
	6-10 years	211	52.8
	11-15 years	134	33.5
	16-20 years	15	3.8
	Total	400	100.0

Source: Data from the field, 2026

Table 4.5 show that the most of respondents has experiences between 6-10 years was (52.8%), followed by respondents has 11-15 years of experiences (33.5%), between 0-5 years (10.0%), and lowest respondents has experience between 16-20 years (3.8%).

Table 4.6: Descriptive analysis

	N	Mean	Std. Deviation	Variance	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Collateral	400	13.9150	3.59584	12.930	-.696	.122	-.521	.243
IR	400	14.1475	3.65159	13.334	-.774	.122	-.266	.243
Financial Literacy	400	14.6825	3.42286	11.716	-.912	.122	.150	.243
Financial Behavior Change	400	14.8675	3.03198	9.193	-1.147	.122	.863	.243
EL	400	11.0725	2.44380	5.972	-.906	.122	.205	.243
Financial Sustainability	400	15.0550	2.56387	6.573	-1.049	.122	1.028	.243
Valid N (listwise)	400							

Source: Data from field, 2026

The Skewness and Kurtosis results illustrated in table 4.6 are less than ±2.58 and thus considered standard (Orcan, 2020). The standard distribution of the variables is sufficient and fine for running the study. The test of variables presented through tables 4.6 up to 4.12 that shows the track and familiarity of the variables. Based on the theoretical perspective, the intention to use credit management feature, the position in the model and equation it illustrates. One, it links the independent variable (collateral, interest rate, and financial literacy) to the dependent variable – Educational level and financial behaviors changes from standard use to grow to be financial sustainability of women entrepreneurs to reach development targets. It is useful to give explanation for the relationship in the data that were run for this study with a clear highlighting of familiarity.

Reliability

The outcome from the study used individual reliability and internal discriminate validity to assess reliability and validity measurement determined through indicators based on Hair et al., (2012) rule of thumb, which indicates that 0.70 is dependable with satisfactory for developed scales. The rule of thumb measures 6 insightful structures of the study with 23 items that were (CL1, CL2, CL3, CL4, IR1, IR2, IR3, IR4, FL1, FL2, FL3, FL4, EL1, EL2, EL3, FBC1, FBC2, FBC3, FBC4, FS1, FS2, FS3, and FS4), where all item allowed for consecutively analysis.

Table 4.7 Individual item reliability

	CL	IR	FL	FBC	EL	FS
CL1	0.96					
CL2	0.96					
CL3	0.96					
CL4	0.96					
IR1		0.95				
IR2		0.96				
IR3		0.95				
IR4		0.96				
FL1			0.95			
FL2			0.95			
FL3			0.95			
FL4			0.95			
FBC1				0.95		
FBC2				0.95		
FBC3				0.96		
FBC4				0.95		
EL1					0.96	
EL2					0.96	
EL3					0.96	
FS1						0.96
FS2						0.96
FS3						0.96
FS4						0.96

Source: Computation of data analysis, 2026

Determination the effect of collateral on the financial sustainability

4.8: Regression analysis

Variables	Coef.	Std.Err	t-test	F	Sig
Constant	9.046	0.409	22.134	23.0	0.000[b]
Collateral	0.432	0.028	15.184		
R^2	0.367				
Adj. R^2	0.365				
N	400				

Source: Analysis from the field, 2026

The findings show that the outcome of collateral in credit management on the financial sustainability of women entrepreneurs in Mjini Magharib. The results, of the hypothesis test show a significant relationship between collateral (CL) and financial sustainability. Table 4.8 revealed that the consequences of the formulated model based on the relationship between collateral in credit management can affect the financial sustainability in business operation without considering financial risk for lending money for entrepreneurs. The results are interpreted using the coefficients (Beta) of the path relationship, the standard error, t-test, and F (Statistics).

The result from table 4.8 illustrate that collateral has a significantly positive relationship with the financial sustainability (β= 0.606, $p<0.05$). The results shows that increased collateral in financial credit will increase the financial sustainability of women entrepreneurs. These means that, when having more collateral for credit it build capacity with higher confidence in financial sustainability in entrepreneur's activities, in the line with study results of Prasad, (2022), Oyetola et al. (2023). The R-square (R^2) is the measure of the predictive collateral of a model, which is calculated as the squared correlation between the endogenous construct's actual and predicted value (Hair et al., 2012). The R^2 of this model in percent (%) shows that the collateral in financial credit keep up to 36.7 percent of the variation of financial sustainability, while other elements were not included in the financial model for the residual percent of the variation in financial sustainability of women entrepreneurs.

Relationship between interest rates and the financial sustainability

Table 4.9: Regression analysis

Variables	Coef.	Std.Err	t-test	F	Sig
Constant	9.049	0.410	22.095	229.4	0.000[b]
Interest Rate	0.425	0.028	15.146		
R^2	0.366				
Adj. R^2	0.364				
N	400				

Source: Analysis from the field, 2026

The findings presented in table 4.9, it illustrate that effects of interest rates in credit management on financial sustainability of women entrepreneurs in Mjini Magharib, the model formed based on the relationship between interest rates in financial credit and financial sustainability, The products are described through the coefficients (Beta) of the path relationship, the standard error, t-test and F (Statistics), (β = 0.605, $p<0.05$) it means that interest rates in financial credit management has positive

relationship to financial sustainability of women entrepreneurs, accepted alternative hypothesis on the significant relationship between interest rates (IR) and financial sustainability.
The R-square (R^2) is 36.6%, and adjusted R^2 is 36.4% which shows that interest rates in financial credit are connected with a higher financial risk toward sustainability. While other factors that were not included in the financial model for the remaining percent of the variation in credit management nearby sustainability, the outcome similar to results of Legass, et al. (2024), (Joe, 2024; Banerjee, 2015). The R-square (R^2) is the measure of the predictive interest rates of a model, which is a correlation between the endogenous construct's actual and predicted value.

Assessing effect of financial literacy on the financial sustainability

Table 4.10: Regression analysis

Variables	Coef.	Std.Err	t-test	F	Sig
Constant	7.530	0.413	18.242	350.4	0.000[b]
Financial Literacy	0.513	0.027	18.720		
R^2	0.468				
Adj. R^2	0.467				
N	400				

Source: Analysis from the field, 2026

The research results in table 4.10 shows the effect of financial literacy on financial credit management on the financial sustainability of women entrepreneurs in Mjini Magharib. The formulated model based on the financial literacy in credit management to the financial sustainability pointed through (β= 0.684, $p<0.05$), it means that financial literacy has positive significant relationship to financial sustainability of women entrepreneurs, accepted alternative hypothesis on the effect of financial literacy (FL) in financial credit to financial sustainability, the higher knowledge in finance led to manage well financial credit in dealing with entrepreneur activities in the competitive markets to continue business growth. Extra training programs as an important predictor ($\beta = 0.48$, $p < 0.05$) signify the importance of a capacity-building plan for developing credit management skills (Sharma, et al. 2026: Banerjee, 2015). The R^2 46.8% and adjusted R^2 46.7% model of 5% indicates that the effect of financial literacy of credit management on financial sustainability, similar to Verma et al., (2023), Bernard, (2023); and Mashapure, (2023) in financial sustain structured understanding the strategies to women entrepreneurs development.

Effect of educational level on credit management components to financial sustainability

Table 4.11: Regression analysis

Variables	Coef.	Std.Err	t-test	F	Sig
Constant	7.316	0.445	16.453	317.5	0.000[b]
Educational Level	0.699	0.039	17.820		
R^2	0.444				
Adj. R^2	0.442				
N	400				

Source: Analysis from the field, 2026

The field revealed that the effect of educational level on financial credit management components on the financial sustainability of women entrepreneurs in Mjini Magharib. The results in table 4.11, of the formulated model stand on the relationship between education level and financial credit management components to financial sustainability based on (β= 0.666, p<0.05), it means that educational level in financial credit management has positive significant relationship to financial sustainability of women entrepreneurs, accepted alternative hypothesis on the significant of the relationship between educational level (EL) on credit management components on the financial sustainability, higher educational level of entrepreneur led financial knowledge, ability with skills to continue expansion of business operations.
The R^2 (44.4%) and adjusted R^2 (44.2%) model of (5%) shows that higher relationship between education level with credit management components on financial sustainability which facilitate capacity of serious judgment, break problem, decision making and correspond with give social and economic development (Verma et al., 2023) and (Bernard, 2023; Mashapure, 2023) in financial sustain structured understanding the strategies to women entrepreneurs development.

Effect of financial behavior change on credit management components to financial sustainability

Table 4.12: Regression analysis

Variables	Coef.	Std.Err	t-test	F	Sig
Constant	4.744	0.368	12.893	818.0	0.000[b]
FBC	0.694	0.024	28.600		
R^2	0.673				
Adj. R^2	0.672				
N	400				

Source: Analysis from the field, 2026

The research observes that financial behavior changes as mediating effect on financial credit management on the financial sustainability of women entrepreneurs in Mjini Magharib. Refer to in table 4.12, its considered the value of R^2, Adjusted R^2 Coefficient correlation, std error, t –test, and p-value constant, its indicates that (β= 0.820, p<0.05), it means that financial behavior change in financial credit management components has positive significant relationship to financial sustainability of women entrepreneurs, accepted alternative hypothesis on the significant relationship between mediating financial behavior change with credit management components to financial sustainability, it means that the higher mind-set of financial payments shall influence sustainability but practice of raise money, its enable to continue business for future development with sustain for long term period for venture growth. The R^2 of this model is 67.3% and adjusted R^2 67.2% which illustrate that financial behavior change has an impact on credit management for the financial sustainability of women entrepreneurs in Mjini Magharib region, Zanzibar, Tanzania.

Conclusion and recommendation

This manuscript examines the effect of credit management on the financial sustainability of individual women entrepreneurs in business, which has significantly positive impact. It means that entrepreneurs who have collateral have a higher chance to get financial credit and reach business target quickly, credit management it facilitate capacity and ability to run business without loss by proper use of financial knowledge increase the capability to sustain financial products in the market competition and considering interest rates. The paper adds the offered literature in the area of financial literacy and financial sustainability, which is regularly treated in the bulk of prior lessons.

The research recommended that women entrepreneurs should have financial knowledge, and skills through training to be confident in managing finances and properly use collateral for financial credit from financial institutions, which enable to sustain finance products. Moreover the Ministry of Community Development, Zanzibar Economic Empowerment Agency (ZEEA), and CRDB Bank should be arrange critical trainings on the function with benefits of credit management to women entrepreneurs in Zanzibar to open mind of early closure of financial activities in their existence phase, regardless of whether credited or not, because most small women entrepreneurs do not care about financial credit and risk management. Additionally, study shall focus on conformity, the suitability and the willingness of women entrepreneurs on financial sustainability. Banks should be find ways to control and reduce operational costs to strengthen financial sustainability for women entrepreneurs in Zanzibar. Future study will focus on the impact of credit management on microeconomic, social influences, and demographics, or further study based on credit management through area of Loan utilization, Repayment practices, Credit monitoring, and Record keeping.

1. Reference

2. Ahmad, S. Z. (2011). Evidence of the characteristics of women entrepreneurs in the Kingdom of Saudi Arabia. *International Journal of Gender and Entrepreneurship*, 3(2), 123–143
3. Ahmadyan, A. (2018). Measuring credit risk management and its impact on bank performance in Iran. Marketing and Branding Research, 5, 168-183,
4. Akter, S., Wamba, S.F., Gunasekaran, A., Dubey, R. & Childe, S.J. (2016). How to improve firm performance using big data analytics capability and business strategy alignment?. *International Journal of Production Economics*, 182, 113-131.
5. Banerjee, P. (2025) Financial sustainability, corporate financial resources, available on https://www.wallstreetmojo.com/finance,
6. Bernard, M. (2023). *The Biggest Business Challenges every Company is Facing in 2023*,
7. Bullivant, Glen (2016) Credit Management; Economics, Finance, Business and Industry. 6th Edition, London, Routledge, https://doi.org/10.4324/9781325574745,
8. Faruk Hossain, S. M. et al., (2025) Women entrepreneurs for sustainability development: A systematic review of enablers and barriers in emerging economies; Journal of the International Council for Small Business, Vol(7) https://doi.org/10.1080/26437015.2015. 2538192,
9. Franzke, S. K., Wu, J., Froese, F. J., & Chan, Z. X. (2022). Female entrepreneurship in Asia: A critical review and future directions. *Asian Business & Management*, 21(3), 343–372
10. Gunther, E. Endrikat, J. & Gunther, T. (2016) Environemental management control systems; a conceptualization and a review of the emprical eveidence, Pro. 136:147 -170, retrived from https://link.springer.com/article
11. Gleibner, W. Gunther, T and Walkshausi, C (2022) Financial sustainability: measurement and emprical evidence; Journal of Business Economics 92:467-516 https://doi.org/10.1007/s11573-022-01081-0, Hiebl MRW, Baule R, Dutzi A, Menk MT, Stein V, Wiedemann A (2018) Risk governance and financial sustainability 66(1):1–11from: https://www.researchgate.net/publication/ 358758068, [accessed Jul 02 2026].
12. Hiebl MRW (2019) Theoretical framing to empirical testing in risk governance research: moving the

field forward.42(11):1217–1223 Available from: https://www.researchgate.net [accessed Jul 02 2026].
13. Joe, B. (2024) Understanding interest rates to the credit management, Central Banks control the economy; available from https://wealthexplainers.com/search,
14. Lenssen J-J, Dentchev NA, Roger L (2014) Sustainability, risk management and governance: towards anintegrative approach. Corp Gov 14(5):670–684,
15. Lingappa, A. K., Rodrigues, L. L. R., & Shetty, D. K. (2024). Performance differentials of necessity and opportunity entrepreneurs: Through the lens of motivation to learn and female entrepreneurial competencies. *Journal of Entrepreneurship in Emerging Economies*, 16(1), 159–187.
16. Mashapure, R., Nyagadza, B., Chikazhe, L., Msipa, N., Ngorora, G. K. P., & Gwiza, A. (2022). Challenges hindering women entrepreneurship sustainability in rural livelihoods: Case of manicaland province. *Cogent Social Sciences*, 8(1). https://doi.org/10.1080/23311886.2022.2132675,
17. Miroga, J., Omaru, R. and Otinga, H. (2025) Financial reporting quality and Financial Sustainability of non-profit organizations in Nairobi county, Kenya. *The Strategic Journal of Business & Change Management. 12(2)211-133. DOI: http://dx.doi.org/10.61426/sjbcm.v12i1.3208*
18. Moreira, J. A., Marques, C. S., Braga, A., & Ratten, V. (2019). A systematic review of women's entrepreneurship and internationalization literature. *Thunderbird International Business Review*, 61(4), 635–648.
19. NAMA Women Foundation (2026), NAMA drives Financial Sustainability for NGOs in Zanzibar report, from https://namawomen.ae/en/news-feed/finance,
20. Oyetola, O. Joseph, M. Adenike, O. Omolara, A. and Godwin, A. (2023) Credit risk and its management in the banks: A conceptual review, Journal International Money, Banking and Finance. available on https://DOI:10.47509/JIMBF:2023.v04i01.03,
21. Prasad, H. K. (2022) Credit risk management strategies in Banking: an analysis; International Journal of Research and Analytical Review.org, retrieved on https://ijrar.org/papers/IJRAR22A22,
22. Roomi, M. A., & Parrott, G. (2008). Barriers to development and progression of women entrepreneurs in Pakistan. *Journal of Entrepreneurship*, 17(1), 59–72
23. Sharma, S. Subashree, S. Singh, V. (2026) A study of credit management practices of small business enterprises, Academy of Marketing Studies Journal,
24. Stein V, Wiedemann A (2016) Risk governance: conceptualization, tasks, and research agenda. J BusEcon 86(8):813–83,
25. Tambunan, T. (2009). Women entrepreneurship in Asian developing countries: Their development and main constraints. *Journal of Development and Agricultural Economics*, 1(2), 027–040. https://doi.org/10.5897/jdae.9000143,
26. Torre, Maro La & Leo, Sabrina (2025) The rising importance of Sustainability Finance- Crucial Global Priority; Contemporary issues in Sustainability Finance from https://link.springer.com/chapter,
27. UN Women (2026), financial inclusion and gender in selected East African Countries report; retrieved from https://africa.unwomen.org/en.digital,
28. Utama, A. N (2023) Analysis of the Development of Financial Management Theory of Support
29. Financial Research. International Journal of Current Science Research and Review, Jambi University,
30. Verma, A., Verma, K., & Yadav, V. R. (2023). *Education : Meaning , definition & Types*. *July*.

31. Welter, F. (2011). Contextualizing entrepreneurship—Conceptual challenges and ways forward. *Entrepreneurship Theory and Practice*, 35(1), 165–184
32. Were, M. Odongo, M and Israel C. (2024) Gender disparities in financial inclusion in Tanzania. Retrieved from https://adacemic.oup.com/book/56,
33. Legass, H.A. & Roba, H. A. (2024) The Impact of Credit Risk Management on Financial Performance of Commercial Banks in Ethiopia; Journal of Finance and Accountanting, https://doi.org/10.11648/j.jfa.20241206.11, Vol.(12) 6, pp142-155,
34. Zimon, G., & Dankiewicz, R. (2020). Role of trade credit in SME operations. Small Business Economics, 15(4), 54-70.,