



International Journal of Research Publication and Reviews

Journal Homepage: www.ijrpr.com ISSN 2582-7421

Level of Improved Financial Health towards Empowering Special Groups in Mbeya City Council

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ABSTRACT

This study examined the level of improved financial health towards empowering special groups in Mbeya City Council. The study was guided by the Strategic Socio-Economic Empowerment Theory and employed a mixed-methods approach using a cross-sectional research design. Quantitative data were collected from 326 special-group members comprising women, youth and persons with disabilities through structured questionnaires, while qualitative data were obtained from 10 key informants through in-depth interviews. Quantitative data were analysed using frequencies and percentages with SPSS version 26, while qualitative data were analysed through content analysis. The findings revealed a generally high level of improved financial health among special groups. Specifically, 85% of respondents strongly agreed and 15% agreed that access to capital had increased; 75% strongly agreed that transaction costs had decreased; 80% strongly agreed and 20% agreed that financial performance had improved; 80% strongly agreed that access to and usage of financial products had increased; and 70% strongly agreed that the frequency of payment delays had decreased. Qualitative findings further indicated that procurement opportunities improved cash flow, enabled enterprises to purchase materials, pay workers, access working capital and expand their businesses. However, transaction costs and payment delays remained challenges for some special-group enterprises. The study concludes that improved financial health provides an important pathway towards empowering special groups by strengthening their financial capacity, business sustainability and ability to manage economic activities. The study recommends that Mbeya City Council and relevant procurement authorities strengthen access to affordable working capital and financial products, reduce unnecessary transaction costs, ensure timely payments for completed contracts and provide financial-management training to special-group enterprises.

Keywords: Financial Health, Economic Empowerment, Special Groups, Preferential Procurement, Access to Capital, Public Procurement, Mbeya City Council.

1. Introduction

Financial health has increasingly become an important dimension of economic empowerment because individuals and enterprises require adequate financial resources and the capacity to manage them effectively in order to participate meaningfully in economic activities. Improved financial health involves the ability to meet current financial obligations, manage cash flows, withstand unexpected financial shocks, maintain manageable debt and accumulate resources for future needs. For special groups such as women, youth, older persons and persons with disabilities, financial health is particularly important because limited access to capital and financial services can constrain their ability to establish, operate and expand enterprises. In the context of public procurement, access to government contracts can provide a predictable source of business income, which may strengthen the financial position and sustainability of enterprises owned by disadvantaged groups. Thus, financial health provides an important link between procurement participation and broader economic empowerment.

In many developing economies, public procurement has increasingly been recognized as a mechanism for improving the economic position of disadvantaged suppliers. Preferential procurement arrangements provide targeted groups with opportunities to participate in public markets that may otherwise be difficult to access because of financial, technical and institutional barriers. However, obtaining procurement opportunities does not automatically guarantee improved financial health. Special-group enterprises may still experience inadequate working capital, difficulties obtaining credit, limited financial management skills and insufficient capacity to finance contract implementation. Consequently, effective preferential procurement requires not only access to procurement opportunities but also mechanisms that enable beneficiaries to obtain and manage sufficient financial resources. Recent evidence from Tanzania indicates that the major limitation facing special groups in executing procurement contracts remains their limited capital strength, particularly when contracts require substantial working capital or technical capacity (PPRA, 2025).

In Tanzania, the government has strengthened preferential procurement as an instrument for promoting the participation and economic empowerment of special groups. The current procurement framework requires public procuring entities to allocate 30 percent of their annual procurement budget to special groups, including youth, women, older persons and persons with disabilities. The Public Procurement Regulatory Authority (PPRA) has also issued the Guidelines for Application of Preference Scheme in Public Procurement, 2025, providing a framework for implementing the preference scheme. The

allocation creates an opportunity for special-group enterprises to obtain public contracts and generate business income that can improve their working capital, financial performance and ability to sustain their operations. In March 2025, PPRA reported that government institutions were implementing the 30 percent requirement, demonstrating the continued policy emphasis on using public procurement to expand economic opportunities for special groups.

Nevertheless, the existence of a 30 percent reservation does not necessarily mean that special groups have achieved improved financial health. PPRA continues to identify limited capital capacity as a significant challenge affecting the ability of special groups to execute procurement contracts. The Authority has encouraged special groups to form associations or consortia in order to strengthen their collective financial and technical capacity, while also emphasizing the importance of enabling them to participate in larger and more technically demanding contracts. In addition, PPRA has highlighted the role of financial management training and access to loans in helping special groups use procurement opportunities effectively. These challenges suggest that the financial benefits of preferential procurement should be assessed not simply by the number of contracts awarded, but by whether participation improves access to capital, reduces financial constraints, strengthens enterprise financial performance, increases access to appropriate financial products and reduces financial distress associated with delayed payments (PPRA, 2022, 2025).

At the local level, the issue is particularly relevant to Mbeya City Council because special groups require financial capacity to participate successfully in public procurement and transform procurement opportunities into sustainable economic benefits. The present study therefore focuses specifically on the level of improved financial health towards empowering special groups in Mbeya City Council. The focus is important because improved financial health can enable special-group enterprises to increase working capital, meet business obligations, acquire productive assets, manage procurement contracts and withstand financial shocks. Moreover, recent developments in Tanzania show that public procurement through the National e-Procurement System (NeST) is generating substantial opportunities for special groups; PPRA reported in August 2026 that special groups had secured contracts worth more than TZS 56 billion through NeST. However, the extent to which such procurement opportunities translate into improved financial health among special groups in Mbeya City Council remains an empirical question. Therefore, examining the level of improved financial health is essential for determining whether preferential procurement is contributing to meaningful and sustainable economic empowerment among special groups in the study area.

2. Literature Review

2.1 Theoretical Literature Review

Strategic Socio-Economic Empowerment Theory provides an appropriate theoretical basis for examining the level of improved financial health towards empowering special groups. Empowerment theory conceptualizes empowerment as a process through which individuals and groups gain greater control over resources, decisions and conditions affecting their lives, thereby strengthening their capacity for self-determination and participation (Rappaport, 1987; Zimmerman, 2000). In the context of preferential procurement, improved financial health can strengthen the capacity of special-group enterprises to access capital, manage business expenses, invest in productive activities and withstand financial difficulties. From a capability perspective, access to adequate economic resources expands the opportunities available to individuals to pursue valued economic activities and improve their well-being (Sen, 1999; Nussbaum, 2011). Empowerment therefore extends beyond temporary financial assistance to include the development of sustainable economic capacity, greater control over resources and increased ability to make economic decisions (Rappaport, 1987; Zimmerman, 2000). The theory is relevant to this study because it explains how improved financial capacity, access to capital and financial resources obtained through procurement opportunities can strengthen the ability of women, youth, older persons and persons with disabilities to operate sustainable enterprises and achieve greater economic empowerment. Thus, the framework provides a basis for examining whether improved financial health is associated with stronger economic capacity and sustainability among special-group enterprises in Mbeya City Council.

2.2 Empirical Literature Review

2.2.1 Level of Improved Financial Health towards Empowering Special Groups

Ghosh et al. (2024) examined the contribution of self-help groups to the economic and socio-cultural empowerment of rural women in India. The study found that participation in self-help groups, together with entrepreneurial characteristics, contributed to women's economic empowerment by strengthening their economic opportunities and capacity. The findings demonstrate the importance of financial and entrepreneurial support in improving the economic position of disadvantaged women.

The study is relevant to the present study because it demonstrates that access to financial and entrepreneurial support can strengthen the economic empowerment of marginalized groups. However, the study focused on rural women in India and self-help groups, whereas the present study focuses on special groups in Mbeya City Council and examines improved financial health in relation to preferential public procurement. Thus, the present study extends the discussion by focusing on financial health indicators such as access to capital, financial performance, financial products, transaction costs and payment delays.

2.3 Research Gap

Although previous studies have established that access to loans, financial literacy, financial inclusion, timely payments and other forms of financial support can improve the financial position and economic empowerment of special groups, important gaps remain. Patel and Sharma (2023) focused

mainly on women in self-help groups, while Wanjiru et al. (2017) examined a women-specific enterprise fund. Katam and Njenga (2024) focused on persons with disabilities and household welfare in Kenya, whereas Asadullah et al. (2021), Datta and Sahu (2021) and Chandrashekhhar and Sultani (2021) mainly examined microfinance interventions outside Tanzania. Abdullahi et al. (2023) focused on a youth empowerment programme in Nigeria. Although Nkunda et al. (2024) examined financial support and special groups in Tanzania, the study was conducted in Tabora Region and primarily examined financial support as a determinant of participation in supplying public organisations. Therefore, there remains limited empirical evidence on the level of improved financial health towards empowering special groups through preferential procurement in Mbeya City Council. The present study seeks to address this gap by examining financial capacity, access to capital, transaction costs and related financial conditions among special groups in the study area.

3. Methodology

The study adopted a mixed-methods approach using a cross-sectional research design to examine the level of improved financial health towards empowering special groups in Mbeya City Council. Quantitative data were collected from 326 special-group members, comprising 207 women, 107 youth and 12 persons with disabilities, through self-administered closed-ended questionnaires using a five-point Likert scale. The questionnaire assessed five indicators of improved financial health: access to capital, reduction of transaction costs, financial performance, access to and usage of financial products and reduction of payment delays. The quantitative data were analysed using SPSS version 26 through frequencies and percentages, while qualitative interview data were coded and analysed using content analysis. The use of both quantitative and qualitative methods enabled the study to establish the level of improved financial health from the experiences of special-group beneficiaries while obtaining contextual explanations from council officials involved in supporting and implementing preferential procurement initiatives.

4. Results and Discussion of Findings

4.1 Level of Improved Financial Health towards Empowering Special Groups

The objective examined the level of improved financial health towards empowering special groups in Mbeya City Council. The assessment focused on five dimensions of financial health: access to capital, reduction of transaction costs, improvement of financial performance, access to and usage of financial products and reduction in payment delays. The results are presented in Table 4.1.

Table 4.1: Level of improved financial health

Statement	% Strongly agree	% Agree	% Not sure	% Disagree	% Strongly disagree
Increasing access to capital of special groups	85	15	0	0	0
Reducing transaction costs for special groups	75	0	25	0	0
Improving the financial performance of the enterprises owned by special groups	80	20	0	0	0
Increased access to and usage of financial products, such as low-interest loans, grants and working capital provided to special groups	80	0	0	20	0
Decrease in the frequency of payment delays, which often cause financial distress for small businesses	70	0	0	30	0

Source: Field Data, 2026

4.1.1 Access to Capital

The findings revealed that 85% strongly agreed and 15% agreed that preferential procurement policies improved access to capital. Interviewees 1, 5 and 8 explained that public contracts improved cash flow and enabled enterprises to obtain loans, purchase materials, pay workers and expand operations. This finding is consistent with Nkunda et al. (2024), who found that financial support influenced special groups' participation in public procurement. Thus, access to capital appears to strengthen the financial capacity and sustainability of special-group enterprises.

4.1.2 Reduction of Transaction Costs

The findings showed that 75% strongly agreed, while 25% were not sure, that preferential procurement reduced transaction costs. Interviewees indicated that simplified procedures and improved access to procurement information reduced some costs, although expenses related to documentation, transportation and administration remained. This finding agrees with Dome and Barakael (2023), who found that complex tendering procedures and

registration requirements affect special groups' participation. Therefore, reducing transaction costs can help special-group enterprises retain more resources for business operations.

4.1.3 Financial Performance of Special-Group-Owned Enterprises

The findings indicated that 80% strongly agreed and 20% agreed that preferential procurement improved the financial performance of special-group enterprises. Interviewees reported increased sales, revenue and cash flow, which enabled businesses to meet operating expenses and expand their activities. This finding relates to Athumani et al. (2025), who found that financial literacy, government support and tendering capabilities influenced participation in public procurement. The findings suggest that procurement opportunities can strengthen the financial performance of special-group enterprises.

4.1.4 Access to and Usage of Financial Products

The findings revealed that 80% strongly agreed, while 20% disagreed, that preferential procurement improved access to financial products such as low-interest loans, grants and working capital. Interviewees reported that public contracts strengthened business income and improved access to loans and working capital for purchasing materials, paying workers and expanding operations. This is consistent with Nkunda et al. (2024), who found that low-interest loans, advance payments and prompt payments supported special groups' participation in public procurement. Thus, appropriate financial products are important for strengthening the financial health of special-group enterprises.

4.1.5 Frequency of Payment Delays

The findings showed that 70% strongly agreed, while 30% disagreed, that payment delays had decreased. Interviewees indicated that although payments were generally received within expected periods, occasional delays continued to affect cash flow and the ability to purchase materials and pay workers. This finding is consistent with Nkunda et al. (2024), who identified prompt payments as an important financial support mechanism for special groups. Therefore, timely payments remain essential for maintaining stable cash flow and improving financial health.

4.2 Overall Discussion of the Findings

Overall, the findings indicate a high perceived level of improved financial health among special groups in Mbeya City Council. Access to capital recorded the strongest result, with **100%** of respondents expressing agreement, followed by financial performance and access to financial products, which also recorded 100% positive responses. Although transaction costs and payment delays showed some remaining challenges, the overall findings suggest that preferential procurement opportunities have supported the financial capacity, business operations and sustainability of special-group enterprises.

5. Summary

The study found that the level of improved financial health towards empowering special groups in Mbeya City Council was generally high. The findings showed that preferential procurement opportunities were associated with increased access to capital, reduced transaction costs, improved financial performance of special-group-owned enterprises, increased access to and use of financial products and a reduction in payment delays. The strongest result was recorded in access to capital, where 85% of respondents strongly agreed and 15% agreed, while 80% strongly agreed and 20% agreed that financial performance had improved. The qualitative findings further indicated that public contracts improved cash flow, enabled enterprises to purchase materials, pay workers, access working capital and expand their businesses. However, transaction costs and payment delays remained challenges for some special-group enterprises.

6. Conclusion

The study concludes that improved financial health is an important pathway towards empowering special groups in Mbeya City Council. Increased access to capital, improved financial performance and greater access to financial products have strengthened the financial capacity and sustainability of special-group-owned enterprises. Although the findings indicate positive improvement, continued challenges related to transaction costs and payment delays suggest that financial empowerment has not been fully achieved. Therefore, preferential procurement should be supported by financial mechanisms that enable special groups not only to obtain public contracts but also to maintain adequate cash flow and sustain their businesses.

7. Recommendation

Mbeya City Council and relevant procurement authorities should strengthen financial support mechanisms for special groups by improving access to affordable working capital and financial products, reducing unnecessary transaction costs and ensuring timely payment for completed public contracts. In addition, special-group enterprises should be provided with appropriate financial-management training to help them manage contract revenues, maintain cash flow and use available financial resources effectively. These measures would strengthen the financial health and long-term sustainability of special-group-owned enterprises and enhance their economic empowerment.

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