

**THE ROLE OF SUSTAINABLE VILLAGE COMMUNITY BANK ON
IMPROVING STANDARD OF LIVING TO ITS MEMBERS:
A CASE OF UBUNGO MUNICIPALITY**

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Masters of Accounting and Finance (MAF)

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IMPROVING STANDARD OF LIVING TO ITS MEMBERS:
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**A Dissertation Submitted in Partial Fulfillment of the Requirements for
Award of Masters of Accounting and Finance (MAF) at the Institute of
Accountancy Arusha (IAA)**

December, 2023

DECLARATION

I, Mshamu Juma Ngwembano, hereby declare that the contents of this dissertation are the result of my own original work, to the best of my knowledge, and they have not been and will not be presented to any university for a similar or any other degree award.

.....

Signature

.....

Date

CERTIFICATION

I Kusekwa Mabondo undersigned, certify that I have read and hereby recommend for acceptance by the Institute of Accountancy Arusha at Arusha Campus a Dissertation entitled **“The Role of Sustainable Village Community Bank on Improving Standard of Living to its Members: A Case of Ubungo Municipality”** in partial fulfilment of the requirements for award of the Masters of Science in Accounting and Finance (MAF) of IAA at Arusha -Campus.

Kusekwa Mabondo

Supervisor

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DEDICATION

This work is dedicated to my Almighty God. Also, I dedicated to my beloved wife Amanuu Said Hamad and my children, Ajmal, Arshad and their sister Khudhaifat, for their encouragement and prayers, love, moral and material support they gave.

ACKNOWLEDGEMENT

The blessing of the Almighty God, for which I am grateful, has enabled me to finish this task. Although acknowledging every individual who contributed information, reviewed this report, participated in discussions, or contributed documents and information is impractical, it is equally crucial to recognise key contributors whose contributions were indispensable to the successful completion of the study and report.

Particularly on how I ought to approach this task, I would like to extend my heartfelt appreciation and gratitude to my supervisor, Mr. Kusekwa Mabondo, for his guidance, corrections, and suggestions, as well as for devoting her time to reviewing my work. Additionally, I wish to express my appreciation to my fellow professionals for their support, encouragement, and critical feedback.

Last but not least, I would want to express my gratitude to my family for their unwavering encouragement, support, and tolerance while I was in school and diligently pursuing the completion of my master's course.

ABSTRACT

The study assessed the role of sustainable VICOBA in improving the standard of living for its members in the Ubungo Municipal Council. The study used a cross-sectional research design and a mixed approach, i.e., qualitative and quantitative approaches, in data collection and analysis. From a total population of 395 who are members of VICOBA in Ubungo municipality, the purposeful and convenience sampling technique was used to reach a sample of 80 respondents, from whom relevant information was collected through questionnaires and interviews, as well as documentary reviews. Methods for data collection were employed by the researcher during the study, and the findings were analysed using Statistical Package for Social Science (SPSS) version 29.0.1.0. The findings revealed that respondents were influenced to join the model due to the fact that they are benefited by a low-interest rate loan, which they are using as a strategy to improve their living standards through different IGAs. They also benefit from it by paying their children's school fees, while only 65% of the VICOBA are formal and only 35% are informal. The findings further revealed that 90% of the respondents agreed that there is a relationship between improvements in living standards and VICOBA. It is also indicated that sustainable VICOBA is facing various challenges, including lack of financial and management skills, shortage of financial resources, and non-repayment or late repayment of loans. The findings revealed that such challenges can be eliminated through the provision of various trainings, such as financial and management training to members, entrepreneurial skills, and proper supervision and support from the government, which are also the recommendations of this study for the role of sustainable VICOBA in improving members' standards of living.

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LIST OF ABBREVIATIONS

CARE	Cooperative for Assistance and Relief Everywhere
IAA	Institute of Accountancy Arusha
IGAs	Income Generation Activities
MFI	Microfinance Institution
NCA	Norwegian Church Aid
NGO	Non-governmental organisation
MKUKUTA	National Strategy for Growth and Poverty Reduction
SEDIT	Social and Economic Development Initiative of Tanzania
SPSS	Statistical Package for Social Science
SEDIT	Social and Economic Development Initiatives of Tanzania
SIDO	Small Industries Development Organisation
UN	United Nations
UNDP	United Nations Development Programme
UNCTAD	United Nations Conference on Trade and Development
URT	United Republic of Tanzania
NBS	National Bureau of Statistics
NEEC	National Economic Empowerment Council
VETA	Vocational Education Training Authority
VICOBA	Village Community Bank
WCRP	World Conference of Religions for peace

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter provides a comprehensive introduction to the topic matter of the study and offers a basic summary of the research. The document provides an overview of the topic, including its background, statement, research objectives, research questions, scope, and concludes with a description of the study's importance, limitations, and organisation of the study.

1.2 Background to the Study

Sustainable Village Community Bank (VICOBA) is one of the independent poverty alleviation strategies that has operated sustainably for more than a year. Its members obtain various benefits, such as weekly savings of their money, acquiring loans for investment, and facilitating various entrepreneurship training and networking, which will enable business growth as a means to improve their living standards. The groups reach a consensus on the quantity of funds or resources to be contributed as shares or savings and adopt a variety of laws (SEDI, 2008). VICOBA is regarded as a "bankable" microfinance institution, similar to others, with the purpose of enhancing the standard of living of impoverished individuals residing in both urban and rural regions (Kaberia and Allport, 2011). Over time, the microfinance industry has evolved in numerous ways across different nations.

On a global scale, microfinance emerged in the 1980s with the intention of elevating the standard of living of impoverished communities. It was a reaction to scepticism regarding the ability of governments or states to provide subsidised or inexpensive credit to impoverished populations in an effort to raise their standard of living. Presently, it is under implementation in Eastern and Western Europe, Asia, the Pacific, Africa, and Latin America worldwide (DFS, 2007).

Early microfinance initiatives emerged in countries such as Bolivia and Bangladesh throughout the 1980s, quickly attracting the attention of multilateral donors and private bankers (Mejeha and Nwachukwu, 2008). First to garner attention was Grameen Bank, an institution founded in 1976 and devised by Muhammad Yunus in Bangladesh. The approach, referred to as the Grameen (Bengali: "Rural") model, operated by organizing frequent meetings between Grameen Bank field managers and groups of five prospective borrowers. Grameen Bank formed an autonomous financial institution in 1983, granting loans to its members without requiring collateral deposits (Armendariz, 2010).

As time has progressed, microfinance has expanded its scope beyond lending to impoverished individuals to include insurance, savings collection from low-income households, and assistance with the marketing and distribution of clients' products in certain countries, including Bangladesh (Armendáriz and Morduch 2010). According to Nawaz (2010), although the microfinance programme in Bangladesh did manage to alleviate poverty among its participants, the impact was merely moderate. Notwithstanding the substantial impact that MFIs have had on tackling socio-economic challenges in South Asia, the area continues to grapple with the enduring obstacle of a high poverty ratio (UNESCAP, 2017).

In 1986, the Good Faith Fund, which was modelled after the Grameen Bank, was among the first MFIs to be founded in the United States. The fund's dedication to extending loans to microentrepreneurs is reflected in its name. As opposed to being collateralized, loans were guaranteed in "good faith" (Yunus, 2003). The personnel of the Good Faith Fund instituted a compulsory six-week training programme for newly joined individuals, after which they formed groups from the participants of the training programme. Whence (2008), Sengupta and

Aubuchon. The results of the research examining the effects of microfinance on the European economy validate the notion that microfinance has a beneficial influence on both social exclusion and poverty. Praemer-Eis and Conforti (2009) state the following. (Chmelková, Krauss, and Dvoulet, 2019) Their research on the performance of MIF in Europe indicated that a greater degree of social capital is favourably correlated with all aspects of MIF performance in Europe.

The Microfinance Initiative was founded in Africa through a collaborative effort between private investors from wealthy nations and state authorities. The objective was to foster the empowerment of impoverished individuals with the intent of generating employment opportunities and securing the community's economic sustainability. The model is referred to as JENGA in Uganda and OPHIVELLA in Mozambique (Ngalemwa, 2013).

The approach, which CARE International Niger founded in 1991 and literally translates to "women on the go," has proven to be the most effective lending system in Niger (URT, 2017). The VICOBA concept appears to be an anti-poverty financial initiative in Uganda and Rwanda because to the fact that it addresses impoverished individuals directly, who frequently have restricted access to official financial institutions (Kitomari and Abwe, 2016).

According to research conducted in Uganda by the Kitega Community Centre in 2014, the VICOBA programme has significantly increased the household earnings of its members and assisted families in meeting their most fundamental requirements, including sustenance, housing, and education. In addition, the Mata Masu Dubara (MMD) initiative in Niger has demonstrated that it is possible to raise living standards in a sustainable manner with comparatively modest financial outlay. As stated by Wentling (2001).

Tanzania has recognised the significance of savings and credit societies ever since its independence. In the early 1960s, the government identified three primary obstacles to the country's development: ignorance, sickness, and poverty. The nation subsequently placed poverty reduction at the top of its policy goal, as seen by the National Microfinance Policy (2017). As a result, the government has devised various regulations with the objective of fostering the growth of both formal and informal financial institutions, including commercial banks, SACCOS, and VICOBA. The cooperative movement in Tanzania originated in 1932, when the first cooperative organisations were founded by coffee growers in Kilimanjaro (Mwalugeni, 2008).

Extensive research has been undertaken in Tanzania to evaluate the effects of VICOBA on the standard of living of the populace. An evaluation of the effectiveness of VICOBA in mitigating poverty in the Babati Rural District revealed that the initiative significantly enhanced the standard of living for local inhabitants, notwithstanding several obstacles such as inadequate record-keeping and limited entrepreneurial aptitude (Kinisa, 2019). Additionally, the research examining the influence of village community banks on the food security of households in the Morogoro rural district unveiled that individuals were drawn to the model for a variety of reasons, including access to financial services, a sense of community, reduced interest rates, and the opportunity to save by purchasing community shares (Katondo, 2013).

According to his research on VICOBA's capacity and financial management, a case study of the Kigogo ward in Kinondoni, Dar es Salaam, confirmed that VICOBA had indeed improved the lives of several individuals (Lukwaro, 2019). Moreover, the Meru district council's study on the failure and collapse of village community banks in Tanzania revealed that while VICOBA has undeniably improved the lives of numerous individuals, the organisation is susceptible to

certain risks, including loan default, late repayments, and members' income status. (Abwe and Kitomari, 2016).

The majority of Dar es Salaam citizens are categorised as impoverished by the NBS (2019) for a variety of factors, including lack of access to proper housing, health insurance, and education. A number of reasons contribute to Tanzania's low standard of living, including insecurity, unemployment, inadequate pay, bad governance, land misallocation, income and asset disparity, lack of access to economic opportunities, inadequate education, and unfavourable climatic circumstances (Nafula, Onsomu, Mwabu, & Muiruri, 2005). VICOBA is present in Ubungo Municipal, one of the municipalities in the Dar es Salaam region, and the community is becoming a member in order to help achieve its objective. The inhabitants of Ubungo Municipality participate in a variety of economic activities, both formal and informal. Brick-making enterprises, motor-vehicle garages, motorcycle businesses, small domestic shops, bars and pubs, poultry, gardening, bus ticketing, and barbershops comprise the majority of the population of this municipality.

Sustainable VICOBA in the Ubungo Municipal Council aims to raise community living standards by providing them with access to a source of money that enables them to establish IGAs, so contributing to the alleviation of poverty. VICOBA addresses and is committed to the welfare of the disadvantaged and vulnerable segments of society (Rutenge, 2016; Maliti, 2017). Several households within the Ubungo Municipal Council are enrolled in this initiative; nonetheless, their standard of living remains substandard and their enterprises are failing to achieve the desired level of growth. In the Dar es Salaam region, households engage in informal savings systems with the intention of improving their quality of life (Care Progress Report 2004). This system's greatest obstacle is that it continues to operate informally and provides unsustainable services (Lukwaro 2019).

Notwithstanding the presence of several VICOBA members on the Ubungo Municipal Council, the benefit they provide to the council members remains debatable. VICOBAs cannot be relied upon to sustain livelihoods (Kitomari and Abwe, 2016).

In light of the persistently low living standards of those participating in this model, the research will evaluate the impact of sustainable VICOBA on elevating the living standards of its members and identify potential obstacles that could impede the model's success. By doing so, it will contribute to the existing body of knowledge and address the aforementioned knowledge gap.

1.3 Statement of the Problem

Despite the presence of several Sustainable VICOBAs as one of the independent strategies of poverty alleviation that have been operating by providing financial services to support people's efforts to improve their living standards, their living standards are still low.

The growth of microfinance as one of the livelihood strategies of urban and rural poor in the global south (Kyessi and Furaha 2010) The model has contributed to the improvement of community living standards and helped its members meet their consumption needs in Babati district (Ahlen, 2012). However, the study by Kitomari and Abwe (2016) indicates the significant failure of numerous VICOBAs in many parts of Tanzania. Also, the model might be established for political requirements or the social popularity of the members and not for fighting against poverty. Most MFIs do not move poor people out of poverty due to the fact that poverty alleviation is not a priority among the objectives of many MFIs (Reed, 2011).

Even though sustainable VICOBA has been spread in Ubungo Municipal Council, the outcome of it in relation to the community's poverty alleviation is still questionable. Therefore, due to the fact that there is still a low standard of living for the people who are participating in this model,

the study will focus on assessing the role played by sustainable VICOBA in improving the standard of living for its members and linking the relation that might exist between the living standards of the members and the performance of VICOBA on how it might play a vital role in members' living standards.

1.4 Research Objective

1.4.1 General Objective

The main objective of the study is to assess the role of VICOBA on improving the standard of living to its members at Ubungo Municipal Council.

1.4.2 Specific Objectives

The study has the following specific objective:

- I. To examine factors that influence members to join VICOBA in Ubungo Municipal Council.
- II. To identify the service offered by VICOBA to its members in Ubungo Municipal Council and its contribution to improving members' living standards.
- III. Identifying challenges faced by VICOBA in Ubungo Municipal Council.

1.5 Research Question

- i. What are the factors that influence people of Ubungo Municipal Council to join VICOBA?
- ii. What are the contributions of services offered by VICOBA to its members living standards in Ubungo Municipal Council?
- iii. What are the challenges facing VICOBA in Ubungo Municipal Council?

1.6 Scope of the Study

The study assessed the role of sustainable VICOBA in improving the living standards of its members. The study purposely examined factors that influence members to join VICOBA, the service offered by VICOBA to its members, and its contribution to improving members' living standards. It also established relationships that might exist between the service offered by VICOBA and the improvement of the standard of living of its members at Ubungo Municipal Council and looked at the challenges that might hinder the performance of VICOBA in achieving the desired goal. The study took into consideration Ubungo Municipality only, whereby representatives of sustainable VICOBA were selected and participated in the study.

1.7 Limitation of the Study

This study encountered both methodological and researcher limitations during the period of data collection. Also, given the nature of the problem, the study was limited by time, which was likely to affect the quality and quantity of data as the researcher was forced to use fewer respondents. Lack of collaboration from staff was one of the limitations due to the fact that many of them were busy with their day-to-day responsibilities. There was a lack of willingness of the respondent to participate in the study to provide accurate information on filling out the questionnaire. However, the researcher gave them a brief introduction to the essentials of the study so as to emphasize to respondents the importance of their participation in the study. Last but not least, the results of the study could not be applicable to other areas due to differences in social, economic, and traditional environments as compared to the area of study.

1.8 Significance of the Study

The study is significant in the sense that it would add knowledge in the area of VICOBA in relation to the members' standard of living, useful data, facts, and insights on the services offered by VICOBA in Ubungo Municipal Council. It will add knowledge to the community on

the issue of sustainable VICOBA and will also serve as a literature review for other academicians who will be interested in conducting further studies on similar topics. Then it will serve as a partial fulfilment requirement for the graduating master's degree offered by the Institute of Accountancy Arusha (IAA) as well as the basis for further studies in the area of sustainable VICOBA, upon which future studies will be done. The information will be vital and provide baseline information for Ubungo municipal officials and civil society organisations that intend to initiate various poverty reduction strategies in the future.

1.9 Organizational Structure of the Dissertation

The present dissertation is structured into the following five chapters: The initial chapter encompasses the following sections: introduction, study context, problem description, study objective, specific objectives, research questions, study scope, study relevance, and study restrictions. Introductions, definitions of essential ideas, theoretical literature, empirical literature reviews, research gaps, and conceptual frameworks are all covered in the second chapter. The introduction, study area, research design, research approach, data analysis, ethical issues, and limitations of the study are all included in Chapter 3. The data presentation, analysis, and comments are contained in Chapter 4. The study's summary, results, and suggestions are presented in Chapter 5. Appendices and references comprise the final portion of this study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the literature related to the role of VICOBA in improving the living standards of its members. The chapter involves the definitions of concepts, a theoretical and empirical literature review, a conceptual framework, and the research gap.

2.2 Definitions of the Key Concepts

2.2.1 VICOBA

VICOBA is a community-based method that enables community members to collaborate on sustainable development through the provision of sustained mutual support and encouragement. It is a microfinance institution whose members convene on a weekly basis to lend money to one another and preserve shares. Magesa et al. (2014) state the following. It is founded upon communities that are collaboratively striving to realize good transformations in their life and the communities they reside in. It is a form of financing focused on the grassroots that encourages participants to develop and run viable IGAs (SEDIT, 2008). The model in question has been operating in a sustainable manner for over a year. Annually, only the accumulated profits are distributed as dividends at the conclusion of each fiscal year. The groups also reach a consensus on the quantity of funds or resources to be contributed as shares or savings and adopt a variety of rules and regulations (SEDIT, 2008). The entire profits on investments are dispersed to members as dividends at the conclusion of each fiscal year, in proportion to the individual's current share invested (Kihongo, 2005).

VICOBA, which was initially adapted from Mata Masu Dubara-MMD in Niger, West Africa, aimed to empower women by providing them with access to financial services including loans (Akkida et al. 2014). The initial moniker for the model unveiled at Jozani 2000 in Zanzibar was the Jozani Savings and Credits Association (JOSACA).

After learning from JOSACA in Zanzibar, the World Conference of Religions for Peace (WCRP) implemented the programme in 2002 in the Ukonga ward, Ilala Municipal Council, and Kisarawe District Council in the Pwani Region in Tanzania. (NEEC,2019). SEDIT subsequently made modifications to the model, which was subsequently registered as VICOBA with the Registrar of Societies, Ministry of Home Affairs, on January 31, 2012. It is a form of financing focused on the grassroots that encourages participants to develop and run viable IGAs (SEDIT, 2008).

The strategy was initially implemented in 2002 by WCRP in the Ukonga ward of the Ilala Municipal Council, in the Dar es Salaam region. WCRP finances the VICOBA project by furnishing matched loans and conducting a variety of trainings (Kihongo, 2005). Since 2007, numerous religious non-governmental organisations have been collaborating to offer training, supported by the NCA. These organisations have established a number of groups under the umbrella of "Inter Religious VICOBA" (IR-VICOBA).

2.2.2 Standard of Living

The level of material goods and services accessible to a specific population is referred to as the standard of living. quality of life is more subjective and intangible, encompassing aspects such as personal autonomy and environmental quality, but it also encompasses material items, comfort, and the demands of specific social classes in particular regions (www.investopedia.com). Generally used to a culture or region as opposed to an individual, it comprises the standard of living, amenities, and comforts. Considered to contribute to the quality of life of an individual, the level of living is significantly relevant. Concerning economic, societal, political, and environmental issues factors that an individual might contemplate when assessing the effectiveness of economic policy or where to reside globally standard of living primarily pertains to objective metrics that lie beyond an individual's sphere of influence

(www.wikipedia.com).The level of material goods and services accessible to a specific population is referred to as the standard of living. quality of life is more subjective and intangible, encompassing aspects such as personal autonomy and environmental quality, but it also encompasses material items, comfort, and the demands of specific social classes in particular regions (www.Investopedia.com).

2.3 Theoretical Literature Review

2.3.1 The Bucket Theory of Financial Management

According to Gary Keller (2005), everyone has control over three "buckets." Each bucket represents a financial priority. The first bucket takes care of the basic needs such as food, shelter, education, health care, an emergency fund, life insurance, and other day-to-day necessities, then moves on to fill up the second bucket, which represents long-term investments that will generate passive income. Once enough passive income is generated to cover all the needs of the first bucket, the excess can flow to the third bucket, which now represents a little bit of luxury. The only problem is that people start backwards as they start with the play bucket, then they are not able to fill the second bucket and create substantial wealth by investing. To advance social change, the idea is quite applicable to planning, participation, and assessment, including in the public and nonprofit sectors. Primarily, resources are allocated towards sustaining fundamental necessities. An investment savings plan is initiated with the additional funds generated when one's income rises. The funds available from savings are allocated to investments that ensure the family's financial security in the long run. Additionally, any surplus funds are utilised to improve the quality of life for the family. Consistent investment assistance from microfinance institutions such as VICOBA is required to ensure the provision of essential necessities. This assistance takes the form of lending and savings services that entail fair interest rate charges. By applying this idea, the services rendered by VICOBA to its members at Ubungo Municipal Council can be more

precisely identified. A sequence of occurrences may include the process via which VICOBA may affect the lives of individuals, with short-term alterations in behaviour resulting from the programme potentially influencing long-term lifestyle results. Members will have a greater incentive to conserve money should any alterations in their means of subsistence transpire due to the VICOBA programme.

2.3.2 Effective Market Theory or Efficient Market Hypothesis

This is the theory that was developed independently by Paul A. Samuelson and Eugene F. Fama in the 1960s. Some of their statements state that "If multiple species (or the members of a single highly populous species) are competing for rather scarce resources within a single market, that market is likely to be highly efficient. On the other hand, if a small number of species are competing for rather abundant resources in a given market, that market will be less efficient. It is the theory that applies the principles of evolution to financial interactions. This theory will enable us to understand the financial interaction between savings and credit organisations and their members, whereby members depend on their savings to access loans. Also, VICOBA depends on its members, who purchase shares weekly for the survival and continuation of service provision.

2.3.3 The Theory of Empowerment

The founders of this theory are Kabeer (2005) and Mosedale (2005). Their assumptions are that empowerment is an ongoing transformation process that entails self-determination in the course of making choices that can progress an individual's well-being (Kabeer, 2005; Mosedale, 2005). According to Mosedale (2005), poor people's economic empowerment should be defined as having access to and control over the means to make a living on a sustainable, long-term basis and receiving the material benefits of this access and control. It has been argued that for poverty reduction, interventions like microfinance to engender

change should contribute to the poor's sense of independence rather than simply meeting survival needs (Kabeer 2005).

This might enable the poor to make choices that are against established structures or individuals; as a result, those choices limit the pursuit of their interests and potential. For the study, the theory of empowerment provides the analytical tools to examine how VICOBA might improve the standards of living of its members in the Ubungo municipal council and whether their participation in income-generating activities has served them.

2.3.4 Microfinance Theory

Microfinance refers to the provision of financial services such as loans, savings, insurance, or transfer services to low-income households. It further describes microfinance as small loans, savings mobilization, and training offered to the poor to enable them to create self-employment by starting their own businesses and thus generating income. (Simeyo,2011).

Microfinance, therefore, has been giving a great deal of hope to those who are dedicated to poverty reduction, while the practice of microfinance has expanded globally. Traditional banking sectors in developing countries tend to cater for the rich, and therefore microfinance wants to say that "the poor are also creditworthy" (Mecha 2017). Through innovative financial methods, microfinance allows poor people to access credit. The invention of microfinance is inspiring, especially in the context of efforts to end poverty for individuals.

Therefore, microfinance is a banking service provided to low-income individuals or groups who otherwise would have no other access to financial services. The services provided by the model include microcredit, savings, training, and skills, which produce outcomes.

The provision of microcredit to the poor is an important method for poverty reduction as it supports individual IGAs. Therefore, members should not consider microcredit as a solution to

poverty but rather as support for their IGAs, which will help them obtain income so as to meet their daily requirements.

Dunford (2012) mentions the microfinance theory of change as one of the microfinance theories. The theory explains that a poor person goes to a microfinance provider and takes a loan to start or expand a microenterprise. In return, a microenterprise yields enough revenue to repay the loan and remains profitable for reinvestment. Also, Dunford mentioned three key steps that poor people should take into account so as to make this theory work properly. The proposed steps involve the following: first, an individual acquires or takes a loan from MFI; second, investing the acquired loan in a viable investment opportunity; third, and last, proper management of the invested business so as to yield the required return on such an investment.

The microfinance theory of change explains how non-financial services can support a borrower to achieve a required goal in the business. It points out skills development, training, marketing assistance, supply of inputs, and business development services as important services in microfinance. Moreover, the theory insists that the provision of credit alone does not guarantee credit use of scarce resources to attain achievement (Hearth, 2018).

But the theory is quite useful in planning, participation, and engaging in business by MFI members. The theory adopted by this study is to inform VICOBA members how credit given by microfinance is worth improving their IGAs, which will lead to improved sustainable development. Also, the mechanism by which VICOBA may affect people's lives can be thought of as a chain of events with short-run behavioural changes that are potentially leading to livelihood outcomes in the long run. VICOBA offers various services, which include financial loan savings, entrepreneurial skills, financial literacy, business and management skills, and

social support. If changes occur as a result of the VICOBA programme, the expectation that members will save more increases.

2.3.5 Entrepreneurship Theory

The theory of entrepreneurship, namely the entrepreneurial value creation theory, explains the entrepreneurial experience in its fullest form, from the entrepreneurial intention and the discovery of an entrepreneurial opportunity to the development of entrepreneurial competence (Mishra and Zachary 2014). The theory consists of opportunity discovery, evaluation, and the decision to exploit the available opportunity. It also includes elements of self-employment and business operations. It highlighted four operational measures of performance, which are survival, growth, profitability, and experiencing. Survival refers to the continuation of entrepreneurial activity, growth refers to an increase in sales and employment, and profitability means a surplus of revenue over cost.

Opportunities are created by the institutional or external environment for those entrepreneurs who could identify them to start or improve their businesses and, subsequently, their welfare (Shane, 2003). The ability to identify and implement opportunities differs between entrepreneurs due to the fact that it depends on their ability to access information and their willingness to undertake such risks (Shane, 2003).

The discovery of entrepreneurial opportunity is made up of psychological and demographic factors such as motives, risk attitude, training, career experience, age, and social status. Also, the income level of the entrepreneur, capital required, laws and regulations, political stability, desire for enhanced social status by the entrepreneur, and changes in the business environment would affect opportunity discovery.

The exploitation of the opportunity depends on the intention of the entrepreneur, level of education, skills or knowledge acquired, social networks, and the appropriate decision that leads to the recognition of entrepreneurial opportunities (Shane, 2003).

This theory will enable us to understand how members benefit from the financial loan and entrepreneurship skills offered by VICOBA so as to enable them to discover various opportunities and operate them efficiently so as to improve their living standards through discovered IGAs.

2.3.6 Grameen Model

The Grameen Model was invented in 1976 by Professor Muhammad Yunus, the founder and managing director of Grameen Bank. The model targeted poor people based on certain criteria, such as the size of the land holding, the condition of the house, and the income of the households. Under this banking system, banks go to clients, and all financial services are delivered through regular meetings in the community. The system has opened the door for all the poor to access financial services. The model proved to be successful, and today it is practised in more than 250 outlets of Grameen Bank in more than 100 countries (Yunus, 2003).

Without collateral, loans were given in cycles under this approach; each cycle lasted between one and one and a half years. Grameen Bank offers loans to customers who were unable to furnish collateral or an adequate number of documents as mandated by alternative financial institutions. Because it holds the belief that impoverished individuals are amenable to banking, its emphasis is placed on the client's cash flow and payback history rather than tangible assets like real estate and structures. There are other models that are derivatives or expansions of Grameen Bank, including the Good Faith Fund in the United States. In

essence, this initiative represents a novel iteration of microfinance institutions (MFIs) wherein a field officer and qualified bank officers establish an MFI in a village. Fifteen to twenty villages, which have been identified as potential clients, will receive financial assistance; thus, the villages are chosen in accordance with their potential demand.

They are collaborating with a banking culture that guarantees the program's feasibility and durability (Yunus 2007). Five individuals are organized into groups in every operational area. Two individuals are selected as qualified borrowers and will be subject to a one-month monitoring period; the group's trustworthiness will then be assessed on the basis of their repayment performance. Subsequent to the repayment of the loans within the stipulated timeframe, the remaining members will become eligible to obtain loans from Grameen Bank.

The lending process is similar to the solidarity group approach as in VICOBA, where people in the group agreed to save their money for the purpose of distributing it in a cycle form in the future as a loan among themselves with a small amount charged thereon as interest at the stipulated time of repayment. In every meeting day, members are required to repay a particular percentage or portion of the loan.

2.3.7 Village Banking Model

A village bank is an informal financial institution, i.e., a community-based credit and savings association comprised of approximately 25 to 50 members. Village banks are community-managed credit and savings associations established by various NGOs to provide access to financial services, build community self-help groups, and help members accumulate savings (Holt, 1994).

They have been in existence since the mid-1980s and usually have 25 to 50 members seeking to improve their lives through self-employment activities. Members run the bank, elect their own officers, establish their own by-laws, distribute loans to individuals, and collect payments and services. The groups establish various rules and regulations and agree on the amount of money or resources to be contributed as savings or shares (SEMIT, 2008).

Members obtain loans based on their savings; the more members save, the more loans they obtain. The repayment of loans is made weekly at an agreed-upon amount, usually requested to save twenty percent of the loan amount. Interest is charged only to the loan members, and there is no interest on their savings. At the end of the year, all members receive a share of profits from interest earned on the re-lending business of the village bank and from other banks' investments. At the end of each business year, the total returns on investments are distributed to members as dividends according to the person's current share invested (Kihongo, 2005).

2.4 Empirical Literature Review

2.4.1 Factors Influence Members to Join VICOBA

Katondo (2013) investigated the influence of village community banks on the food security of households in the Morogoro rural district. To achieve this, he administered a survey to 62 respondents, comprising both members and non-members of the Village Community Bank (VICOBA). The survey was conducted using a random sampling technique. Interviews, questionnaires, and documentary evaluations were utilised to gather information. The study employed a mixed research design and utilised the Statistical Package for Social Science to analyse the collected data (SPSS). Members of VICOBA were motivated to join the organisation by a variety of factors, including financial services, a sense of community, a reduced interest rate, and the opportunity to save money by purchasing community shares,

according to the study. The research assists in identifying several determinants that influence members' decision to become members of VICOBA. However, the study does have some limitations, including its exclusive focus on agricultural activities rather than the overall living standard. This is because the community's success in agricultural production may not necessarily result in an improvement in the living standard.

Furthermore, an investigation was carried out by Ngalemwa (2013) regarding the impact of village community banks on the reduction of income poverty in the Rufiji Delta. The research study employed a cross-sectional design, in which 188 participants were recruited at random. The analysis incorporated primary data obtained through a combination of focus group discussions, interviews with key informants, and questionnaires. According to the conclusions of the study, the majority of VICOBA members enrolled for the purpose of obtaining credit, and they all stated that the benefits they received met their expectations. To bolster the functionality of the model, the research emphasizes government engagement in a variety of matters. Additionally, it underscores the members' ongoing endeavours to augment the capital in order to eliminate the group's reliance on external sources.

2.4.2 Outcomes of Activities Undertaken by VICOBA

Emerging as a model, VICOBA has the potential to enhance the well-being of its members. According to a study on empowering people through VICOBA, the village bank is in the business of fostering self-reliance and entrepreneurship among its members. Its weekly member purchases of shares provide all of its funding. Furthermore, the bank's implementation is adaptable and can accommodate other social and economic activities of the target communities (USAID 2014).

Irene Jollystar and Francis F. Lyimo, PhD (2023) conduct a case study of Shinyanga Municipality, Tanzania, to analyse the impact of Village Community Bank (VICOBA) on

women's empowerment. Data for the study were gathered using focus group talks, semi-structured interviews, and a qualitative methodology. The research employed thematic analysis to examine the data that was collected. A total of seventeen participants were interviewed using purposive sampling. Women in Tanzania, namely in Shinyanga Municipality, have been empowered by VICOBA services including loans, business training, income-generating activities, and savings programmes, according to the report. As a result, the study demonstrates that members' attitudes and behaviours improve significantly after joining VICOBA. Although the study's interviewing of a relatively small number of people is a limitation, generalising the results may be challenging due to the usage of only 17 samples.

Moreover, in his investigation titled "Assessment of the Impact of VICOBA in Poverty Alleviation: A Case of Babati Rural District," Kinisa (2019) utilised a mixed research approach, incorporating purposive and logical quality analysis sampling (LQAS) approaches, to conduct a cross-sectional study. He conducted interviews with 657 samples. For data collecting, a variety of instruments are utilised, including documentary reviews. The study reveals that the means of subsistence in the area under investigation have improved as a result of residents successfully constructing houses and paying their school fees. Despite a gradual improvement in the standard of living of members, the study emphasizes the criticality of many stakeholders working on numerous issues, including providing members with training on the fund, in order to ensure that members of VICOBA can sustainably benefit from it. However, the utilisation of non-participant individuals in the model could potentially yield inaccurate results.

Furthermore, Jasson (2014) conducted a descriptive study titled "Enhancing Women's Access to Credit via the Establishment of a Village Community Bank: A Case of Women in Makulu Ward, Dodoma District." The research employed a mixed methods design, utilising simple random and purposive sampling techniques. Utilizing a questionnaire, focus group

discussions, and interviews with key informants, primary data was gathered. Access to finance is crucial for expanding the capital base of women engaged in microenterprise development, according to the report. Furthermore, the study discovered that in order to enable women to engage in income-generating activities effectively, entrepreneurship training is mandatory (IGAs). The study demonstrates that despite women's participation in the VICOBA, their progress remains uncertain; thus, additional external elements, including anti-discrimination advocacy campaigns and consistent training, are necessary to promote women's development.

Additionally, in Dar es Salaam, Tanzania, Lushakuzi, Killagane, and Lwayu (2017) did research titled VICOBA and Members' Business Sustainability: A Case Study of Kunduchi Ward in Kinondoni District. The Glenn sample size method was utilised to determine the sample size of seventy-six (76) respondents for the case study design. A questionnaire was administered to VICOBA members, and an interview guide was utilised with VICOBA trainers. Despite providing credits, entrepreneurship training, and oversight to its members, the study found that the performance of the members' firms was unsatisfactory. The outcome centered on business-owning members. In this study, researchers placed significant focus on the members' ongoing training and vigilant supervision to ensure that the company ventures prosper as a result of the loan acquired.

2.4.3 Challenges Facing VICOBA

Kitomari and Abwe (2016) conducted a case study in the Meru district council of Tanzania to examine the failure and collapse of village community banks. To collect primary data from the snowballed and purposefully selected respondents, the researchers utilised questionnaires and key informant interviews from ten selected VICOBA and five District Community Development Officers responsible for microcredit. Interviews were also conducted with one

individual. The study contributes significantly by identifying the potential causes of VICOBA's demise; yet, it fails to provide appropriate recommendations for enhancing VICOBA's performance in order to promote community development. Furthermore, the application of snowball sampling may yield inaccurate results as certain sample participants may not be actively participating in the model. One significant drawback associated with snowball sampling is its inability to accurately represent the community under investigation.

Kenedy (2015) conducted a study with the objective of investigating the role of financial institutions in alleviating women's poverty in Bahi district as a case study. The research design utilised was a cross-sectional descriptive survey, and a purposive sampling technique was employed to select a sample size of 60 respondents. Utilizing a questionnaire, an interview guide, and a documentary review as instruments for data collection constituted the data collection approach. In analysing the data, both quantitative and qualitative approaches were taken. The participant concurred that microfinance institutions (MFIs) improve the socioeconomic status of women. It assists in meeting consumer needs, paying school fees, operating small enterprises, increasing revenue, and diversifying income, according to the findings. Additionally, the majority holds the view that it has the potential to serve as a valuable instrument in alleviating poverty. In spite of this, the report highlights a number of impediments to MFIs increasing their effectiveness and contribution to the elimination of poverty. inadequate capital, low repayment status, and ignorance regarding both entrepreneurship and the operations of these MFIs. The study significantly contributes to the identification of potential causes for the collapse of VICOBA. Nevertheless, it fails to provide appropriate recommendations for enhancing VICOBA's performance and bolstering community development. Furthermore, the application of purposive sampling may yield inaccurate results if a portion of the sampled individuals are not engaged in the model.

Furthermore, the study fails to provide information regarding the entire population from which the sample is drawn; it solely presents the quantity of samples.

Lukwaro (2019) investigated the capabilities of VICOBA and fund management in a case study of the Kigogo ward in Kinondoni in Dar es Salaam. The study employed a descriptive research methodology and incorporated both qualitative and quantitative methods. The population under research comprised 1500 members of the UVIKAKI. A purposive and simple random sampling strategy was employed to determine the sample size, which consisted of seventy-six (76) members of VICOBA from UVIKAKI. According to the study, while VICOBA has indeed improved the lives of numerous individuals, it is confronted with a number of obstacles, including insufficient capital, insufficient entrepreneurial skills, an absence of permanent offices and furniture, a lack of member commitment, and delayed loan repayments. In addition, the majority of VICOBA has exhibited inadequate financial management, particularly in the initiation and administration of various projects designed to meet the participants' financial needs. The research underscored that while VICOBA has the potential to elevate the standard of life for individuals, the framework faces several obstacles that impede its long-term viability, ultimately leading to its downfall.

2.5 Research Gap

The various forms of VICOBA offer financial services, including loans and savings accounts. These services have attracted the interest of numerous researchers who have examined the impact of VICOBA and other MFIs on poverty reduction, empowerment, and the overall improvement of societal living standards. For instance, Salum (2017) conducted a study that examined the influence of village community banks on livelihood outcomes in the Rorya district.

The majority of the research that has been reviewed has concentrated on the impact of VICOBA on the empowerment of women or the improvement of livelihoods in general. Limited scholarly research has been dedicated to evaluating the extent to which VICOBA has enhanced the quality of life for its members. Consequently, in light of the persistently low living standards of those participating in this model, the research will evaluate the extent to which VICOBA has contributed to the improvement of living conditions for its members and identify the obstacles that could impede the model's success. By doing so, it will assist in bridging the aforementioned knowledge gap.

2.6 Conceptual Framework

The conceptual framework is the narrative outline presentation of variables to be studied and hypothetical relationships between variables in order to meet the objectives of the research and identify the variables for data collection. A conceptual framework is a tool that researchers use to guide their inquiry (Creswell, 2018). According to the study, the role of sustainable VICOBA in improving the living standards of its members. The independent variables are VICOBA activities, which include loans, business and management skills, entrepreneurship skills, and saving.

The dependent variable is the improvement of the living standard for the members of VICOBA. When VICOBA members access financial services, they will be able to pay all education expenses for their children's, increase their savings for future plans, and also increase the capital of their businesses, which will enable them to improve their living standards. MFI helps poor people obtain financial services, especially loans, which might help them run different income activities and hence improve their living standards (URT, 2000). Also, access to financial loans, entrepreneurial skills, and business and management skills will allow members to invest in new income-generating activities to increase the capital of their businesses, which

will lead to business expansion. Even though during the implementation of VICOBA activities members face different obstacles that might hinder the aimed objective to be achieved, such obstacles include late loan repayment or non-repayment of loans by some members and a lack of financial and business management skills.

Figure 2.1 summarises and illustrates the variables that were used to assess the role of sustainable VICOBA in improving the standard of living for its members in the case of Ubungo Municipality.

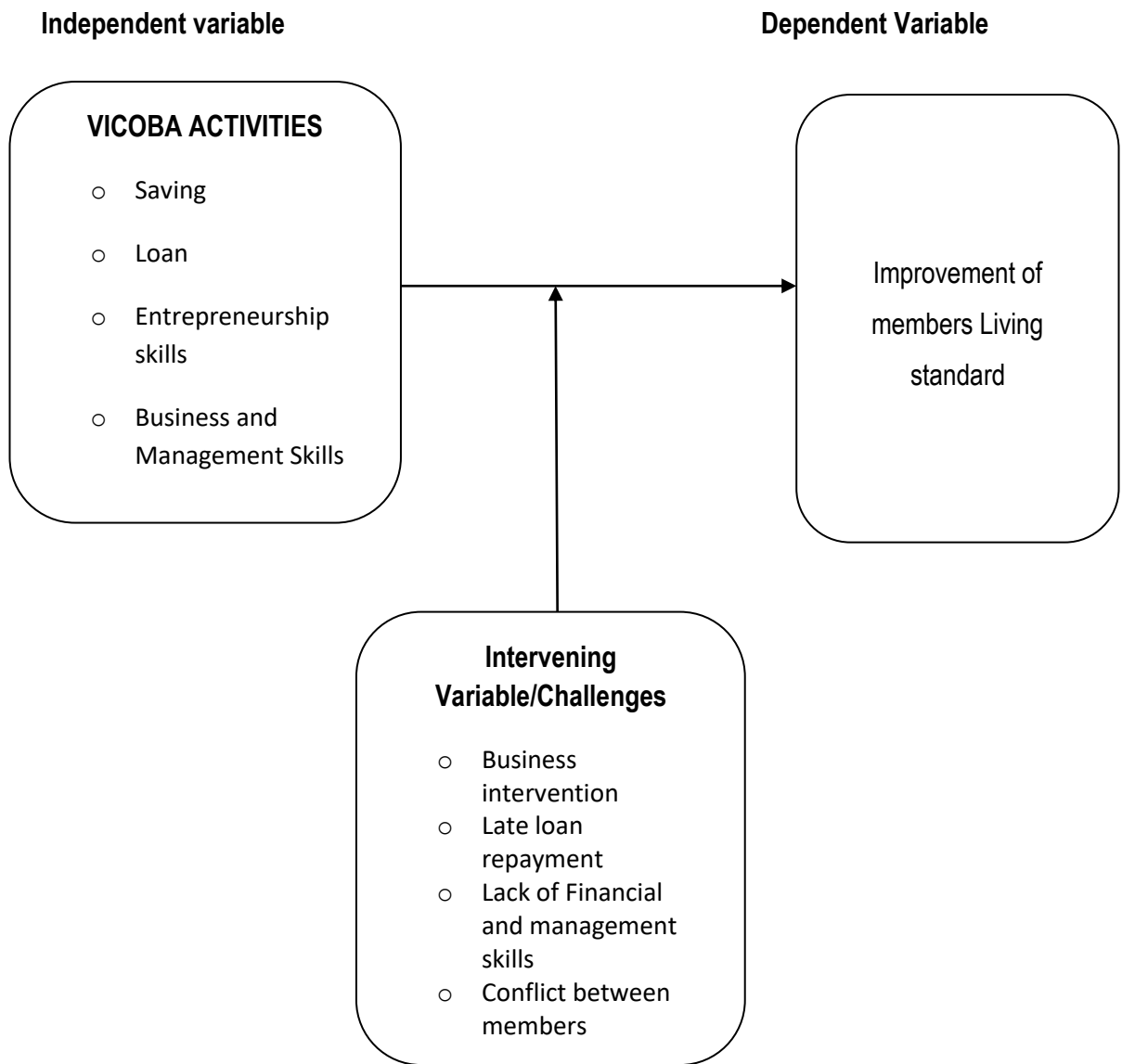


Figure 2.1:Conceptual Framework

Source: Author Own Constructions (2023)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research design and methodology by assessing the role of VICOBA in improving the standard of living for its members in Ubungo Municipal Council, which includes the area of study, research approach, population, sample, sampling techniques, sample size, data collection methods, primary data, secondary data, data analysis technique, reliability and validity of the instruments, and ethical considerations. Research methodology is a systematic way to solve a problem (Saunders et al., 2009).

3.2 Study Area

According to Kombo and Tromp (2006), the selection of the research area is important and influences the usefulness of the information produced. This study was conducted at the Ubungo Municipal Council. Geographically, the location of the study is in the Dar es Salaam region because it is where Ubungo Municipal Council is found.

The municipality was selected due to the presence of such an MFI and also due to the ease of data collection concerning the study, so that helped a researcher conduct research at a lower cost because the area is accessible throughout the year regardless of whether it is rainfall season or not, and it is also the area with which the researcher is familiar. During the study, only members of VICOBA found in Ubungo were interviewed. The council covers an area of 260.40 km, bordered to the north by Kibaha District, Kisarawe District to the west, and Kinondoni Municipal Council to the south. According to the National Bureau of Statistics (2022), the total population of the municipality is 1,086,912 people, of whom 519,925 are males and 566,987 are females.

Figure 3.2 : A Map Showing Location of Ubungo Municipal Council



Source: Ubungo Municipal Council website (2023)

3.3 Research Design

Research design refers to the theoretical framework that governs the execution of a study (Kothari, 2004). A cross-sectional research design was implemented for this investigation. A cross-sectional study examines a specific occurrence at a single point in time (Saunders, 2000).

The design facilitated the articulation of the sustainable VICOBA's contribution towards enhancing the quality of life for its members. Additionally, it assisted in the identification of critical strengths, gaps, and recommendations that are essential for the achievement of study objectives. One of its benefits is the ability to assess or analyse present attitudes, practises, beliefs, and views. Attitudes, views, and opinions represent individuals' cognitive processes on matters, while practises denote their tangible actions (Creswell, 2002).

The design is favoured over the alternative because it permits the identification of links between variables (Kothari, 2010). Consequently, the chosen research design facilitated the researcher in accomplishing the principal aim of the investigation, which was to evaluate the impact of sustainable VICOBA on its members' quality of life. Additionally, this study approach maximises the dependability of the evidence to be gathered while minimising bias.

3.4 Research Approach

The research approach refers to the particular methodology employed to gather, evaluate, and interpret data with the intention of revealing novel insights. A combination of qualitative and quantitative methods were utilised in the gathering of data for this study. Exclusively relying on a single approach fails to deliver comprehensive findings (Kothari, 2009).

Quantitative research is characterised by its emphasis on quantifying matters and typically entails the gathering of data in the form of figures, tables, and statistics. It finds utility in occurrences that are quantifiable in nature (Kothari, 2004). Qualitative research methods are founded upon non-numerical or unquantified data, which may originate from many research procedures (Saunders and Thornhill, 2009). The primary benefit of employing a mixed methodology (qualitative and quantitative) is that it facilitates a comprehensive comprehension of events (Mutanyizwa, 2018).

3.5 Population

The group of study units under whom the researcher wishes to collect data and draw conclusions is referred to as the study population. The term "target population" denotes the entirety of individuals who satisfy the specific criteria that are mandated for a given research inquiry (Alvi, 2016). In research, the term "population" denotes the entirety of the entities being examined, whereas "sample" denotes a subset of the population (Adam et al., 2008). The

targeted populations of this study were the members of VICOBA and government officials from the Ubungo Municipal Council. The total population involved was 395 members of VICOBA.

3.6 Sample Size and Sampling Techniques

3.6.1 Sample Size

For the purpose of this study, a sample size of 80 people was considered reasonable and affordable for the targeted population so as to avoid saturation. Saturation is a situation whereby respondents do not produce a new response (Masons, 2010).

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

Where;

n--is Sample size

N-- is total population

e--is the level of confidence.

From the projected population, the total population of the selected area was 185 and the level of confidence to be used is 95%.

Therefore:

$$n = \frac{395}{(1 + 395 * 0.1 * 0.1)} = 79.79=80$$

3.6.2 Sampling Technique

The research utilised both convenient and purposive sampling methods. Purposive sampling is an approach devoid of statistical significance when participants are intentionally selected on the basis of desirable attributes that are pertinent to the research topic. Given that the objective of the research was to evaluate the impact of sustainable VICOBA on the quality of life of its members, the study's most advantageous attribute is its membership, specifically VICOBA members at Ubungo Municipal Council, who possess critical insights regarding the

organization's day-to-day operations. Purposive sampling is frequently employed when working with extremely tiny samples or when selecting situations that are especially instructive (Neuman 2005).

The inability to solicit information from the entire population of VICOBA members in Ubungo Municipal Council was attributable to a number of factors, including time and resource constraints. Convenience sampling was employed to select participants for the study; thus, the chosen sample included pertinent data that may be extrapolated to the Ubungo Municipal Council as a whole. Convenience sampling is a non-probability sampling technique in which participants are chosen for the sample based on their accessibility to the researcher. Possible explanations for this include factors such as time availability, geographic proximity, or voluntary participation in the study. As a result, the researcher employed this sampling technique, which was predicated on the respondents' availability and geographical closeness to the study. There is an argument that this method conserves time and money the most effectively (Shaughnessy, 2000).

3.7 Data Collection Methods

A variety of data gathering techniques and instruments were utilised in this investigation to acquire primary and secondary sources of information. Documentary reviews, direct observation, and questionnaires are examples of such techniques. Data can be classified as either intangible (represented by numerical values in a spreadsheet) or tangible (represented by physical research materials, like samples of insects, plants, or rocks) (Albertson and Hillemann, 2019). In this study, both primary and secondary data were utilised. As follows, a variety of strategies were utilised to gather data as follows

3.7.1 Questionnaire

The researcher used questionnaires to collect responses about the demographic characteristics of respondents, the services offered by VICOBA, the impact of the services offered in the daily lives of the members, and training that might be useful to the VICOBA group at Ubungo Municipal Council. In this study, questionnaire techniques enabled the researcher to reach all the groups that were so important to the study. The closed-ended questionnaire had two options for respondents to indicate their level of agreement or disagreement, which are YES or NO.

3.7.2 Interview

The study used interviews in a situation where the respondent found it difficult to answer the questionnaire due to some reasons, such as illiteracy and having no time to fill out the questionnaires. During the study, the researcher came across three respondents who were not able to write on the questionnaire, so the interview mode of collecting data was used, which allowed the discussion to cover a large area in great detail. An interview is a two-person conversation initiated by the interviewer for the specific purpose of obtaining relevant information about the study (Cohen et al., 2000).

3.7.3 Documentary Reviews

The researcher conducted a review of previously published research in order to acquire secondary data, which comprised study-related material not obtainable from primary sources or fields of study. Books or publications that provide study findings that are secondary sources of data and are derived from primary sources or data (Kothari, 2004). Furthermore, this research employed secondary sources of information, including websites, journals, articles, published reports, and other unpublished publications.

3.8 Data Analysis

Examining, reorganising, changing, and transforming data in order to obtain meaningful information is data analysis. It is critical to ensure that data analysis is conducted in a manner that identifies the patterns of interrelationships among the variables associated with the data (Chapman, 2018). The data analysis in this study incorporated both qualitative and quantitative methodologies, as these two approaches are mutually reinforcing. The data were analysed and systematically arranged in a manner that addressed the study inquiry. Statistical Package for the Social Sciences (SPSS) version 29.0.1.0 is utilised to examine the quantitative data obtained from the questionnaire completed by the participants. The purpose of this analysis is to identify patterns of relationships between variables. The qualitative data that was gathered, on the other hand, is structured according to the themes that were derived from the study questions and examined through the content method of analysis. In order to interpret the data and provide meaningful information for the presentation of findings and recommendations, descriptive statistical analyses including modes, frequencies, and mean percentiles were employed. In contrast, figures and tables were utilised to represent and elucidate the data.

In addition, content-based analysis was employed to organise and assess qualitative data. Content Qualitative data analysis involves the modification and non-numerical representation of observations in order to provide descriptions and explanations of the phenomena under investigation (Babbie, 2010).

3.9 Validity and Reliability

3.9.1 Reliability of Data

A scenario in which conducting the same study with the identical technique yields identical findings. Furthermore, as stated by Trochim (2006), reliability is associated with the calibre of

the measurement. The researcher invested considerable effort in precisely conceptualising each idea and excluded any confusing information from the interview guides and check lists that could have disrupted the flow of other concepts. Also, to ensure validity, researchers employed a mixed research approach (qualitative and quantitative).

3.9.2 Validity of the Data

The concept of validity pertains to the accuracy and dependability of the research tools that are utilised (Creswell, 2012). The validation of instruments in this study was conducted by subject matter experts. Evaluation of the interview guides and questionnaires was conducted by social economics specialists. Additionally, a variety of data gathering techniques were employed in order to compare the shortcomings of one technique to the merits of the others.

3.10 Ethical Considerations

It is crucial to establish your trustworthiness in order to obtain access. When initiating communication with a prospective participant, the manner in which you approach the conversation will be crucial in establishing credibility. It is essential that any first letter or telephone conversation showcase your clarity of thinking and intent (Saunders, 2010). The researcher got a letter of approval for data collection from the Director of Postgraduate Studies at the Institute of Accountancy in Arusha, as a means to ensure adherence to research ethics. Following the submission of the letter to the Executive Director of the Ubungo Municipal Council (UMC), I was granted permission to collect data from government officials and VICOBA members (important respondents). The researcher ensured that all respondents participated voluntarily, were treated fairly, and that the information gathered was kept confidential throughout the data gathering process.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents findings of the study which include; social demographic characteristics of respondents such as age, marital status and level of education. Factor that influences members to join VICOBA, the role of sustainable VICOBA on improving standard of living, challenges facing VICOBA, training needed by members and suggested government support of VICOBA.

4.2 Respondent's Socio-Demographic Characteristics

4.2.1 Ages of the Respondent

The present age distribution within a certain region serves as a mirror of population dynamics from the past and influences future population growth and adaptations to its structure (URT, 2006). The results of this research, as presented in Table 4.1, demonstrated that participants of VICOBA belonged to various age groups, with 33.8% of respondents falling within the age range of 18 to 35 years and 66.3% being over the age of 35. This suggests that young people are less engaged in the model, most likely as a result of having less obligations. Respondents aged 35 and over have opted to participate in VICOBA as a means of income diversification by ensuring they have access to a range of revenue sources.

Table 4.1: Age of the respondents

Age Category	Frequency	Percentage
18- 35	27	33.8
35-Above	53	66.3
Total	80	100

Source: Field Data (2023)

4.2.2 Gender of the Respondents

Finding of the study as indicated in Table 4.2 revealed that 18.8% of respondents were males and 81.3% were females who were members of VICOBA. The number of males joining VICOBA is very low as compared to that of female. Due to the fact that most of males seems to have negative attitude about VICOBA as they think that the model designed purposely to save for the females only. Most of men do not prefer to join VICOBA, because they believe it takes a long time to acquire loans, others argue that, VICOBA is woman-based project (Kihongo,2005).

Table 4.2: Gender of the Respondents

Sex	Frequency	Percentage
Female	65	81.3
Male	15	18.8
Total	80	100

Source: Field Data (2023)

4.2.3 Marital Status

Finding of the study indicated in Table 4.3 shows that 65% of respondents who were member of VICOBA are married and 21.3% respondents were single. However, only 11.3% represented divorced respondents and 2.5% of the respondents were widowed. This distribution implies that individuals normally looking for opportunities to increase their income

once family responsibilities increase. Therefore, the higher proportion of the married couples within VICOBA members implies that they have more responsibilities to their families therefore, they need to join VICOBA so as to save money and to add a source of fund from which they can obtain low interest loan to facilitate their IGA's.

Table 4.3: Marital Status of Respondent

Age Category	Frequency	Percentage
Single	17	21.3
Married	52	65.0
Divorced	9	11.3
Widowed	2	2.5
Total	80	100

Source: Field Data (2023)

4.2.4 Education Status

Education has a significant influence on the persons income strategies, it might help to stimulate individual self-confidence and reliance. Person will react to a specific scenario depending on his level of education (Fry, 2017). Therefore, education is the fundamental key for a person to adopt a particular skill such as business skills, which will lead to improve the performance of a person's business hence will improve household living standard. The study found that 22.5% of respondents attended primary education, 28.8%secondary education, 13.8% certificate, diploma 20%, 13.8% degree and 1.3% have neither attended at any kind of school.

Table 4.4 :Education Level of the Respondent

Education Level	Frequency	Percentage
Primary Education	18	22.5
Secondary Education	23	28.8
Certificate	11	13.8
Diploma	16	20.00
Degree	11	13.8
None of the Above	1	1.3
Total	80	100

Source: Field Data (2023)

4.2.5 Number of Years Since Members Joining VICOBA

Membership and involvement in VICOBA activities influenced by several factors such as uncollateralised loans, low interest rate charged on loan (SEDIT 2010). Based on the findings the majority of the respondents had less than 5 years since they joined in the model. As it shown in the Table 4.5 that 37.5% members joined the model from one month up two years 31.3% have a period of membership between 3-4yearswhich make the total of the 68.8% for the membership below five years and the remaining percentage of the respondent i.e., 31.3% had a membership from five years and above. This implies that communities in the area of study have recently become aware on the contribution of VICOBA in improving livelihood of the remembers thus why there is an increasing percentage of joining the model.

Table 4.5 : Number of Years Since Respondents Joined VICOBA

Years Categories	Frequency	Percentage
One month up to 2yrs	30	37.5
3yrs up to 4 yrs	25	31.3
5yrs and above	25	31.3
Total	80	100

Source: Field Data (2023)

4.2.6 Respondents Economic Condition Before and After Joining VICOBA

The researcher also wanted to know how respondents could rate their economic condition before and after joining VICOBA. The findings in Table 4:6 revealed that,3.8% of the respondent rated their economic condition before joining VICOBA very poor, 11.3% rated poor, 68.8% rated Moderate, 16.3% rated good and no respondent rated very good. While after joining the VICOBA,15% of the respondent rated their economic condition as Moderate, 72.5% rated Good, 12.5% rated Very Good. There were no respondents who rated his economic conditions after joining the model as Poor or Very Poor. Therefore, the rates implies that there is improvement of the respondents' economic condition since they joined the model.

Table 4.6 : Respondents Economic Condition Before and After joining VICOBA

Economic Conditions	Before Joining VICOBA		After Joining VICOBA	
	Frequency	Percent %	Frequency	Percent %
Very Poor	3	3.8	0	0
Poor	9	11.3	0	0
Moderate	55	68.8	12	15
Good	13	16.3	58	72.5
Very Good	0	0	10	12.5
Total	80	100	80	100

Source: Field Data (2023)

4.3 Factors Influence Members to Join VICOBA

The researcher was interested to know the factors that influences members to join VICOBA in the study area. Respondents were asked to give their views towards factors influence members to join the model as the illustrated in Table 4.7.

The findings in Table 4.7 revealed that, 62.5% of the respondent are joined VICOBA for the purpose acquiring low interest rate loan as they stated that, "once you get an emergency case it is easier to get loan from VICOBA rather than other institutions. 23.8% of the respondent

joined the for the purpose of improving life. They commented that, “once they get emergency case it is easier to get loan from VICOBA rather than other institutions like the bank”. 6.3% joined the model for the purpose of saving their incomes,5% joined so as to obtain business skills and 2.5% joined for the capital accumulations.

Table 4.7: Factors Influence Member to Join the Model

Factors	Frequency	Percentage
Saving	5	6.3
Low interest loan	50	62.5
Entrepreneurship Skills	4	5.0
Capital accumulation	2	2.5
To improve Living Standard	19	23.8
Total	80	100

Source: Field Data (2023)

4.4 The Role of Sustainable VICOBA on Improving Living Standard

The main objective of this study was to assess the role of sustainable VICOBA working in UMC on improving members living standard. This enabled the researcher to determine how VICOBA improve the members living standard so that helping the government in fighting against poverty in Tanzania and Ubungo municipal in particular. Data obtained are discussed in the subsection bellow.

4.4.1 Services Which Respondents Receive from VICOBA

The finding highlights variety of services offered by VICOBA to its members as indicated in Table4.8; these includes financial loans, entrepreneurship skills business management skills, social supports, financial management skills as well as savings. Based on each service provided by VICOBA, respondents were required to tick it in terms of magnitude of importance, any ticking implied to agree while un tick implied disagree. Respondents

perceived differently on the loan provision from Village Community Bank in which they affiliated to. 90% of the respondents agreed that they have been receiving financial loans from VICOBA while only 10% disagree. It was further observed that 62.5% of the respondents agreed that VICOBA provides entrepreneurship skills while 37.5% disagreed. Also 53.8% of the respondents agreed, that they have been received business management skills while 46.3% disagreed. Moreover, 77.5% of the respondents agreed that VICOBA provide a social support and 22.5% disagreed. For the case of financial management skills as a service provided by Village Community Bank to its members were also rated differently by respondents where by 51.3% agreed and 47.8% disagreed. In terms of savings 81.3% agreed and 18.8% disagreed. Also, in the provision of business capital 70% agreed that VICOBA offer such services while 30% disagreed. These results are consistent with what Rutenge (2016) reported regarding the membership benefits accrued by VICOBA members, including access to affordable loans, increased household income, enhanced social interaction, assistance with medical expenses, improved housing, and education costs for children. Furthermore, it accomplishes this by offering soft loans to its members, which, when utilised appropriately, grant them access to funds for investment, asset ownership, and housing facilities (Chipindula and Mwanga, 2015). Loans obtained by members of VICOBA served a dual purpose: financing substantial investments and enabling members to strategically manage, expand, and control their economic portfolios (Ahlen, 2012).

Table 4.8 : Services Received by Respondent from VICOBA

Services offered	Agrees		Disagree	
	Frequency	Percent %	Frequency	Percent %
Financial loans	72	90.0	28	10.0
Entrepreneurship Skills	50	62.5	50	37.5
Business Management Skills	43	53.8	57	46.3
Financial Literacy /Financial Management Skills	41	51.3	59	47.8
Business Capitals	56	70.0	44	30.0
Social Support	62	77.5	38	22.5
Saving	65	81.3	35	18.8

Source: Field Data (2023)

4.4.2 Outcomes of Services Undertaken by VICOBA

The study sought to determine the impact or outcomes of the services undertaken by VICOBA to its members in terms of Business Improvement, Housing improvement, health assurance and availability of food stuff, asset ownership, children education income and business enlargement in Ubungo Municipality. Statements were provided to respondents and they were asked to tick the appropriate answer to imply that he/she agree to the statement any un ticking implies disagreement to the statement. The results were as shown in Table 4.9 below.

Table 4.9 : Impact / Outcome of the Service Offered to the Respondent

Services offered	Agreed		Disagreed	
	Frequency	Percent %	Frequency	Percent %
Business Improvement	65	81.3	15	18.8
Housing Improvement	43	53.8	37	46.3
Health Assurance and Availability of Food Stuff	15	18.8	65	81.3
Asset Ownership	44	55.0	36	45.0
Children Education	40	50.0	40	50.0
Business Enlargement	62	77.5	18	22.5

Source: Field Data (2023)

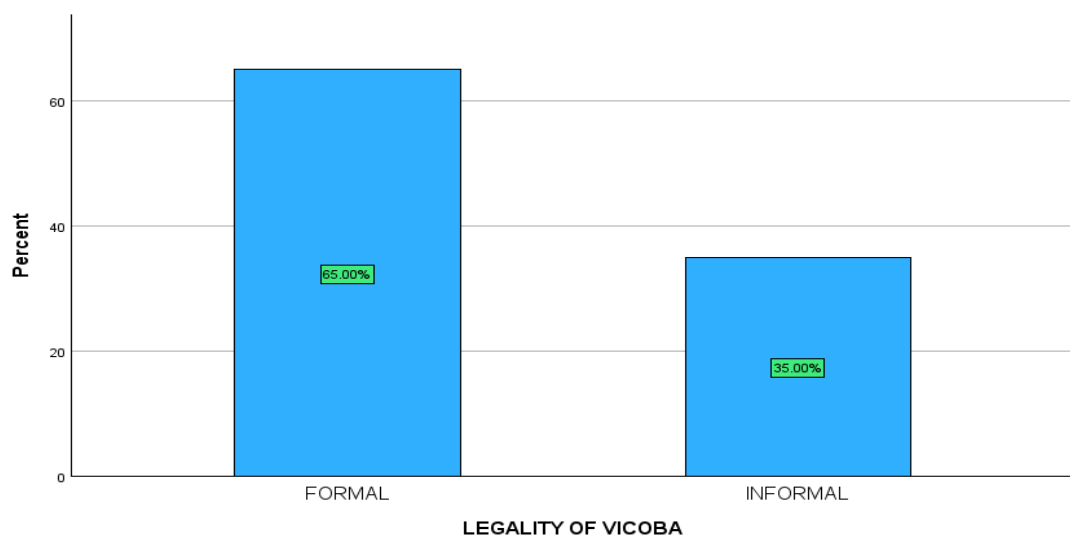
The study found that 81.3% of the respondents agreed the VICOBA services lead into business improvement and 18.8% disagreed to this statement. The finding shows that majority of respondents 53.8% agreed that VICOBA services lead into better housing and 46.3% of the respondents disagreed to this statement. 18.8% of the entire population indicated that VICOBA services lead in health assurance and availability of food stuff while 81.3% disagreed to this statement. The study findings reveal that 55% of the respondents stated that VICOBA services lead into asset ownership while 45% disagreed. 50% agreed that VICOBA services lead improve children education of the members 50% disagreed. Moreover, study findings unveiled that VICOBA services lead to business enlargement by 77.5% of the entire population. 22.5% disagreed to this statement.

4.4.3 Legal Status of Village Community Banks in the Study Area

The Village Community Bank in the municipal has differed in legal status such that 35% of the surveyed Village Community Bank was informal and 65% were legal Village Community Bank. The legality of the Village Community Bank can influence its vulnerability to failure. For example, the formal Village community Banks are likely to withstand challenges facing it than informal Village Community Bank. Opportunities are impacted by alterations in the business

environment, including those of an economic, financial, political, and legal nature, according to Lushakuzi et al. (2017). The discovery of an entrepreneurial opportunity may be influenced by a number of factors, including the availability of capital, political stability, inadequate oversight, legislation pertaining to private enterprise and property rights, and the entrepreneur's aspiration to improve their social standing.

Figure 4.3 : Legal status of VICOBA in the study area



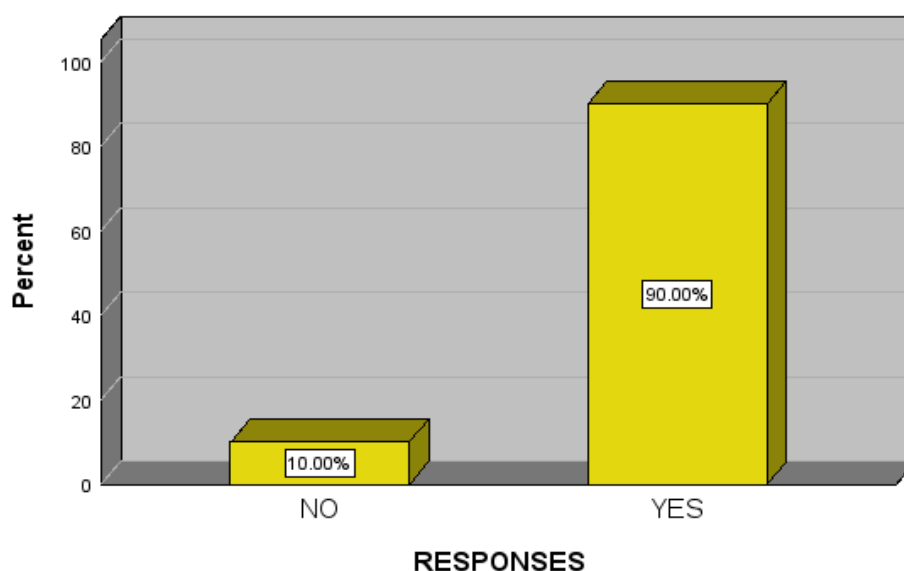
Source: Field Data (2023)

4.4.4 The Relationship Between Improvement of Living Standard and the VICOBA

The study explored respondents' perspectives of Village Community Bank on Poverty reductions and improving their living standard. As it is seen in figure 4.3 that majority of respondents 90% agreed that Village Community Bank has strong impact on their living standard which implies that through VICOBA their living standard has gradually improved and the remaining 10% they do not see any changes in their living standard so that they perceived VICOBA has no influence on improving the standard of living. Kitomari (2016) and Lushakuzi (2016), among others, have shown evidence of a substantial correlation between VICOBA and the enhancement of members' standard of living (2017). As an instance of empowerment-based economics, VICOBA is categorised under the broader domain of microfinance

(Lushakuzi, 2017). VICOBA has been deployed in significant regions of Tanzania and manifests itself differently in distinct contexts or cohorts. It is believed that VICOBA is an excellent model for the implementation of various policies, plans, programmes, and initiatives (URT, 2010; SEDIT, 2008). At the outset, the majority of developing nations embraced microfinance as a tool to address the issue of poverty (Molenaar, 2009). At now, the sector is regarded as an industry, and regulatory and legislative frameworks have been established to provide assistance.

Figure 4.4 : Relationship between VICOBA and members living standard



Source: Field Data (2023)

4.4.5 The Main Benefits of VICOBA Groups

Respondents were asked in their opinion to state what they thought as main benefit of VICOBA since they joined. 22.5% of the respondents identified that saving are the main benefit they found in VICOBA since their presence, 30% stated that they obtained a loan with low interest rate as compared to other Financial institution,15% they stated that entrepreneurship skills they obtained are the main benefit of VICOBA also the same percentage they stated that it is through VICOBA they gradually stated to own some Assets

specifically House and Land and the remaining percentage which is 17.5% they stated that through VICOBA they are able to pay schools fees for their children's educations. The above explanation is illustrated in the Table 4.10. Furthermore, it has been seen that VICOBA led to the increase in self-efficiency through allowing acquisition of resources, improved communication between couples, building a sense of community, transforming gender relations and increased ability to solve marital problems. VICOBA grants its members financial capability by means of soft loans; when utilised appropriately, these loans grant members access to cash, permit them to own assets and residential facilities, and provide financial capacity (Chipindula and Mwanga, 2015). Additionally, one may contend that loans obtained by VICOBA members were not solely utilised for investment purposes, but were crucial for members to effectively strategize, manage, and broaden their economic portfolios (Ahlen, 2012). Based on the information provided, it appears that members obtained a low-interest loan that will serve as a source of funding for their numerous IGAs, allowing them to conduct their daily operations and activities.

Table 4.10: Main Benefit of VICOBA

Benefits	Frequency	Percentage
Saving	18	22.5
Low interest loan	24	30.0
Entrepreneurship Skills	12	15.0
Asset ownership	12	15.0
Paying Children's School fees	14	17.5
Total	80	100

Source: Field Data (2023)

4.5 The Challenges Facing VICOBA

The third objective sought to find out the challenges facing VICOBA within UMC. There were several questions were asked to the respondents.

4.5.1 Challenges Facing VICOBA

Despite benefit of Village Community Bank that been mentioned by respondents in the previous section, respondents also reported challenges for which Village Community Bank have been facing in their area of operation. 70% stated that VICOBA facing shortage of finance resources as they fail to obtain more loans due to the fact that they only obtain loan from their savings 30% dis agreed. 43.8% agreed that VICOBA facing lack business and management skills to be one among challenges facing VICOBA and 56.3%disagreed. It was reported that 38.8% stated there is lack of cooperation between members while 61.3% disagreed which implies that there is good cooperation between members. More ever 40% respondents whore reported that there is conflict between members and 60% disagreed. Furthermore 77.5% respondent agreed that there is late repayment of financial loan acquired by the members and 22.5% disagreed as illustrated in the Table 4.11. Analogous results were documented in other studies that were previously undertaken in distinct domains. village community banks are confronted with a number of obstacles, such as inadequate management skills, inadequate record-keeping knowledge, and husbands misusing loans obtained by their wives (Rutenge,2016). Village Community Banks encounters a variety of challenges, including income poverty among group members, defaults on loan repayments and late payments, insufficient business education and entrepreneurship skills among both group leadership and group members, mistrust and mismanagement of funds, membership in multiple groups, and loan repayment failures (Kitomari and Abwe 2016).

Table 4.11 : Challenges Facing VICOBA

Services offered	Agreed		Disagreed	
	Frequency	Percent %	Frequency	Percent %
Shortage of Financial resources	56	70.0	24	30.0
Lack of Business and Managerial skills	35	43.8	45	56.3
lack of Cooperation between members	31	38.8	49	61.3
Conflict between members	32	40.0	48	60.0
Late repayment of loan	62	77.5	18	22.5

Source: Field Data (2023)

4.5.2 Suggested Support from the Government to VICOBA Performance

The respondents provided various support that government should done so as to improve performance and support to the VICOBA Groups daily activities. Whereby financial and management skills 18.8% Giving loan to VICOBA Group 23.8% entrepreneurial skills 33.8%, Introduction of VICOBA laws 16.3% of the respondents recommended entrepreneurship skills 41.3% as indicated in the Table 4.12. As per the field data there is need for the close supervision of the government so as to make sure VICOBA are running more efficiently.

Table 4.12 :Suggested Governments support provided by respondent

Factors	Frequency	Percentage
Financial and Management Skills	15	18.8
Giving Loan to VICOBA Groups	19	23.8
Entrepreneurship Skills	33	41.3
Introduction of VICOBA Laws	13	16.3
Total	80	100

Source: Field Data (2023)

4.5.3 Training Needed by the VICOBA Group Members

Respondents were asked to tick appropriate training which they thought to be useful in their VICOBA. Researcher mentioned various training which included in VICOBA group formation capacity building, business management skills, record keeping skills, financial management skills and entrepreneurship skills. 55% Respondents agreed that there is necessity of doing VICOBA Group Formation Capacity Building while 45% disagreed. In case of Business management skill 70% of respondent agreed while 30% disagreed, the higher percentage implies that there is necessity of conducting business management training in VICOBA found in Ubungo municipality so that to helps group operating efficiently and effectively. Moreover,66.3% agreed skills in record keeping are required while 33.8%disagreed. 73.8% agreed on Financial Management Skillsand26.3% disagreed. 75% agreed on Entrepreneurship Skills and 25% disagreed. The above explanations are clearly illustrated in the Table 4.13.

Table 4.13 :Training Needed by Members of VICOBA

Services offered	Agreed		Disagreed	
	Frequency	Percent %	Frequency	Percent %
VICOBA Group Formation Capacity Building	44	55.0	36	45.0
Business Management Skills	56	70.0	24	30.0
Skills in Record keeping	53	66.3	27	33.8
Financial Management Skills	59	73.8	21	26.3
Entrepreneurship Skills	60	75.0	20	25.0

Source: Field Data (2023)

The above training are almost needed by more than half of the respondent thus why its percentage of agreeing range from 55% to 75% it implies that there is need for continuously training on various issue on VICOBA operation that will help them to operate effectively which

in turn will help government to fight against the poverty of its community hence through proper knowledge and skills pertaining proper formation and operation of Village Community Banks.

4.6 Discussion

4.6.1 Outcome of the Service Offered to the Respondent

The findings revealed that most of the respondents, 90%, agreed that VICOBA provides financial loans as a strategy to reduce poverty in the community. In terms of sources of funding, the majority of the respondents (81.3%) indicated that VICOBA funds come from member contributions. The finding also revealed that most of the VICOBA groups are formal (65%), while 35% are informal (35%), as stated by respondents. The majority of the respondents, 90%, indicated that there is a relationship between VICOBA and their living standards, while only 10% indicated the absence of such a relationship when asked to do so. Nevertheless, the findings revealed that 30% of the respondents identified a low-interest rate loan as the main benefit they found in VICOBA, with 22.5% saving and 17.5% paying school fees for their children's education. 15% entrepreneurship training, 15% asset ownership

The study found that 81.3% of the respondents agreed that VICOBA services lead to business improvement, and 18.8% disagreed with this statement. The finding shows that the majority of respondents (53.8%) agreed that VICOBA services lead to better housing, and 46.3% of the respondents disagreed with this statement. 18.8% of the entire population indicated that VICOBA services lead to health assurance and the availability of food, while 81.3% disagreed with this statement. The study findings revealed that 55% of the respondents stated that VICOBA services lead to asset ownership, while 45% disagreed. 50% agreed that VICOBA services lead to improved children's education, and 50% disagreed. Moreover, study findings

revealed that VICOBA services lead to business enlargement by 77.5% of the entire population. 22.5% disagreed with this statement.

4.6.2 Challenges Facing VICOBA in Poverty Reduction

Findings revealed that late loan repayment is the first challenge (77.5%), followed by a shortage of financial resources (70%). Nevertheless, findings also revealed that 43.8% agreed that VICOBA faces a lack of business and management skills, and 56.3% disagreed. 38.8% stated there is a lack of cooperation between members, while 61.3% disagreed, and 40% of respondents who reported that there is conflict between members disagreed.

4.6.3 Training Needed for Efficient Operation of the VICOBA

The findings in this study revealed that 75% of the respondents recommended entrepreneurship skills training, while 73.8% recommended financial management skills. Furthermore, the findings revealed that 55% of respondents agreed that it was necessary to do VICOBA Group Formation Capacity Building, while 45% disagreed. In the case of business management skills, 70% of respondents agreed, while 30% disagreed. The higher percentage implies that there is a necessity to conduct business management training in VICOBA, found in Ubungo municipality so that it helps the group operate efficiently and effectively. Moreover, 66.3% agreed that skills in record-keeping are required, while 33.8% disagreed.

Additionally, VICOBA offers a range of services, including financial loans, social support, savings, business capital financial literacy, and business management skills, according to the findings of this study. The VICOBA plan furnishes business financing to its members, so facilitating the operation of their enterprises and generating personal revenue.

VICOBA provides its members with advantageous services. The results of this research indicated that VICOBA offers low-interest financial loans to its members. Members of VICOBA are in a better position to gain, as the loans they obtain are subject to a reduced interest rate in comparison to loans offered by other financial institutions that have a higher interest rate. (Bire 2017)

Since its inception, Village Community Banks have reportedly benefited the impoverished men and women in Tanzania. Due to the fact that VICOBA was established as a major actor in the fight against poverty, its activities and roles attracted the interest of a number of scholars, who subsequently performed study on the contribution of microfinance to the elimination of poverty in the country (Kihongo 2015).

Members of VICOBA are collectively obligated to preserve their money with the intention of obtaining financial loans in the future in exchange for a nominal interest rate; this interest income is categorised as group revenue (Abdul 2016). Therefore, by obtaining a loan with a low interest rate, they successfully resolved their issues and initiated initiatives that had the potential to impact their social welfare.

VICOBA is an initiative centered around lending at the grassroots level, with a specific emphasis on empowering individuals to develop and oversee profitable income-generating ventures. Members of VICOBA are empowered to surmount personal obstacles and carry out their entrepreneurial endeavours with efficacy by obtaining loans for business expansion. According to the report, VICOBA contributes to the enhancement of housing conditions, health insurance, business operations, asset ownership, and children's education, all of which raise the standard of living for its members. It has been acknowledged that providing micro financial

services to economically active individuals in need of assistance can elevate their social standing by facilitating their access to financial services (Ledgerwood, 2013).

VICOBA assists its members in augmenting their income, diversifying their endeavours to reduce vulnerability, regulating their consumption to ensure the affordability of essential items, paying for education, risk management, and serving as a safety net in the event of calamities (Allen, 2019).

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of the Findings

This study is generally intended to assess the role of sustainable VICOBA in improving the members' living standards; more specifically, the study aimed at addressing the following objectives: to examine factors that influence members to join VICOBA in Ubungo Municipal Council, To identify the service offered by VICOBA to its members in Ubungo Municipal Council and its contribution to improving members' living standards, and lastly, to identify the challenges faced by VICOBA in Ubungo Municipal Council.

The study sample comprised a total of eighty respondents. The sampling methods utilised were convenience and selective sampling. Field information was gathered through the utilisation of questionnaires and interviews; data analysis encompassed a combination of qualitative and quantitative methodologies. Descriptive statistics and version 29.0.1.0 of the Statistical Package for the Social Sciences (SPSS) were utilised to analyse the data. The acquired data was categorised into several variables, and descriptive statistics were employed to analyse the information, including modes, frequencies, standard deviations, mean percentiles, and mode. Figures, tables, and tables were utilised in the data interpretation and analysis.

i. Factors That Influence Members to Join Sustainable VICOBA

In the findings, it was revealed that most of the respondents, 62.5%, agreed that VICOBA provides a means to improve their living standards, such as financial loans, as a strategy to improve their IGAs so as to improve household living standards, and 90% of the respondents agreed that there is a relationship between VICOBA groups and their living standards, as they are able to incur various costs for their families, such as paying school fees for their children, buying plots, and building houses.

ii. Services Offered by VICOBA in Ubungo Municipal Council and Their Contribution to Improving Members' Standard of Living

It was revealed in the findings that 90% of the respondents agreed that VICOBA has a positive or direct contribution to their living standard, whereby it provides the means to improve their living standard, specifically financial loans. The finding shows that the majority of respondents agreed that VICOBA services lead to an improvement in members' living standards. The majority of the entire population indicated that VICOBA services lead to better housing, asset ownership, the ability to pay for children's education, and business expansion.

iii. Challenges Facing VICOBA in Ubungo Municipal Council

The findings revealed that VICOBA faces the following: shortage of finance resources, lack of business and management skills, lack of cooperation between members, conflict between members, and late repayment of financial loans. 70% stated that VICOBA is facing a shortage of finance resources, and 30% disagreed. 43.8% agreed that VICOBA faces a lack of business and management skills, and 56.3% disagreed. 38.8% stated there is a lack of cooperation between members, while 61.3% disagreed. 40% of respondents reported that there is conflict between members, and 60% disagreed. Furthermore, 77.5% of respondents agreed that there is late repayment of financial loans acquired by the members, and 22.5% disagreed.

5.2 Conclusion

From the findings presented in the previous chapters, the study concluded that VICOBA plays a great role in improving the living standards of its members at UMC. VICOBA, as one of the microloans, has ensured that its members benefit from financial loans, entrepreneurial skills, business management skills, business capital, social support, financial literacy, and saving, which means that there is a positive contribution of the service offered by VICOBA to the living

standards of its members. As a result of these services, members succeeded in improving their businesses through the acquired loans, owning some assets, paying all school-related expenses for their children, and expanding their businesses. It is therefore concluded that VICOBA can improve the standard of living for its members, as 90% of the respondents agreed.

For the challenges faced by VICOBA in the process of implementing VICOBA activities, the study identified late repayment of loans skills as most notable challenge where by 77.5% of respondent agreed, followed by 70% as lack of financial resources. The findings identified that, there is need for the continuously training on the entrepreneurship skills, Financial Management skills, Business management skills, record keeping skills and VICOBA Group Formation Capacity so as to support VICOBA as they are rated by the respondent at higher percentage which are 75%, 73.8%,70%,66.3%and 55% respectively. Therefore, the study concludes that, training for entrepreneurial skills, financial management skills, business management skills, record keeping skills, and VICOBA Group Formation Capacity to the members should be emphasized for better performance of VICOBA.

5.3 Recommendations

The study presents a range of recommendations, particularly for VICOBA groups, relevant government agencies, and development stakeholders, in light of its research results and conclusions. In order to ensure the optimal functioning of VICOBA groups, adherence to legal and formal protocols is crucial. It is imperative that VICOBA leaders consistently enhance their financial acumen and business management prowess, while equipping every member with entrepreneurial aptitudes to foster personal sustainable development.

Based on the findings of this study, the following are recommended:

- i. The government, through ward community development officers and cooperative officers, should ensure that proper education is provided to the VICOBA members, which will enable them to perform their daily activities in a more efficient way.
- ii. There should be clear laws and regulations that stipulate the right punishment for the leaders of the VICOBA group who will fraudulently use the accumulated funds of the members for their own interests.
- iii. All stakeholders concerning VICOBA should provide essential training in the following areas: entrepreneurial skills, record-keeping skills, financial management skills, business management skills, and VICOBA Group Formation Capacity Building training to all members so that they can manage well their accumulated funds and efficiently operate their own IGAs and VICOBA.
- iv. Municipal authorities should assign the responsibilities to the ward's cooperatives and community development officers so as to technically assist all VICOBA available in their ward in the proper management of their daily activities, and there should be close supervision of those officers by all VICOBA for efficient operations.

5.4 Recommendation for Further Research

The study only focused on assessing the role of sustainable VICOBA in improving the members' living standards, as in the case of Ubungo municipality. It is suggested that future studies should cover other areas with different geographical conditions to compare results and see if VICOBA can contribute to the improvement of members' living standards. There should also be research on the suitability of online VICOBA for improving standards of living, as it seems that some VICOBA do not meet regularly but rather use a phone application known as MKOBA to operate their daily activities.

5.5 Critical Evaluation of the Study

Notwithstanding the complexities involved in its execution, this report has been satisfactorily and punctually concluded. The research findings unveiled that VICOBA significantly contributes to the enhancement of its members' standard of living. If faced with the identical task, my focus would be on the qualitative research technique to examining the impacts of VICOBA on the advancement of sustainable development for young people.

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APPENDICIES

Appendix 1: Interview

The following questions are intended to answer questions on factors affecting performance of VICOBA, challenges facing VICOBA and possible solutions to solve problems facing VICOBA. This interview checklist is for VICOBA members of Ubungo Municipal in Dar es salaam Region in Tanzania. My name is **MshamuNgwembano**. I would like to thank you for being one of the participants to be interviewed as a group member of Village Community Banks (VICOBA). The aim of this focused interview is to collect information on the "role of sustainable VICOBA in improving the living standards of its beneficiaries" your response will strictly be kept confidential.

1. Mention services provided by VICOBA to your members.
2. What do you think are the positive contributions of VICOBA on the living standard of members?
3. Why you decided to join VICOBA?
4. What do you think are the factors affecting the performance of VICOBA in Tanzania?
5. As a member of VICOBA, kindly give opinions as what you think are the challenges facing VICOBA performance and their members?
6. Kindly provide your suggestions as to what you think are the possible solutions for solving the above challenges and improve efficiency of VICOBA.

Appendix 2 : Research Questionnaire

This questionnaire is for VICOBA members of Ubungo Municipal at Dar es Salaam Region in Tanzania. My name is MshamuNgwembano who pursuing Masters of Accountancy and Finance (MAF) at Institute of Accountancy Arusha. I am carrying out academic research on the topic **“the role of sustainable VICOBA on improving the standard of living to its members a case of Ubungo Municipality”** as a partial requirement of my studies. Kindly I request you to respond to the questions given below so as to enable me accomplishing my research. Responses given in this questionnaire are solely meant for the research purposes only and not otherwise. I am exclusively grateful to you for the sacrifices of your valuable time and knowledge they contribute in completing this questionnaire.

Note: Do not write your name anywhere in this paper.

Section I: Demographic information

- 1. Age of the respondent
A) 18 - 35 B) Above 35 []

- 2. What is your marital status?
A)Single B)Married C) Divorced []

- 3. What is your gender?
A)Male B) Female []

- 4. What is your education level
A) Primary level B) Secondary level C) Certificate
D) Diploma E) Degree F) None of the above []

- 5. What is the legal status of your VICOBA group?
A) Formal B) Informal []

6. List down at least three factors influenced you to join VICOBA?
.....
.....
.....
.....
.....
.....

7. Do you have any Income Generating activities?
 A)YES B) NO []
8. What is name of VICOBA in which you belong
9. How long have you joined a VICOBA mentioned above,
10. What do you see, as a group member, what have been the positive changes that you realized since you joined saving group/VICOBA?.....

11. How can you rate your economic condition before joining VICOBA?
 A)Verypoor B)Poor C)Moderate D)Good E)Verygood []
12. How can you rate your economic condition after joining VICOBA?
 A)Verypoor B)Poor C)Moderate D)Good E)Verygood []

Section II : Services offered by VICOBA and their contribution on improving members standard of living

13. Which of the following are among the services offered by your VICOBA? Tick the appropriate answer

1	Financial Loans	
2	Entrepreneurship skills	
3	Business Management Skills	
4	Financial literacy /Financial Management Skills	
5	Business Capitals	
6	Social Support	
7	Saving	

14. Obviously the VICOBA activities has an impact in your daily life, which of the following might be possible impact for the services offered by VICOBA in your daily life? Tick the appropriate answer

1	Business Improvement	
2	Housing improvement	
3	Health assurance and availability of food stuff	
4	Asset ownership	
5	Children Education	
6	Business enlargement	

15. In your view, what do think are the main benefits of VICOBA groups?

.....

16. Is there any relationship between improvement of your living standard and the VICOBA groups? A) YES B)NO []

If YES, Explain.....

.....

Section III:Challenge facing VICOBA.

1. Mention the challenges faced by your VICOBA group in the process of implementing VICOBA activities

.....

 ...

2. Using the provided table below tick the problems that might be faced by VICOBA: Tick the correctly one

Shortage of Financial resources	
Lack of Business and Managerial skills	
Cooperation between members	
Conflict between members	
Late repayment of loan	

3. Among the 5 types of training listed below; which one you think will be useful to your VICOBA group so as to improve performance of it. Tick the appropriate training

VICOBA Group Formation Capacity Building	
Business Management Skills	
Skills in Record keeping	
Financial Management Skills	
Entrepreneurship Skills	

4. What do you recommend the government should done so as to improve support to the VICOBA Groups?

Specify.....

Appendix 3 :Timetable

ACTIVITY	MONTH					
	SEPTEMBER			OCTOBER		
	WEEKS					
	2 nd	3 rd	1 st	2 nd	3 rd	4 th
1. Obtaining a letter from from IAA						
2. Obtaining permission from municipal DAS office						
3.Data Collections and site visiting at Ubungo municipal Council						
4.Preparation of report and review						
5.Submission						

Appendix 4 : Research Budget

ITEM	Amount
Transportation	180,000.00
stationary	265,000.00
Research Assistance	315,000.00
Secretarial services	375,000.00
Total	1,135,000.00

Appendix 5 : Letter from IAA -Request for Data Collection



Institute of Accountancy Arusha

P.O. Box 2798, Njiro Hill, Arusha, Tanzania

Telephone: +255 27 2970232 Mobile: +255 763 462109 Telex: 50009 IAA TZ
Fax: +255 27 2970234 Email: iaa@iaa.ac.tz Website: www.iaa.ac.tz

Ref. No.: MAF-02-0110-2022

14TH SEPTEMBER 2023

.....
.....
P.O.BOX.....
.....

Dear Sir/Madam,

RE : REQUEST FOR DATA COLLECTION

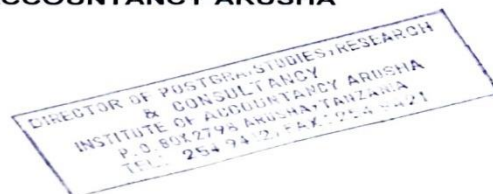
The purpose of this letter is to introduce to you **Mr. MSHAMU NGWEMBANO** who is our student pursuing Masters of Accountancy and Finance (MAF-02-0110-2022). Currently, the aforementioned student is conducting a study on **"THE ROLE OF SUSTAINABLE VILLAGE COMMUNITY BANK IN IMPROVING THE STANDARD OF LIVING TO ITS MEMBER: A CASE STUDY OF UBUNGO MUNICIPALITY"**. We would like to highlight here that this study is part of the requirement for the award of the above mentioned programme of study.

We therefore request you to extend to the above-mentioned student of our Institute any help that may facilitate him to achieve study objectives. We further request permission for him to see and talk to the staff of your Institution in connection with his study. The period for this request is granted from September to the end of November 2023.

Thank you for your continuing support.

Yours Sincerely,
INSTITUTE OF ACCOUNTANCY ARUSHA


Mishael Abduel
FOR: RECTOR



All Communications to be addressed to the Rector



THE UNITED REPUBLIC OF TANZANIA
PRESIDENT'S OFFICE,
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT
UBUNGO MUNICIPAL COUNCIL



In reply please quote:

Ref: No. AB.94/216/02/293


Date: 22 September, 2023

Mr. Mshamu Ngwembano,
P.O. BOX 55068,
DAR ES SALAAM.

RE: PERMISSION TO COLLECT DATA

Refer to the above heading.

2. I am pleased to inform you that your above request has been considered by the Municipal Director, and has offered you a place to collect data concerning "THE ROLE OF SUSTAINABLE VILLAGE COMMUNITY BANK ON IMPROVING THE STANDARD OF LIVING TO ITS MEMBERS" from SEPTEMBER, 2023 to DECEMBER, 2023.
3. Upon receipt of this letter, please report to the **Municipal Community Development Division Officer** for the commencement of your data collection.
4. During the period of data collection, you are required to obey the rules and regulations of the institution.
5. Yours Sincerely.


Uronu, Cf

For: **THE MUNICIPAL DIRECTOR**
UBUNGO

For: **MUNICIPAL DIRECTOR**
UBUNGO MUNICIPAL COUNCIL,
DAR-ES-SALAAM

All correspondence to be addressed to the Municipal Director, Luguruni, Morogoro Road, P.O. Box: 55068, Dar es Salaam, For more communication please contact us with Phone no: 0222-926341, Fax No: 0222-926342, Website: www.ubungomc.go.tz, Email: info@ubungomc.go.tz

Appendix 6: Permission for Data collection