

Review

Investigating the challenges that the cross-border women traders face in Malawi: The Limbe Town women traders of Southern Malawi

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Women in Malawi have been at the forefront of cross border trade both as a source of income and employment though they face numerous challenges. The paper investigates the challenges that the cross-border women face in the case of Limbe ICBT. A sample size of 30 participants was targeted that included 28 women cross-border traders, taxation authorities and Indigenous Business Association of Malawi (IBAM) officials. This data was analyzed using descriptive statistics. In total 24, valid questionnaires were collected from the 30 participants. Challenges identified were lack of adequate funds to support businesses, high taxes, transportation costs, corruption by taxation-authorities officials, competition from big companies, unstable exchange rate and unstable prices from the market. The study revealed the relationship that exists between taxation authorities, women ICBT and IBAM though the relationship is not as strong as expected. It was established that none of the ICBT women were aware of the existence of regional protocols and none seem to be knowledgeable about cross-border rules, regulations and other protocols when it comes to clearance of goods and services. Most of the ICBT do not know how the calculations of import duties and how other charges occur. They have no knowledge of how they are charged at the border. One of contributing factors is their level of education which is very low leading to poor understanding of rules, regulations and import protocols. It is recommended that taxation authorities should embark on providing comprehensive training to these women if they are to maximize the duty collection.

Key words: Women traders, small and medium-sized enterprises, Informal Cross Border Traders (ICBT), SADC.

INTRODUCTION

The government of Malawi recognizes the contribution made by micro, small and medium enterprises in stimulating competition, providing employment and distributing wealth. Most of the SME's are run by cross border women. However, little achievement has been made by these women; as such there is a need to

develop the policy that aims at supporting cross border women in Malawi. Small and medium enterprises (SMEs) are businesses whose personnel numbers fall below certain limits. The abbreviation "SME's is used in international organizations such as the World Bank, and the World Trade Organization (WTO). Small enterprises

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outnumber large companies by a wide margin and also employ many more people. SMEs are also said to be responsible for driving innovation and competition in many economic sectors. According to a survey that was conducted by Fin scope (MSME, 2012), Malawi has about 987,480 SME's, 758,118 SME's owners, employing about 1,050,320 people and give revenue of about MK 326 billion.

The women entrepreneurs play a great role in the society. But despite this, they do also face a lot of challenges in course of doing their business. Schreyer (2009) contends that the small business sector is a major source of net job creation. Carter (2000) asserts that MSEs have a propensity to employ more labour intensive production processes than large enterprises. Consequently, they contribute significantly to the provision of productive employment opportunities, generation of income and equality as well as the reduction of poverty (Kongolo, 2010). Therefore, this research paper was investigating the challenges the women entrepreneurs especially cross border Small and Medium Scale Enterprise (SME's) face with the aim of coming up with suggested solutions. The study focused on the (SME's) women in Limbe and explored some solutions to the surfaced challenges. It is believed the research findings will have an impact and significance to cross border women because it will be presented to the government of Malawi and other key stakeholders who support and champion the progression of SME's with the belief that appropriate action will be taken.

SME's especially cross border women both informal and formal face a lot of challenges emanating from high running cost, high customs duty, high transportation, infrastructure, and inadequate capital. Through experience and exposure to these women it has been noted that this group of people face a lot of challenges but little has been investigated and done to address the challenges. This was a motivational factor for this research.

Problem statement

It is a known fact that the SMEs headed by business women get massive support from each other and also from government. For example, Malawi government came up with a policy entitled Micro, small and medium Enterprises Policy strategy with its motto called "Enabling Enterprise Growth in Malawi." The establishment of youth enterprise development fund was one of the governments support towards SME's.

Nevertheless, despite government policies and programs that are aimed at supporting the SMEs and by creating what would be viewed as a conducive environment for the SMEs to thrive in the country, the cross-border SMEs owned by women face numerous challenges in the borders, and as such they have

performed below expectations. The number of women enterprises is growing in Malawi. More women have become self-employed and owners of micro, small, medium enterprises. Unfortunately, they do encounter a number of problems which have hindered their business from growing into large scale enterprise/industries that can contribute to the economic development of Malawi.

The problems that SMEs owned by women face are, firstly that, money generated from their business is minimal and it becomes difficult for them to support their families. Secondly, it is difficult for them to pay rentals and other expenses which may lead to closure of their business.

Thirdly, the exorbitant tax regime in the borders is also another challenge. Fourthly, women traders are also more likely to have limited numeracy and literacy skills compared to men, and as a result find navigating trade regulations and procedures more difficult. In most of the cases they have no choice but to resort to bribing customs officials (Africa Regional Empowerment and Accountability Programme, 2015). By looking at different researches conducted previously, little has been said about cross border women challenges. This paper is aimed at exploring some of the business challenges that the cross-border SMEs owned by women face that affect the survival and development of business.

The overall aim of this paper is to investigate the main challenges that affect the cross-border SMEs owned by women, specifically women doing business in the City of Blantyre, Limbe Town. Therefore, the paper attempts:

- i. To identify the challenges which affect cross-border SMEs owned by women which prevent them from playing the vital role in the economic growth and development of the country.
- ii. To assess the contribution made by cross border SME's women to the economy of Blantyre City, Limbe Town.

LITERATURE REVIEW

Cross border trade involves a greater number of female than male entrepreneurs, thus promoting the empowerment of women in the Southern Africa Development Community. Most of the women cross-border traders are aged between 25 and 35 years. This trade has been going on for several years but under very difficult circumstances (Peberdy, 2000).

The role that SMEs play worldwide

Small business sector is a major source of job creation (Schreyer, 1996). MSEs have a propensity to employ more labour intensive production processes than large enterprises. Consequently, they contribute significantly to the provision of productive employment opportunities,

generation of income and equality and the reduction of poverty (Kongolo, 2010).

There is growing recognition of the important role that the small and medium scale enterprises (SMEs) play in economic development. They are often described as efficient and prolific job creators, the seeds for big businesses and the fuel of national economic engines. Even in the developed industrial economies, the SMEs sector is the largest employer of people. Interestingly, the role of SMEs in the development process continues to be in the forefront of policy debates in the country. Governments at all levels have undertaken initiatives to promote the growth of SMEs. More generally, the development of SMEs is seen as accelerating the achievement of wider socio-economic objectives, including poverty alleviation. Thus, governments throughout the world focus on the development of the SMEs sector to promote economic growth.

It is therefore imperative that governments need to pay increased attention to the SMEs and try to create a business environment that will be beneficial to SMEs development. The lack of skills, lack of credit facilities in general and export credit in particular, and as most credit requires collateral this also limits if not prevents access to finance, lack of information on export markets, lack of technology to produce quality goods and achieve high productivity (MSME, 2012).

Collateral are the assets that are pledged by a borrower to a lender as a security for the re-payment of debt. Collateral requirement is seen as an obstacle to SME's growth. Lack of collateral is ranked as obstacle number two from lack of finance. The lack of collateral is probably the most widely cited obstacle encountered by MSEs accessing finance (Kihimbo et al., 2012). The enterprise may be unable to provide sufficient collateral because it is too new or is not firmly enough established (Olawale and Garwe, 2010).

Lending to MSEs is seen as high-risk business since most of these enterprises lack collateral. The problem does not appear to be lack of funds but rather how to make them accessible to MSEs (Kihimbo et al., 2012). There are institutions such as banks and non-bank financial institutions that are willing to provide funds to MSEs but are not able to meet the requirements of these financial institutions and among these requirements is the issue of collateral, which most MSEs cannot provide (Ackah and Vulvor, 2011).

The demand for collateral by banks and other financial institutions stifle the growth of MSEs (Kunateh, 2009). Lending to MSEs is more likely to be based on collateral than is the case for loans for large firms. This may lead to situations in which lending is not based on expected return but rather upon access to collateral. Many MSEs lacking access to 'good collateral' suffer from credit rationing (Nonso, 2013).

Collateral matters because of three essential features of formal credit markets. First, borrowers face requirements

for collateral in the formal financial sector of most countries, regardless of the size of the economy. It is argued that loans secured by collateral have more favorable terms than unsecured loans do, for any given borrower or size of the loan. A borrower who is able to offer collateral can obtain a larger loan relative to the borrower's income, with a larger payment period and a lower interest rate. Conversely, a borrower who cannot provide the type of assets lenders require as collateral often gets worse loan terms than an otherwise similar borrower who can do so, or gets no loan at all. Secondly, it is argued that in most low- and middle-income countries, most firms receive none of the benefits of collateral despite having a wide array of productive assets because their assets cannot serve as collateral. This limitation arises entirely from the legal framework for secured transactions. It can, therefore, be concluded that secured loans are the most common loans in the formal financial sector. In low- and middle-income countries, between 70% and 80% of firms applying for a loan are required to pledge some form of collateral (Fleisig et al., 2006).

In Kenya, there are many MSEs which despite their high potential have been unable to access financing from existing institution in the financial sector. Such situations may be due to the inability of the MSE to offer sufficient loan collateral. In a study in four East Africa countries it was established that 94% of the banks in the sample demanded collateral from their MSE borrowers. They found that collateral requirements for MSE loans are higher than consumer loans because SMEs' credit risk is usually more difficult to evaluate. Informality of MSEs came out as the main reason why banks in the region require that MSEs in the region lodge security relative to corporate clients.

Despite the potential role of SMEs in accelerating economic growth and job creation in developing countries, a number of bottlenecks affect their ability to realize their full potential. SME development is hampered by a number of factors including finance, lack of managerial skills, equipment and technology, regulatory issues, and access to international markets. The lack of managerial know-how places significant constraints on SME development. Even though SMEs tend to attract motivated managers, they can hardly compete with larger firms. The scarcity of management talent prevalent in most countries in the region has a magnified impact on SMEs (Aryeetey, 1994). The lack of support services or their relatively higher unit cost can hamper SMEs' efforts to improve their management because consulting firms are often not equipped with appropriate cost-effective management solutions for SMEs. Besides, despite the numerous institutions providing training and advisory services, there is still a skills gap in the SME sector as a whole (Dalitso and Peter, 2000). This is because entrepreneurs cannot afford the high cost of training and advisory services while others do not see the need to

upgrade their skills due to complacency. In terms of technology, SMEs often have difficulties in gaining access to appropriate technologies and information on available techniques (Aryeetey, 1994). In most cases, SMEs utilize foreign technology with a scarce percentage of shared ownership or leasing. They usually acquire foreign licenses because local patents are difficult to obtain.

An analysis of survey and research results of SMEs in South Africa, for instance, reveals common reactions from SME owners interviewed. When asked what they perceive as constraints in their businesses and especially in establishing or expanding their businesses, they answered that access to funds is a major constraint. This is reflected in perception questions answered by SME owners in many surveys (Gockel and Akoena, 2002). This situation is not different in the case of Malawi according to survey done by Finscope (MSME, 2012).

The role that cross-border SME'S play

Cross border traders supported on average 3.2 children as well as 3.1 dependents who were not children or spouses (Peberdy and Rogerson, 2000). Informal cross-border traders are playing an important role in the circulation of goods from areas with excess supplies to those deficit areas. In this period, informal cross-border traders serving rural areas provided agriculture inputs and industrial consumer goods to farmers and contributed in the commercialization of the farmer's produce (Justice, 2010).

Challenges that cross-border SME's face

Despite their significant contributions, Informal Cross Border Traders (ICBT) faces significant constraints when doing business. Women ICBTs in particular still suffer stigmatization, violence, harassment, poor working conditions and lack of recognition of their economic contribution. Some of the challenges identified by the UNIFEM 2007–2009 research include cumbersome border processes, bribery and corruption at border posts, lack of policy recognition of ICBTs at national and regional levels, weak organization of ICBTs at national and regional levels, poor dissemination of information on the SADC trade protocol and other customs rules and regulations, poor infrastructure at border posts, ranging from lack of clean toilets to lack of storage space; import restrictions, sexual coercion in some places, vulnerability to HIV and AIDS, inability to meet certain health, sanitary, and environmental requirements, harassment of women ICBTs, including unwarranted impounding of goods and humiliating body searches, and excessive, arbitrary, or inconsistent customs charges, often as part of bribe-seeking. There is also the danger entailed in using risky informal border crossing points, including wild animal

corridors, as found by researchers in Botswana (Blumberg, Meyers and Malaba, 2016).

Despite the growth of intraregional and total trade in the region, opportunities for expansion of trade through greater integration in COMESA and SADC appear limited since product complementarities and levels of intraregional trade are low, and there is a risk of polarization. Factors that hinder African trade include distorted trade regimes, high transaction costs due to high transportation costs, as in the case of Malawi, inadequate information and communication infrastructure, lack of political will, policy reversals, difficulties in implementing harmonization provisions, multiple and conflicting objectives of overlapping regional arrangements and limited human capacity (UNCTAD, 2006).

The lack of convergence in SADC Member States' external tariff and trade policies is also a threat to mutual cooperation and becomes unnecessarily unwieldy for informal cross border traders. What further complicates the situation is the fact that most SADC countries belong to more than one regional trade block. SADC countries are members of five overlapping economic groups that include SADC, COMESA, East African Community (EAC), Southern African Customs Union (SACU) and Indian Ocean Community (IOC). These regional trade blocs do not necessarily have similar aims and their overlapping membership makes life difficult for informal cross border traders who would prefer harmonization in the trading regime (Makombe, 2011). Many border officials ask for bribes to make a smooth clearance. If the trader does not pay, it will cost a lot and may take several extra days to cross the border. The cases are reported to the authorities but the authorities ask for receipts. Of course, nobody gives receipts for bribes! It is also very difficult for a cross border trader to access low interest loans from national banks (Justice, 2010).

There is vulnerability of traders to corruption by customs officials. They may take advantage of their lack of knowledge of certain customs procedures, and harass them with the aim of extorting money from them (Justice, 2010).

There is also limited knowledge of procedures. These include customs and related charges and taxes. This is particularly relevant for importing the goods on which informal traders rely. Where knowledge does exist, the procedures are cumbersome (Network Economic Justice, 2010).

The role that women owned cross-border SMEs play

Small and medium enterprises operated by women in Malawi are believed to contribute significantly to the country's Gross Domestic Product (GDP) and account for an increase of businesses in Malawi. SMEs therefore have a crucial role to play in stimulating growth, generating employment and contributing to poverty

alleviation, given their economic importance in the country.

Cross-border trading is one type of the SMEs and is often one of the few employment options available to women, especially with limited or no education who have families to support. For many women, it may be the only source of household income in many families (Africa Regional Empowerment and Accountability Programme, 2015).

SMEs owned by the women also improve the efficiency of domestic markets and make productive use of scarce resources, thus facilitating long-term economic growth. SMEs also seem to have advantages over their large-scale competitors in that they are able to adapt more easily to market conditions changes. They are able to withstand adverse economic conditions because of their flexible nature. The sector has the potential to contribute towards reducing poverty among both rural and urban cities.

Women comprise 70-80% of informal cross border traders in the southern Africa region and that ICBT contributes to women's livelihoods – both at the individual and household level- as well as food security and national and regional economic growth and trade (USAID, 2017).

The Informal Cross Border Trades (ICBT) done by women accounts for some 30 to 40% of intra-SADC trade and they contribute to economic growth by increasing business activity through their import and export of goods and employment creation at the national and regional level (UNCTAD, 2010). They also contribute to governments' revenues via duty, license, and passport fees. According to key informants from the Mwanza Land Border of the Malawi Revenue Authority (MRA), Malawi's trade policy recognizes ICBT and its impact on easing unemployment.

Challenges faced by women-owned SMEs

There are four areas of financing that previous research has noted can pose particular problems for women. Firstly, women may be disadvantaged in their ability to raise start-up finance. Secondly, guarantees required for external finance may be beyond scope of most women's personal assets and credit track record. Thirdly, once business is established, finance may be more difficult for female entrepreneurs to rise than for their male counterparts because of the greater difficulties that women face in penetrating informal financial networks. Finally, the relationship between female entrepreneurs and bankers may suffer from sexual stereotyping and discrimination (Carter, 2000).

The research carried out by the United Nations Conference on Trade and Development and the United Nations Industrial Development Organization in Zambia in 2000 based on 35 women entrepreneurs revealed that women's full economic potential is not being tapped. The

main obstacles for women entrepreneurs in this study include lack of capital, lack of infrastructure for business, as well as lack of training, lack of innovation, networking and assistance from government agencies.

The research from the State University in Kenya on the constraints faced by SME's in Kenya revealed that business financing in terms of start-up and capital for continued operations is cited as the greatest problem for small women's business development (Cooley and Lutabwinda, 2001).

There are also several key constraints for Informal Cross Border Traders. While free trade area has helped ease border taxes in Common Market for Eastern and Southern Africa region, there are still a range of taxes and charges, many which are quite costly for traders. Additionally, inadequate access to finance and financial resources is a chronic problem for women ICBTs; 80% of ICBTs obtain capital from informal sources and rotating savings clubs are highly popular. A key finding from field research is the enormous information gap between ICBTs and border agents. Many Malawian revenue authorities insisted that customs rules are clear, but ICBTs disagree and expressed concerns about being harassed, cheated and overcharged by the MRAs. Many ICBT's also complained of high rates of GBV to, from, and at borders (USAID, 2017).

The legal situation of African women in business is improving. Nevertheless, women still have inadequate access to finance in general and, more specifically, to working capital for their businesses. Limited access to financial resources for doing business is a chronic problem for women ICBTs. According to COMESA (2012), nearly 80% of ICBTs obtain their capital from informal sources while about half used their own savings. Financial support from family and friends are particularly important sources of finance for up to 68% of women. Only one-fifth of traders have access to bank loans, and 62% of these are men, mostly in Ugandan border towns (Blumberg et al., 2016).

A key finding from the field research is the enormous information gap between the ICBTs, especially women ICBTs and customs officials, both high-level and "front-line" (Blumberg et al., 2016). The situation is exacerbated by the lack of posted customs rules and regulations at all the borders visited by the researchers. Researchers asked representatives of all the major border agencies, "Would you be in favor of a large, laminated poster that contains all the latest rules and regulations about [customs duties, immigration rules about length of stay, etc...] being mounted on the wall in a high-traffic area of your office, where it would be visible to all?" All of the agencies agreed that this would be a good idea. In some cases, a follow-up question was asked, "Should a complete, printed set of the rules and regulations be available to those who pass through their border agency?" Here too, the response was very positive. This is an initiative that can be followed up and easily

Table 1. Problems faced by informal cross-border traders.

Problem	Male	Percentage	Female	Percentage
Multiple control post	28	7.1	57	39
High cost of transport				
Insecurity	26	6.6	60	15.15
Harassment				
Multiple and arbitrary taxation of good	16	4.1	57	14.39
High cost of communication	3	0.8	37	9.34
Poor accommodation and storage	2	0.5	51	12.8
Total	89	22.47	306	77.27

Source: Authors' construction using UNIFEM (2008) baseline survey data.

monitored.

As with other sectors, gender inequalities also manifest themselves in informal trade and affect the way in which women make their living. According to International Labour Office (1991), informal trade is the most important source of employment among self-employed women in sub-Saharan Africa. Women therefore play a critical role in addressing vital issues of livelihoods such as food and income security. The SADC Gender Protocol is also critical for women in informal cross-border trading, especially Article 17 on economic empowerment which states that State Parties shall, by 2015, adopt policies and enact laws which ensure equal access, benefit and opportunities for women and men in trade and entrepreneurship, taking into account the contribution of women in the formal and informal sectors (Makombe, 2011). Table 1 shows challenges faced by women face in Central Africa (Njikam, 2011).

By looking at the earlier discussed, it can be noted few mentioned challenges (especially customs challenges) that are faced by cross-border women and one would conclude that cross border entrepreneurs are not much recognized or not much has been done to assist the cross-border entrepreneurs, hence, the aim of this research to fill that gap which other researchers did not do.

RESEARCH METHODOLOGY

A total of 30 participants were targeted in the study. The women traders undertaking their businesses in Limbe were involved in the study. MRA and IBAM-Indigenous Business Association of Malawi both based in Blantyre City were also selected to participate in the study. The location of the study was in Blantyre due to limited resources. The women participants in the study were those who do cross-border business and are situated in Limbe Town. It was easy to collect data from them since most of them are located in one area. These women do cross border business, for example, Zambia, Zimbabwe, South Africa and Tanzania. They are involved in clothes business, groceries and many more. Hence, they have vast experience in crossing the borders and the challenges faced in the process.

Data collection method

This study used a mix research approach. Qualitative research was based on interviews conducted with the participants, while quantitative research was used by administering a questionnaire to the participants. The study also collected secondary data by reviewing the policies that MRA and IBAM have. In total, 30 questionnaires were distributed to the selected SMEs owners, MRA and IBAM officials and 24 were valid providing a response rate of 80%.

Study sample

Cross-border traders are many and it was difficult and impossible to involve all of them in the study, hence, the study was restricted to Limbe Town. A sample size of 30 women participants was targeted and the participants were selected purposively from Limber Town. Other principal participants in the study who were interviewed were MRA and IBAM officials. Table 2 shows the participants who were involved in the study.

RESULTS

The population of Malawi as a country is made up of 52% women. Women play a greater role in our society including businesses as such they contribute tremendously to the economy. According to Blumberg et al. (2016) in Malawi, the women traders make up to at least 70% of the ICBTs. Malawi Revenue Authority (MRA) officials stated that women account for 80% of the people crossing the Mwanza In-land Border Post with Mozambique being the busiest and highest-volume land post in the country.

The challenges that cross border women face

The biggest challenge faced by informal cross-border women traders is the lack of adequate funds to support their small businesses. Other key challenges faced by women include corruption by tax officers, unfair charges by MRA officers, unstable import charges, high running

Table 2. Number of participants and the responses.

Variable	Questionnaires distributed	Response	Location
Women traders interviewed	28	22	Limbe
MRA	1	1	Nsonkho House
IBAM	1	1	Blantyre

local costs, unstable exchange rate of kwacha against other currency, unstable prices from the source and unreliable transportation respectively.

Corruption by taxation officials

From the 24 participants who took part in the study, 22 raised the issue about corruption by the tax officials. Thus, in total, 91.7% of the respondents were in agreement that the tax officials were corrupt in the discharge of their duties at the border post.

Unfair charge/treatment by MRA

Out of the 24 participants, 22 of the respondents representing 91.7% expressed concern about the bad treatment by MRA officials that includes rough responses, unwillingness to explain to them how they arrive and calculate the tax and custom duty charges and unwillingness to negotiate the charges.

High customs duty

Customs duty is collected on the goods that are imported from other countries. A total of 8 out of 24 respondents representing 33.3% expressed that the customs duty paid by the women traders was too high.

High running costs

A total of 15 out of 24 study participants representing 62.5% complained that the running or operational costs of their small businesses was too high. The running costs are in the form of infrastructure, like rentals and others.

Unstable exchange rate against other currencies

The major currency which they use mostly is dollar and rand. During off season, these currencies tend to gain more power and this gives a lot of challenges to the cross-border women traders. Out of the 24 participants, 20 of them representing 83.3% echoed this problem of unstable exchange rate. This brought uncertainty to their small businesses.

Unstable prices from the source

Out of the 24 respondents, 5 of them representing 20.8% expressed the displeasure about the unstable price from the place of origin, e.g., South Africa, China, Dubai, Zambia and Tanzania.

Unreliable transportation

Out of the 24 women participants, 10 which represent 41.7% echoed the problem of transport cost. The transportation cost includes both the vendors and the goods.

Lack of capital

Out of the 24 study participants, 15 which represent 62.5% have also complained of their inability to access finance from banks and other lending institutions as they are considered to be high risk.

Source of funds by cross border women

From the 24 respondents, some explained that they sourced their finance from banks, village banks, family members and some from their own personal savings.

Table 3 shows that most of the women sponsor themselves through personal savings and this represents 58.3% of the study participants. Those that get capital from family members represent 12.5%, village banks represent 25% and from formal banks represents only 4.2%.

Malawi revenue authority

According to the Malawi Revenue Authority, most of the women do not understand the policies concerning import duties. As such they do not even keep enough money for clearing the goods. It is when they arrive at the border that they start panicking thinking that the charges are negotiable, but according to the information that was gathered the import charges are fixed and non-negotiable. These are gazette charges and therefore cannot be changed.

When asked about the free allowance that every traveler is supposed to have, the interviewee agreed that

Table 3. Source of funds.

Self	Family members	Village banks	Formal banks
14	3	6	1

indeed there is free allowance of K300,000 but further clarified that this it is only applicable when the so-called allowance is for home use only. Therefore, if the items are in identical form, this cannot be taken as home use. When the interviewee was asked to explain the support that they provide to the cross-border women, the interviewee explained that MRA only provides training to the women once in a while and the focus is not on the policies but rather to encourage them to be paying the import duties.

Asked if they do keep the information about the number of women who cross the border, the interviewee said that they do not keep such information in all the borders except at Nchinji border where they use Simplified Regime which is applicable in all the COMESA countries. In this case, the majority of the women do use Mwanza border post because most of the goods that they transact come from South Africa and Tanzania and the countries are not COMESA members. If someone decides to use Nchinji border post, it means she needs to carry only things that are bought in Zambia according to Simplified Trade Regime Protocol. In that case, there is preferential treatment that they do get but unfortunately only few commodities are bought in Zambia. But even though there is this provision, the issue about smuggling at Nchinji border post is the order of the day.

When asked if there is any special policy that is there to help the ICBT women, the answer was there is no such provision. All ICBT are treated equally. The only thing that MRA does is to provide training to the ICBT women. It is during these meetings that they discuss issues that concern them.

Indigenous Business Association of Malawi

This organization provides training to ICBT in order to build capacity. It also intervenes when the women approach them that they have problems with MRA.

On the issues concerning the challenges the ICBT women face, they accepted that a lot of women have capital inadequacy as a major problem. But unfortunately, there is little that they can help since most of the financiers require collateral. The only way that they encourage them is to form groups where they can put their money together to generate more capital, but unfortunately, this does not happen because of lack trust.

On the issues about policies that are there to support women ICBT, the answer was there is no such policy and there is little that the government has done to support Women ICBT. The only policies that are there for the

promotion of SME's and the "buy Malawi strategy are in the new procurement Act where there is the provision that 60% of the government suppliers should be local Malawians.

DISCUSSION

In developing countries with capital shortages and growing labor surpluses, SMEs are generally more labor intensive than larger businesses, and on average generate more employment opportunities per unit of capital employed (Cronje, 2003). Notwithstanding the importance of SMEs in the economies of third world countries, the SMEs still face serious financial constraints (Cook and Nixson, 2000). SMEs are usually self-financed as they find it difficult to meet stringent demands set by financial lenders who often demand collateral as security which SME's do not readily have. SMES help in employment creation, poverty alleviation and contribute significantly to the GDP of an economy. Nyoni (2002) found that most SMEs are small and argued that smallness is dangerous just like in the animal kingdom where small animals are easy prey for predators. SME's are usually financially weak in the developing world mainly due to lack of access to loans (Lall, 2001). Most of the women ICBT are single mothers who are able to send their children to school and support other dependents. Women's education has a lot of externalities. For instance, a mother's schooling not only improves the quality of her children's intellectual achievement but also her own employment opportunities (Jackson, 1996). Also, investment in women's education increases skill sets, thus, leading to better equipped women who can contribute to the economy (Schultz, 2002).

The challenges the cross-border women face

Corruption by tax officials

The tax officials charge high taxes and duties with the aim of making these cross-border women to be in desperate situation thereby ending up asking for the reductions in the charges which eventually forces them to corrupt the official in order to get low import duty charges. Such practices are rampant in most of the borders.

Unfair charge/treatment by MRA

The argument is that the MRA officials do not show how

they calculate the charges. When they try to bargain, they face cold shoulder from them. This is even worse when one does not have any relative or a friend at the border.

Unstable import charges

They argued that the same item can be paid for at different rates from different individuals, that is, if it is a TV, a person can pay K30,000 while another can pay K50,000. This leaves a lot to be desired. When they try to argue based on this, their arguments are not taken into account.

High customs duty

Customs duty is collected on the goods that are imported from other countries. These women reported that the charges that they do get from MRA officials are very high and this acts as a disadvantage to their business.

High running costs

The running costs are in form of infrastructure. Most of the women do not have their own shops as result they rent from other people. Normally the rentals are on the high side. This has resulted into a lot of women operating from shacks (temporal shelter made from cartons or other related materials). Another running cost is transportation cost from the home country, Malawi to where goods are bought and coming back, along with other local running cost such as aganyu and airtime when it comes to follow up of the whereabouts of their goods. These costs are very high and eat up the profits which the traders could have made.

Unstable exchange rate against other currencies

The major currency which they use mostly is dollar and rand. During off season, these currencies tend to gain more power and this gives a lot of challenges to these women in terms of raising capital for their small businesses. Some women face hard times including their small business going into bankruptcy. Unfortunately, there is little that they can do in order to control this problem.

Unstable prices from the source

The prices keep on changing due to global economic crisis. Every time they go to buy things from their foreign suppliers, they find new prices on the items they want to source for the local market. This reduces profit margins since some customers are difficult to convince about price changes.

Lack of capital

These women express their inability to access finance from banks as they are considered to be high risk. Most of the banks and some lending institutions require collateral from customers in order to give them loans. This becomes impossible for these women to borrow money since they do not have such collaterals. Others continued saying that if they happen to have collateral and surrender it to such money rendering institutions; they end up losing their property due to inability to pay back the loans. Other reasons why people fail to pay back the loans are due to lack of progress in business due to the abovementioned problems.

Full analysis on the challenges faced by cross border women

Comparing all the challenges, it is observed that unfair charges/treatment by MRA and unstable exchange rates against major currencies such as dollar and rand are the common challenges faced by cross-border women.

Opportunities for cross-border women

Despite the aforementioned challenges that the women face, there are some opportunities that if identified and utilized by the women many things can change to their advantage. The opportunities offered through ICBT are related to regional integration, income and employment opportunities, and the changing role within the household, that is, women involvement in the decision-making process. By contributing to the exchange of regional produced goods, the ICBT contributes immensely to the process of regional integration, whose main purpose is to increase Africa's visibility in the global market. Hettne and Söderbaum (2000) has labelled this process as the new regionalism. In addition to moving a substantial volume of goods, the ICBT also provides considerable income opportunities. Another opportunity offered through ICBT was the participation in the decision-making process within the household that enables women to be self-reliant and promotes their independence. The opportunities were manifested in terms of diversification into new products or expansion of existing enterprises. Diversification entails supporting the women to acquire new skills and information, capital for trading and development of marketing strategies. There is untapped potential of export than import, which can be utilized to improve the development of women cross-border SMEs.

How challenges have negatively affected ICBT women

Most of the challenges have led to the slow or stunted growth of women-owned SMEs that ply their trade across

borders. One of the ladies went on to say that though she started the business some time back she has only achieved a little. These challenges are a stumbling block to women ICBT. Some who took loans from village banks and other places complained that due to numerous challenges that they do face, paying back the loans has been a problem and in other circumstances has led to loss of property and others have suffered humiliation.

By looking at such information one would conclude that women ICBT elsewhere in the world face numerous and similar challenges. The findings of the research show that though most of the women face a lot of challenges that include unfair treatment by MRA officials, high running cost, lack of infrastructure, unstable exchange rate and unstable markets from the source in cross border trade, none of them mentioned something about the policies, that is, how the MRA calculates the customs charges. This can be a sign that most of them are not aware of the policies that govern the cross-border trade and its charges. That is why a lot of them have cried foul on the import charges and yet they cannot argue based on principles. This is also an indication that a lot of women ICBT have their literacy level very low. On the other hand, none of them indicated the relationships among themselves that would help in finding solution to their problems; this may also be an indication that there is lack of corporation among women ICBT. Corporation can help to form strong teams that can enhance their capacity in terms of loan accessibility from formal financial institutions. There is no direct designated office at MRA where women ICBT can go and lodge complaints in as border challenges are concerned. MRA indicated that they provide training to women ICBT where the issues of customs policies are shared and yet none indicated the knowledge about such trainings. It was discovered that most of the women interviewed do not have knowledge about IBAM and its role, and yet IBAM indicated that they do work hand in hand with women ICBT. Then also, one would wonder about the criteria used by IBAM to identify these ICBT women. Therefore, even though a lot has been achieved by these women ICBT, there is gap that exists between IBAM, MRA and ICBT.

Experiences

Table 4 shows the most common goods that are imported from other countries into Malawi.

Countries where goods are imported

The following are the countries that goods are mostly imported from; South Africa, Tanzania, Zimbabwe, Zambia, China, Dubai and Mozambique. Among these countries, South Africa, followed by China, Dubai then Tanzania are the most countries where goods are imported. South Africa, Zambia, Zimbabwe and

Mozambique are the members of SADC and as such there is a provision whereby goods bought from member countries are exempted from other charges provided the trader gets SADC certificate from where she bought the goods. In this case only value added tax is paid. Again, Zambia is the member of COMESA and being a member of COMESA there is trade regime protocol where member states are supposed to benefit.

The age group among the cross-border women

Most of the cross-border women traders' age is between 25-45. This is so because they are still energetic and most of them have low education background due to poverty, lack of parental care and lack of school fees.

Conclusion

The study indicates that women cross-border SMEs face many challenges on border posts due to overcharge on customs duty which affects their small businesses. The study further revealed that government policies were not clearly spelt out so as to enhance the performance of SMEs. The current tax regimes and regulatory framework is making business by SMEs difficult.

The study concludes that a coherent SMEs policy set by government, sound business management and availability of financial resources to SMEs by the financial services sector will be a welcome relief to the challenges faced by women SMEs in Malawi. It has been established that the majority of the women practicing cross border trade have low or zero literacy levels. However, literacy among the women traders is important, as it would facilitate easier understanding of government policies and regulations; hence, increasing their understanding as far as customs duty is concerned. This would also enable them make strategic decisions for investments with the finances generated from the trade. For instance, SADC and COMESA protocols and treaties are there to support most of the SMEs but unfortunately only few are aware, understand and know about such privileges.

FURTHER INVESTIGATION AND STUDY

Due to limited time and resources the research focused only on ICBT based in Blantyre, especially Limbe Town traders and also got other information from both MRA and IBAM. Further study may be helpful if there is a need to understand the challenges faced by the cross-border women traders beyond this research.

CONFLICT OF INTERESTS

The authors have not declared any conflict of interests.

Table 4. Goods that are mostly imported by cross border women.

Goods	Imported from
Building materials	China
Clothes, building materials, kitchen ware, and groceries	South Africa
Stationery and hardware	Dubai
Textile and groceries	Tanzania
Textile	Zimbabwe
Groceries	Zambia
Groceries	Mozambique

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