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Village Community Banks (VICOBA) and Members' Business Sustainability: Case study of Kunduchi Ward at Kinondoni District in Dar es Salaam

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ABSTRACT : *This study was conducted in Dar es Salaam at Kinondoni District. The main objective of the research was to analyse the contribution of VICOBA and members' business sustainability at Kunduchi Ward. It focused on members who own business in ten (10) VICOBA groups found in Kunduchi ward, whereby the members' businesses seems to be not performing well although VICOBA provide credits, trainings and supervision to its members. Literature review focuses on Entrepreneurship theory and Grameen model.*
A case study design was adopted with a sample size of seventy six (76) respondents through the Glenn sample size formula. The research used questionnaire to VICOBA members and interview guide to VICOBA trainers.
The research findings were based on credits, trainings and supervisions of VICOBA to its members' business, whereby VICOBA provide credits in a simple way but they have no enough business trainings and frequently supervision which lead to the failure of business performance.
The study came up with the conclusion that, provision of credits alone to VICOBA members does not make their businesses perform well but also there is a need for VICOBA to provide business skills and frequently supervision in order for the members to obtain right skills and operate their businesses under competitive environment.

I. INTRODUCTION

Despite, all bank operations being managed by VICOBA members themselves at the village/street level and model experts capacitate them with trainings on group leadership, business operation, risk management and entrepreneurship skills, still their income generating activities are not sustainable, and fail to develop their businesses.

However, VICOBA members' growth and development were mainly inhibited by access to finance, poor managerial skills, and lack of training opportunities and high cost of inputs (Cook &Nixson, 2000).Therefore, business has to consider the sustainability strategies as a means of business survival. Yunus (1984) argued that, whether like it or not sustainability offers both threats and opportunities for small businesses, and the potential impact on companies' long-term success.

According to the report by the government of Tanzania three organisations, namely SEDIT, Care International and WCRP played a great role in the formulation and growth of VICOBA in the country (URT, 2009). Basing on that fact, the government continued to implement the National Economic Empowerment Policy by disseminating it to the majority of citizens to enable them understand it and participate effectively in its implementation; provide training to entrepreneurs; sensitization on saving and investment, sensitization on formation of SACCOS and VICOBA; and conduct studies aiming at developing entrepreneurship skills, as well as initiating and improving economic activities (URT, 2011).

Financial Institutions continued to support Entrepreneurs by providing special trainings and supervision on how to manage loans they get from the financial institutions. Due to that some of the Entrepreneurswere forced to introduce Income Generating Activities (IGAs) in order to get a weekly or monthly interests. Unfortunately, they failed to get any supervision from Finance providers on how to conduct their IGAs in order to be successful. As a result, customers' IGAs were not sustainable and failed after sometime.

In general, the primary purpose of all credit programs for small and micro-enterprises is to raise the living standards of beneficiaries, their families and their communities through improved production in their businesses (Basu, 2005).

Therefore, the researcher finds that there is a gap between VICOBA and member's business sustainability, so the research analysed the contribution of VICOBA on member's business sustainability in Kunduchi Ward.

II. LITERATURE

Village

Village is the word which originates from old French, from "ville" farm from Latin villa (Oxford Dictionaries, 2014). A village is a small settlement usually found in rural setting, generally larger than a hamlet but smaller than a town, having between 500 to 2500 inhabitants (Stevenson, 2006; Websters-online-dictionary.org, Economic and Social Research Foundation, 2015 and Cambridge English Dictionary).In most parts of the world, villages are settlements of people or community clustered around a central point. A central point is most often a church, marketplace, or public space like open space or developed square, and a village organized in this way is called a nucleated settlement. Some villages are linear settlements. This line can be natural, such as a river bank or seashore. Also, villages are developed around a transportation route, such as a railroad line. In addition, there planned villages, outlined by city planners for purpose of easy provision of various services like education, health, local jobs and financial assistance by government or non government organizations. A village as settlements has primary activities such as farming, fishing, mining, livestock keeping, and trading centers. This was the case in most countries in the world before industrial revolution. The industrial revolution of the late 18th and early 19th centuries forever changed village life. As this happened, countless small villages grew into cities and towns as nucleated settlements build up around factories, where before industrialization many villages were build up around churches, schools or community centers (Taylor, C. 1984;Wild, M. T., 2004; Stevenson, 2006 and OECD, 2011).

Villages function as units of local government. In most countries including Tanzania, a village is an official administrative unit (Economic and Social Research Foundation, 2015; OECD, 2011; Wild, , 2004 and Stevenson, 2006). So, as an administrative unit is a single component of government, with its own leadership and services. Villages are normally permanent, with fixed dwellings; however, transient villages can occur.

Community

The term "community" is used extensively in almost all areas of our lives. The word "community" derives from the Old French comuneté which comes from the Latin communitas (from Latin communis, things held in common) (http://www.oxforddictionaries.com/definition/english/community) and has been used in the English language since the 14th century.

A community is commonly considered a social unit (a group of three or more people) who share something in common, such as norms, values, identity, and often a sense of place that is situated in a given geographical area (e.g. a village, town, or neighborhood). Although communities are usually small relative to personal social ties (micro-level), "community" may also refer to large group affiliations (or macro-level), such as national communities, international communities and virtual communities. The concept which was further developed in the 19th century to contrast the dynamics and relationships of residents within a local setting to that of larger and more complex industrial societies (Bakardjieva, 2008).

Thus, it refers to both the development of a social grouping and also the nature of the relationship among the members. The term is most often associated with one or more of the following characteristics: common people, as distinguished from those of rank or authority; a relatively small society; the people of a district; the quality of holding something in common
and a sense of common identity and characteristics.

In addition community is Self-organized network of people with common agenda, cause, or interest, who collaborate by sharing ideas, information, and other resources. (www.businessdictionary.com/definition/community.html).

Today, the following main types of communities have been identified by Delanty, 2003 and James, 2006. First, location-based communities where member share physical space, they range from the local neighbourhood, suburb, village, town or city, region, nation or even the planet as a whole. These are also called communities of place or Geographic communities. Second, identity-based communities in these communities' members choose to associate with each on the basis of a common interest or shared concerns. They are sometimes formed by self-identified members of a reference group based on characteristics outside of their control. They may be included as communities of need or identity, such as disabled persons. These are also called Communities of interest or are sometimes referred to as "communities within communities". Third, organizationally based communities which range from communities organized informally and associations to more formal incorporated associations, like, economic enterprises or professional associations at a small, national or international scale. Lastly are virtual communities which are groups of people that primarily interact via communication media rather than face to face. Their called an online community, if the mechanism is a computer network (Rheingold, 2008).

An individual can belong to several different communities at the same time. Communities can be healthy or unhealthy. In an unhealthy community there may be an environmental disaster, a high level of poverty, or entrenched conflict over a divisive community issue. A healthy community starts with broad community engagement, leadership, and the development of a shared vision and community goals, effective planning, local government commitment and collaborative use of internal and external resources. (www.librariesincommunities.ca/?page_id=3)

Bank

In Tanzania, a bank is an institution authorized to receive money on current account subject to withdrawal by cheque (http://www.bot.go.tz/BankingSupervision/registeredBanks.asp). Banks are licensed to deal with money and its substitutes by accepting time and demand deposits, making loans, act as an intermediary in financial transactions, and provide other financial services to its customers and investing in securities. The bank generates profits from the difference in the interest rates charged and paid (www.advfn.com/money-words_term_401_Bank.html).

Banks do many things, but their primary role is to take in funds—called deposits—from those with money, pool them, and lend them to those who need funds. Banks are intermediaries between depositors (who lend money to the bank) and borrowers (to whom the bank lends money). Depositors can be individuals and households, financial and nonfinancial firms, or national and local governments. Borrowers are the same (Gobat, 2012). Most banks are profit-making, private enterprises. However, some are owned by government, or are non-profit organizations.

The banking industry can be divided into following sectors, based on the clientele served and products and services offered. The classification includes: Community banks which are locally operated financial institutions that empower employees to make local decisions to serve their customers and the partners; Community development banks which are regulated banks that provide financial services and credit to under-served markets or populations;

Credit unions or co-operative banks are an important source of rural credit, governed by the provisions of State Cooperative Societies Act and meant essentially for providing cheap credit to their members, who meet criteria of the co-operative; Retail Banks also called savings banks provide basic banking services to all strata of the population, specifically to individual consumers. In other countries are called Building societies and Postal savings banks; and Commercial Banks which provide financial services to businesses. Others are Private Banks which manages the assets of high-net-worth individuals; Offshore banks located in jurisdictions with low taxation and regulation; Specialized Banks which are foreign exchange banks, industrial banks, development banks, export-import banks catering to specific needs of these unique activities. These banks provide financial aid to industries, heavy turnkey projects and foreign trade; Ethical banks that prioritize the transparency of all operations and make only what they consider to be socially responsible investments; A direct or internet-only bank which operate without any physical bank branches, conceived and implemented wholly with networked computers;Investment Banks which assists individuals, corporations and governments in raising capital by underwriting and/or acting as the client's agent in the issuance of securities; Thus, relate to activities on the financial markets; Islamic banks adhere to the concepts of Islamic law; and also Central banks which are normally government-owned and charged with quasi-regulatory responsibilities. They generally provide liquidity to the banking system and act as the lender of last resort in event of a crisis. Central banks are bankers' banks, like Bank of Tanzania.

Business

Business is an activity, which provides society (or others) needed goods and services at a profit. It is engaged in selling "needed" goods to society (Schlais, et al. 2011). People organise to achieve some goal or objective. It might be very long run complex plan such as establishing plants, equipment and a marketing force to dominate the World unto market.

Every business requires three basic resources to function and compete: ideas, people and money. In the World of business, those resources are configured and reconfigured over and over again to satisfy the needs and wants of the market.

The real arts of business is to take the basic resources-ideas, people and money-and get them working together as a growing, functional operation. Building a business requires the ability to understand and manage the network of interrelationships that delivering your product or service to the market requires (Capsim, 2015).

Village Community Banks (VICOBA)

In Tanzania, the acronym "VICOBA" for Village Community Bank was coined in September 2002. Social and Economic Development Initiative of Tanzania (SEDIT), CARE and The World Conference Religion and Peace (WCRP) are the major organizations that participated in coming up with the VICOBA concept and its acronym. The background of the acronym is a CARE international model developed in Niger, West Africa in 1991 (URT, 2009). According to SEDIT (2010) VICOBA is a grassroots based lending model, which focuses on fostering a participant's ability to innovate and manage viable income generating activities.
Thus, In addition, VICOBA is a non-traditional form of money-lending (Fisher &Sriram, 2004).

According to Bee, (2007), VICOBAs are groups of maximum 30 people that meet regularly, usually once per week, to save shares in the VICOBA and give loans to the members. Among the 30 people there is one chairperson, one secretary and one accountant. The members within the group are divided into sub-groups of five people to work as each other's referees when someone wants to take a loan, which together with the savings works as a collateral instead of other assets. VICOBAs are, as mentioned above, informal and not regulated or controlled in any governmental act or policy and the VICOBAs form their own rules and regulations.

VICOBA is a self-financing scheme needing no external funds as the group members work with their own capital mobilized through shares and other contributions. Matching loans may be provided to support substantial loaning during the first cycle. The system on financial transactions is quite simple and transparent. Documentation of the transactions is convenient even to the local people who are semi-illiterate. For example, symbols and illustrations are used to clarify some of the complex mathematical operations (Bee, 2007).

Unlike with the conventional Microfinance Institutions, levels of the interest rates are low (5% - 10%) and are decided by the members. Moreover, the interests paid are shared among the borrowers and thus increasing the range of benefits to the members. In this way, the interest earned on loans goes directly to the group. This demonstrates the focus of VICOBA on assisting the poor to improve their living standards through introducing some income generating activities.
Moreover, VICOBA groups are guided by regulations, procedures and by-laws formulated by their own members, and therefore promoting the sense of ownership. The consultants and field agents just provide guidance and advice in the process. The group leadership team is democratically elected from among the group members and serves voluntarily; this makes the leaders win the members' trust, respect and commitment to obeying their instruction (Bee. 2007).
The internal social pressure of the collateral groups of five (5) members each and that of the large group encourages members to mobilize weekly shares, reimburse loans on time and attend group meetings regularly. VICOBA scheme does not prevent its members to participate in other savings and credit activities run by other settings provided they continue abiding to the agreed by-laws, regulations and procedures.

Thus, VICOBA is a form of empowerment-based economics which falls under the larger umbrella of micro-finance. Micro-finance as a whole is focused on the entrepreneurship of individuals, generally with a goal of lifting low-income or disadvantaged groups out of poverty and providing the means for them to prosper (Tervalon and Murray-Garcia, 1998). The methodology is simple and easy to replicate. It builds on local capacities and is adapted to a wide variety of local cultural contexts. VICOBA has been implemented in many places of Tanzania and looks very different in individual settings or within unique groups.VICOBA MODEL is said to be a good TOOL to implement different policies, strategies, programs and projects (URT, 2010; SEDIT, 2008 & 2010; Kihongo, 2005 and Ngalemwa, 2013).

Furthermore, VICOBA members have been implementing Millenium Development Goals (MDGs),National Strategy for poverty Reduction (MKUKUTA), Tanzania vision 2025 financial inclusion strategies etc. This arrangement makes VICOBA groups the best economic building blocks (units) within both the rural and urban settings (URT, 2010; SEDIT, 2008 & 2010; Kihongo, 2005 and Ngalemwa, 2013).

According to Bee (2007), VICOBA scheme emphasizes on capacity building of its members in order to improve performance of their activities. Normally, before the onset of the VICOBA business operations, members attend capacity building training courses on basic savings & credit skills, business Selection, Planning and Management (SPM). Proportional sharing of revenue generated from loan interests and other group activities encourages further investment among the individual members. Therefore, this research underpinned with the Entrepreneurship Theory of Shane (2003) and Grameen Model of Professor Yunus Muhammad (1999).

Entrepreneurship Theory

The theory consists of opportunity discovery, evaluation of the opportunity and the decision to exploit the opportunity. Others elements of the theory include self-employment, business operation and performance.

The theory highlights four operational measures of performance which are survival, growth, profitability/income, and experiencing initial public offering. Survival refers to continuation of entrepreneurial activity while growth refers to increase in the venture's sales and employment. Profitability refers to new surplus of revenue over cost (Shane, 2003). For the purpose of this study the issue of experiencing initial public offering will not be discussed.

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 (Fotabong and Akanga ,2005; Shane, 2003). Entrepreneurs' ability to identify and tap such opportunities differs between entrepreneurs. It also depends on their ability to access information and willingness to act upon the information in terms of risk; that is their attitude (Shane, 2003). Individual attributes affect discovery of entrepreneurial opportunity. It is made up of psychological and demographic factors such as motives, attitude to risk, education and training, career experience, age and social status.

Changes in business environment such as economic, financial, political, legal, and socio-cultural factors also affect discovery of opportunity. For example, income level of the entrepreneur, capital availability, political stability, poor supervision, laws concerning private enterprise and property rights, and desire for enhanced social status by the entrepreneur could affect discovery of entrepreneurial opportunity.

Evaluation of the identified opportunity is another stage in the entrepreneurial process, and appropriate decision at this stage leads to the decision to exploit the opportunity (Shane, 2003). The decision to exploit the opportunity depends on the intention of the entrepreneur, and the appropriate measure of entrepreneurial decision-making is intention which leads to recognition of entrepreneurial opportunities (Shane, 2003). Exploitation of the opportunity depends on the entrepreneur's level of education, skills or knowledge acquired through work experience, social networks; credit (Shane, 2003).

Grameen Model

The Grameen Model was invented in 1976 by Professor Muhammad Yunus, the founder and Managing Director of Grameen Bank. The Model proved to be successful and today is practiced in more than 250 outlets of Grameen Bank in more than 100 countries (Yunus, 1999). The Grameen model was copied and modified many times according to the respective needs of regional markets and clients. Therefore many other models are extensions of, or derived from, the Grameen Model. Basically a new branch of the MFI is set up in a village with a Field Officer and some qualified workers, who have already done research on the population there in advance and made their choice according to its potential demand and its need of financial support. These employees of the MFI support then up to 15 to 20 villages in the surrounding and are strive to make the local, poor people aware of the microfinance possibilities through word of mouth and personal advisory (Yunus and Allan, 2007). The lending process is similar to the solidarity group approach. Groups of five are created. However in the beginning only two members of the group receive a loan.

Sustainability and profitability of MFIs are monitored for one month. The credibility of the group will then be based on the repayment performance of the first two individuals. If they are reliable and could pay back their loan, the remaining members qualify for a loan as well, since the group is jointly and severally liable for the single members. Given that loans are being correctly and timely repaid, the cycle of lending continues.

III. METHODOLOGY

Research Design

The case study design was applied in conducting the research because it is the most flexible of all research designs, allowing the researcher to retain the holistic characteristics of real-life events while investigating empirical events.

Sample size and Sample technique

Seventy six (76) respondents from VICOBA members and VICOBA trainers were involved in the study. This number was considered appropriate due to time and cost constraints. The probability or random sampling was adopted to select VICOBA members and VICOBA trainers.

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

Where; n =sample size

N=population size

e= the level of precision i.e. 0.1 (10%)

In this study the questionnaire was designed with questions which were primarily based on multiple item measurement scales. Questions were designed to evaluate business status and age of VICOBA members. Also, questions on source of capital, loans offered by VICOBA, its type and repayment period. In addition questions related to trainings and supervision offered by VICOBA to its members was designed. Data derived from questionnaire were analyzed by using SPSS and results presented in tables.

FINDINGS

The respondents marked one of the options that best reflects his/her opinion. Their responses are illustrated in Tables.

Table 1: Frequency distribution of business status

Business Status	Frequency	Percent
Well established	13	17.8
Young	27	37.0
Growing	21	28.8
Declining	12	16.4
Total	73	100.0

Source: Field Data, 2016

The table 1 illustrates that, 27(37.0%) of the respondents had businesses which are young. However, 21(28.8%) of the respondents had businesses which are growing, 13(17.8%) of the respondents had businesses which are well established, and 12(16.4%) of the respondents had businesses which are declining. This indicates that businesses of the VICOBA members are young because they lack entrepreneurship skills and supervision; therefore their businesses are not sustainable. There are businesses which are growing because of experiences from other businessmen. Moreover, there are other businesses which are well established because of the capital, skills and other factors which support business. However, there are businesses which are declining because they lack support from VICOBA trainers.

The researchers asked about the age of the VICOBA member's businesses. The responses found in Table 2.

Table 2: Frequency distribution of age of business in years

Age of Business in Years	Frequency	Percent
1 - 5 years	42	57.5
5 - 10 years	22	30.1
More than 10 years	7	9.6
Don't know	2	2.7
Total	73	100.0

Source: Field Data, 2016

Table 2 shows that, 42(57.5%) of the respondents had businesses which existed for 1 – 5 years, while 22(30.1%) of the respondents had businesses which established for 5 – 10 years. 7(9.6%) of the respondents had businesses which existed for more than 10 years and 2(2.7%) of the respondents did not remember the exactly years started their businesses. This indicates that, VICOBA members had businesses which existed from one to five years, which means that these businesses do not exist for the long time. They are falling after some time.

Source of capital of VICOBA members were asked and the responses are shown in Table 3.

Table 3: Frequency distribution of sources of capital

Sources of Capital	Frequency	Percent
Own Source	11	15.1
Loans	58	79.5
Grants	1	1.4
Other sources	3	4.1
Total	73	100.0

Source: Field Data, 2016

Table 3 shows that 58(79.5%) of the respondents satisfied with loan as a source of Capital, while 11(15.1%) of the respondents had their own source of Capital, 3(4.1%) were getting capital through other sources. 3(1.4%) of the respondents had grant as a source of Capital in their businesses. This indicates that VICOBA members preferred loans as source of capital when they establish their businesses. This can be because of an easiness of getting loans or they lack other source in respective areas.

Researchers also asked question about the source of loan of VICOBA members. The responses were illustrated in Table 4.

Table 4: Frequency distribution of sources of loan

Sources of Loan	Frequency	Percent
VICOBA	65	89.0
Banks	1	1.4
Other Sources	7	9.6
Total	73	100.0

Source: Field Data, 2016

With regards to provision of loans benefits, 65(89%) of the respondents got loans from VICOBA. 7(9.6%) of the respondents received loans from other sources, while 1(1.4%) of the respondents got loans from Banks. This indicates that VICOBA members pleased with the loans from VICOBA because, most of them are poor who do not meet the banks and other source of finance requirements for loans. Therefore, they prefer to have loans with VICOBA because the rules and regulations of VICOBA loans are attainable.

Researchers also, wanted to know the different types of loans provided by VICOBA. The responses found in Table 5.

Table 5: Frequency distribution of types of loan

Types of Loan	Frequency	Percent
For Business	13	17.8
Group Loans	3	3.7
Emergency loans	1	1.4
Personal Loans	56	76.7
Total	73	100.0

Source: Field Data, 2016

Table 5 explains that, 56(76.7%) of the respondents preferred personal loans, while 13(17.8%) of the respondents had business loans. 3(3.7%) of the respondents got group loans and 1(1.4%) of the respondents had emergency loans. This indicates that, personal loans are more effective for VICOBA members because they believe that it is better for an individual to get loan and pay back and not group to pay the loan, with the reason that every group member has his/her own behaviors which differ with other in term of money. However, VICOBA loans are for all individual members and not for a certain group.

In addition researchers asked question about the period of paying loans offered by VICOBA. The responses were shown in table 6.

Table 6: Frequency distribution of time for repayment of loans in VICOBA

Time for Repayment of Loans	Frequency	Percent
One month	6	8.2
six months	39	53.4
one year	24	32.9
Don't know	4	5.5
Total	73	100.0

Source: Field Data, 2016

The table 6 reveals that, 39(53.4%) of the respondents paid loans for six months, while 24(32.9%) of the respondents paid loans for one year. 6(8.2%) of the respondents paid loans for one month and 4(5.5%) of the respondents did not know the exactly time for loan repayment. This indicates that, VICOBA members paid loans for the short period of time in order to allow all members to have access of getting loans because if they would allow loans for long repayment period, will affect borrowing or few members would get loans.

Another question asked about the processes of getting loans in VICOBA whether are easy or not. The responses are shown in Table 7.

Table 7: Frequency distribution for easiness of getting loan from VICOBA

Easiness of Getting Loan	Frequency	Percent
Not easy	5	6.8
Easy	41	56.2
Very Easy	23	31.5
Don't know	4	5.5
Total	73	100.0

Source: Field Data, 2016

In table 7, the 41(56.2%) of the respondents satisfied with an easiness situation on getting loans from VICOBA, 23(31.5%) of the respondents got very easy situation in getting loans from VICOBA, 5(6.8%) of the respondents did not feel that it is easy to get loans form VICOBA and 4(5.5%) of the respondents did not know if VICOBA provide loans in an easy way or not. This indicates that, VICOBA members face easiness situation in getting loans although VICOBA had its rules and regulations in providing loans to its members.

Furthermore, researchers asked whether VICOBA provide business trainings or not. The responses were shown in Table 8.

Table 8: Frequency distribution of any business training offered by VICOBA

Responses on Whether Business Training are Offered	Frequency	Percent
Yes	72	98.6
No	1	1.4
Total	73	100.0

Source: Field Data, 2016

Table 8 shows that 72(98.6%) of the respondents got business trainings from VICOBA while 1(1.4%) of the respondents did not get any business training from VICOBA. This indicates that VICOBA provide trainings to its members because training enables members to understand clearly how better to manage their group activities and provides business management skills that enable them to select, plan and manage their IGAs profitably. Although there are other VICOBA groups did not provide business trainings to its members.
Question J (attached in Appendix II), asked the time of business trainings provide by VICOBA. The responses are described in Table 9.

Table 9: Frequency distribution for duration of business trainings provided by VICOBA

Duration of Business Trainings Provided	Frequency	Percent
One month	46	63.0
3 months	14	19.2
Six Months	10	13.7
A Year	2	2.7
Total	73	100.0

Source: Field Data, 2016

With regards to the duration of training provided by VICOBA, 46(63.0%) of respondents got business training for one month, while 14(19.2%) of the respondents trained business skills for three months. 10(13.7%) of the respondents trained for six months, and 2(2.7%) of the respondents trained business skills for a year. This indicates that VICOBA members trained business skills for the short period of time which lead them not to perform well in managing their businesses. There are other VICOBA members who got business trainings for three or six months. This helps them to manage well their businesses, although VICOBA have to conduct trainings frequently because business skills are growing and modernized every day, therefore the trainers should create new skills for the members to have sustainable businesses.

Question if VICOBA supervise members' businesses were asked and the answers were shown in Table 10.

Table 10: Frequency distribution of VICOBA supervision in Business

VICOBA supervision in Business	Frequency	Percent
Yes	23	31.5
No	50	68.5
Total	73	100.0

Source: Field Data, 2016

In table 10 illustrate that, 50(68.5%) of the respondents did not receive any supervision in their businesses from VICOBA while 23(31.5%) of the respondents got business supervision from VICOBA. This indicates that most of the business did not receive supervision from VICOBA. However, for those who got supervision they got it from the first time when the business is in an introduction stage only. Although a business have four stages; introduction, development, mature and decline. Therefore, VICOBA members need regular supervision in each stage of business.

Additionally, researchers wanted to know the number of supervision per year made by VICOBA to its members. The responses are shown in Table 11.

Table 11: Frequency distribution for the VICOBA supervision per year

VICOBA Supervision per Year	Frequency	Percent
Twice	6	8.2
Once	22	30.1
Never	40	54.8
Don't remember	2	6.8
Total	73	100.0

Source: Field Data, 2016

Table 11 explain that, 40(54.8%) of the respondents did not supervised by VICOBA, while 22(30.1%) of the respondents supervised once a year. 6(8.2%) of the respondents supervised twice a year and 2(6.8%) of the respondents did not remember if they were supervised or not. This indicates that VICOBA supervisors do not go to the members' businesses to see if they perform well or not. Any business needs supervision from the experts, therefore VICOBA have to provide close supervision to those members who own business. However, there are some businesses which are supervised by VICOBA experts once or twice per year and others do not remember if they got any supervision per year.

IV. Conclusion

From the finding of this study it can be concluded that, VICOBA can play a great role in reducing socioeconomic hardship of the poor. Also its lending model is unique and an effective tool for development of communities through encouraging and advising members to invest in IGAs with good productive potential. However, provision of credits alone to the members without business skills and supervision will not be possible for enterprises to perform at optimal level. Therefore, VICOBA have to be closer with the members in each stage of their development.

VICOBA should provide frequently business trainings on business management so as to enable its members to operate their businesses under competitive environment. Through training, the enterprises owners can acquire networks, technology, new and better management techniques.

The Government should support all VICOBA implementing agencies to establish an umbrella institution at National level that will work as their networking platform for the purposes of increasing geographical coverage while protecting the authenticity of this unique development Model. In addition, the Government should enact different policies which favour the informal financial settings such as VICOBA since the current microfinance policy in use favours the formal and semi-formal financial institutions which are legally registered by the Bank of Tanzania.

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