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Original Article

Factors Affecting Fund Management among Village Community Banks (VICOBAs); a Case of Registered VICOBAs in Iringa Municipality

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Keywords:

VICOBA,
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Activities of
Groups and Fund
Management.

The primary objective of this study was to assess the factors affecting fund management among Village Community Banks (VICOBAs), focusing on registered VICOBAs in Iringa Municipality under Iringa municipal council. Specifically, the study aimed to investigate the impact of timely loan repayment, financial record keeping, and the economic activities of groups of VICOBA on fund management. The research targeted a population of 104 accountants and treasurers from 104 registered VICOBAs in Iringa Municipality, and a sample size of 83 accountants and treasurers from 83 registered VICOBAs were selected for the study. A cross-sectional research design was employed, where a quantitative approach was applied to collect data. Simple random sampling and convenience sampling were used to select accountants and treasurers from those 83 registered VICOBAs from 18 wards within Iringa Municipality. Data was analysed by using descriptive statistics and regression analysis so as to determine the relationship between fund management among VICOBAs as dependent variable to timely loan repayment, financial records keeping and economic activities of the groups of VICOBAs in Iringa municipality as independent variables. The results revealed that there was a positive relationship between all independent variables and the dependent variable, which is fund management among registered VICOBAs. Furthermore, the results revealed that lack of timely loan repayment, poor financial records keeping, and poor performance of economic activities of the groups led to poor fund management among registered VICOBAs in Iringa municipality. Based on the study findings, it is concluded that the lack of timely loan repayment, poor financial record keeping, and poor performance of economic activities of the groups significantly contribute to poor funds management within VICOBAs in Iringa Municipality. The researcher made several recommendations whereby among the recommendations was that VICOBAs should prioritise the provision of collateral security for loans to mitigate the risks associated with untimely loan repayment.

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INTRODUCTION

Village Community Banks (VICOBAs) is a grassroots group-based microfinance model for the poor, especially women excluded from the formal sector, to help them financially. The model facilitates access to savings and credit facilities, providing members with the resources needed to improve their health and social welfare. The model also fosters clients' capacity to innovate and manage viable income-generating activities (Magali & Barhe, 2022; Ngalemwo, 2013; Ole Kinisa, 2019). Members meet weekly to contribute shares, collect loans or repay previous loans. The meetings support and motivate savings, social networking and sharing of valuable information related to business practices and social welfare. After a year, the group is dissolved, dividends are paid to members, and the cycle restarts. Through VICOBA, clients have been able to improve savings, business growth, and access to credits and make investments in family health and children's education (Mwakyusa, 2017; Pamuk et al., 2021). In Tanzania, VICOBA was coined by CARE, which started in the year 2000 in Zanzibar and later spread to the mainland. In the mainland, VICOBA spread mainly in 2002 and has been much influenced by three organisations, which are the World Conference of Religion and Peace (WCRP), CARE, as well as the Social and Economic Development Initiative of Tanzania (SEMIT), but initially by CARE (Kitomari & Abwe, 2016).

Omary & Pastory (2022) explained that in Iringa Municipality, 65% of VICOBA, which were established between 2011 and 2021, no longer exist. Most VICOBA failed to impose collateral security by only relying on the trust; as a result, they lost money borrowed among members (Kawiche, 2019; Malamsha & Zakaria, 2016; Masanyiwa et al., 2022; Shindika, 2021). Collateral security normally acts as compensation once a member fails to repay the loan, but only a few VICOBA bear the seriousness of imposing collateral security, and sometimes the collateral security offered is guaranteed by more than one VICOBA; hence becomes the problem (Kawiche, 2019; Mrindoko, 2022). Therefore, the problem is most VICOBA do not survive for a long period of time, whereby most of them die shortly after their establishment (Morios, 2018). Hence, the aim of this research is to investigate why most of VICOBA collapsed shortly after its establishment based on the dimension of funds management. VICOBA helps many families financially, but this mission fails since most of them survive in the short run. In Tanzania, there were limited research findings related to factors affecting fund management among VICOBA. Against that backdrop, this study will assess factors affecting fund management among VICOBA, a case of registered VICOBA in Iringa Municipality.

General Objective

The main objective of this study is to assess the factors affecting fund management among Village Community Banks (VICOBA), a case of registered VICOBA in Iringa Municipality.

Specific Objectives of the Study

- To determine the effects of timely loan repayment on fund management among Village Community Banks (VICOBA) in Iringa Municipality.
- To examine the effects of financial records keeping on fund management among Village Community Banks (VICOBA) in Iringa Municipality.
- To determine the effects of the economic activities of the groups on fund management among Village Community Banks (VICOBA) in Iringa Municipality.

LITERATURE REVIEW

Theoretical Literature Review

The theories that guided the study were Credit risk theory and the theory of record management.

Credit Risk Theory

This theory was introduced by Melton in 1974 and is one of the most important theories in financial management (Mabonga & Maina, 2017). It asserts that the management should monitor all the information, including screening of the borrower's ongoing creditworthiness, and ensure that the borrower adheres to the terms of the contract. It relies on the fact that the provision of loans is a risky business, and it can affect the cash flow of the institution in maximising such funds (Mabonga & Maina, 2017). It also explains how financial institutions like commercial banks can deal with uncertainties when they arise during the credit servicing period. Furthermore, it tells the truth that loaning continuously encompasses some features of

risks arising from situations that result from the failure to honour loan obligations when they fall due (Bezzina et al., 2014). This theory is applicable to this study because the reason that issuing of loans by banks is a risky business, and most VICOBA deals with the issuing of loans. Most of them are not repaid by members; hence, there is a high credit risk. When the loans are not repaid by members, this can lead to a disruption of cash flow or insufficient funds, which symbolises poor funds management (Mabonga & Maina, 2017). Since the major goal of funds management is to maximise the amount generated by the entity or the amount contributed by investors or shareholders through the repayment of loans (Joyce & Akarro, 2016). So, how are these funds maximised if members are not repaying back loans? This study aims to investigate how repayments of loans are affecting funds management among VICOBA in Tanzania, as a case of Iringa Municipality.

The Theory of Records Management

The theory of record management was developed by Thodory Sherinida in 1930, who argued that one of the backbones of any organisation is effective records management, which involves proper maintenance of all documents within an organisation. The theory emphasises that record management means the movement of records in logical steps from the creation through its use, storage, and retention in active files to its transfer to inactive files, storage, and finally disposal (Ali et al., 2020). It is invariably used in records management textbooks and is widely accepted by professionals in the field. The theory of "record management" provides that specific facts on effective management of recorded information must be a serious issue within the entity. Ali et al. (2020) stated that the records of an organisation must firstly be organised, maintained, and actively used by the creators of such information. The records of the firm must be stored for a long period of time so as to be used as references for the nearly future. Whereby they can act as a source of evidence for various

dilemmas or disputes within the institution since good record management within the group increases the accuracy of monetary figures within the organisation. The theory states that all records that are kept within the organisation reach a time they will no longer be needed within the organisation. But during their existence, those records help organisations as references in different matters, such as even to protect organisations against fraud.

Empirical Literature Review

Effect of Timely Loan Repayment on Funds Management among VICOBA

Cerqueiro et al. (2016) conducted a study in Sweden on “*Collateralisation, loan repayment and monitoring among small community Banks in Stockholm, Sweden*”. The study employed a descriptive research design, and data were collected through a quantitative approach from 103 respondents from those small community banks in Stockholm. The analysis was conducted through descriptive statistics, and linear regression analysis was employed. The study provided a comprehensive review of the issue of loan repayment and collateral security within the banking system and a detailed look at the purposes, benefits, and challenges facing banks on funds management. The study found that collateral security influences repayment on a loan once the borrower fails to repay the loan. However, it also found that banks that fail to collect debts even after the grace period face the problem of funds insufficiency within the banks.

Ole Kinisa (2019) conducted a study in Manyara, Babati, assessing the impacts of VICOBA on poverty alleviation. A descriptive study was employed whereby a sample of 112 members from 25 VICOBA was involved, and data were analysed using descriptive statistics and linear regression analysis. The study found most VICOBA are failing to collect debts from among members, and as a result, they run out of funds. Factors such as loss of trust and lack of discipline among leaders are

hindering the performance of the firm, especially in funds management. The major cause of such poor management of funds is the lack of repayment of loans among VICOBA. He found that VICOBA, which collects money from loan borrowed from members, have a possible survival of the group for a long time. He also discovered the main motive behind such repayment of loans is the availability of collateral security within the group. Whereby, once the member fails to pay such loan, the collateral security will be used to repay such amount of loan to compensate such loss of trust. He argued that the VICOBA that failed to collect that amount of loans from members were in a bad position financially or was running out of funds, and they were about to close the groups.

Effect of Financial Records Keeping on Funds Management among VICOBA

Jacewitz et al. (2020) conducted a study on “*Economies of Scale in Community Banks. A Case of Community Banks in the USA*” whereby the study used a cross-section design and applied a simple sampling technique to obtain a sample size of 170 respondents, and data were analysed using descriptive statistics and linear regression analysis. Thus, the management of funds within the organisation can face some challenges, particularly fraud among the members of the organisation, especially when records are not properly kept. Applied management researchers have cited numerous beneficial outcomes of involving organisation record management in organisation initiatives, which include enhanced managerial decision-making ability and change in attitude about work.

Effect of Economic Activities of the Groups on Funds Management among VICOBA

The impact of the economic activities of VICOBA on funds management has been explored in several studies conducted in different countries. For instance, Wang et al. (2022) did a study titled “*Performance, “International. Data were analysed*

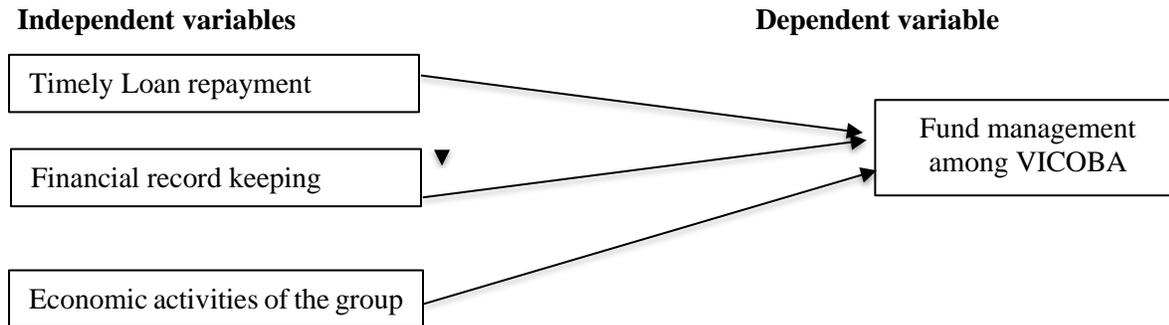
using descriptive statistics and linear regression analysis from 3171 community banks in the USA. The data was collected through a quantitative approach through a Likert scale questionnaire. The study emphasised the importance of making effective plans for the economic activities of the group so as to induce effective fund management within the groups. The study also highlighted the need for ongoing monitoring of the economic activities of the group so as to ensure adequate fund management within the group.

Conceptual Framework

According to Bogdan and Biklen (2003), a conceptual framework is a basic structure that

consists of certain abstract blocks, which represent the observational, experiential and analytical/synthetic aspects of the process or system being conceived. It is a set of broad ideas and principles taken from relevant fields of inquiry and used to structure a subsequent presentation. The interconnection of these blocks completes the framework for certain expected outcomes. *Figure 1* below shows the variables of the study whereby there are three independent variables such as timely loan repayment, financial record keeping, as Economic activities of the group and one dependent variable, which is fund management.

Figure 1: Conceptual Framework



Source: Researcher Construction, (2023)

RESEARCH METHODOLOGY

Study Area

This research was conducted at Iringa municipality, Tanzania. Iringa municipality was chosen to examine the factors affecting fund management among registered Village Community Banks (VICOBA) under the Iringa municipality council. The main reason for selecting those registered VICOBA is due to the availability and accessibility of data or information in Iringa municipality. The second reason to select Iringa municipality as an area of study is due to awareness and familiarity with a researcher to get suitable information timely so as to accomplish his research.

Research Approach

This research employed a quantitative approach. This method is used in this research as its objective is to firm up and modify knowledge first in order to gain in a fundamentally quantitative way, which is consistent with the research objectives (Saunders et al., 2009). In addition, the deductive approach is the one in which the researcher is expected to develop a hypothesis (or hypotheses) and, based on the existing theory, design a research strategy to test the hypothesis.

Research Design

This study employed a cross-sectional research design. A cross-sectional research design is a type of study that gathers data from a sample of individuals or entities at a specific point in time (Mlyuka, 2015). In this design, researchers collect

information from participants once, often through surveys, observations, or other data collection methods. The primary aim of cross-sectional research is to provide a snapshot or a “cross-section” of a population at a particular moment, allowing researchers to examine relationships, patterns, or differences that exist at that specific time. This study employed structured questionnaires so as to obtain quantitative data.

Study Population

The target population in this study constituted all accountants/treasurers from registered VICOBA in Iringa municipal council in Iringa municipality. The number of accountants/treasurers from registered VICOBA in Iringa municipality was 104.

Sampling Frame and Unit of Analysis

The sampling frame for this population of 104 accountants/treasurers in Iringa municipality was the list of all accountants/treasurers from registered VICOBA from 18 wards in Iringa municipal council.

Sampling Procedures

Simple random sampling was applied so as to select accountants and treasurers from 104 registered VICOBA from 18 wards. The sample size was 83 accountants and treasurers. The researcher applied the proportionality technique to select these 83 accountants and treasurers from a sampling frame of 18 wards. In this research, every VICOBA was used as a single unit of analysis, and an accountant/treasurer was the main representative of these groups as a fund manager in the VICOBA.

Sample Size

The above sampling procedure for 104 selections was chosen from the formula of sample selection by Kothari (2004). The sample size of this study was 83 selected accountants/treasurers, as indicated.

$$n = \frac{N}{1+N(e^2)}$$

Where e = Margin of error; N = the total number of accountants/treasurers from registered VICOBA in Iringa municipality, n = Sample size for a finite population

$$n = \frac{104}{1 + 104(0.05^2)} = 83 \text{ accountants/treasurers}$$

The selected 83 accountants/treasurers from 18 wards were selected using a proportionality approach. The formula for the proportionality approach was;

$$\text{Number of selected sample per ward} = \frac{\text{Total sample size}}{\text{Population}} \times \text{Total number of accountants/treasurers per ward}$$

Data Collection Method

Questionnaire

Data collection for this research was done using questionnaires attached, which were designed based on research objectives. The use of a questionnaire is intended to capture data for identifying factors that are helpful to explain factors affecting fund management among selected Village Community Banks (VICOBA) in Tanzania, in Iringa municipality. This method was used because of ease of administration and unbiasedness.

PRESENTATION OF RESULTS

Timely Loan Repayment among Registered VICOBA

Imposition of Collateral Security to the Loan Applied

Table 1 displays findings obtained from an investigative study that examined the practice of implementing collateral security among Village Community Banks (VICOBA) in Iringa municipality. Respondents were given the option to choose between “YES” or “NO” to indicate whether their respective VICOBA groups utilise collateral security as a part of their loan operations. This

inquiry was strategically designed with the aim of comprehending the prevalence of this practice.

The primary goal of this investigation was to foster timely loan repayment within these groups. This objective was achieved by instituting the requirement for borrowers to provide collateral security. This added incentive to encourage borrowers to promptly repay their borrowed funds, as the possibility of losing pledged items serves as a motivational factor. The potential of losing pledged

items as security motivates borrowers to fulfil their loan repayment obligations in a timely. The findings from this research reveal that approximately 28.92% (24 VICOBA's out of 83 VIOBA's) of the respondents indicated that VICOBA groups tend to implement collateral security when issuing loans. In contrast, about 71.08% (59 VICOBA's out of 83 VIOBA's) of the respondents indicated that VICOBA groups typically do not adopt collateral security as a practice in their loan disbursement.

Table 1: Do you have a tendency to impose collateral security on the loan applied?

In your group, do you have a tendency to impose collateral security on the loan applied?	Frequency	Percentage
YES	24	28.92
NO	59	71.08
Total	83	100

Source: Field data (2023)

Number of Loans Secured by Collateral Security in the Last 24 Months

This question was answered by 24 (28.92%) respondents in which their group secured their loans with collateral security. From *Table 2*, the total loans comprised 161 loans issued in the period of

the last 24 months. Among 161, only 146 loans were secured by collateral security, which was 90.68%. The results also indicate among 24 groups that secured their loans with collateral security, only 17 VICOBA and 24 VICOBA implemented their policy of imposing VICOBA effectively, which is about 70.83%.

Table 2: Number of loans secured by collateral security in the last 24 months

VICOBA's In Iringa Municipality	Number of loans issued in last 24 months	Number of loans secured by collateral security
VICOBA No.2	8	8
VICOBA No.5	6	6
VICOBA No.9	7	7
VICOBA No. 12	5	5
VICOBA No.13	8	8
VICOBA No. 21	7	7
VICOBA No.22	6	6
VICOBA No. 26	4	4
VICOBA No. 28	5	5
VICOBA No. 31	9	9
VICOBA No.32	7	7
VICOBA No.36	9	9
VICOBA No.41	6	6
VICOBA No.43	8	8
VICOBA No.44	8	8
VICOBA No.49	6	6
VICOBA No.52	7	7
VICOBA No.53	8	6

VICOBA In Iringa Municipality	Number of loans issued in last 24 months	Number of loans secured by collateral security
VICOBA No.56	9	4
VICOBA No.60	7	6
VICOBA No.66	4	3
VICOBA No.67	5	4
VICOBA No.72	7	3
VICOBA No.82	5	4
Total	161	146

Source: Field data (2023)

Assessment of the Credit History of VICOBA Members or Borrowers Before Loaning

Table 3 shows the findings obtained concerning the assessment of the credit history of the members of Village Community Banks (VICOBA) before providing loans to them. The researcher provided two alternative answers, which were “YES” or “NO”, to choose whether the group has the tendency to assess the credit history of the members or not within the group. Due to the fact that in order for the group to have a timely loan repayment, the group

itself has to assess the creditworthiness of the members before providing loans to them since this helps the group to determine the amount of loan a member deserves to obtain. The results were 25.30% (21 VICOBA's out of 83 VIOBA's) of the respondents indicated that VICOBA has the tendency to assess the credit history of the members before providing loans to them, while 74.70% (62 VICOBA's out of 83 VIOBA's) of the respondents disagreed with the statement that VICOBA has the tendency to assess the credit history of the members.

Table 3: The tendency of VICOBA's to assess the credit history of their members or borrowers

Do you have a tendency to assess the credit history of your members or borrowers?	Frequency	Percentage
YES	21	25.30
NO	62	74.70
Total	83	100

Source: Field data (2023)

Financial Records Keeping on Funds Management among VICOBA

Experience of Accountants and Treasurers in Financial Record Keeping

Table 4 provides data on the diverse range of experiences of accountants and treasurers in terms of financial record-keeping within the framework of VICOBA's (Village Community Banks). This data categorises participants based on their level of experience, offering insights into the extent of their involvement and familiarity with this important aspect of managing community finances. The findings indicate that the participants' experiences are spread across various times, ranging from less than a year to more than two years. A significant

portion of the participants, accounting for approximately 41%, have had less than a year of experience in financial record keeping in the context of VICOBA. This suggests that a substantial proportion of the individuals involved were relatively new to this task. Given the intricate nature of financial record keeping and its role in ensuring transparent and accurate financial management, this group might require additional support and guidance to enhance their proficiency. Moving forward, approximately 43% of participants possessed around a year's experience in financial record keeping. This group likely has a more comprehensive understanding of the processes involved and the significance of maintaining accurate financial records. Their familiarity

suggests that they might have encountered common challenges and learned strategies to address them effectively.

Moreover, the data shows that a smaller segment, around 10%, had two years of experience in financial record keeping. This group might be

considered intermediate practitioners, as they have had an extended period to refine their skills and adapt to the specific needs of VICOBA. Their insights and practices could potentially serve as valuable examples for others who are less experienced.

Table 4: Level of experience of accountants and treasurers concerning financial record keeping in selected VICOBA in Iringa municipality

Level of experience in financial record keeping	Frequency	Percentage
Less than a year	34	40.96
1 year	36	43.37
2 year	8	9.64
More than 2 years	5	6.02
Total	83	100

Source: Field data (2023)

Strategies Used by Accountants and Treasurers to Acquired Knowledge about VICOBA's Financial Record Keeping

Accountants within VICOBA (Village Community Banks) have gained knowledge in various ways, as shown in *Table 5*. A small percentage, about 4.82%, acquired knowledge through seminars organised by non-governmental organisations (NGOs). These seminars likely offered structured sessions to teach them about financial record keeping and its importance in VICOBA operations. Another group, accounting for around 10.84%, learned through seminars organised by the government. These government-led seminars might have provided insights into the legal and regulatory aspects of financial record keeping, helping accountants align their practices with official requirements.

Around 7.23% of accountants mentioned acquiring knowledge through special meetings within their VICOBA groups facilitated by the government. These meetings might have focused on enhancing financial literacy and improving the financial management skills of the participants.

Similarly, about 6.02% gained knowledge from special meetings organised by NGOs within their VICOBA groups. These meetings could have offered practical guidance on maintaining accurate financial records and ensuring transparency in financial transactions.

A significant percentage, approximately 71.08%, indicated that they had not received any special training related to financial record keeping. This highlights a potential gap in training opportunities, which could be addressed to further strengthen the financial management capabilities of VICOBA accountants.

In summary, VICOBA accountants have gained knowledge about financial record keeping through various avenues, including seminars organised by NGOs and the government, as well as special meetings within their VICOBA groups. However, there is still a substantial portion of accountants who have not received specialised training in this area. Bridging this gap through targeted training initiatives could contribute to more effective financial management within VICOBA.

Table 5: Ways in which accountants and treasurers in VICOBA acquired knowledge concerning financial record keeping of VICOBA

Ways in which accountants and treasurers acquired knowledge	Frequency	Percentage
Through seminars organised by NGOs	4	4.82
Through seminars organised by the government	9	10.84
Through special meetings in our group through the government	6	7.23
Through special meetings within our group organised by NGOs	5	6.02
I never acquired any special training concerning financial record-keeping	59	71.08
Total	83	100

Source: Field data (2023)

Effect of Economic Activities of the Group on Funds Management Among VICOBA

Economic Activities in VICOBA and Group Income Generation

The data from *Table 6* offers insights into the availability of economic activities within VICOBA (Village Community Banks) aimed at generating group income. Among the participants surveyed, 33.73% (28 respondents out of 83 respondents) responded affirmatively, indicating that there are economic activities in place for this purpose. On the other hand, the larger majority, comprising 66.27% (49 respondents out of 83 respondents) of respondents, indicated that there are no such economic activities within their VICOBA. The existence of economic activities within VICOBA that generate group income can have multiple positive implications. Such activities can contribute

to improving the financial health of the community, enhancing its economic resilience, and creating opportunities for members to increase their income collectively. These activities might encompass various sectors such as agriculture, handicrafts, small-scale businesses, or community projects, depending on the strengths and resources of the community.

For the respondents who indicated the absence of such economic activities, several factors might contribute to this situation, such as limited resources, lack of specialised skills or knowledge, and challenges related to market access could all play a role in hindering the establishment of income-generating activities. Additionally, the community's specific priorities and circumstances could influence whether such activities are pursued.

Table 6: Availability of any economic activity in VICOBA for generating group income

Availability of any economic activity in VICOBA for generating group income	Frequency	Percentage
YES	28	33.73
NO	55	66.27
Total	83	100

Source: Field data (2023)

Indication of Number of Economic Activities Conducted within VICOBA

Table 7 provides data on the number of economic activities conducted among 28 VICOBA in Iringa municipality that conduct at least one economic activity in Iringa municipality for generating group income. The majority, accounting for 53.57% of

respondents from 15 VICOBA, indicated that their VICOBA group is engaged in conducting a single economic activity. This suggests that a significant portion of the surveyed groups are focused on a specific income-generating, whereby some are engaging in trade, craft, or project and others on transportation services.

About 32.14% of respondents from 9 VICOBA groups mentioned that their VICOBA group is involved in two economic activities such as carving sculptures, transportation or food selling. This indicates a higher level of diversification in income-generation efforts, where the group has ventured into two distinct areas to maximise their financial gains.

A smaller group, comprising 14.29% of respondents from 4 VICOBA groups, stated that their VICOBA is conducting three economic activities. This

showcases a higher degree of diversification compared to the previous groups. The involvement in multiple activities might offer additional sources of income and potentially reduce risks associated with depending solely on one economic venture.

Interestingly, there were no responses indicating that VICOBA groups are engaged in more than three economic activities. It's possible that the majority of groups have opted for fewer activities to ensure efficient management and focused efforts.

Table 7: Indication of the number of economic activities conducted within VICOBA groups

Number of economic activities conducted within VICOBA	Frequency	Percentage
We conduct only one economic activity	15	53.57
We conduct two economic activities	9	32.14
We conduct three economic activities	4	14.29
We conduct more than three economic activities.	-	-
Total	28	100

Source: Field data (2023)

Multi-Linear Regression

The multi-linear regression analysis was also conducted to examine how independent variables (Timely loan repayment, financial records keeping and economic activities of the groups) are related to a dependent variable (Funds management). A

multiple regression analysis is an analysis that involves one dependent variable and two or more independent variables. In other words, it is an analysis of association in which the effects of two or more independent variables on a single, interval-scaled dependent variable are investigated simultaneously. *Table 8* shows the findings.

Table 8: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.873 ^a	.762	.753	.47208

Source: Research findings, (2023)

Based on the provided information from *Table 8*, the regression model summary presents the following results:

The adjusted R square of 0.753 indicates that approximately 75.3% of the variability in funds management can be explained by the independent variables, namely timely loan repayment, financial record keeping, and economic activities of members. This adjusted R square value suggests a strong relationship between these independent variables and the dependent variable.

Furthermore, the correlation coefficient (R) of 0.873 indicates a high positive correlation of 87.3% between the independent variables (timely loan repayment, financial record keeping, and economic activities of the groups) and the dependent variable (funds management). These findings demonstrate that the independent variables, specifically timely loan repayment, financial record keeping, and economic activities of the groups, are significant predictors of funds management in Iringa Municipality. This suggests that these factors play a crucial role in determining the level of funds

management effectiveness in the context of the study.

Table 9: Analysis of Variance – ANOVA

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	59.250	3	19.750	88.619	.000 ^b
	Residual	18.498	83	.223		
	Total	77.747	86			

Source: Research findings, (2023)

Based on the information provided in Table 9, the analysis of variance (ANOVA) results can be summarised as follows: The regression model, which includes the independent variables (not specified in the table) predicting the dependent variable (funds management), explains a significant amount of the total variability. The sum of squares for the regression model is 59.250, indicating that the model accounts for 59.250 out of the total sum of squares (77.747).

The degrees of freedom (df) associated with the regression model are 3, and the mean square (mean

sum of squares) is 19.750. This mean square value is calculated by dividing the sum of squares by its respective degrees of freedom. The F statistic for the model is 88.619, which represents the ratio of the mean square for the regression to the mean square for the residual (error). This F value is compared to a critical value to determine statistical significance. In this case, the obtained p-value associated with the F value is 0.000, indicating that the model's results are highly significant. This suggests that the regression model is highly significant in explaining funds management at Iringa Municipality.

Table 10: Regression Coefficients

	Model	Unstandardised Coefficients		Standardised Coefficients	T	Sig.
		B	Std. Error	Beta		
	Timely loan repayment	.565	.158	.429	3.570	.001
	Financial record-keeping	.138	.148	.131	.935	.353
	Economic activities of the group	.218	.132	.199	1.646	.015

Source: Research findings, (2023)

Based on the regression coefficient analysis in Table 10, the results indicate that a unit change (1%) in timely loan repayment led to a change of 0.565 (56.5%) in funds management to be more effective and has significance contribution and positively related funds management since the p-value is less than 0.05. A unit change in financial record keeping led to a positive change of 0.138 (13.8%) change in funds management and has a significant contribution and is positively related to funds management since the p-value is less than 0.05. A unit change in the economic activities of the groups led to a positive change of 0.218 (21.8%) changes in funds management and has a significant

contribution but is positively related to funds management since the p-value is less than 0.05.

This test was used to explain the total variations in the dependent variable, which was fund management, caused by variations in the independent variables, which were timely loan repayment, financial records keeping, and economic activities of the groups. In the case of the regression output, the adjusted $R^2 = 0.753$, implying that the model explains about 75.3% of variations in the funds management; hence, the model does more than half to explain variations in funds management among VICOBA in Iringa municipality.

Therefore, the findings of this study indicate that the independent variables (Timely loan repayment, financial record keeping, and economic activities of the groups) contribute to funds management at Iringa municipality, which means that the independent variables are significant predictors of a dependent variable (funds management) at Iringa municipality.

Validity and Reliability Analysis

Validity of the Study

In order to ensure that each is aligned to its construct, analysis was done, and the results are displayed below in *Table 11*. Before actual analysis

Table 11: KMO and Bartlett’s Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.760
Bartlett’s Test of Sphericity	Approx. Chi-Square	125.750
	Df	6
	Sig.	.000

Source: Field data (2023)

Reliability Analysis

After analysing data collected on SPSS V 20, the results on Cronbach alpha were 0.873 as shown in

Table 12: Reliability Statistics

Cronbach’s Alpha	N of Items
.873	18

Source: Research findings, (2023)

CONCLUSION

The research conducted in Iringa municipality reveals concerning trends related to funds management among VICOBA groups, notably the issue of timely loan repayment, which is hindering effective funds management. Despite this challenge, a small number of members demonstrate commendable practices in funds management, positively impacting the overall financial health of the organisation. This underscores the critical importance of promoting timely loan repayment to ensure sufficient funds within VICOBA groups, subsequently enhancing funds management.

was done, KMO and Bartlett’s Test was to ensure sample adequacy and items were correlated enough to carry out factor analysis as described below.

In *Table 11* above, the value of KMO of 0.760 was yielded, which suggested that the sample was adequate for exploratory factor analysis, as suggested by Bordens & Abbott (2015), who argued that KMO should be either 0.6 or above. On the other hand, Bartlett’s test in this study yields p-value =0.000, which signifies that the variables are correlated highly enough to provide a reasonable basis for factor analysis as suggested by Bordens & Abbott (2015) that the value for Bartlett test should be significance value of less than 0.05.

Table 12; this implies that the data collected are reliable. The tools for collecting data were tested for reliability using Cronbach Alpha; the result of the test is as indicated below.

Additionally, the study highlights the significance of proper financial record keeping, as it provides valuable information for informed decision-making. However, inadequate maintenance of these records within certain groups impedes their ability to make well-considered choices, indicating a notable gap in accurate financial record-keeping practices. Similar findings in Mtwara, as noted by Chipindula & Mwangi (2015), emphasise the relationship between effective financial record-keeping and sound fund management. It is suggested that government and local authorities should provide specialised education on financial record maintenance to VICOBA groups. Once adequately

trained, these groups can ensure effective recording of financial information, facilitating informed decision-making. Ultimately, the performance of economic activities within VICOBA groups significantly influences funds management, with a substantial number of groups in Iringa facing challenges in this regard, including accumulating debt. Therefore, it is imperative to improve the performance of economic activities within these groups to ensure better fund management and overall financial stability.

Recommendations For the Actions

The study recommends that there is a need to keep a great eye on the funds of Village Community Banks (VICOBA). This will add more knowledge to different organisations in the Tanzanian environment so as to have a society that will have good monitoring of funds in village banks. The following are the recommendations based on the specific objectives of the study, which are timely loan repayment, financial records keeping and economic activities of members on affecting funds management among Village Community Banks (VICOBA) in Iringa Municipality.

VICOBA

VICOBA should strengthen capacity-building initiatives to enhance financial literacy, funds management skills, and record-keeping practices among VICOBA members. Also, it should establish a robust internal monitoring and evaluation system to ensure transparency, accountability, and efficient utilisation of funds. Also, all groups should pledge collateral security to the loan that is provided and should do an assessment of credit history to the borrower's proper maintenance of financial records among VICOBA.

Government

The government should develop and implement supportive policies that promote and facilitate the growth of VICOBA groups. The government should also invest in financial literacy programs to

empower the general population, including VICOBA members, with essential financial management skills. Moreover, it should provide appropriate regulatory oversight to ensure VICOBA groups operate transparently and comply with financial regulations while safeguarding the interests of their members.

Policy Makers

Policymakers should formulate policies related to microfinance, financial inclusion, and poverty alleviation. Understanding the relationship between funds management and timely loan repayment, financial record-keeping, and economic activities can guide the development of targeted policies that support VICOBA and similar microfinance institutions. This, in turn, can contribute to creating an enabling environment for sustainable economic growth and improved livelihoods in the region.

General Public

The public should organise awareness programs to educate the general public about the positive contributions of VICOBA groups to community development and poverty alleviation. Encourage individuals to join VICOBA groups to improve their financial security and contribute to community development.

Recommendations for Further Studies

Further studies should be considered in relation to fund management among Village Community Banks (VICOBA). The objectives of this study were to explain 76.2% of the whole variation of fund management in Iringa municipality. This means that there are other variables affecting fund management in Iringa municipality that need to be assessed in further studies here in Iringa municipality. Also, ultimately conducting this study in different places and areas beyond Iringa municipality would allow for the identification of best practices, challenges, and opportunities in VICOBA fund management that can be generalised and applied to enhance the efficacy and impact of

these community-driven financial initiatives across a broader spectrum of locations and communities.

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