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The Role of Voluntary Financial Saving Groups in Promoting Rural Entrepreneurship: Evidence from Kilolo and Iringa Districts

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Abstract

The research investigates the role of Voluntary Financial Saving Groups (VFSGs) in promoting rural entrepreneurship with evidence from Kilolo and Iringa districts in the Iringa region. Specifically, it examines three objectives (i) to determine the effect of VFSG practices on rural enterprise growth, (ii) to establish the relationship between the entrepreneurial culture of members of VFSGs and rural enterprise growth, and (iii) to examine the influence of entrepreneurship education on rural enterprise growth. Adoption of a cross-sectional design was considered applicable whereas a mixed research approach comprising quantitative and qualitative data was adopted as well. Proportionately from strata of Kilolo and Iringa districts, a sample of 262 members of VFSGs was drawn. Quantitative data were collected using a semi-structured questionnaire, whereas qualitative data were collected using focus group discussions and in-depth interviews. Content analysis was considered useful for qualitative data, while descriptive statistics and logit model were performed in the quantitative data analysis. The research results discovered that VFSG practices were statistically significant but negative (p=0.000) in influencing enterprise growth. Similarly, entrepreneurship education was statistically significant but negative (p=0.002) in influencing enterprise growth. Further, entrepreneurial culture was significantly positive (p=0.0050 in influencing enterprise growth. Likewise, entrepreneurial behaviour was significantly positive (p=0.001) in influencing enterprise growth. The study recommends that Kilolo and Iringa District Councils, through trade and cooperative officers as well as other development stakeholders like the Institute of Rural Development (IRDP), collaboratively design relevant training programmes in numerous areas such as proper VFSG practices, entrepreneurship, business and investment skills as empowerment strategies for VFSG members.

Keywords: Enterprise growth, rural Tanzania, voluntary financial saving groups

1. Introduction

Worldwide, entrepreneurship is vital in rural economic growth as it provides alternative income, creates new jobs, and develops new business models (Endeavour, 2021; Dan and Popescu, 2017). Despite its role in economic growth, studies on rural entrepreneurship worldwide have shown that it faces several challenges. For example, Endeavor (2021) and Belson (2020) found that rural entrepreneurs in the USA have fewer resources than their urban counterparts, lack adequate specialised skills, and have limited access to capital.

In African countries, rural entrepreneurship faces challenges similar to those in developed countries. For instance, the study by Adewumi & Keyser (2020) revealed that limited financial support and small market size are among the major hindrances to rural entrepreneurship growth in West Africa. These findings suggest the need to allocate adequate financial support to rural entrepreneurship in Africa to mitigate associated challenges such as limited market size. Thus, financial support is crucial for the development of rural entrepreneurship. Similarly, Ngorora & Mago (2018) identified social networks, access to necessary information, local knowledge uniqueness, and previous experience as critical success factors in fuelling rural entrepreneurship in South Africa. Given this, the study emphasised capacity building and maintaining strong social networks, such as participating in rural informal financial saving groups and acquiring the necessary information.

In Tanzania, as in other African countries, the study by Msamula *et al.* (2016) found that rural entrepreneurship in the furniture micro and small enterprises sector faces obstacles such as a lack of financial capital, limited technologies, inadequate markets, and lack of skills and commitment, which hinder their ability to

exploit entrepreneurial opportunities. Similarly, Kambi & Mwakiluma (2020) found that most rural enterprises performed poorly, recommending providing soft loans and assuring them of reliable markets. The growth of rural enterprises in Tanzania depends most on adequate financing, among other factors (Msamula *et al.*, 2016; Kambi & Mwakiluma, 2020). In Tanzania, a large proportion of people rely on informal finance. For instance, it is indicated that 37% of adults, equivalent to 10.6 million people, access finance informally (FSDT, 2016). This population substantially justifies the need for further studies in this area. As of 2020, 63.0% of the total population in Tanzania resided in rural areas, which is 1.7 times the urban population (Worldometer, 2020). These statistics led us to explore the link between informal financial saving groups and enterprise growth in rural settings.

Previous studies on rural entrepreneurship in Tanzania have focused on exploring prospects and challenges facing this sector (Msamula *et al.,* 2016; Kambi & Mwakiluma, 2020). Even though these studies have highlighted the issue of inadequate financing for rural enterprises, they have not directly linked their findings with informal financial saving groups, which is of significant concern in enterprise growth. Similarly, FSDT's (2016) study on informal financial groups in Tanzania did not establish a connection between the informal financial saving groups and enterprise growth. Despite offering statistics and information on the characteristics and distribution of informal financial groups across nine regions, the study did not explore the relationship between savings by informal financial groups and enterprise growth. In the business context, it is crucial to assess how the savings made by informal financial saving groups promote enterprise growth, especially in Tanzania. The Tanzanian government has initiated various programmes to empower rural communities economically. These initiatives cover health services, education, water and sanitation, electricity, financial services, communication and infrastructure. The goal of these efforts is to have a positive impact on rural entrepreneurship, with enterprise growth being the key focus. However, despite such initiatives, it has been reported that the Iringa region has the lowest number of VFSG users (8%) compared to the Dar es Salaam region, which has the highest number of users (98%) (FSDT, 2016). Such a low percentage of VFSG users in Iringa, the region endowed with substantial business potential, has sparked ongoing academic debates and raised controversial concerns that require further scholarly investigation.

The study of Majenga et al. (2024a) on how rural entrepreneurship can be promoted established limited training about the development and management of enterprises and loose actions taken against loan defaulters were the existing practices in managing VFSGs in the Iringa region. The departure of the current research from Majenga et al. (2024a) is that the role of VFSGs in the promotion of rural entrepreneurship was overlooked, thus creating an information gap. Similarly, Majenga et al. (2024b) concluded that the savings made by VFSGs, employment opportunities created by VFSGs, and VFSG members' ages statistically were different. However, this study concentrated on the analytical comparison to establish the differences of the presented variable but left aside the concern of how the role of VFSGs can promote entrepreneurship in rural settings, this also creates an academic gap. Based on this, the study aiming at establishing the role of VFSGs and their effect on the promotion of entrepreneurship growth in the rural part of Iringa was deemed necessary to estimate the effect of the VFSG practices. Thus, the research investigated the following specific research objectives (i)To determine the effect of VFSG practices on rural enterprise growth, (ii) To establish the relationship between the entrepreneurial culture of VFSG users and rural enterprise growth, and (iii) To find out the influence of entrepreneurship education on rural enterprise growth.

2. Literature Review

2.1. Theoretical Literature Review

2.1.1. Hofstede Cultural Theory

In 2003, Hofstede developed a theory (model) which describes national culture. The theory has five dimensions for differentiating cultures: power distance index, uncertainty avoidance index, and long-term orientation versus short-term orientation**.** Power distance index reflects the extent to which the less powerful members of organisations accept and expect that power is distributed unequally. It suggests that a society's level of inequality is endorsed by the followers as much as the leaders. On the other hand, the uncertainty avoidance index measures a society's tolerance for ambiguous situations. In terms of long-term orientation

versus short-term orientation, values associated with Long-term orientation are carefulness and perseverance, while those regarding short-term orientation include respect for tradition, fulfilling social obligations, and protecting one's 'face'. Others include individualism and masculinity. In this study, entrepreneurial culture will be measured using the five dimensions of Hofstede's theory, i.e., the culture of members of the VFSGs in spearheading enterprise groups. In this view, entrepreneurial culture (Figure 1) was operationalised, and its measurement was straightforwardly undertaken using Hofstede's cultural theory. Connectedly, since education is a component of culture, entrepreneurial education (Figure 1) was treated similarly to entrepreneurial culture, and measurements of Hofstede were applied since education is the component of culture.

2.1.2. Resource Based Theory

Since independent variables (determinants of VFSGs) in the conceptual framework (Figure 1) have three variables, namely, practices, entrepreneurial culture and entrepreneurship education, the Hofstede theory does not cover practices adopted by VFSGs as the variable. To address the gap, the Resource Based Theory (RBT) developed by Wernerfelt in 1984 was incorporated as the second theory for this study. The Resource Based Theory posits that a firm's competitive advantage stems primarily from its internal capabilities and resources, which are vital for its success and uniqueness. The current study adopted RBT because it examines the practices adopted by VFSGs and considers them valuable resources. These practices encompass aspects such as the amount of savings, size of loans, interest rates and loan defaults among VFSG members. By considering these practices as valuable resources, RBT enhances the understanding of how VFSG members' capabilities are shaped. The gap in this theory is that it considers saving groups as valuable resources, similar to other resources highlighted in additional studies such as strategic factor markets and culture (Barney, 1986), the linkage between firms' resources and competitive advantage (Barney, 1991), and strategic management and capabilities under dynamism (Teece, Pisano & Shuen, 1997). Therefore, this study regards saving groups as valuable resources or strategies that could potentially enhance VFSG members' ability to establish and expand their enterprises.

2.2. Empirical Literature Review

2.2.1. Practices Adopted in Managing Voluntary Financial Saving Groups in Tanzania

In Tanzania. A number of practices have been identified to be adopted in managing VFSGs. The practices vary from one VFSG to another based on the type of group based on complexity and activities performed. However, the commonly adopted practices are collecting savings, loan disbursement, collection of repayments and accumulated interests, and making follow ups to defaulters that resulted from adopting cash-based accounts (Majenga et al., 2024a; Kinyondo and Kagaruki, 2019; FinScope, 2017; FSDT, 2016). The experience from these studies informs that at present cash-based transactions are popular. It is from this experience that several contributing challenges were encountered in the management of VFSGs, including limited entrepreneurship education and a low rate of technological usage in operations (Majenga et al., 2024a). As a result, members of VFSGs have been remitting loan repayments late, consequently causing small loan sizes to be provided to members. Other notable challenges confronting operations of VFSGs are skills gaps, particularly in keeping business records, meeting management, resolution of disputes, collection of loans and management of cash collected (Majenga et al., 2024; FSDT, 2016). The study of FinScope (2023), while focusing on financial inclusion among VFSGs members, identifies the daily practices in managing VFSGs like cash flow management, prioritization in savings and investment, existence of a skills gap in operations, shortfall in standardisation of operating procedures and ineffective handling of loan defaulting cases, as major practices that members of VFSGs adopt in managing their operations.

2.2.2. Rural Entrepreneurship and its Influence on Enterprise Growth

Rural entrepreneurship is defined as entrepreneurs' economic activities in rural settings (Belson, 2020). It is characterised by inadequate funding and low usage of technology, though advancement of technology has helped rural entrepreneurs in reaching more customers effectively (Belson, 2020). The present research defined rural entrepreneurship as any economic activity established in rural areas which is characterized by a high level of innovation. It is identified to be an important catalyst to economic development in rural settings by

creating employment and access to markets for products and industrial goods in rural areas (Belson, 2020; Kambi &Mwakiluma, 2020; FSDT, 2016; Msamula, 2016). Numerous previous studies have pointed out the role of entrepreneurial education in enterprise growth. Majenga et al. (2024a; 2024b) through a survey of VFSGs members in the Iringa region established that entrepreneurship education was inadequate that consequently affected enterprise growth. In a similar way though the study did not include VFSGs but rather small-scale fish traders in Misungwi and Magu districts in the Mwanza region which form a rural setting, it found that entrepreneurship education was inadequately available to traders; the proposed mitigating solution was to strengthen the provision of entrepreneurship education (Mashenene et al., 2025; Mashenene, 2024).

2.2.3. Entrepreneurial Culture and its Influence on Enterprise Growth

Entrepreneurial culture is defined as an innovative culture cultivated by entrepreneurs while operating their enterprises (Berger, 1991). In other ways, entrepreneurial culture refers to entrepreneurs' norms, values, beliefs, attitudes and perceptions (Mashenene, 2016). This means that entrepreneurial culture is an important pillar in fuelling enterprise growth, as it acts as mental programming software (Hofstede, 2003). Majenga et al., 2024a) pointed out that entrepreneurial culture which was unfavourable among entrepreneurs in Iringa, negatively affected the growth of enterprises. This means that serious initiatives are required by various development partners to collectively uplift entrepreneurial culture to be inclined favourably to catalyse enterprise growth, this can be achieved through exposing members to entrepreneurial training sessions with the aim of cultivating positive entrepreneurial culture. In this view, research was conceived to make an exploration of how the entrepreneurial culture developed by VFSG members performs its role as a changing agent towards enterprise growth.

3. Materials and Methods

This study employed multiple research designs at different phases. In phase one, an exploratory case study was employed to understand the subject matter thoroughly. Qualitative studies often use a case study design to capture insightful data (Yin, 2014). Through the exploratory case study, the practices of VFSGs and the challenges they face were studied. The findings from the case study were used to develop a survey to collect quantitative data (Majenga, 2013; Tundui, 2013). Previous studies on rural entrepreneurship globally, including those in Tanzania, have also adopted a case study research design (Endeavour, 2021; Dan & Popescu, 2017; Msamula *et al.,* 2016; FSDT, 2016). In the second phase, a cross-sectional descriptive research design was adopted, and quantitative data was collected on a single occasion. According to Wang & Cheng (2020), cross-sectional studies determine the prevalence of specific outcomes (in this case, the VFSGs practices), help in understanding the determinants of such practices, and describe a population under study. The same study pointed out that cross-sectional studies are relatively easy to conduct and less expensive.

The Iringa region was purposefully selected for the study due to having the lowest number of VFSG users, with 8% of voluntary financial saving users, followed by the Tanga region with 15% (FSDT, 2016). Given this, Iringa was deemed a suitable study area as the research aimed at promoting rural entrepreneurship through empowering VFSGs. Iringa and Kilolo District Councils (DCs) were purposefully selected due to having a high population, with Iringa DC having 315,354 and Kilolo DC having 263,559 residents (URT, 2022). The study excluded Mufindi DC, which was the second most populated after Iringa DC (288,996), because Iringa and Kilolo DCs are predominantly rural districts, with Kilolo DC being the next in population size after Mufindi DC (URT, 2022; FinScope, 2017). From Iringa district, two wards, namely Ifunda and Kalenga, were purposefully selected, with Udumuka and Mibikimitale villages from Ifunda ward, and Isaka and Kalenga villages from Kalenga ward. From Kilolo district, two wards were chosen purposefully: Nyalumbu with villages Ilula Mwaya and Ilula Sokoni, and Irole ward with Irole and Lundamatwe villages. This made a total of eight villages purposefully selected from the four wards of Iringa and Kilolo DCs.

The study population included VFSG users in rural Iringa who own enterprises. The lists of the target population were obtained from village leaders, and strata were established based on the enterprise sector. This study established six strata: motorcycle (commonly known in Swahili as bodaboda), tailoring, crops, general trade, animal keeping and food vending (commonly known in Swahili as Mama Lishe). To obtain subjects in each stratum,

stratification with proportionate sampling was adopted, and random selection was used to obtain final respondents.

Initially, the sample size estimation (n) was computed to be 384 using Cochran's (1997) equation:

$n_0 = Z^2pq/e^2$…….…….. (1)

Whereby: n = sample size; Z = desired confidence level of the selected value, equal to 1.96 at the confidence level of 95%; p = proportion in the largest population, equal to 50%; q = 1-p and e = accepted margin of error, which is 0.05. Therefore,

$$n = \frac{1.96^2}{0.05^2} * \frac{0.5 * 0.5}{} = 384$$

However, during fieldwork we gathered only 262 questionnaires, accounting for 68.23% of the initially planned sample size of 384. This sample size decreased because only 262 questionnaires were returned or collected out of the 384 administered. Some questionnaires were not collected because they could not be found at the designated locations, and some respondents were too busy to participate when visited. This research experienced the limitation of sample size reduction from 384 that was established before data collection to 262 during data collection. This sample size reduction might have affected findings' generalizability, but the assurance of sample size adequacy and findings' generalization was justified by the same sample size from similar studies emanating from the same research project (Majenga et al., 2024a; Majenga et al., 2024). The decision to continue with further data analysis though the sample size is reduced from previously established before data collection has been common in numerous previous research where generalization of the results was also reached. For instance, Libent & Magsi (2024) made adoption of 302 equivalent to 79.9% instead of 384 sample size. In a different research, Ani & Ani (2025) generalized findings after adopting the reduced size from 385 to 105, equivalent to 27.3%. Likewise, a sample size of 254 (66.1%) instead of 384 which basically was determined at the beginning of the study was opted by Mashenene (2025) whereas the findings were applied for generalization.

Consequently, they were unable to respond to the questionnaire. In addition to the questionnaires, in-depth interviews were also conducted with Key Informants (KIs) such as village leaders and leaders of VFSGs.

Collection of data took place from 18th May 2023 to 2nd June 2023, whereas the study utilised both quantitative and qualitative primary data collection methods. Qualitative data were obtained through in-depth interviews using interview guides to develop case studies. Additionally, individual interviews with key informants and Focus Group Discussions (FGD) using checklists as a form of group interview were also used. A survey method was employed with a structured questionnaire as a data collection instrument for quantitative data. The questionnaire included 5-point Likert scale questions (1 = "strongly disagree" & 5 = "strongly agree") to capture data on practices related to managing VFSG. The questionnaire's questions were adopted and modified from FinScope (2017), FSDT (2016), Mashenene (2016) and Liñán *et al.* (2011). The questionnaire consisted of questions that captured both continuous and non-continuous data. Data regarding the practices of VFSGs, such as amount of savings (TZS), size of loans provided (TZS), interest rates (TZS), the amount of loan default (TZS) and measurement of enterprise growth (TZS), captured as continuous data.

The questionnaire was entered into the KoBo Toolbox software installed on mobile phones to collect the data. Using the KoBo Toolbox allowed for the maximisation of data reliability by capturing the locations from which data were collected and performing preliminary data analysis. The questionnaire was pre-tested in the Dodoma region before data collection began to ensure its validity. The pre-testing enhanced the validity of the data after the questionnaire was revised. Research assistants were trained before data collection, and multiple methods for collecting and analysing data were adopted to maximise the validity of the data. The reliability of the data was tested using Cronbach's Alpha. Qualitative data were analysed using content analysis whereas at first, the preparation of data collected was carried out at the beginning, which was followed by familiarization with the data. Thereafter, initial coding was performed, that was followed with the development of categories, refining of data and finally, the selection of codes was performed. Subsequently, analysis of themes and patterns was carried out whereas identification of new themes was performed, and recognition of patterns and relationships was performed. Finally, interpretation and reporting of the

findings were performed, focusing on extracting meaning from the codes, integrating them with the themes, and communicating findings effectively.

The descriptive statistics were performed for quantitative data using the Statistical Package for Social Sciences (SPSS) version 25. The mean scores of all items in the constructs were calculated to examine the current practices adopted by VFSGs, entrepreneurial culture, entrepreneurial education and entrepreneurial intention. These mean scores were then ranked to establish different ranks in terms of preference. Additionally, the mean scores of each construct, skills gap, standardisation, loan defaulting, entrepreneurial culture, entrepreneurial education and entrepreneurial intention were computed, followed by the calculation of the overall mean scores, with decision criterion being used as a deciding factor during discussions.

Moreover, binary logistic regression was used to determine the relationship between practices adopted by VFSGs, entrepreneurial culture, entrepreneurial education, and entrepreneurial behaviour and enterprise growth. The model was selected because the dependent variable (enterprise growth) was treated as a dummy variable whereby 0 = enterprise growth below the mean (TZS) and 1 = enterprise growth above the mean (TZS). The binary logistic regression model is presented using equation 2.

$$\log\left(\frac{P}{1-P}\right) = \beta_o + \beta_1 Vp + \beta_2 Ec + \beta_3 Ee + \beta_4 Eb \ldots\ldots\ldots(2)$$

Whereby:
Y = Enterprise Growth, β_o = coefficients estimated in the model, Vp = VFSGs Practices, Ec = Entrepreneurial Culture, Ee = Entrepreneurial Education, Eb = Entrepreneurial Behaviour.
The Measurement of variables and data analysis is summarised in Table 1

Table 1: Measurement of variables

Variables	Measurement	Justification/Source	Data analysis
Practices	5-Points Likert scale	Majenga et al. (2024) & FSDT (2016)	Descriptive statistics & Logit model
Entrepreneurial culture	5-Points Likert scale	Danish et al. (2019)	Descriptive statistics & Logit model
Entrepreneurship education	5-Points Likert scale & ASTEE assessment tool	Moberg et al. (2014)	Descriptive statistics & Logit model
Entrepreneurial behaviour	5-Points Likert scale	Mashenene (2016)	Descriptive statistics & Logit model
Enterprise growth	Capital invested (TZS)	Mashenene (2025) & Majenga et al. (2024	Logit model

4. Results and Discussion

Reliability Test

A test for data reliability was accomplished using Cronbach's Alpha coefficient. The findings indicate that all 44 items used in the computation resulted in the Cronbach's Alpha coefficient of 0.801, interpreted as acceptable data reliability. Pallant (2016) presented that a minimum Cronbach's Alpha coefficient of 0.7 connotes suitable reliability. Recent studies adopted Cronbach's Alpha coefficient to establish reliability (Fonseca & Brown, 2021; Majenga & Mashenene, 2023; Dele-Ijagbulu & Oyekunle, 2020; Majenga *et al.,* 2022; Lee & Sohn, 2023).

4.1. Demographic Characteristics of Respondents

Sex

The findings (Table 2) provide that 227 VFSGs members equivalent to 86.6% were female, making the remaining 35 VFSGs members equivalentto 13.4% male. These results connote that the proportion of female members of VFSGs was about 6.5 times that of male VFSGs members. Females in the study areas participate in VFSGs compared to their male counterparts. This proportion is an alarm that serious measures should be taken to create awareness for males to join membership in VFSGs; as of now, it seems that males are less interested in joining the groups. These results are in congruency with those of FinScope (2023), which expresses that in financial inclusion, female representation was 52% in comparison to 48% of males.

Table 2: Demographic Characteristics of Respondents

Variables	Frequency	Percent
Sex		
Male	35	13.4
Female	227	86.6
Total	**262**	**100.0**
Age (years) [Mean]	**38.8**	
Years in VFSGs [Mean]	**4.8**	
Education Level		
Primary	158	60.3
Secondary	87	33.2
Tertiary	17	6.5
Total	**262**	**100.0**
District		
Iringa	120	45.8
Kilolo	142	54.2
Total	**262**	**100.0**
Type of VFSGs		
Burial/Kuzikana	25	9.5
VICOBA	222	84.7
UPATU	15	5.7
Total	**262**	**100.0**
Types of Enterprises Owned		
Motorcycle/bodaboda	7	2.7
Tailoring	6	2.3
Crops	88	33.6
Trade	119	45.4
Animal keeping	33	12.6
Mama lishe	9	3.4
Total	**262**	**100.00**

Age

The results in Table 2 indicate that the age of members of VFSGs was that of youth as it was expresses with mean age 38.8 years, depicting that this age is the age of energetic people with full of family responsibilities. This means that, this age is the age that people need funds to meet family expenses and even investing in entrepreneurial venture all listed activities can be financed.

Experience in VFSGs

The results (Table 2) indicate that the experience of members of VFSG was satisfactory as it was represented by an average of 4.8 years, inferring that members were experienced enough in performing membership activities. This experience was satisfactory enough to enable members of VFSGs to participate in making adequate savings and accessing loans. It is this experience in members that if used wisely can contribute to reduced loan defaulting behaviour and if used unwisely can accelerate loan defaulting behaviour.

Education Level

The findings (Table 2) show that 158 of VFSGs members equivalent to 60.3% had primary education whereas as 87 VFSGs members equivalent to 33.2% had secondary education and 17 of VFSGs members equivalent to 6.5% had tertiary education. This means that, the majority of VFSGs members had low level of education as a total of 245 VFSGs equivalent to 93.5% had primary and secondary education. The results from this research match with the findings of Gao & Adams (2023) and Osei &Thompson (2023), which established that the majority of members had primary and secondary education which impacted leadership, efficiency and effectiveness of the group.

4.2. Distribution of Respondents by Districts

The findings in Table 2 indicate that 142 of VFSGs members equivalent to 54.2% originated from the Kilolo district whereas 120 of VFSGs members equivalent 45.8% originated from the Iringa district. These results imply that the distribution of surveyed members from each district was proportionately almost the same. These results are in contradiction with those of NBS (2022) which stipulated that Iringa district had a higher population compared to Kilolo district. The reason that might have caused this is that during data collection it was noted that Iringa district experienced a higher rate of irresponsive respondents.

Types of VFSGs

The findings in Table 2 depict that 222 of VFSGs equivalent to 84.7% function as VICOBA, 25 of VFSGs equivalent to 9.5% function as groups for fulfilling burial ceremonies normally identified in Kiswahili as 'Kuzikana' and 15 of VFSGs equivalent to 5.7% operate as UPATU groups. These results entail that VICOBA group over represent other forms of VFSGs in the area of research. These results differ from those of FSDT (2016) which stipulated that UPATU had higher representation compared to other categories of VFSGs by 77% while VICOBA had only 17%. These surprising results postulate that several initiatives have been made in creating awareness about VICOBA since 2016, the outcomes observed have resulted from these initiatives to advocate VICOBA.

Types of Enterprises Owned by Members of VFSGs

The findings in Table 2 indicate that 119 of VFSG members equivalent to 45.4% were participating in trade whereas 88 of VFSGs members equivalent to 33.6% were participating selling crops and 33 of VFSGs members equivalent to 12.6% were participating in animal keeping. This entails that majority of VFSG members were involved in trade. These results are in favour with those of FinScope (2023) which pointed out that trading was the main revenue-generating activity for financially included persons in Tanzania with the proportion of 44%.

4.3. Descriptive Statistics

4.3.1. Current Practices Adopted in Managing VFSGs

The results (Table 3) show that the overall mean score of 3.27 as practices was implemented by VFSGs. On the contrary, the standardisation practice was revealed to have a higher mean score of 4.12 with the first ranking connoting being implemented the most. This infers that working instruments like guidelines underlying VFSG operations were available and were used as instruments for decision-making in the day-to-day VFSG operations. Remarkably, VFSGs have done something to be appreciated for making operational guidelines available, regularly reviewed and adhered to during decision making. This is a notable lesson for learning and embracing such a good thing since guidelines form a tool for decision making and shape individuals' judgment. The findings of FSDT (2016) in the same way presented that standardisation was not one of the stumbling blocks of informal financial groups in Tanzania.

Table 3: Summary of Means Scores for Practices Adopted by VFSGs (n = 262)

S/N	Practices	Mean Score	Ranking
1	Skills gap	3.08	2
2	Standardisation	4.12	1
3	Loan defaulting	2.62	3
Overall Mean Score		**3.27**	

The findings in Table 4 further present that the skills gap, the second highly ranked practice in terms of adoption by VFSGs, had a mean score of 3.08 below the overall mean score of 3.27. This result suggests that, to some extent, a skills gap existed among VFSG members. The skills gap was primarily identified in market search, how to win a competitive market and personal financial management, as exhibited in the group interview session in Iringa district.

> "*… it is a real fact that members of the Mama Wasasa Group are falling short of necessary skills in market penetration as the market for catering services has slimly grown in five years since the establishment of the business. Yet, the group is confronted with old-fashioned catering equipment in terms of technology that does not meet customers' expectations. In addition, our husbands steal business money as mostly the money is kept at home…*" [FGD session with SINAI Group members held on 30th May 2023].

The findings further present that loan defaulting, as the practice adopted by VFSGs, scored the lowest mean, ranked number three [Mean score = 2.62], the mean below the overall mean by a high proportion, depicting that this was the practice that was poorly adopted. In this light, this presents laxity in follow-ups and strict measures against loan defaulters.

4.3.3. Entrepreneurial Culture

The findings in Table 5 summarise that the overall mean score of entrepreneurial culture demonstrated by members of VFSGs was 4.07, from which only values and risk-taking had mean scores higher than the overall mean score [Mean scores = 4.41 and 4.09, respectively]. This means that such high mean scores reflect the entrepreneurial cultures of members of VFSGs that were favourable enough to enable

them to establish entrepreneurial ventures. Though innovation [Mean score = 3.92] and social factors [Mean score = 3.87] had mean scores below the overall mean scores, their mean scores ranged in the agreement side, connoting that the overall entrepreneurial cultures of members of VFSGs were favourable to support the establishment of businesses. These findings support those of Ndunguru (2006), who established that people in the Southern Highlands of Tanzania possessed favourable motives and culture for entrepreneurial undertakings.

Table 4: Entrepreneurial Culture (n= 262)

S/N	Variables/Factors	Mean Score	Ranking
1	Values	4.41	1
2	Social	3.87	3
3	Innovation	3.92	3
4	Risk taking	4.09	2
Overall Mean Score		**4.07**	

4.3.2. Entrepreneurial Education

The findings in Table 6 indicate that the overall mean score of the provision of entrepreneurial education among members of VFSGs was rated low [Mean score = 2.45], showing that members of VFSGs had limited entrepreneurial education. Specifically, experience sharing with other VFSGs [Mean score = 2.10] and provision of business training [Mean score = 2.24] had mean scores which were below the overall mean score, inferring that the provision of entrepreneurial education was an area to be prioritised to enable significant growth of enterprises owned by members of VFSGs. These findings form a synergy in understanding with those who pointed out that a skills gap existed among members of VFSGs; this was most likely to be attributed to the inadequacy of entrepreneurial education. Though the findings further show the existence of business plans among members of VFSGs [Mean score = 3.02], still this mean score is low since it is almost restricted to the region of neither disagree nor agree, suggesting inadequate existence of business plans as a working tool among members of VFSGs. These findings are mirrored by Mawi & Mashenene (2020), who state that businesses without business plans hardly achieve business goals.

Table 5: Entrepreneurial Education (n = 262)

S/N	Variables	Mean score	Ranking
1	Business training	2.24	2
2	Experience sharing with other VFSGs	2.10	3
3	Business plans	3.02	1
Overall Mean Score		**2.45**	

4.3.4. Entrepreneurial Behaviour

The findings indicate that the overall mean score of entrepreneurial intention was 4.39, suggesting that entrepreneurial behaviour was favourable, as it was pre-founded that entrepreneurial culture was favourable. Specifically, readiness as an entrepreneur to make something good in the future was ranked the first [M = 4.59], implying that the entrepreneurial behaviour regarding this variable was favourable towards ensuring the enterprise grows. Concerning the effort that entrepreneurs intend to invest to ensure that the enterprise is well run and managed, the mean was 4.55 ranked second to readiness, connoting that entrepreneurial behaviour in this aspect was also favourable. Likewise, seriousness in running a business scored equally the same mean as efforts invested in running and managing the business [M = 4.55]. In addition, the mean score about members of VSFGs having competencies (knowledge, skills and attitude) required to run and manage businesses was somehow favourable [Mean = 3.82]. Further, the mean score concerning the ability of entrepreneurs in sensing business opportunities was 4.45, suggesting that the variable was favourable. These results showed similarity with those of (Mashenene, 2025), which indicated that entrepreneurial behaviour was predicted by entrepreneurial culture.

Table 6: Entrepreneurial Behaviour (n = 262)

S/N	Variables	Mean score	Ranking
1	Readiness	4.59	1
2	Effort to run business	4.55	2
3	Serious in running business	4.55	2
4	Competencies	3.82	5
5	Opportunity sensing	4.45	4
Overall Mean Score		**4.39**	

4.3.5. Summary of Descriptive Statistics

The findings in Table 7 present the summary of descriptive statistics after being discussed in the previous sections. The summary stipulates that entrepreneurial behaviour had a mean score of 4.39 (ranked 1) that was followed by entrepreneurial culture [M = 4.07] which was followed by VFSGs practices [M = 3.27] and lastly entrepreneurial education [M = 2.45].

Table 6: Summary of Descriptive Statistics (n = 262)

Variables	Mean Score	Ranking
Practices	3.27	3
Entrepreneurial culture	4.07	2
Entrepreneurial education	2.45	4
Entrepreneurial behaviour	4.39	1
Overall Mean Score	**3.51**	

4.4. Empirical Results

4.4.1. Tests for the Logit Model Multicollinearirty

Multicollinearity was tested using tolerance and variance inflation factor (VIF) as stipulated in Pallant (2016). The interpretation as documented by Pallant (2016) is that when the tolerance coefficient is less than 0.1 expresses that multicollinearity is detected. In the results, Table 8 shows that the tolerance coefficients were all above 0.1, connoting that no multicollinearity was detected. Further, according to Pallant (2016), it is stipulated that when VIF is above the coefficient of 10, it is interpreted that multicollinearity is detected and when VIF is below 10, it implies no multicollinearity is detected. The results (Table 1) indicate that the VIF coefficients of all variables were below 10, denoting that multicollinearity was absent.

Table 7: Test for Multicollinearirty

Variables	Tolerance	VIF
Practices	.785	1.275
Entrepreneurial culture	.853	1.173
Entrepreneurial education	.879	1.137
Entrepreneurial intention	.752	1.330

4.4.2. Heteroskedasticity

This test was not performed since it was necessary for the logit model. According to Pallant (2016), in the logit model, all observations are confined within the range of 0-1, suggesting that it is not necessary to test for heteroskedasticity since the model itself takes care of the problem. This is unlike linear regression models like OLS where the observations are fitted along an unlimited linear.

4.4.3. Evaluation of Overall Fitness of the Model

Another logit test (Table 8) that was performed was an evaluation of the overall fitness of the model whereas the -2Log likelihood as an intercept model was 290.34 while predictors are excluded while it was less than this with the -2log likelihood of 223.219 with the inclusion of the predictors. According to Field (2013), the tendency of -2Log likelihood to increase informs that model fitness to data was high. Further, the model presented insignificant results with exclusion of variables ($\chi 2$ = 8.452(4), p=0.631) as represented by the Hosmer and Lemeshow test, informing that data were fit for the model. Th Chi-square test results after inclusion of all variables in the model the results were significant ($\chi 2$ = 50.452(4), p=0.000), expressing that the data were also fit for the model adopted.

4.5. Logit Results

4.5.1. VSFGs Practices

The results (Table 8) show that the coefficient of VFSGs was -1.142 and statistically significant (p=0.000), depicting that an increase of a single unit in VFSGs practices brings a decrease of

114.2% of an enterprise growth. These results inform that the practices adopted by VFSGs were somehow not in favour of enterprise growth as they were evidenced with an overall mean score of 3.27 and the existence of a skills gap [M = 3.08] and loan defaulting practices [M = 2.62] (Majenga et al., 2024). Such practices seemed to pull down the effort that could uplift enterprise growth since VFSG members had limited skills in entrepreneurship and business management to manage the groups and finances, as a result high rate of loan defaulters was experienced as presented in Majenga et al. (2024). The quantitative results were supported by the qualitative results that exhibited that members of VFSGs have a skills gap including financial management that created a room for their husbands to penetrate to access business funds since they were saved on a cash basis instead of being saved in bank accounts or mobile money accounts that could deny husbands access.

> *"...the business fund is at risk as several times our husbands take money without our consent and misspend it, particularly on alcohol. These attempts by husbands have been the barrier to enterprise growth despite the struggle to realise the growth..."* [FGD session with SINAI Group members held on 30th May 2023].

Table 8: Logit Results

Variables	B	S.E.	Sig. Value
Practices (dummy)	-1.142	.420	.000
Entrepreneurial culture (dummy)	.845	.401	.005
Entrepreneurial education (dummy)	-.932	.342	.002
Entrepreneurial behaviour (dummy)	.751	.326	.003
Constant	-10.874	3.380	.001
Chi-square	50.452 (p=0.000)		
Hosmer and Lemeshow – Chi square	8.452 (4) (p=0.631)		
Cox & Snell R^2	0.205		
Nagelkerke R^2	0.288		
-2 Log Likelihood	223.219		

Dependent variable = capital invested in TZS

Entrepreneurial Culture

The results (Table 8) indicate that entrepreneurial culture had a coefficient of 0.845 being statistically significant (p=0.005), depicting that a single increase of entrepreneurial culture by 84.5% brings enterprise growth by 84.5%. These findings further indicate that a positive entrepreneurial culture towards business always results in creating positive entrepreneurial behaviour, which consequently, result in enterprise growth. The lesson drawn from these findings is that for enterprises to grow, many initiatives should be directed toward entrepreneurial cultural change. The findings of Mashenene (2025) found similar results in regard to how entrepreneurial culture influences the growth of enterprises.

Entrepreneurial Education

The findings in Table 8 show that the coefficient of entrepreneurship education was -0.932, which was negative but statistically significant (p = 0.002), indicating that any attempt to decrease entrepreneurship education will bring a 93.2% decrease in enterprise growth. The results further inform initiatives to strengthen provision of entrepreneurship education that should be embraced so as to integrate its role in enterprise growth. The interpretation of findings from the logit model is in parallel with those of Majenga et al. (2024), which expressed that VFSG members had inadequate entrepreneurship education in various areas such as customers' needs recognition, marketing, overcoming competition and financial management; bridging such a gap will add value to operations of enterprises and consequently improve enterprise growth.

Entrepreneurial Behaviour

The results (Table 8) show that the coefficient of entrepreneurial behaviour was 0.751 with a significant p-value of 0.003, providing an indication that the contribution of favourable entrepreneurial behaviour towards enterprise growth was positive and pronounceable. The results can further be interpreted that a lot of efforts and initiatives through training are required so as to bring about behavioural change towards entrepreneurial initiatives and consequently, result in remarkable enterprise growth. These results demonstrated close similarity with those of Mashenene (2016) which stipulated that favourable entrepreneurial culture results in positive entrepreneurial behaviour and consequently enhanced enterprise growth.

5. Conclusion and Recommendations

5.1. Conclusion

The conclusion made from the findings is focused on the fact that the VFSGs' practices were not in favour of the growth of the enterprise since they exhibited a negative coefficient though it was significant. The results inform that VFSGs' practices are important ingredients to be related with enterprise growth as more efforts are directed towards improving the practices will consequently uplift the growth of enterprises. Entrepreneurship education was further revealed to be inadequately provided to VFSG members, as a result, a negative significant relationship with enterprise growth was determined. Implying that the provision of relevant entrepreneurship education is an important booster for enterprise education. The conclusion was further drawn showing that entrepreneurship culture was positive and significant in influencing enterprise growth. Entrepreneurship culture also influenced entrepreneurial behaviour that resulted in accelerating entrepreneurial undertaking, consequently, improved enterprise growth.

5.2. Recommendations

The study recommends that the Institute of Rural Development Planning (IRDP), Kilolo and Iringa district councils and other development partners to jointly develop programmes concerning training as capacity building with the aim of creating favourable VFSGs' practices and amplifying positivity of entrepreneurial culture that later on will contribute towards improving enterprise growth. This recommendation is made to inform implementers to perform a training need assessment, develop a training manuals, design relevant methods with a high training impact and finally to have monitoring and evaluation tools that will help in tracking the outcomes of the training programme. The study recommends that longitudinal research as an area for future research be carried out after intervention programmes to establish behavioural change and enterprise change.

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