ASSESSING DETERMINANTS OF MICROFINANCE SUSTAINABILITY AFTER COVID-19: A COMPARATIVE STUDY OF VISION FUND AND FINCA MICROFINANCE BANK IN NJOMBE DISTRICT

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Degree Master of Business Administration in Leadership and Governance

at Institute of Accountancy Arusha.

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December, 2023

CERTIFICATION

I, Bahati Bure Thomas the undersigned certify that I have read and hereby recommend for acceptance by the Institute of Accountancy the research dissertation report entitled: "**Assessing Determinants of Microfinance Sustainability After Covid-19: A Comparative Study of Vision Fund and Finca Microfinance Bank in Njombe District"**in fulfillment of the requirements for the degree of Master of Business Administration in Leadership and Governance offered at the Institute of Accountancy Arusha.

Signature……………………………………..

Dr. PAUL SALIA

Date ………………………………

DECLARATION

I, **Bahati Bure Thomas**, declare that this dissertation report is my own original work and that it has not been presented and will not be presented to any university for a similar or any other degree award.

Signature

Date……………………………………………

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ABSTRACT

This study focused on assessing the determinants of microfinance sustainability after Covid – 19 in comparative study of Vision Fund and Finca microfinance bank in Njombe district.In particular, the study assessed the extent on how MFIs sustainability is merely impacted by the level of outreach, management efficiency, loan portfolio and portfolio risk for financial sustainability. Two microfinance banks used in this study namely Vision Fund and Finca, both of these bank are in Njombe District. Study involved two theories which are Resource Based Theory and Contingency Theory. The study comprising 2 operating microfinance banks in Njombe and the targeted population will be 137 respondents however 102 informants recorded as sample size through simple random selection by using Yamane. The study employed questionnaire in data collection, Casual Comparative research design, quantitative approach, qualitative and quantitative data analysis that involve usage of correlation analysis. The data being coded and entered into the computer using statistical package for social sciences (SPSS). Among of the research findings includes that clients are not paid their loans on time, thus caused arrears and attributed losses, irrational decision making in recovery plans for the increased portfolio at risk, small value of loans do not bear to substantial income and some of clients are defaulting because of high interest rates charged. However, policy makers and investors need to articulate sound policies and alternatives ways of doing business in the circumstance of pandemic.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

For recent decades now financial sustainability for microfinance banks, significantly the situation changed negatively dramatically after the pandemic COVID -19, despite of the empirical evidence that MFIs has been among of great tools for poverty alleviation in most of developing countries like Tanzania (Chmelikova & Redlichova,2020, Sun et al…2020). Sustaining operational costs and making extra fund is becoming difficult through provision of financial services that includes micro-savings, micro-credit, working capital loans, micro-insurance and payment services, However MFIs has been importantly playing its role to alleviate poverty (Mutambanadzo et al ,2013).

World Bank. (2012). Reported that 75% of poorest people are served by MFIs, hence particular segment of clients is making hard MFIs to experience sustainability. Ousoombangi. (2018). Some of MFIs face challenges that do impacts their operations and productivity. Muhammad. (2010). Sustainability is the major challenge faced by most of MFIs in Pakistan and in other Asia continent countries. Therefore, due to limited income generated sustaining both operations and administrative tasks in MFIs becoming pretty difficult.

Hermes &Hudson. (2019). According to their study conducted in Malawi, stressed that after the pandemic some of Microfinance Banks lost their business capital due to increased provisions and pre charge off on increased bad debts as some of clients granted facilities their business shacked. Some failed even to meet employees related costs such as salaries and ended up with retrenchment.

World Bank. (June, 2020). The study conducted by World Bank globally on the Impact of the COVID-19 pandemic on Trade and Development including Tanzania, UNCTAD stressed that significant number of that MFIs in Tanzania struggled much on sustainability as they could not afford to cope abruptly with recovery plans particularly digital platform usage for clients' transactions, since their emergency response budget is limited.

Microfinance has been globally accepted as one of the credible tools to alleviate poverty and financial inclusion in developing nations (Chmelíková & Redlichová, 2020; Sun et al., 2020) Further, it plays an essential role in the provision of "micro" financial services to the financially excluded population, particularly the poor and the informal sector located at the Base of Pyramid (Bop) (Kasenge, 2011). Microfinance refers to the provision of financial services including micro-savings, micro-credit, working capital loans, consumer credit, pensions, micro-insurance, and transfer of payment services and remittances to the indigent population who live below the poverty line surviving on less than $1.25. Sataloff, Johns, & Kost, n.d. reiterated that MFIs could be non-governmental organizations (NGOs), savings and loan cooperatives, credit unions, government banks, commercial banks, or non-bank financial institutions. Likewise, Mutambanadzo, Bhiri, & Makunike (2013) described microfinance as the supply of financial services to an impoverished population who traditionally lack permission to financial services from conventional MFIs.

Sustaining the operational and the administration of the MFIs over a long period of time is becoming a pretty tough, challenging, and general concern for MFIs in developing nations, such as Pakistan as well as Malawi (Zeller & Sharma, 2000; Muhammad, 2010). Among other factors, non-performing loans by their clients affect the profitability of the MFIs resulting in failure to sustain and maintain themselves over the period of time (Zeller & Sharma, 2000).

However, apart from the profits they make, most of the MFIs in developing and the sub Saharan Africa (SSA) including Malawi get the supports annually worldwide in financial aid, donations, grants, and subsidies from donors, governments(public) and government agencies, Non-Governmental Organizations (NGO) and private firms (Brau & Woller, 2004; Hashemi, 2007; Hermes & Hudon, 2019). Despite the support towards the MFIs however, evidence on the ground reveals that most of these institutions do not sustain their business operations such as outreach and sustainability. As such most of these institutions have lost their business capital and are ceasing to operate. From the available literature, reasons that have been reported to influence the sustainability of MFIs in Malawi seem positively and negatively to be speculative and myopic since they do not reflect a holistic picture of the situation on the ground. Given the absence of comprehensive understanding of critical issues or factors that challenge operations of MFIs and the failure of the strategies that have been put in place to sustain their operations this paper attempted to carry out a comprehensive study to address the existing knowledge gap and provide insights on its significance on how to achieve.

Microfinance banks are institutions established to improve community financially well-being through reaching the unbanked group of people, small entrepreneurs, retailers and non-privileged individuals in our community who struggle to access financial services, through which particular organizations, they make Robinson (2001). There are two major goals for microfinance business (Chenuos et al., 2014).

The first goal is to contribute to development by approaching a maximum number of clients and reaching the poorest (Nanayakkara, 2012). These goals are also referred to as outreach. The second major goal is to reach poor clients by achieving financial stability. This means the clear objective of the Microfinance business is to maximize more revenue while fostering poverty alleviation in the serviced community.

Woller et al. (1999) introduced two approaches known as “institutionist approach” and the “welfarist approach”. The institutionist approach sticks on financial sustainability, of which the main focus is to maximize revenue while saving the rest approach is based on reaching the poor client buy using subsidized fund.

Issangu. (2020). Commented that some of third world countries, their citizens have no direct access to formal banking services, therefore residents rely more on financial services delivered by MFIs on improving their wellbeing whereby new employment opportunities are created and working capital enhancement. For example, in Uganda large percentage of small investors lack sufficient capital to finance their projects. Rahman &Mzalan. (2014). Stressed that Cost income ratio is greatly impacting MFIs efficiency as management is fails to control business expenses.

The contribution of Microfinance Institutions in Tanzania economy has greatly noted by different stakeholders as they have become stimulants of development through creation of employment opportunities, training centers for new entrepreneurs, increasing government income by paying taxes and provision of working capital to new investors. The government and other stakeholders has been working collectively to support the sector through advocacy of governing policies and resources grants, so that the sector get advanced but financial sustainability is the major challenge.

Some of studies conducted in Tanzania showed that part of these organizations experiences operational difficulties after three years of starting business due to financial problems. (Malik,2012, Mabrouk,2017, Zhaick,2018).Thus the comparative study conducted in Njombe District by involving two MFIs that is Finca Microfinance and Vision Fund aimed to assess the determinants of financial sustainability of Microfinance Banks, whereby concentration intensively made on assessing the influences of Management efficiency, Portfolio at Risk, Level of outreach and Loan portfolio on Financial sustainability.

1.2 Statement of the Problem

Like many other regions in Tanzania, Njombe Districts residents and business operators such as Finca Microfinance Bank and Vision Fund Microfinance Bank experienced the negative side of the pandemic on sustainability. (TRCS, 2020). National Council for Financial Inclusion in Tanzania. (2023). stressed that during and after the pandemic COVID-19, MFIs faced by financial sustainability associated by High cost of financial services and products, low access to credit for MSMEs and unbanked and lack of an appropriate market infrastructure. The same report revealed that there was high increase in portfolio at risk due to non and delayed repayment of facilities. However prior studies conducted reveal that most of MFIs experiences sustainability issues after launch of their business operations (Mabrouk,2017; Zhaick,2018). Thus the study aimed to assess determinants of microfinance sustainability after the pandemic COVID-19 by involving two Microfinance Banks operating in Njombe District.

Microfinance services are therefore crucial for economic development, that they provide opportunity to poor people to access financial capital, they also contributed substantially to increasing financial inclusion. It is noted that Microfinance Institutions (MFIs) have been on the increase in the past two decades.

MFIs advised to achieve financial sustainability by reducing operational expenses and charging competitive market interest rates on their loans products granted to their esteemed clients. As it is recommended that the higher the degree of self-sufficiency, attracts greater extent on leveraging donors, shareholders and government funds on outreach expansion project. (Thapa,2007). However, scholars stress that for the particular companies to operate effectively and at efficiency level, they must be aware on the grounds that impact their financial sustainability. According to Woller (2000) he argued that the factor which affect sustainability includes institutional efficiency. Therefore, it is critical to identifies the impact of microfinance efficiency, portfolio size, portfolio at risk and level of outreach on sustainability in Tanzania Commercial environment. The intention of the study was to find out the determinants of microfinance sustainability after Covid – 19.

Although, some studies conducted in Tanzania showed that show most of these companies experiences operational difficulties after three years of their operations, due to financial difficulties (Mabrouk, 2017; Zhaick, 2018). In addition, the eruption of COVID-19 is likely to have worsened the condition of those MFIs given that the pandemic has had negative effects on performance of borrowers. This study therefore, was sat to assess the financial sustainability of the two microfinance banks operating in Njombe District, since is the area where by the researcher could reach easily.

1.3 Research Objective

The general objective of this study was to assess Microfinance business sustainability after COVID 19 pandemic focusing on Vision Fund and Finca microfinance banks in Njombe District in Tanzania.

1.3.1 Specific Objectives

i. To examine the relationship between level of outreach and financial sustainability of microfinance banks
ii. To determine influence of management efficiency on financial sustainability
iii. To estimate influence of size of loan portfolio on sustainability
iv. To determine the effects of level of outreach, management efficiency, loan size and portfolio at risk on financial sustainability

1.4 Research questions

This study intended to address four research questions relating to the first four research objectives. Those questions are presented below;

i) What is the relationship between level of outreach and financial sustainability of microfinance banks?
ii) What is the influence of management efficiency on financial sustainability?
iii) What is the influence of size of loan portfolio on sustainability?
iv) What is the effects of level of outreach, management efficiency, loan size and portfolio at risk on financial sustainability?

1.5 Significant of the study

Managers, shareholders, investors, employees, scholars, regulators and other stakeholders through reading this study will gain new insights on microfinance business management in terms of effective management that includes cost cutting, performance analysis, portfolio management and Non-performing loans mitigation way out, dealing with critical factors that will make profitable throughout the year. The same microfinance organization leaders and policy makers shall be able to understand the key determinants of microfinance efficiency and respond accordingly on what should be done to improve the situation in Tanzania.

1.6 Organization of the study

This report contains five chapters; Chapter One, provides the general overview of the study by involving specific aspects such as background of the study, statement of the problem, research objectives, research questions, significance of the study and organization of the study. While second Chapter describes literature work concentrating on both the theoretical and empirical reviews and the construction of conceptual framework for the study. Chapter Three of this study insist on the research methodology guided the conduction of this study where it contains research design, area of the study, sampling procedure, and data collection methods as well as data analysis techniques that used in this study. Chapter four is based on presentation of findings, analysis and discussion while the last chapter includes summary, conclusion and recommendations.

1.7 Limitations of the study

Every studies face limitations and limitations of this study included Privacy policy to institutions in releasing required information but awareness was given to management that information requested was for study and confidential as well, lack of sufficient studies on COVID-19 impacted MFIs in Tanzania, Njombe district in particular. Time factor and Pressure at work with employer attributed some delays to researcher during the study of which were noted grounds that hindered collection of data, however precaution and measures adopted in advance by researcher to mitigate the impacts. including booking study leave or annual leave to facilitate data collection exercise.

1.8 Ethical issues

Researcher obtained stakeholders consent before he collects the information required, the same confidentiality remains in custody on all data captured from informants, also Professional referencing and citation of materials used was adhered.

CHAPTER TWO

LITERATURE REVIEW

2.1 Definitions of Key Concepts

2.1.1 Microfinance Bank(s)

Bank of Tanzania. (2017). Explained Microfinance Bank (s) means banking institution licensed by the Bank of Tanzania to undertake banking business mainly with individuals, groups, micro and small enterprises of low-income population in the rural or urban area. It means the provision of financial services including micro saving, microloan, micro insurance, micro leasing, micro housing micro pensions, money transfers, financial education and business development to the low-income population (individual, household and enterprises.

2.1.2 Financial sustainability

This stands for the degree that an institution is capable of generating sufficient revenue from offered services to meet fully operating costs. According to Foster et al. (2003), there are two levels of financial sustainability, Operational self-sustainability and financial self- sustainability. The first level is when an organization produce maximum revenue and be in position to meet all operating expenses, that is earning from investment before tax and interest expenses.

And the second level is based on the incident when an organization break even in business and capable enough to generate revenue beyond its expenses. In some circumstances sustainability is measured by return on assets (Tewari and Abdul, 2017). Moreover, the financial stability measured basing on loan disbursement, loan type, loan portfolio, corporate governance, and over-indebtedness.

2.2 Theoretical Review

2.2.1 Resources Based Theory

The Theory is adopted because guided researcher on explaining clearly the link between effectively resources utilization and firm's sustainability. Since strategic limited resource as part of performance real drivers. They provide a base for any firm to attain superior performance.

Resource based Theory Resource-Based (RBT). Introduced by businessmen Barneys between 1980s and 1990s insists that resources are not homogeneous and not rarely found or relocated. Emphasizes that firms, sole traders and individual persons possessing capital can easily secure and exploit opportunities, and the same is common as reveled by (Blanch flower et al., 2001; Holtz Eakins et al., 1994; Evans and Jovanovich, 1989).

2.2.2 Contingency Theory

Application of contingency theory was crucial as assisted researcher on drafting conceptual framework and analyzing well how dependent and independent variables relates so that effective working environment is attained. According to Joan Woodward, (1958) developed the theory and argued that organization control, centralization of authority and formalization of rules and procedures can be directly determined by financial stability of the company.

The above theory is supported with Gareth (2006) who in his books titled "*Image of Organizations"* argues that organizations needs to undergo adaption of environment which dramatically changes, hence needs careful management to satisfy and balance internal needs and adapt to environmental circumstance, since there is no one best way of organizing resources rather than depending on the kind of task or environment with which one is dealing.

Trough contingency theory, the MFIs manages, organizes, lead and makes decisions with consideration of the environmental circumstance for the betterment of financial sustainability of the MFIs and the data of the study collected and analyzed with guidance from the circumstance of all sphere of life like economics, political, social, technology and environment around the MFIs, with reflection to the targeted objectives of the study.

2.3 Empirical Review

Several studies were conducted on the on the determinants of MFI institutions. For example, Munir (2006) conducted research to estimate the efficiency and sustainability of microfinance institutions in South Asian countries, particularly in Bangladesh, Pakistan and India, by using non-parametric Data Envelopment Analysis. It was concluded that ten MFIs from Pakistan, nine each from Bangladesh and India operate on the efficient frontier but do not meet the criterion suggested by Gow (2006) that MFIs are considered efficient if they have more than 10,000 active borrowers.

The analysis further revealed that the inefficiencies of MFIs in Pakistan, India and Bangladesh are mainly of technical nature. The results have an important policy implication that in order to improve the efficiency of the MFIs there is need to enhance the managerial skills and improve technology. This could be done by imparting training programs in the field of microfinance management.

A study conducted by Annim (2010) on patterns, trends and drivers of MFIs efficiency using a balanced panel data of 164 MFIs for the period 2004-08 was extracted from the MIX website. Both parametric and non-parametric efficiency estimation techniques were used. The study found that patterns, trends and drivers of the efficiency of microfinance institutions (MFIs) depend on the scope of financial sustainability measures and on MFIs‟ inclination to either of the dual objectives of financial systems and outreach. In addition, the study reveals that, irrespective of an MFI's objective and estimation technique, operational self-sufficiency (OSS) indicates a positive relationship with efficiency.

Gonzalez (2007) performed research study to find out the efficiency drivers of MFIs and the correlation between costs and the variables associated with the provision of financial services by microfinance Banks. The sample consisted of 1,003 MFIs in 84 countries reporting data to the Microfinance Information Exchange, Inc. (MIX), primarily in the period of 1999 to 2006. The results revealed that, based on the analysis of MFI characteristics, the three main drivers of efficiency as measured by operating expenses ratio are relative loan sizes, ages and scale. However, they were surprised by how quickly reductions in cost disappear after MFIs grow beyond 2,000 borrowers. In addition, the results revealed that the relationship between microfinance efficiency, as measured by operating expense ratio, and borrowers per staff is statistically significant, but not very strong.

Amha (2008) about the innovations in the delivery of financial services by MFIs in Ethiopia found that a large number of MFIs in Ethiopia has progressed significantly in terms of sustainability. Thirteen MFIs were operationally sustainable in December 2006 compared to only six MFIs in December 2003. The number of financially sustainable MFIs increased from two MFIs in 2003 to seven MFIs in 2006. It is further argued that the sustainability of Ethiopian MFIs is higher than that of the rest of Africa. In 2005, operational and financially sustainability of Ethiopian MFIs was, on average, 123% and 107% compared to 92% and 89% for the Africa respectively. The majority of the MFIs increased their productivity indicators (borrower per staff and borrower per loan officer ratios) as a result in the last six years. Another notable study outside Tanzania is the one conducted by Lafourcade et al (2005), who provided an Overview of the Outreach and Financial Performance of Microfinance Institutions in Africa. The study which collected information from 163 MFIs in Africa revealed that MFIs in Africa tend to report lower levels of profitability, as measured by return on assets, than MFIs in other global regions. The results show that of the all MFIs types reviewed, the regulated MFIs report the highest return on asset, averaging around 2.6 percent. Logotri (2006) found that larger number of borrowers is the biggest sustainability factor.

Those results were contrary to those of a study conducted in Tanzania Nyamsogoro (2010) whose results showed that there was negative and significant relationship between breadth of outreach and financial sustainability of MFIs in Tanzania. Those findings indicated that increase in number of borrower itself does not improve financial sustainability of microfinance institutions. The reason could be increased inefficiency as a result of increased number of borrowers. However, Hiratsuka (2005) reports that number of borrowers had no significant impact on financial sustainability. Bases on the above literature, this study hypothesises that;

Bogan (2009) investigated the relationship between capital structure and sustainability of MFIs and found that increased use of grants by large MFIs decreases operational self-sufficiency. The study also found that size of assets was significantly and positively related to sustainability. However, the country level macroeconomic indicator variables (GDP and inflation) are not significant determinants of operational sustainability. Okumu (2007) used panel data collected from 53 MFIs in Uganda over a period of six years to examine the determinants of sustainability and outreach of MFIs. The study indicated that sustainability is negatively and significantly related to the ratio of gross. However, as the loan market, especially credit to households and firms, is risky and has a greater expected return than other assets, one would expect a positive relationship between loans intensity (loans/total asset) and profitability (Bourke, 1989).

Studies show that management efficiency (reduced expenses) raise the profitability of financial institutions, implying a negative relationship between operating expense ratio and profitability

(Bourke, 1989). Pasiouras and Kosmidou (2007) and Kosmidou (2008) have also found that poor expenses management to be among the main contributors to poor bank profitability. On the contrary, however, Molyneux and Thornton (1992) found a positive relationship, suggesting that high profits earned by banks may be appropriated in the form of higher payroll expenditures paid to more productive human capital. Given those evidences, this study hypothesises that;

Evidences show that there is positive relationship between size of MFI and its sustainability. Studies by Nyamsogoro (2010), Bogan (2008), Mersland and Storm (2007) and Cull et al (2008) showed that size is positively and significantly related to financial performance reflecting the cost advantages associated with size (economies of scale). Literature further show that portfolio at risk (PAR) is another variable that could influence MFIs' financial sustainability. The portfolio at risk measures how efficient an MFI is in making collections. The higher the PAR implies low repayment rates and therefore, less financial sustainability. A study by Nyamsogoro (2010) supports this negative relationship between PAR and financial sustainability.

Literature about the relationship between leverage and firm's profitability is inconclusive. A number of studies provide empirical evidence supporting a positive relationship between debt level and firm's performance or profitability (Roden and Lewellen, 1995; Champion, 1999; Berger and Bonaccorsi di Patti, 2006) negative relationship between debt level and firm's performance or profitability (Rajan and Zingales, 1995; Wald, 1999; Booth et al, 2001; Fama and French, 2002). However, Kinde (2012) found that capital structure has insignificant impact on financial sustainability of MFIs.Other studies (Uwalomwa and Uadiale, 2012; Abor, 2005; Bokpin, 2009) examined the relationship between short term debt and/or long term debt and the performance of firms. Using 31 listed companies on the floor of the Nigerian Stock Exchange over a period of 5 years (i.e. 2005 – 2009), Uwalomwa and Uadiale (2012) found that short-term debt has a significant positive relationship with the performance of firms suggesting that short-term debt tends to be less expensive; and therefore incremental short-term debt in capital structure tends to lead to an increase in performance levels of firms. Similarly, the study also revealed that while shareholders' fund has a significant positive impact on the performance of firms; on the other hand, it was observed that long term debt has a significant negative impact on the performance of firms since it is relatively more expensive due to certain direct and indirect costs associated with it. Abor (2005) also found a positive and significant relationship between short term debt to total asset and return on equity. However, Bokpin (2009) finds a statistically insignificant relationship for short term debt to total asset with return on equity in the emerging market economies.

2.4 Research Gap

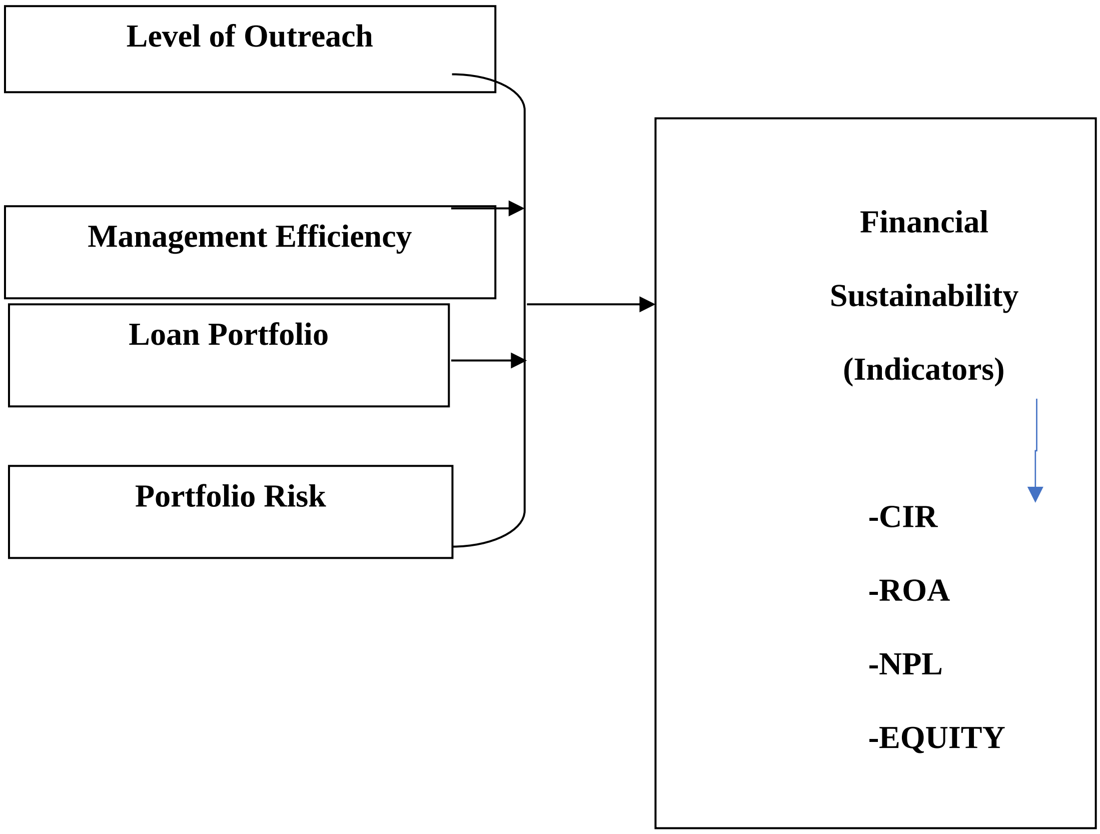
Previous literatures tried to narrate assessment of financial sustainability in absence of the pandemic COVID -19 while involving few parameters but through this study new knowledge explored on key determinants for microfinance banks sustainability after the pandemic assessing the factors drove business effectiveness. Despite the fact that MFIs are very helpful to the less privileged population, some of these institutions face challenges that affect their operational and productivity. Sustainability is one of the major challenges faced by MFIs. Sustaining the operational and the administration of the MFIs over a long period of time is becoming a pretty tough, challenging, and general concern for MFIs in developing nations, such as Pakistan as well as Malawi. Among other factors, non-performing loans by their clients affect the profitability of the MFIs resulting in failure to sustain and maintain themselves over the period of time of COVID-19.

2.5 Conceptual Framework

Figure 2. 1 Conceptual Framework

Independent Variables

Dependent Variable



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design and Approach

According to Saunders et al. (2009), research design is the master blueprint that guides a researcher on providing answers on research objectives. This study guided by Casual comperative research design. The design is adopted because the study intended to address cause-effect relationships among variables, and so that research objectives are executed in in transparency and more clarity way, Specifically, the study intended to assess how the selected predictor variables affect financial sustainability of microfinance banks operating in Njombe District. The study adopted quantitative approach. This design was preferred because the study's intention was to use data to answer the research questions using statistical analytical method.

3.2 Study area

This study was conducted in Njombe District located in the southern highlands in Tanzania. The district was selected because, according to the Bank of Tanzania (BOT), it was among districts associated with economic growth and development (BOT, 2020), and the same is among the area impacted by COVID-19, and is the place which was easily reachable by researcher for data collection and time factor.

3.3 Study Population

Population can be defined as a total element of an entire society or community with the characteristics that enables the researcher to learn from within a perspective of a particular research problem (D'Souza & Jolliffe, 2017). The study obtained information from two operating

Microfinance Banks in Njombe in Districts. Therefore, the targeted population was 137 respondents.

3.4 Sampling Techniques

The researcher used Simple random probability sampling technique in order to attain a sample size required for data collection. whereby clustering of samples was conducted. The technique used because the sample was homogeneous (Marshall &Ross man, 2016).

3.5 Sample size

Sample size can be defined as a representative of the total population from which sample they are drawn (Mugenda, 2008). Moreover, researcher used the determined below sample size in conducting the study due to the number of limitations such as time and financial constraints (Creswell, 2012). In order to determine the sample size for quantitative research design, the study employed Yamane (1963) model. The formula is expressed as follows:

$$n = \frac{N}{1 + N.(e2)}$$

$Where;$

$N = Population\ size = 137$

$n = Sample\ size = ?$

$e = Level\ of\ precision = 5\% = 0.05$

$$n = \frac{137}{1 + 102.(0.0025)}$$

$$n = \frac{137}{1 + (137).(0.0025)}$$

$$n = \frac{137}{1 + 0.3425}$$

$$n = Sample\ size\ =\ 102$$

3.6 Data Types and Data Collection Methods

In this study researcher used both primary and secondary types as planned so as to meet the study objectives. The researcher intended to use both types of data so as to triangulate the results and to obtain the competitive advantages from both primary and secondary data types in general in order to meet the key objectives of this study.

3.6.1 Primary Data

Since primary data are that first-hand information for research work. (Cooper & Schindler, 2008). Open and closed questionnaires advocated to respondents so that information aligned to research questions get obtained.

3.6.2 Secondary Data

Secondary data includes processed information that has been collected and published by other scholars and professionals for learning purpose or any other business facts (Flick, 2009). Therefore, Published Audited financial reports used as source of secondary data to get compared with financial results obtained from primary sources.

3.7 Data analysis Methods

Data analysis refer to the process of edit, adjustment, classification, summarization and expression of concept or meaning of data (Collis & Hussey, 2009). Moreover, the study employed both the qualitative and quantitative data analysis techniques. Once the questionnaire received, were coded and edited for completeness and consistency. Data collected was be analyzed using both quantitative and qualitative approaches. The data was collected from questionnaire coded and entered into the computer using Statistical Package for Social Sciences (SPSS) version 16.0. This technique provides a broad range of capabilities for the entire analytical process (Kombo & Tromp, 2011).

The researcher used correlation analysis to establish the relationship between the variables. The aim of doing correlation analysis was to obtain allow the study to make a prediction on how a variable deviate from the normal. Moreover, the study also employed regression analysis which is used when the study involved modelling and analyzing variables include a dependent variable and more than one independent variables in order to gives out the meaningful conclusions of the phenomenon under study (Goertz, 2006).Similarly, descriptive analysis such as frequencies and percentage used to present qualitative data in form of frequency distribution tables so as to give a clear understanding and interpretation using inferential analysis. The study employed regression model since it is able to relate dependent variable with more than one independent variables as shown in the equation below.

Fin Stab= α+b1Outr+b2Eff+b3Port + b3PortRisk+ e

Whereby,

Y is the Dependent Variable (financial stability)

Xs are Independent Variables (Level of Outreach, Management efficiency, Loan Portfolio, and Portfolio Risk). Therefore, this can be presented as **$FinStab=\alpha+b_1Outr+b_2Eff+b_3Port + b_3PortRisk+e$** in which the Outr= Level of Outreach, Eff= Management efficiency, Port=Loan Portfolio, PortRisk= Portfolio Risk

3.8 Reliability

Reliability can be defined as the extent to which data collection methods can produce similar and reliable results upon repeated trials (Kilangi, 2012). Researcher used the Cronbach's coefficient alpha in measuring the internal consistency scale, however the minimum level for Cronbach's coefficient alpha values for the internal consistency of scale to be consistent is 0.7 (Collis & Hussey, 2009).

Hence the researcher placed greater care in constructing questionnaires in order to test the variables in a given conceptual research framework constructed from previous studies.

3.9 Validity

Validity is the extent to which the concept one wishes to measure is actually being measured by particular scale that is the extent to which an account accurate represents the social phenomenon to which it refers. (Gray, 2009). However, for the purpose of this study validity is taken to show how well the data collection method have measured what intended and also to show the extent of the accuracy of the research findings which was be accomplished by hiring Delphi technique (Kombo & Tromp, 2006).

CHAPTER FOUR

PRESENTATION OF FINDINGS, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter presents data analysis, findings and discussion of respondents' age, sex, education level, current position, work experience and discussion of the specific objectives of the study. The specific objectives of the study were: to examined the relationship between level of outreach and financial sustainability of microfinance banks, to determine influence of management efficiency on financial sustainability, to estimate influence of size of loan portfolio on sustainability, to determine the effects of level of outreach, management efficiency, loan size and portfolio at risk on financial sustainability.

4.2 Demographic Characteristics of Respondents

This information is crucial for the study as it helped to weigh the trustworthiness of the respondents in answering the questions or questionnaire provided to them concerning the Microfinance business sustainability after COVID 19 pandemic focusing on Vision Fund and Finca microfinance banks in Njombe District in Tanzania.

4.2.1 Age of Respondents

This study sought to establish the age of the respondents as shown in Table 4.1.

Table 4. 1 Age of Respondents

	Frequency	Percent (%)
21-39 years	57	55.9
40-59 years	30	29.4
60 and above	15	14.7
Total	102	100.0

Source: Field data (2023)

The study indicate that 14.7% respondents were aged between 60 years and above while 55.9% respondents were aged between 21-39 years. At the same time 29.4% respondents were aged between 40-59 years. Findings indicates that the majority of the respondents of Vision Fund and Finca microfinance banks in Njombe District are grownups, hence they could provide accurate and reliable answers due to their adultness.

4.2.2 Sex of Respondents

The study sought to establish the sex of the respondents as shown in Table 4.2.

Table 4. 2 Sex of Respondents

	Frequency	Percent (%)
Male	69	67.6
Female	33	32.4
Total	102	100.0

Source: Field data (2023)

Results in Table 4.2 indicate that 67.6% respondents are male while 32.4% are female. The analysis indicates that majority of the respondents 67.6% are male but the ratio does not differ much. The researcher observed gender equality in order to obtain balanced information from both gender.

4.2.3 Education Level of Respondents

The study sought to establish the education levels of the respondents as shown in Table 4.3.

Table 4. 3 Education Level of Respondents

	Frequency	Percent (%)
Certificate	17	16.7
Diploma	18	17.6
Bachelor Degree	51	50.0
Master's Degree	16	15.7
Total	102	100.0

Source: Field data (2023)

Results in Table 4.3 indicate that 16.7% respondents had Certificate level of education while 17.6% respondents had Diploma level of education, 15.7% respondents had Master's degree and 50.0% respondents had Bachelor degree level of education. The findings indicate that the majority of the respondents (50.0%) had Bachelor degree level of education. This shows that most of the Vision Fund and Finca microfinance banks in Njombe District respondents were educated but they could provide accurate information regarding the study.

4.2.4 Respondents' Current Position in an Organization

The study sought to establish the respondents' current position in an organizations shown in Table 4.4.

Table 4. 4 Respondents' Current Position in an Organization

	Frequency	Percent (%)
Head of Department	6	5.9
Head of Unit	14	13.7
Principal Officer	12	11.8
Senior Officer	23	22.5
Officer	47	46.1
Total	102	100.0

Source: Field data (2023)

The findings show that 5.9% respondents had positions of Head of department at Vision Fund and Finca Microfinance Banks in Njombe District for treatment while 13.7% had Head of unit,11.8% had Principal Officer, 46.1% had Officer and 22.5% had senior officer. The analysis indicates that the majority of the respondents (46.1%) had positions of Officers.

4.2.5 Work Experiences of Respondents

The study sought to establish Work Experiencesof the respondents who participated in the present study as shown in Table 4.5.

Table 4. 5 Work Experiences of Respondents

	Frequency	Percent (%)
Below 1 year	19	18.6
1-5 years	30	29.4
6-10 years	39	38.2
More than 10 years	14	13.7
Total	102	100.0

Source: Field data (2023)

The findings indicate that 18.6% respondents had Below 1-year work experience while 29.4% had 1-5 years,38.2% had 6-10 years,and 13.7% had More than 10 years. The analysis indicates that the majority of the respondents (38.2%) had 6-10 years of work experiences at Vision Fund and Finca Microfinance Banks in Njombe District.

4.3 Data Presentation and Analysis of the Research Findings

This section presents data and analysis of the research findings. The research aimed at assessing the Determinants Microfinance business sustainability after COVID 19 pandemic, with a specific case of the Vision Fund and Finca Microfinance Banks in Njombe District. The study was guided by the four objectives: to examine the relationship between level of outreach and financial sustainability of microfinance banks, to determine influence of management efficiency on financial sustainability, to estimate influence of size of loan portfolio on sustainability, to determine the effects of level of outreach, management efficiency, loan size and portfolio at risk on financial sustainability. The study employed questionnaire and interview as data collection tools or techniques.

4.3.1 Level of Outreach

The first objective of the study was to examine the relationship between level of outreach and financial sustainability of microfinance banks. In this objective, the researcher employed questionnaire to the respondents to the Vision Fund and Finca Microfinance Banks in Njombe District. The purpose of this objective was to acquire information regarding the level of outreach and financial sustainability of microfinance banks. Likert scale was used in the questionnaire to find out whether there is positive relationship between level of outreach and financial sustainability of microfinance banks.

Does the level of outreach affect the sustainability in your MFI?

The researcher was interested in finding out whether the the level of outreach affect the sustainability MFIs after COVID-19. The following table provides the findings:

Table 4. 6 Does the level of outreach affect the sustainability in your MFI?

	Frequency	Percent(%)
Yes	54	52.9
No	48	47.1
Total	102	100.0

Source: Field data (2023)

The findings indicate that out of 102 (100%) respondents, 54 (52.9%) respondents say yes the level of outreach affect the sustainability in their MFIsafter COVID-19 while 48(47.1%) respondents say no that the level of outreach does not affect the sustainability in their MFI after COVID-19 as shown in Table 4.6 above. The analysis indicates that the majority of the respondents 54 (52.9%) agree (yes) with the statement that the level of outreach affect the sustainability in their MFI after COVID-19.

Breadth of outreach affect the financial sustainability of Microfinance Banks

Through Likert scale, the researcher wanted to find out whether Breadth of outreach affect the financial sustainability of Microfinance Banks. The following table provides the findings:

Table 4. 7 Breadth of outreach affect the financial sustainability of Microfinance Banks

	Frequency	Percent(%)
Strong Agree	28	27.5
Agree	32	31.4
Neutral	23	22.5
Disagree	12	11.8
Strong Disagree	7	6.9
Total	102	100.0

Source: Field data (2023)

The findings indicate that out of 102(100%) of the respondents, 7 (6.9%) respondents strongly disagreed while 12 (11.8%) respondents disagreed. Additionally, 23(22.5%) respondent was Neutral, while 32 (31.4%) respondents agreed and 28 (27.5%) strongly agreed as shown in Table 4.7 above. The analysis indicates that the majority of the respondents 60 (58.9%) either strongly agreed or agreed that breadth of Outreach affect the Financial Sustainability of Microfinance Banks. This suggests that at the Vision Fund and Finca Microfinance Banks in

Njombe District breadth of Outreach affect the Financial Sustainability of Microfinance Banks after COVID-19.

Depth of outreach affect the financial sustainability of Microfinance Banks

The researcher was eager to know from the respondents whether the Depth of outreach affect the financial sustainability of Microfinance Banks. The following table provides the findings.

Table 4. 8 Depth of outreach affect the financial sustainability of Microfinance Banks

	Frequency	Percent (%)
Strong Agree	34	33.3
Agree	23	22.5
Neutral	20	19.6
Disagree	11	10.8
Strong Disagree	14	13.7
Total	102	100.0

Source: Field data (2023)

The findings indicate that out of 102 (100%) respondents, 14 (13.7%) respondents strongly disagreed that depth of outreach affect the financial sustainability of Microfinance Banks. On the other hand, 11 (10.8%) respondents disagreed, while 20 (19.6%) respondents were Neutral, 23 (22.5%) respondents agreed and 34 (33.3%) strongly agreed as shown in Table 4.8 above. The analysis indicates that the majority of the respondents 57 (55.8%) either strongly agreed or agreed that depth of outreach affect the financial sustainability of Microfinance Banks. This suggests that the Vision Fund and Finca Microfinance Banks in Njombe District depth of outreach affect the financial sustainability of Microfinance Banks after COVID-19.

4.3.2 Management efficiency

The second specific objective of the study was to determine the influence of management efficiency on financial sustainability. In this objective, the researcher employed questionnaire to respondents to the Vision Fund and Finca Microfinance Banks in Njombe District. The purpose of this specific objective was to acquire information regarding influence of management efficiency on financial sustainability. Likert scale was used in the questionnaire to find out whether there is influence of management efficiency on financial sustainabilityatVision Fund and Finca Microfinance Banks in Njombe District after COVID-19.

Do you think the management efficiency affects the sustainability of your MFI?

The researcher wanted to find out whether the management efficiency affects the sustainability of your MFI. The following table provides the findings

Table 4. 9 Do you think the management efficiency affects the sustainability of your MFI?

	Frequency	Percent (%)
Yes	68	66.7
No	34	33.3
Total	102	100.0

Source: Field data (2023)

The findings indicate that out of 102 (100%) respondents, 68 (66.7%) respondents say yes the management efficiency affects the sustainability in their MFI after COVID-19 while 34 (33.3%) respondents say no that the management efficiency does affects the sustainability in their MFI after COVID-19 as shown in Table 4.9 above. The analysis indicates that the majority of the respondents 54 (52.9%) agree (yes) with the statement that the management efficiency affects the sustainability in their MFI after COVID-19.

Profit generation attracts financial sustainability to Microfinance Banks

Through the questionnaire, the researcher wanted to find out whether the Profit generation attracts financial sustainability to Microfinance Banks. The following table provides the findings:

Table 4. 10 Profit generation attracts financial sustainability to Microfinance Banks

	Frequency	Percent (%)
Strong Agree	42	41.2
Agree	27	26.5
Neutral	12	11.8
Disagree	13	12.7
Strong Disagree	8	7.8
Total	102	100.0

Source: Field data (2023)

The findings indicated that out of 102 (100%) respondents, 8 (7.8%) strongly disagreed that the Profit generation attracts financial sustainability to Microfinance Banks. On the other hand, 13 (12.7%) respondents disagreed, 12 (11.8%) were Neutral, 27 (26.5%) agreed and 42 (41.2%) strongly agreed that the Profit generation attracts financial sustainability to Microfinance Banks as shown in Table 4.14 above. The analysis indicates that the majority of the respondents 69 (67.7%) either strongly agreed or agreed that the Profit generation attracts financial sustainability to Microfinance Banks. This suggests that the officials at the Vision Fund and Finca Microfinance Banks in Njombe District the Profit generation attracts financial sustainability to Microfinance Banks after COVID-19.

Rate of productivity affects financial sustainability to Microfinance Banks

The study sought to find out whether the rate of productivity affects financial sustainability to Microfinance Banks. The following table provides the findings:

Table 4. 11 Rate of productivity affects financial sustainability to Microfinance Banks

	Frequency	Percent (%)
Strong Agree	36	35.3
Agree	30	29.4
Neutral	13	12.7
Disagree	17	16.7
Strong Disagree	6	5.9
Total	102	100.0

Source: Field data (2023)

The findings indicate that out of 102 (100%) respondents, 6 (5.9%) strongly disagreed that the rate of productivity affects financial sustainability to Microfinance Banks. On contrast, 17 (16.7%) respondents disagreed, 13(12.7%) were Neutral, 30 (29.4%) agreed and 36 (35.3%) respondents strongly agreed that therate of productivity affects financial sustainability to Microfinance Banks as shown in Table 4.11 above. The analysis indicated that the majority of the respondents 66 (64.7%) either strongly agreed or agreed that therate of productivity affects financial sustainability to Microfinance Banks. This suggests that the respondents at the Vision Fund and Finca Microfinance Banks in Njombe District the rate of productivity affects financial sustainability to Microfinance Banks after COVID-19.

4.3.3 Size of Loan Portfolio

The third and last specific objective of the study was to estimate influence of size of loan portfolio on sustainability. In this objective, the researcher employed questionnaire to respondents and interview to the Vision Fund and Finca Microfinance Banks in Njombe District. The purpose of this specific objective was to acquire information regarding the influence of size of loan portfolio on sustainability. Likert scale was used in the questionnaire to find out whether there is the influence of size of loan portfolio on sustainability at Vision Fund and Finca Microfinance Banks in Njombe District after COVID-19.

Do you think Loan portfolio affects the efficiency and sustainability of your MFI?

Through the Likert scale, the researcher wanted to find out whether the Loan portfolio affects the efficiency and sustainability of your MFI at the Vision Fund and Finca Microfinance Banks in Njombe District. The following table provides the findings:

Table 4. 12 Do you think Loan portfolio affects the efficiency and sustainability of your MFI?

	Frequency	Percent (%)
Yes	67	65.7
No	35	34.3
Total	102	100.0

Source: Field data (2023)

The findings indicate that out of 102 (100%) respondents, 67 (65.7%) respondents say yes the Loan portfolio affects the efficiency and sustainability in their MFI after COVID-19 while 35 (34.3%) respondents say no thatthe Loan portfolio does affects the efficiency and sustainability in their MFI after COVID-19 as shown in Table 4.12 above. The analysis indicates that the majority of the respondents 67 (65.7%) agree (yes) with the statement that the Loan portfolio affects the efficiency and sustainability in their MFI after COVID-19.

Prepayment speed affects financial sustainability of the Microfinance Banks

The researcher wanted to find out whether the Prepayment speed affects financial sustainability of the Microfinance Banks. The following table provides the findings:

Table 4. 13 Prepayment speed affects financial sustainability of the Microfinance Banks

	Frequency	Percent (%)
Strong Agree	33	32.4
Agree	28	27.5
Neutral	22	21.6
Disagree	11	10.8
Strong Disagree	8	7.8
Total	102	100.0

Source: Field data (2023)

The findings indicate that out of 102 (100%) respondents, 8 (7.8%) strongly disagreed that the Prepayment speed affects financial sustainability of the Microfinance Banks. Furthermore, 11 (10.8%) disagreed, 22 (21.6%) were Neutral, 28 (27.5%) agreed and 33(32.4%) respondents strongly agreed that the Prepayment speed affects financial sustainability of the Microfinance Banks as shown in Table 4.13 above. The analysis indicates that the majority of the respondents 61 (59.9%) either agreed or strongly agreed that the Prepayment speed affects financial sustainability of the Microfinance Banks. This implies at Vision Fund and Finca Microfinance Banks in Njombe District the Prepayment speed affects financial sustainability of the Microfinance Banks after COVID-19.

Market rate of return affects the financial stability of Microfinance Banks

The researcher wanted to find out whether the Market rate of return affects the financial stability of Microfinance Banks. The following table provides the findings:

Table 4. 14 Market rate of return affects the financial stability of Microfinance Banks

		Frequency	Percent (%)
	Strong Agree	42	41.2
	Agree	31	30.4
	Neutral	17	16.7
	Disagree	9	8.8
	Strong Disagree	3	3.0
Total		102	100.0

Source: Field data (2023)

The findings indicate that out of 102 (100%) respondents, 3(3.0%) strongly disagreed that the market rate of return affects the financial stability of Microfinance Banks. On the other hand, 9(8.8%) disagreed, 17 (16.7%) respondents were Neutral, 31 (30.4%) agreed and 42 (41.2%) respondents strongly agreed that the market rate of return affects the financial stability of Microfinance Banks as shown in Table 4.14 above. The analysis indicated that the majority of the respondents 73 (71.6%) either strongly agreed or agreed that the market rate of return affects the financial stability of Microfinance Banks. This suggests at Vision Fund and Finca Microfinance Banks in Njombe District the market rate of return affects the financial stability of Microfinance Banks after COVID-19.

4.3.4 Portfolio Risk

The four and last specific objective of the study was to the effects of level of outreach, management efficiency, loan size and portfolio at risk on financial sustainability. In this objective, the researcher employed questionnaire to respondents of the Vision Fund and Finca Microfinance Banks in Njombe District.

The purpose of this specific objective was to acquire information regarding the effects of level of outreach, management efficiency, loan size and portfolio at risk on financial sustainability. Likert scale was used in the questionnaire to find out whether there were the effects of level of outreach, management efficiency, loan size and portfolio at risk on financial sustainability at Vision Fund and Finca Microfinance Banks in Njombe Districtafter COVID-19.

Do you think Portfolio Risk affects the sustainability of your MFI?

Through the likert scale, the researcher wanted to find out whether the portfolio Risk affects the sustainability of your MFI at the Vision Fund and Finca Microfinance Banks in Njombe District. The following table provides the findings:

Table 4. 15 Do you think Portfolio Risk affects the sustainability of your MFI?

	Frequency	Percent (%)
Yes	53	52.0
No	49	48.0
Total	102	100.0

Source: Field data (2023)

The findings indicate that out of 102 (100%) respondents, 53 (52.0%) respondents say yes the theportfolio Risk affects the sustainability in their MFI after COVID-19 while 35 (34.3%) respondents say no thatthe portfolio Risk does not affects the sustainability in their MFI after COVID-19 as shown in Table 4.15 above. The analysis indicates that the majority of the respondents 49 (48.0%) agree (yes) with the statement that the portfolio Risk affects the sustainability in their MFI after COVID-19.

Challenges Facing Microfinance Sustainability in Tanzania

The researcher wanted to find out theChallenges Facing Microfinance Sustainability in Tanzania a case study ofVision Fund and Finca Microfinance Banks in Njombe District was making accurate diagnosis always. The following table provides the findings:

Table 4. 16 Challenges Facing Microfinance Sustainability in Tanzania

	Frequency	Percent (%)
Problem of Management	19	18.6
Institutional Structure	12	11.8
Lack of Business Skills	18	17.6
Markets For Clients Products	23	22.5
High Interest Rate	30	29.4
Total	102	100.0

Source: Field data (2023)

The findings indicate that out of 102(100%) respondents, 19 (18.6%) of respondents said that problem of management is the one the challenges facing microfinance sustainability in Tanzania, 12 (11.8%) of respondents said that Institutional Structure is the one the challenges facing microfinance sustainability at Vision Fund And Finca Microfinance Banks In Njombe District, 18 (17.6%) of respondents said that Lack of Business Skills is the one the challenges facing microfinance sustainability, 23 (22.5%) of respondents said that Markets For Clients

Products is the one the challenges facing microfinance sustainability, 30 (29.4%) of respondents said that High Interest Rate is the one the challenges facing microfinance sustainability at Vision Fund And Finca Microfinance Banks In Njombe District. This suggests the main challenge facing microfinance sustainability in Tanzania after COVID-19 was high interest rates on loans provided by those Microfinance Banks to borrowers.

4.4 Regression Analysis

Regression analysis was used to determine, estimated, and examineMicrofinance business sustainability after COVID-19 pandemic focusing on Vision Fund and Finca microfinance banks in Njombe District in Tanzania (level of outreach, portfolio risk, size of loan portfolio and management efficiency) used for the study. This was essential in measuring the extent to which changes in one or more variables together affected changes in another variable. This regression analysis was applied to generate an equation applied to the independent variables in order to best anticipate the dependent variable in the model.

Every dependent variable is related with a regression coefficient defining the strength and the sign of that variables relationship to the dependent variable.

4.4.1 Model Summary

The independent variables that were studied explain only 86.5% of the dependent variables as represented by the R square in Table 4.31. Consequently, means that other factors that were not studied in this study contributed 13.5%. Therefore, further studies should be directed to assess other determinants of Microfinance business sustainability after COVID-19 pandemic focusing on Vision Fund and Finca microfinance banks in Njombe District in Tanzania.

Table 4. 17 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.930[a]	.865	.860	.186

A. Predictors: (Constant), Portfolio risk, Level of outreach, Management efficiency, Size of loan portfolio

Source: Field data (2023)

4.4.2 Analysis of Variance (ANOVA)

The significance value is 0.000 which is less than 0.05. Hence, the model is statistically significant in predicting determinants of Microfinance business sustainability after COVID-19 pandemic focusing on Vision Fund and Finca microfinance banks in Njombe District in Tanzania as shown in Table 4.18 below.

Table 4. 18 Analysis of Variance (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.517	4	5.379	155.520	.000[a]
	Residual	3.355	97	.035		
	Total	24.873	101			

A. Predictors: (Constant), Portfolio risk, Level of outreach, Management efficiency, Size of loan portfolio

B. Dependent Variable: Financial stability

4.4.3 Significance of Coefficients

Coefficients of determination explains the extent to which changes in the dependent variable (Financial Stability) can be explained by the change in the independent variables (Level of Outreach, Management efficiency, Size of Loan Portfolio and Portfolio Risk) variation in the dependent variable that is explained by all the four independent variables as shown in Table 4.19 below.

Table 4. 19 Significance of Coefficients

Model		Un standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.140	.081		1.719	.089
	Level of outreach	-.102	.038	-.103	-2.660	.009
	Size of loan portfolio	.056	.099	.057	.568	.571
	Management efficiency	.427	.059	.407	7.293	.000
	Portfolio risk	.525	.108	.531	4.846	.000

a. Dependent Variable: Financial stability

As per the SPSS generated Table 4.19, the equation (**$FinStab=\alpha+b_1Outr+b_2Eff+b_3Port$** + **$b_3PortRisk+e$**) becameFinStab = 0.140 + -0.102 Outr+ 0.056 Eff+0.427 Port + 0.525 Port Risk + ε

Whereby FinStab= Financial Stability

Outr= Level of Outreach

Eff= Management efficiency

Port= Size of Loan Portfolio

PortRisk= Portfolio Risk

According to the regression equation established, taking all the independent variables into constant at zero, Size of Loan Portfolioon Microfinance business sustainability after COVID-19 pandemic focusing on Vision Fund and Finca microfinance banks in Njombe District in Tanzaniawas 56%. The findings show that a unit increase in Management efficiencywould lead to 42.7% increases in the Financial Stabilityon Microfinance business sustainability after COVID-19 pandemic focusing on Vision Fund and Finca microfinance banks in Njombe District in Tanzania. A unit increase in Portfolio Riskwould lead to 52.5% increases in the Financial Stability on Microfinance business sustainability after COVID-19 pandemic focusing on Vision Fund and Finca microfinance banks in Njombe District in Tanzania. A unit increase in Level of Outreachwould lead to 10.2 % decrease in the Financial Stability on Microfinance business sustainability after COVID-19 pandemic focusing on Vision Fund and Finca microfinance banks in Njombe District in Tanzania.

4.5 Correlation Analysis

Correlation analysis was used to determine, estimated, and examine Microfinance business sustainability after COVID-19 pandemic focusing on Vision Fund and Finca microfinance banks in Njombe District in Tanzania (level of outreach, portfolio risk, size of loan portfolio and management efficiency) used for the study. This was essential in measuring the extent to which independent variables are related to each other.

Table 4. 20 Correlation coefficients

		Level of outreach	Size of loan portfolio	Management efficiency	Portfolio risk
Level of outreach	Pearson Correlation	1	.042	.083	-.042
	Sig. (2-tailed)		.678	.405	.678
	N	102	102	102	102
Size of loan portfolio	Pearson Correlation	.042	1	.680**	.925**
	Sig. (2-tailed)	.678		.000	.000
	N	102	102	102	102
Management efficiency	Pearson Correlation	.083	.680**	1	.735**
	Sig. (2-tailed)	.405	.000		.000
	N	102	102	102	102
Portfolio risk	Pearson Correlation	-.042	.925**	.735**	1
	Sig. (2-tailed)	.678	.000	.000	
	N	102	102	102	102

4**. Correlation is significant at the 0.01 level (2-tailed).

From the table 4.34 above, findings show a strong significant positive relationship between the variables (r0.680), P>0.01) which presuppose that if Vision Fund and Finca microfinance banks in Njombe District in Tanzania ensures maintenance on Size of loan portfolio, the Management efficiency will surely be increased by 68.0 %. Therefore 32% is the gap that needs to be closed by in the Vision Fund and Finca microfinance banks in Njombe District in Tanzania. also the findings show a strong significant positive relationship between the variables (r0.735), P>0.01) which presupposed that if Vision Fund and Finca microfinance banks in Njombe District in Tanzania ensures maintenance on Portfolio risk, the Management efficiency will surely be increased by 73.5 %. Therefore 26.5% is the gap that needs to be closed by in the Vision Fund and Finca microfinance banks in Njombe District in Tanzania. also the findings show a strong significant positive relationship between the variables (r0.925), P>0.01) which presupposed that if Vision Fund and Finca microfinance banks in Njombe District in Tanzania ensures maintenance on Portfolio risk, the Size of loan portfolio will surely be increased by 92.5 %. Therefore7.5% is the gap that needs to be closed by in the Vision Fund and Finca microfinance banks in Njombe District in Tanzania.

4.4.5 Discussion of the Findings

Looking at the first objective, the study sought to examine the relationship between level of outreach and financial sustainability of microfinance banks. From the findings, the significant value of level of outreach is 0.009 which is less than 0.05. Hence, the level of outreach is statistically significant in predicting the financial sustainability of microfinance banks in Tanzania.

In the second objective, the study sought to determine influence of management efficiency on financial sustainability. From regression findings, the significance value of management efficiency is 0.000 which is less than 0.05. Hence, the management efficiency was significant in predicting the financial sustainability of microfinance banks in Tanzania. This result is in line with the study conducted by Potluri and Zekele (2009) who investigated the influence of management efficiency to financial sustainability of microfinance banks.

The third objective the study sought to estimate influence of size of loan portfolio on sustainability. From the regression findings, the significant value of size of loan portfolio was 0.571 which is greater than 0.05.Hence, size of loan portfolio is not statistically significant in predicting the factors/ determinants influencing financial sustainability of microfinance banks in Tanzania. From bankers' perspective, a microfinance institution is said to have reached sustainability when the operating income from the loan is sufficient to cover all the operating costs (Sharma and Nepal, 1997).

The four objective the study sought to determine the effects of level of outreach, management efficiency, loan size and portfolio at risk on financial sustainability. From regression findings, the significance value of portfolio risk is 0.000 which is less than 0.05. Hence, the portfolio risk was significant in predicting the financial sustainability of microfinance banks in Tanzania.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.1 Summary of the Findings

From the analysis the following summary, conclusions and recommendations were made. The analysis was based on the objectives of the study. The study sought to assess the Determinants of Microfinance Sustainability after Covid-19: A Comparative Study of Vision Fund and Finca Microfinance Bank in Njombe District.

From the research, the researcher found that from regression findings, the significance value of management efficiency is 0.000 which is less than 0.05. Hence, the management efficiency was significant in predicting the financial sustainability of microfinance banks in Tanzania, from regression findings, the significance value of portfolio risk is 0.000 which is less than 0.05. Hence, the portfolio risk was significant in predicting the financial sustainability of microfinance banks in Tanzania, From the regression findings, the significant value of size of loan portfolio was 0.571 which is greater than 0.05. Hence, size of loan portfolio is not statistically significant in predicting the factors/ determinants influencing financial sustainability of microfinance banks in Tanzania, from the findings, the significant value of level of outreach is 0.009 which is less than 0.05. Hence, the level of outreach is statistically significant in predicting the financial sustainability of microfinance banks in Tanzania. The independent variables that were studied explain only 86.5% of the dependent variables as represented by the R square in Table 4.31. Consequently, means that other factors that were not studied in this study contributed 13.5%. Therefore, further studies should be directed to assess other determinants of Microfinance business sustainability after COVID-19 pandemic focusing on Vision Fund and Finca microfinance banks in Njombe District in Tanzania.

Also from the research, the researcher found that the analysis indicated that the majority of the respondents 73 (71.6%) either strongly agreed or agreed that the market rate of return affects the financial stability of Microfinance Banks. This suggests at Vision Fund and Finca Microfinance Banks in Njombe District the market rate of return affects the financial stability of Microfinance Banks after COVID-19, The analysis indicates that the majority of the respondents 61 (59.9%) either agreed or strongly agreed that the Prepayment speed affects financial sustainability of the Microfinance Banks. This implies at Vision Fund and Finca Microfinance Banks in Njombe District the Prepayment speed affects financial sustainability of the Microfinance Banks after COVID-19, The analysis indicated that the majority of the respondents 66 (64.7%) either strongly agreed or agreed that the rate of productivity affects financial sustainability to Microfinance Banks. This suggests that the respondents at the Vision Fund and Finca Microfinance Banks in Njombe District the rate of productivity affects financial sustainability to Microfinance Banks after COVID-19, The analysis indicates that the majority of the respondents 60 (58.9%) either strongly agreed or agreed that breadth of Outreach affect the Financial Sustainability of Microfinance Banks. This suggests that at the Vision Fund and Finca Microfinance Banks in Njombe District breadth of Outreach affect the Financial Sustainability of Microfinance Banks after COVID-19, The analysis indicates that the majority of the respondents 57 (55.8%) either strongly agreed or agreed that depth of outreach affect the financial sustainability of Microfinance Banks. This suggests that the Vision Fund and Finca Microfinance Banks in Njombe District depth of outreach affect the financial sustainability of Microfinance Banks after COVID-19.

5.2 Conclusions

From the study, the researcher concluded that the government policies related to MFIs i.e. law that covers the microfinance in Tanzania, and the supervision and management efficiency of the microfinance institutions influences the success and the sustainability of the microfinance institutions.

It was also concluded that the size of loan and portfolio risk and repayment rate from the credit offered i.e. clients paying back loan on time also ensures the sustainability of microfinance institutions. This is because from the credit offered to the clients, the institutions get the interest, which is very necessary for the sustainability of these institutions.

5.3 Recommendations

From the findings and conclusions, the study recommends that microfinance institutions should open many branches so that they can be able to reach as many people as possible which will enhance their sustainability.

The study also recommends that for the microfinance institutions to survive well in the market, and also to ensure that they conform to the rules and regulations regarding registration, adherence to the government policies.

The researcher also recommends that the institutions should be run by qualified members of the management. There should be effective regulations and supervision of the operations of the microfinance institutions. The institutions should consider also attracting the poorest people in their regions by giving them loans at much lower interests and also the institutions should do a thorough vetting on their customers before advancing loans to them to ensure that they are creditworthy. They should increase client's base by introducing more products

5.4 Recommendations for Further Research

Further research should be conducted in other types of banks e.g. commercial banks to find out the determinants that influence their sustainability. The response rate should also be broadened in further studies in order to get more responses so that the researcher can make better generalizations.

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APPENDICIES

APPENDIX I: QUESTIONNAIRE

Dear Respondents,

I am **Bahati Bure Thomas** a Master's Degree student at Institute of Accountancy in Arusha (IAA) conducting an academic research *on "Determinants of Microfinance Sustainability after COVID-19".* I humbly request for your participation in this study. The information gathered will be useful for accomplishing research objectives and not for other purposes rather than academic purposes. Therefore, the researcher will ensure confidentiality of the information provided by not disclosing any identity of the respondent.

PART I: Respondents Characteristics

For each question below please "**cycle**" the appropriate "letter" that describe well your answer.

V101. What is your sex?

a) Male

b) Female

V102. What age group do you belong?

a) Below 20 years
b) 21-39 years
c) 40-59 years
d) 60 and above

V103. What is your level of education do you possess?

a) Certificate

b) Diploma

c) Bachelor degree

d) Master's degree

e) PhD

V104. What is your current position in your organization?

a) Head of department

b) Head of unit

c) Principal officer

d) Senior officer

e) Officer

V105. How long have you been working in the organization?

a) Below 1 year

b) 1-5 years

c) 6-10 years

d) More than 10 years.

6. How do you does the level of outreach affect the sustainability in your MFI? If Yes, How?

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………………………………………………………………………………………………………

7. Do you think Loan portfolio affects the efficiency and sustainability of your MFI? If Yes, How?

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8. Do you think the management efficiency affects the sustainability of your MFI? If Yes, How?

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9. Do you think Portfolio Risk affects the sustainability of your MFI? If Yes, How?

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10. What are the challenges facing microfinance sustainability in Tanzania?

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……………………………………………………………………………………………………

……………………………………………………………………………………………………

11. Does breadth of outreach affect the financial sustainability of Microfinance Banks?

(Please tick where applicable)

Strong agree	
Agree	
Neutral	
Disagree	
Strong Disagree	

12. Does depth of outreach affect the financial sustainability of Microfinance Banks?

(Please tick where applicable)

Strong agree	
Agree	
Neutral	
Disagree	
Strong Disagree	

13. Does profit generation attracts financial sustainability to Microfinance Banks?

(Please tick where applicable)

Strong agree	
Agree	
Neutral	
Disagree	
Strong Disagree	

14. Does the rate of productivity affects financial sustainability to Microfinance Banks?

(Please tick where applicable)

Strong agree	
Agree	
Neutral	
Disagree	
Strong Disagree	

15. Does prepayment speed affects financial sustainability of the Microfinance Banks.

(Please tick where applicable)

Strong agree	
Agree	
Neutral	
Disagree	
Strong Disagree	

16. Does market rate of return affects the financial stability of Microfinance Banks?

(Please tick where applicable)

Strong agree	
Agree	
Neutral	
Disagree	
Strong Disagree	

THANK YOU FOR YOUR TIME

APPENDIX II : RESEARCH BUDGET

SN	ITEM	DESCRIPTION	UNIT COST (TZS)	TOTAL COST(TZS)
1	Proposal Development	Proposal Writing and Binding		**100,000.00**
2	Questionnaire Production	Stationaries		100,000
3	Field Work	Allowances for the Researcher and four assistances for food and accommodation	60,000 X5	300,000
	Transport	Traveling to 7 District Councils	20,000x7x5	700,000
4.	Data processing	Allowance for data entry and cleaning supervision	20,000x5	100,000
5.	Data analysis	Allowance for a researcher in analyzing and writing	20,000x10	200,000
	Production of research	Printing, photocopying, and binding report	4 copies x 50,000	200,000
6.	Refreshments	Refreshments for members attending PRA discussions	20,000x10 members	200,000.00
7.	Report Submission and Publication	Publication fee		300,000.00
8.	Incidental (10%)	Emergencies		200,000.00
	TOTAL COST			**2,400,000.00**

APPENDIX III: IAA RESEARCH PERMIT LETTER

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.: MBA –LG/0018/2020 **19TH June 2023**

……………………………………

……………………………………

P.O.BOX………………………

……………………………………

Dear Sir/Madam,

RE : REQUEST FOR DATA COLLECTION

The purpose of this letter is to introduce to you **Ms. BAHATI BURE THOMAS** who is our student pursuing Masters of business administration in leadership and governance with registration number (MBA –LG/0018/2020). Currently, the aforementioned student is conducting a study on **"DETERMINANTS OF MICROFINANCE SUSTAINABILITY AFTER COVID-19: A COMPERATIVE STUDY OF VISION FUND AND FINCA MICROFINANCE BANK IN NJOMBE DISTRICT"**. 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 her to achieve study objectives. We further request permission for her to see and talk to the staff of your Institution in connection with her study. The period for this request is granted from June to end of August 2023.

Thank you for your continuing support.

Yours Sincerely,

INSTITUTE OF ACCOUNTANCY ARUSHA

DIRECTOR OF POSTGRA. STUDIES RESEARCH & CONSULTANCY
INSTITUTE OF ACCOUNTANCY ARUSHA
P.O. BOX 2798 ARUSHA, TANZANIA
TEL: 254 9412, FAX: 254 9421

Mishael Abduel

FOR: RECTOR

APPENDIX IV: IAA APPROVAL OF RESEARCH TOPIC

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

December, 2020

Dear Bahati B Thomas

RE: APPROVAL OF YOUR RESEARCH TOPIC

I am pleased to inform you that you're proposed Dissertation Topic on **why remarkable Closure of Bank Branches: A case study of NBC Ltd in Tanzania** has been approved. Your research Supervisor will be **Dr. Salia (0713560848).** You are supposed to work closely with your Research Supervisor in preparation of the research proposal.

I congratulate you for reaching this culminating stage of Graduate Studies and wish you all the best as you work on your proposal.

With this letter, I have attached the University Dissertation Writing Guideline, Master's research proposal status form, Students and Supervisor Logs to be filled every time you send document to your supervisor and when you receive the response from supervisor. This document will give us clear trend of your dissertation writing and it will determine the defense of the proposal.

Sincerely yours,

ELIAS MBUTI

FOR RECTOR

APPENDIX V: PLAGIARISM REPORT

Bahati Bure Thomas

ORIGINALITY REPORT

24%	21%	6%	11%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	scholar.mzumbe.ac.tz Internet Source	4%
2	repository.iaa.ac.tz:8080 Internet Source	2%
3	erepository.uonbi.ac.ke Internet Source	1%
4	www.iiste.org Internet Source	1%
5	dspace.iaa.ac.tz:8080 Internet Source	1%
6	nanzan-u.repo.nii.ac.jp Internet Source	1%
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