Factors affecting the sustainability of group-based loan programmes from the Youth Development Fund in Ilemela District, Tanzania

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ABSTRACT

Tanzania's government set up a way for young people to ask for financial help through group-based loan programs in order to boost socioeconomic development. In spite of this, these projects face many problems on their way to their goal. As a result, this study looked into the factors that affect how long group-based loan programs at Ilemela District can last. The goal of the study was to find out how group relations, financial knowledge, and risk management affect the long-term viability of loan programs for groups. In order to reach these goals, the study was based on the theory of planned behavior. A hybrid approach and the constructivism research theory were used in the study, which used a convergent parallel design. A simple random sampling method was used to get 134 young people to fill out surveys, and 8 were chosen at random to be interviewed. The quantitative data analysis was done with SPSS, and the factors of the study were evaluated using the linear regression model. Thematic analysis was used to look at qualitative data. The results show that group dynamics, financial literacy, and risk management strategies all had a positive effect on the long-term success of the group-based loan plan at Ilemela District. All of these factors were statistically significant. Financial knowledge was found to have the biggest effect on the long-term success of group-based loan programs. It was also the most important of the three factors. The researcher found out that the government and other interested parties should set up the right checks to make sure that borrowers understand money before giving them loans. The study also shows that the problems of financial literacy, group dynamics, and risk management that come with group-based loan programs should be fixed by carefully screening the people who want to borrow money and giving the groups that will be receiving loans more tools to help them succeed.

Keywords: Group-Based Loan Programmes, Sustainability, Youth Development Fund, Tanzania

I. INTRODUCTION

According to Meuwissen et al. (2019), a group loan plan is a type of financing in which a solidarity group of several people agree to repay the loan by putting up collateral or guaranteeing the loan. Targeted customer groups are given the chance by Ndung'u (2022) to use currency for small businesses and other activities that bring in money, which improves their quality of life. According to the International Labour Organization (ILO), there are about 68 million women and teens working around the world in 2020. The US government set up a program called the Child and Adolescent Development Fund, which has a budget of USD 15,000. The goal of the program is to help young people become successful and build their finances. In Sub-Saharan Africa, people who can't meet the requirements for individual loans have limited access to financial services and one-on-one help. Consequently, these small and medium-sized businesses frequently depend on Group-Based Loan Schemes as an alternative (Nkwocha et al., 2023). Even though new countries have been formed in sub-Saharan Africa, adolescent growth is still a big problem.

National Youth Development Funds (NYDP) were set up in some countries, like Mali and Tunisia. It was the main goal of these funds to help young people get jobs by bringing together and funding banking institutions, social funds, and other groups that work with youth employment. The Tanzanian government set up the Youth Development Fund as part of the Exchequer and Audit Ordinance Cap 439 No 21 of 1961. The goal of this project is to give young people more economic power by giving them small loans with a 10% interest rate and few requirements to qualify. During the 2019/2020 fiscal year, the government gave 1.2 billion Tanzania Shillings (TZS) to the prime minister's office to fund projects that would help young people get jobs, improve their education, and get involved in society. Through the Prime Minister's office, the government of the United Republic of Tanzania set up a way for young people to ask for financial help through group-based loan programs.

The goal of this platform is to improve social and economic development by making it easier to reduce and get rid of poverty by promoting business activities and skill development. Kasoga and Tegambwage (2021) are among the many experts who have noticed that joint liability is used in group-based loan programs to help poor people get money.

Also, the socioeconomically developed groups of people who will benefit are not well enough defined (Livingston et al., 2022). Also, some of the people in the group who got loans did not pay them back as planned. So, the researcher decided to look into the things that affect how long group-based loan programs can last. It was relevant to group-based loan plans that the literature was looked at. The main goal of most of these studies (Nkwocha et al., 2023; Indriani et al., 2023) was to show that group-based loan programs help reduce poverty and boost socio-economic growth. Becker et al. (2020) both say that group-based loan plans are a good way to set up group liability. This is because everyone in the group is responsible for making sure that the loan money is used quickly and effectively. Even though these useful findings were made, the literature did not look into the factors that affect how long group-based loan programs last, especially those that involve loans from the local government. The researcher also found methodological differences between studies that used either a quantitative or qualitative technique, which made it harder to apply the results to other situations. Because of this, the researcher used a mix of methods to do this study. In addition, most researchers did not review the use of statistics to look at how the research variables were related. Multiple regression analysis was used to look at the link between the variables in this study.

1.1 Research Objectives

i. To find out how group behaviors affect the long-term viability of loan programs that work in groups.
ii. To examine how long group-based loan programs can last in terms of teaching people about money.
iii. To determine how different risk management techniques, affect the long-term viability of loan programs for groups.

1.2 Research Questions

i. What effect does the way a group works have on how long group-based loan plans last?
ii. If people know how to handle their money better, will the group loan programs last longer?
iii. What effect do risk management techniques have on scheme for group loans that last?

II. LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Planned Behavior Theory

Theoretically the study was guided by the Theory of Planned Behavior that led to this study. The Philosophy of Planned Behaviors came up with this idea in order to predict how people would act (Ajzen, 1991). The Theory of Planned Behavior (TPB) says how people feel about behaviors, what they think are the right things to do, and how much control they think they have over their actions all affect their decision to do them. The idea of planned behaviors says that they can be carried out with the help of behavioral control, motivation, and purpose. The first type of opinion is a behavioral normative view. The other two types are control views. The things people do and choose to do with their money have to do with how money works and what businesses need. To keep up with changes in the business and academic worlds, behavioral factors were added to the process of making financial choices that involved behavior in the financial world. Because of their cognitive errors and the way, they think, investors may not make good decisions. Several groups started to notice changes on how money was being handled. The area of behavioral finance tries to explain and learn more about how investors think and make decisions, including how much their feelings affect the process. From a human point of view, behavioral finance tries to explain what money and investments are, why they work the way they do, and how they work (Ren, 2024). Cui (2024) says that behavioral finance is the study of how people act when they are handling money.

In particular, look into how psychology affects business choices, the stock market, and financial markets. From what has been said, it is clear that behavioral finance is a way of thinking about how people handle or spend their money, which is affected by psychological factors like how well they understand money, how they feel about risk, and their home base bias. This study looks at the Youth Development Fund's group loan programs in Tanzania using the theory of planned behavior to find out what makes them work and what makes them fail. The TPB helped find and rate important factors that affect the long-term success and sustainability of these loan programs by looking at things like financial knowledge, risk management, and how groups work. By understanding how these factors affect the plans and actions of young businesses in group-based loan programs, the researcher can come up with ways to make the funding programs last longer and work better. This theory made it easier to look closely at how these financial plans would work in the long run, taking into account both individual and group actions. Microfinance theory helped this study because it looks at things like financial knowledge, risk management, and group dynamics in group-based loan schemes (Kapkiyai & Mugo, 2015) This is because borrowing and repaying loans is done as a group. Most of people agree that knowing how to handle money is an important part of making group loan programs in microfinance work. Also, microfinance

theory talks about how to handle risks for group-based loan programs, since everyone in the borrowing group shares the risk when they take out a loan.

2.2 Empirical Review

2.2.1 Effect of Group Behavior on the Long-Term Viability of Loan Program

Different Literatures have shown how different groups work has effect on how long group-based loan programs can last. Nkwocha et al. (2023) used people from 150 different groups to test how well group-leading methods worked for providing microfinance in Nigeria. The study looked at how peer tracking, group formation, coercion, and support work as ways of leading a group. The results show that group leaders, who are mostly to blame for members not paying back their loans, are more determined than other members to keep an eye on and put pressure on members. According to the results, some group leaders act in ways that hurt the long-term success of microfinance projects and the unity of the group, even though they have important roles to play. In Indonesia, Indriani et al. (2023) looked at the group financing approach by setting up a community empowerment trust fund. The point of this study is to look into how the borrowing group is managed, specifically how the group works together, how group loans are evaluated and tracked, and how social capital affects how well people pay back their loans. What the study found is that social capital, the management of group lending, and the evaluation of group lending all have a good effect on the ability to repay loans.

The study shows that social capital improves the control dynamics of group loans, which makes it easier for people to pay them back. Additionally, the loan groups have a higher success rate of collecting back loans compared to effective economic company groups with both male and female leadership. Becker et al. (2020) did a study to look into the link between macroprudential control and the way people interact within a group. In Western Bengal, they found trends by using data from bank branches and headquarters that were matched. The results show that macroprudential policies have an effect on how wealth is distributed across regions. This result is achieved by a well-known microfinance program that works well with the internal capital market and is based on group lending. The goal of the program is to help rural people in two parts of the Hooghly district in Western Bengal get ahead financially. Ngaruko did a study in 2022 to look into how group-based lending costs affected family-run businesses in the Kagera Region. A sample of 279 family business owners from four rural areas in the Kagera region were used in the study. The results show that most of the transaction cost variables that have to do with getting information for potential borrowers, negotiating, and making decisions are bad for business performance. To make sure that family-owned businesses have a big effect on socioeconomic benefits, it is necessary to pay for the costs of keeping the law in rural places where group financing is common.

Ho_1: The ability of group-based loan programs to last is strongly and negatively linked to how the groups work together.

2.2.2 What Learning about Money does to the Long-Term Viability of Group Loan Programs

In 2019, Purwidiant and Tubastuvi did a study on how small and medium-sized businesses (SMEs) in Indonesia handle their money based on how much they know about money and how much they understand about it. Knowing about money and having experience with it are the independent variables, and how people handle their money is the dependent variable. The group of respondents is made up of 42 Purwokerto Seletan business owners who run small to medium-sized businesses. Multiple regression analysis was used in this study. From the four control factors, the results show that only company size has a statistically significant negative effect on how people handle their money. Yakob et al. (2021) did a study to look into how financial knowledge affects the business efficiency of small and medium-sized companies in Malaysia. A poll was given to 200 managers and owners of small and medium-sized businesses to get the results. Multiple regression analysis was used to look at how financial literacy affects the performance of small and medium-sized businesses. It was also used to look at how manager profiles and traits that are unique to small and medium-sized businesses affected performance.

The results show that there is a strong and clear link between financial literacy and the success of small and medium-sized businesses. In 2024, Grana-Alvarez et al. did a study to find out how financially savvy small and medium-sized businesses are. They found that knowing about money is important for understanding how well small businesses are doing generally. But the size of its effect hasn't been studied in depth, and the study that has been done so far isn't complete. A thorough review of the existing literature is done for this study, which focuses on the factors that lead to and the results of having a good understanding of financial issues in small and medium-sized businesses. The findings show that cultural, educational, and environmental factors come before financial literacy. So, financial knowledge has a big effect on how people think about and handle money, how well small and medium-sized businesses can run, and how well they do overall. In Kirumbi (2019), the author looked into how business owners in Morogoro Municipality's small and medium-sized businesses are affected by their knowledge of money matters. The results show that most of the people who answered the survey had a good enough understanding of money by correctly answering questions about a wide range of terms and ideas. The study found that having financial knowledge alone is not enough to make sure that

a business makes money. It emphasized how important it was to use this knowledge in making decisions and doing other business-related tasks.

Ho_2: The ability to understand and manage money is strongly and positively linked to the longevity of group loan programs.

2.2.3 How different Risk Management Strategies Affect Longevity of Group-Based Loan Programs

A study by Malhotra and Baag in 2021 looked at group loans as a type of microfinance. The study is mainly about the problems Joint Liability Groups (JLGs) encounter when they try to give credit to people who aren't part of the official banking system or who can't easily access banking services. Lenders don't know how creditworthy most people who don't have bank accounts or are underbanked are because they don't have anything that can be used as collateral. The lack of rules has made it impossible for JLGs to keep accurate financial records or hold regular meetings. The study showed that peer tracking and enforcement can make Joint Liability Groups much more financially stable. The study by Njuguna et al. (2017) looked at how strategic risk management plans affected the growth of the microfinance institution (MFI) industry in Kenya. This study will also make it easier to create social contracts and shared credit agreements for people who get microfinance through Joint Liability Groups.

The correlation survey study method was used during the investigation. Seventy-seven (57) microfinance companies were used as samples for this study. A method of random picking was used to pick a group of thirteen MFIs. A plan for interviews and a questionnaire were the main tools used to collect data. The results show that MFIs took steps to make sure that board members didn't have any conflicts of interest. One of these steps was making sure that business deals were done without any bias, that all conflicts of interest had to be fully disclosed, and that confidential lending was not allowed. In Nakuru County, Kenya, Ndung'u (2022) looked into how information inequality affected the link between how well government business development funds' loans did and how they handled credit. Also, the results show that credit parameters have a big, good effect on how well loans do. The results also showed that methods for controlling credit risk have a big and positive effect on how well loans are paid back. The study found that credit risk management methods have a big effect on how well Government Enterprise Development Funds loans are paid back.

Ho_3: The ability of group-based loan programs to last is strongly and positively linked to how well risk management techniques are used.

III. METHODOLOGY

This study used a convergent parallel research technique to collect and analyze both quantitative and qualitative data in order to come up with a single result. The researcher was able to use different data collection and analysis methods with this approach, which made sure that the study's goals were met with complete and useful data. The review took place at Ilemela District Council. The research looked at 222 people, including 20 people who worked for local governments and 202 teens who had borrowed money from the National Youth Development Fund (NYDF). Simple random sampling and purposeful sampling were both used to choose the people who would be in the study's group. Through in-depth interviews and questionnaires, the researcher's main goal was to get the original data for this study. Sample size for this study was found using the Yamane (1967) method, which is shown below:

$n = \frac{N}{1+N(e)^2} = \frac{202}{1+202(0.05)^2}$ n ≈ 134.

Table 1

Sample Size Distribution

Category	Population	Sample	Percent
District Council Officials	20	8	5.6
Youth	202	134	94.4
Total	**222**	**142**	**100**

3.1 Data Analysis

The Statistical Package for Social Science (SPSS) Version 25 was used to code and look at poll data that was quantitative. The researcher used multiple regression analysis, descriptive statistics, and inferential statistics to look at numeric data. Linearity, multicollinearity, homoscedasticity, and normality tests all showed that the assumptions were correct. The researcher then put the following regression model into action.

$$\boldsymbol{Y_{SGL}} = \propto + \boldsymbol{\beta_1 X_{GD}} + \boldsymbol{\beta_2 X_{FL}} + \boldsymbol{\beta_3 X_{RMS}} + \boldsymbol{\varepsilon}$$

Where:

Y = Sustainability of Group-Based Loan

β_s = Partial regression coefficients which give the effect of an independent variable on dependent variable when other factors are held constant.
X_{GD} = Group Diversity
X_{FL} = Financial Literacy
X_{RMS} = Risks Management Strategies
ε = Error term
$\propto$ = Constant

IV. FINDINGS & DISCUSSION

4.1 Findings

In this study, the response rate is the number of people who answered a survey or questionnaire out of the total number of people who were asked to take part. This is an important part of the study because it affects how reliable and valid the research results are. The number of people who answered the survey is shown in Table 2.

Table 2
Response Rate

	Questionnaire Distributed	Questionnaire Returned	
		Frequency	Percent
Youth	134	134	100.0
Total	**134**	**134**	**100**

Table 2 shows that all surveys that were sent out were fully filled out and sent back so that they could be analyzed. This means that there are no complaints at all. A answer rate of 50% or more is usually thought to be enough for statistical analysis, according to Mugenda and Mugenda (2003). Table 3 Respondent Information The demographic characteristics of the respondents are the exact traits that are used to describe and study the population's make-up. These qualities are very important for researchers because they make sure that the data they collect for their studies is accurate and consistent. The researcher looked at things about the people who took part in the study, like their gender, age, level of schooling, and job. Table 3 shows the demographic information of the data.

Table 3
Results of Demographic Characteristics of the Respondents

Character	Category	Frequency	Percent
Sex	Male	78	58.2
	Female	56	41.8
	Total	**134**	**100.0**
Age	18 - 24 Years	24	17.9
	25 - 31 Years	34	25.4
	32 - 38 Years	48	35.8
	39 - 45 Years	28	20.9
	Total	**134**	**100.0**
Level of Education	Master Degree	13	9.7
	Bachelor Degree	49	36.6
	Diploma	21	15.7
	Certificate	28	20.9
	Secondary Education	17	12.7
	Primary Education	6	4.4
	Total	**134**	**100.0**
Occupation	Agriculture	31	23.1
	Business	44	32.8
	Service Provision	59	44.1
	Total	**134**	**100.0**
Working Experience	1 - 3 Years	32	23.9
	4 - 6 Years	45	33.6
	7 - 10 Years	36	26.9
	10 Years and above	21	15.7
	Total	**134**	**100.0**

Table 3 shows that 41.8% of the interviewees said they were women and 58.2% said they were men. This means that most of the people in Ilemela district who get loans from group-based projects are men. This is how the interviewees' ages were spread out: 17.9% were between the ages of 18 and 24, and 25.4% were between the ages of 25 and 31. Also, 35.8% of the people who took part were between the ages of 32 and 38, and 20.9% were between the ages of 39 and 45. Based on these results, most people who get group-based loans are between the ages of 32 and 38. The next biggest age group is those between the ages of 25 and 31. It also showed that 36.6% of those who answered had a bachelor's degree and 9.7% had a master's degree. In addition, the study shows that 15.7% of the people who answered had a diploma and 20.9% had a certificate-level education. It was also found that 12.7% of the participants had completed secondary school and 4.4% had completed primary education. In Ilemela District, this means that most of the people who get group-based loans have a college degree, with Bachelor's degree holders being the most common group. Most of the people who answered were interested in business; 32.8% were business owners and 44.1% were service providers. 23.1% of the people who answered were interested in agricultural activities. 23.9% of those who answered had between 1 and 3 years of work experience, and 33.6% had between 4 and 6 years of experience. Also, 26.9% of the people who participated had between 7 and 10 years of experience, and 15.7% had 10 years of experience or more.

4.2 Descriptive Analysis

This part gives a detailed look at the things that were thought to affect how long group-based loan plans at Ilemela District would last. To meet the goals of this study, the results are shown in a way that considers the factors.

4.2.1 A Descriptive Analysis of Group Dynamics;

The researcher in this study looked at the effects of how groups work. Table 4 shows a summary of what was found.

Table 4

Descriptive Statistics on the Group Dynamics

S/N	Statement	Mean	Std. D
GD1	There may be individuals who are inclined to benefit from the loan without contributing adequately	3.31	1.373
GD2	Unfair treatment or exploitation of certain members, especially those who are economically vulnerable	3.24	1.498
GD3	Conflicts among group members can arise due to differences in opinion, behaviour, or contribution levels	3.46	1.380
GD4	Trust among group members is essential for the success of group loans	3.29	1.325
GD5	Group loans are inherently riskier than individual loans due to the shared liability among group members	3.36	1.340
GD6	Group dynamics can also influence how effectively loan funds are utilized within the group	3.69	1.270
GD7	The composition of the group and the selection of its members can significantly influence the success of group loans	3.61	1.435
	Overall	**3.422**	**1.374**

People who are likely to take advantage of the loan without giving enough had a mean value of 3.31 and a standard deviation of 1.373, as shown in Table 4. A mean of 3.24 and a standard deviation of 1.498 show that unfair treatment or abuse of some members, especially those who are weak financially, has a lot of differences. Different opinions, behaviors, or levels of input can lead to arguments between people in the group, with a mean of 3.46 and a standard deviation of 1.380. Also, group loans are riskier than individual loans because everyone in the group is responsible for the debt (Mean = 3.36 and SD = 1.340), and trust between group members is needed for them to work (Mean = 3.29 and SD = 1.325). The way people in the group interact with each other can also affect how well they use loan funds (Mean = 3.69 and SD = 1.270). Last but not least, the average value of 3.61 and the standard deviation of 1.435 show that the success of group loans depends a lot on the people in the group and how they were chosen. In general, the study found that the mean number was 3.422 and the standard deviation was 1.374. Most people who answered agreed or strongly agreed that the youth development fund's group-based loans program should continue at Ilemela District. This was shown by the fact that most of the factors used to rate the group dynamics were rated as either agree or strongly agree. A

4.2.2 Descriptive Analysis of Financial Literacy

In this study, the expert also looked at the effects of knowing about money.

Table 5
Descriptive Statistics on Financial Literacy

S/N	Statements	Mean	Std. D
FL1	Financially literate individuals within the group are better equipped to make informed decisions about borrowing	3.33	1.386
FL2	Financial literacy empowers individuals to negotiate favourable loan terms with lenders or microfinance institutions	3.75	1.210
FL3	There is inadequate training on the loan management process	3.83	1.147
FL4	The is a lack of understanding of the terms and conditions of the group loans	3.77	1.096
FL5	Group members are not aware of budgeting and financial planning	3.90	1.018
FL6	Group members are not equipped with skills to develop realistic sources of income, estimation of expenses for loan repayment	4.14	0.951
FL7	There is no basic knowledge of relevant laws, regulations, and consumer protections governing group loans	4.19	1.020
	Overall	**3.84**	**1.118**

Table 5 shows the results that were found. Table 5 shows that people in the group who know more about money are better prepared to make smart choices about borrowing (Mean = 3.33, SD = 1.386). Additionally, knowing about money helps people get better loan terms from lenders or microfinance institutions (Mean = 3.75, SD = 1.210). But people don't understand the terms and conditions of the group loans (Mean = 3.77, SD = 1.096) and haven't been trained enough on how to handle loans (Mean = 3.83, SD = 1.147). Members of the group also don't know how to make a budget or plan their finances (Mean = 3.90 and SD = 1.018), can't think of realistic ways to make money, and can't guess how much it will cost to pay back a loan (Mean = 4.14 and SD = 0.951). Furthermore, individuals do not have a basic understanding of the laws, rules, and customer protections that apply to group loans (Mean = 4.19 and SD = 1.020). In this study, the mean was found to be 3.846 and the standard deviation was 1.118. This means that most of the factors that were used to figure out the effect of financial literacy got either agree or highly agree ratings.

4.2.3 A Descriptive Study of Risk Management Strategies

In this study, the researcher also looked at how risk management techniques worked. Table 6 shows the findings that were found.

Table 6
Descriptive Statistics on Risk Management Strategies

S/N	Statements	Mean	Std. D
RMS1	Mitigation of credit risk, which is the risk of borrowers defaulting on their loans	3.78	1.167
RMS2	There is a lack of careful selection and formation of borrower groups	3.72	1.265
RMS3	There is ineffective continuous monitoring and evaluation of borrower groups and their repayment behavior	3.84	1.171
RMS4	The risk identification process among group members is not effective	3.88	1.055
RMS5	Risk response also is not effectively conducted by the group members	3.76	1.132
RMS6	Diversification of loan portfolios is another risk management strategy that can enhance suitability	4.12	.989
RMS7	Lenders need to adapt their risk mitigation strategies based on evolving risk factors	4.12	1.176
	Overall	**3.88**	**1.136**

The numbers in Table 6 show that the process of lowering credit risk, which is the chance that borrowers won't pay back their loans, isn't working (Mean = 3.78 and SD = 1.167), that the formation and selection of borrower groups isn't being thought through carefully (Mean = 3.72 and SD = 1.265), and that the ongoing evaluation and monitoring of borrower groups and how they pay back their loans isn't working (Mean = 3.84 and SD = 1.171). It also doesn't work for group members to figure out what the risks are (Mean = 3.88 and SD = 1.055). On the other hand, the members of the group are not doing a good job with the risk reaction (Mean = 3.76 and SD = 1.132). Diversifying loan stocks is another way to lower risk and make them more suitable (Mean = 4.12 and SD = 0.989). Because risk factors are always changing (Mean = 4.12 and SD = 1.176), lenders need to make changes to how they reduce risk.

4.2.4 A Descriptive Study of how Long Group-Based Loan Programs can last

The researcher also study also looked at how sustainability affects loan programs for groups. Table 7 shows the findings that were found.

Table 7

Descriptive Statistics on Sustainability of Group-Based Loan Schemes

S/N	Statements	Mean	Std. D
SGL1	There is low financial inclusion among its members	3.87	1.109
SGL2	The group-based loan scheme does not effectively address the financial needs of its participants	3.08	1.522
SGL3	Loans secured by the group a timely repaid to the local government authorities	3.32	1.412
SGL4	There is a lack of follow-up mechanisms to enhance efficient repayment	3.18	1.370
SGL5	Some groups which have secured loans have no proper financial skills	3.23	1.365
SGL6	The group-based loan scheme has no potential for long-term sustainability	3.56	1.374
	Overall	**3.37**	**1.358**

The results in Table 7 show that the group-based loan plan doesn't help its participants with their money problems (Mean = 3.08 and SD = 1.522), and the loans that the group gets aren't paid back on time to the local government (Mean = 3.32 and SD = 1.412). The people of the group also have low financial inclusion (Mean = 3.87 and SD = 1.109). On the other hand, the lack of a follow-up tool to make repayment more efficient had a mean of 3.18 and a standard deviation of 1.370. The scheme for group loans can't work in the long run, and some of the groups that have gotten loans don't know how to handle their money properly (Mean = 3.23 and SD = 1.365). The main results of this study show that most of the people who answered either agree or strongly agree with the points that make group-based loan programs last.

4.3 Factor Analysis for Exploration

To make sure that factor loadings are correct and that they always measure the same thing, factor analysis is needed. The researcher chose to do Exploratory Factor Analysis (EFA) to check the factor loadings and figure out why the items were put together the way they were for the regression analysis. During the EFA process, items that don't load above the 50% level suggested by O'Brien and Scott (2012) or that don't strongly relate to other items are usually thrown out.

Table 8

KMO and Bartlett's Test Results

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		**.744**
Bartlett's Test of Sphericity	Approx. Chi-Square	96.667
	Df	351
	Sig.	.000

Table 9

Exploratory Factor Analysis Results

	Loading			
GD2	.738			
GD3	.717			
GD4	.613			
GD5	.831			
GD6	.804			
GD7	.834			
FL1		.821		
FL2		.785		
FL5		.798		
FL6		.606		
FL7		.802		
RMS1			.715	
RMS3			.501	
RMS4			.781	
RMS5			.715	
RMS6			.720	
RMS7			.681	
SGL1				.757
SGL2				.728

SGL3				.764
SGL4				.742
SGL5				.867
SGL6				.807

The findings from Table 8 and Table 9, the KMO test was used to see if the results were good enough for factor analysis, as shown in Table 8. It checked whether factor analysis was useful by seeing if the correlation between variables was high enough. As shown by the Chi-Square value of 96.667 and the scores of 0.744, which were statistically significant at 0.000, the KMO indicators measure results show that the indicators were carried out. Because of this, it was enough, and the researcher was able to do more exploratory factor analysis, as shown in Table 9. The loading values for most of the factors in Table 9 are higher than 0.60. Only a few things, like GD1, FL3, FL4, and RMS2, have a loading value below 0.60. Because of this, these factors were taken out, and then a factor analysis was done. The factor analysis needs to be done again, and the things that have lower loading must be taken out. So, the factors for the four independent variables were taken out, and the EFA was run again. All of the other factors had a loading value above 0.60, according to the findings. So, an upper limit of 0.60 was set in SPSS so that indicators could be added to their predicted factor (Osborne & Waters, 2002). As shown above, the final EFA data showed that all indicators were properly included in their corresponding factors.

4.4 Checking the Truth of Parametric Assumptions

As other experts have said, it is important to check parametric assumptions before doing a regression analysis (Gujarati & Porter, 2009). This study agreed with those suggestions. It is suggested that you use the parametric assumption of linearity, normality, multicollinearity, and homoscedasticity. Test for Linearity The purpose of the linearity test is to find out if the relationship between the factors that are dependent and those that are independent is linear. If all other predictors stay the same, this assumption says that the link between the dependent variable and each independent variable is linear. The linearity assumption makes sure that the estimated coefficients are fair and that the factors can be relied on. If this assumption isn't followed, it could lead to wrong opinions about the relationship between variables. The researcher used correlation analysis to find the linearity tests.

Table 10

Results of Correlations Analysis

		SGL	GD	FL	RMS
SGL	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	134			
GD	Pearson Correlation	.181*	1		
	Sig. (2-tailed)	.036			
	N	134	134		
FL	Pearson Correlation	.291**	.760**	1	
	Sig. (2-tailed)	.001	.000		
	N	134	134	134	
RMS	Pearson Correlation	.120	.488**	.680**	1
	Sig. (2-tailed)	.167	.000	.000	
	N	134	134	134	134

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

Table 10 shows a summary of the data. The association coefficient (r) was statistically significant with a p-value of 0.01, as shown in Table 10. The long-term success of group-based loan programs was linked to the way the groups worked, as shown by the values r = 0.181 and p=0.036. The statistical test showed that this link was real. The results also showed a weakly positive link (r = 0.91, p-value = 0.001) between the long-term viability of the group-based loan plan and financial knowledge. Another thing that was noticed is that risk management techniques are weakly positively linked to the long-term viability of group-based loan programs (r = 0.120). The p-value, on the other hand, is 0.167, which means the finding is not statistically significant. The p-value of 0.001 shows that there was a statistically significant and positive link between the independent factors and the dependent variable. Field (2013) also found that a p-value less than 0.05 means that the difference is statistically significant, which supports the link. Field (2013) says that a p-value of 0.000 means that the statistical significance is very high.

4.5 Test for Normality

A normality test is used to see if a sample can be accurately described by a normal distribution curve. You can use either a normal distribution curve or the Skewness and Kurtosis tests to give the test. In general, when the data is not normally distributed, it can change the results and be hard to show what factors are important. Because of this, Skewness and Kurtosis tests were used to see if the results for all parameters in the questionnaire were normal.

Table 11

Results of Normality Test

	N	Mean	Std. D	Skewness		Kurtosis	
	Stat	Stat	Stat	Stat	Std. Error	Stat	Std. Error
SGL	134	21.0373	4.43907	-.149	.209	-.531	.416
GD	134	25.8209	6.27664	-1.021	.209	.411	.416
FL	134	26.6194	5.35898	-.945	.209	.876	.416
RM	134	26.8507	5.42828	-.947	.209	1.100	.416
Valid N (listwise)	134						

Table 11 shows the outcomes that were discovered. The Skewness and Kurtosis tests shown in Table 11 showed that all variables were normally distributed because their statistical values were within the acceptable range. The Skewness and Kurtosis test, according to Tabachnick and Fidell (2007), works well within a range of ± 3.13. Because of this, we can assume that the data has a normal distribution. This means that regression analysis can be used to look at the data (O'Brien & Scott, 2012).

4.6 Test for Multicollinearity

This is meant to make sure that variables that are not tied to each other are independent. Because of this, a low association between the independent variables should make it easy to figure out which dependent variable predictor has the most significant effect. To find multicollinearity, the Vector Inflation Factor (VIF) was used with range values shown in Table 11 (Gujarati & Porter, 2009).

Table 12

Results of Multicollinearity Test

Variables	Tolerance	VIF
FL	.421	2.376
RMS	.297	3.369
GD	.535	1.868

The independent factors in Table 12 had low multicollinearity, as shown by the fact that their VIF and tolerance rate coefficients were within acceptable limits. Stevens (2009) says that a low amount of collinearity is shown by a low Variance Inflation Factor (VIF) and a high Tolerance rate. There is a lot of variation in the VIF value, which is usually between 1 and 10, but the tolerance number is close to 0. As a result, the results show a low amount of multicollinearity, which lets the researcher move on to the next steps of data analysis. Field (2013) says that the variance inflation factor and tolerance are two ways to measure multicollinearity in multiple regression analysis. This is called multicollinearity. It happens when two independent factors in a regression model strongly relate to each other.

4.7 Tests for Homoscedasticity

This test assumes that mistakes in different variables are spread out evenly, which lets a wide range of errors be consistently spread out among variables (Stevens, 2009). To check if the statistical condition of homoscedasticity has been met, a scatter diagram of standardized residuals versus expected values is often used (Stevens 2009). The results that were reached are shown in Figure 1.

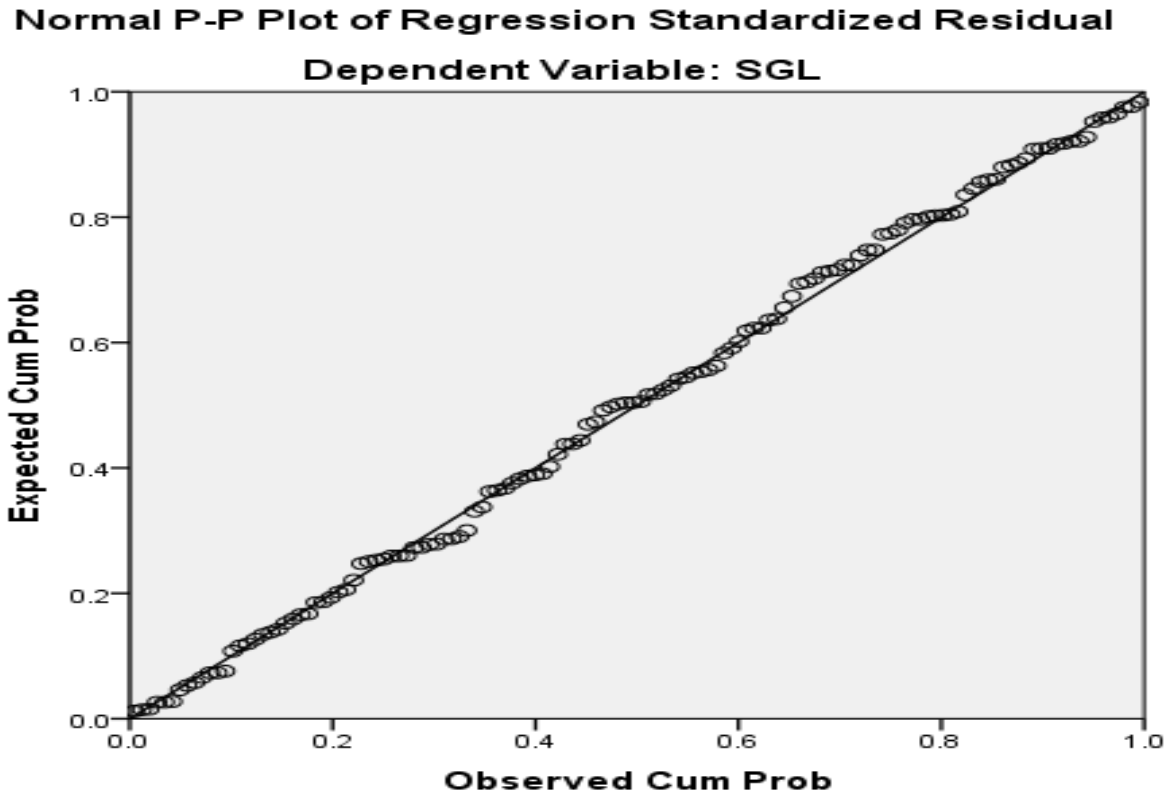

Figure 1
Normal P-P Plot

The homoscedasticity tests were met statistically in this study, as shown by the scatter plot, which shows that the residuals were spread out randomly around the horizontal line. As per Osborne and Waters (2002), homoscedasticity can be checked when there is a random scatter residue around the horizontal line.

4.8 Multiple Regression Analysis

Multiple regression analysis proved that the most important things for the long-term success of group-based loan programs were found. The theory showed that there was a link between three variables: Financial Literacy (FL), Group Dynamics (GD), and Risk Management Strategies (RMS).

Table 13
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.617[a]	.601	.580	4.258	2.409

a. Predictors: (Constant), RM, GD, FL
b. Dependent Variable: SGL

Table 14
ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	262.959	3	87.653	34.833	.000[b]
	Residual	2357.855	130	18.137		
	Total	2620.813	133			

a. Dependent Variable: SGL
b. Predictors: (Constant), RM, GD, FL

Table 15

Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.829	2.045		2.850	.000
	GD	.074	.026	.104	2.813	.001
	FL	.391	.126	.472	3.092	.000
	RMS	.123	.028	.150	4.321	.000

Dependent Variable: SGL

According to the regression results presented in Table 15, the summary of the regression coefficient above is recorded on the following equation for easy interpretation.

SGL= 5.829 + 0.074GD + 0.391FL + 0.123RMS

4.8.1 The dependent variable was Sustainability of Group-Based Loan Schemes (SGL).

The regression analysis results are shown in Table 13, Table14, and Table 15, which are the Model Summary, the ANOVA Test, and the Regression Coefficients. The regression value R, which is written as R, was 0.617 in Table 13, and the standardized error estimate was 4.258. In addition, the model summary showed that the R square value was 0.601 and the modified R square value was 0.580. The results show that three factors explain 61.7% of the Regression Model, which has now been changed to 60.1%. Because the R Square is 60.1%, it shows that the independent variables can explain the dependent variable by 60.1% if all the other variables stay the same. The Durbin-Watson autocorrelation test also came back with a result of 2.409, which means there is no problem with autocorrelation. That is, the autocorrelation assumption of the residuals wasn't broken, which made it easier to report the regression results that followed. ANOVA. The second way to explain the regression data is with ANOVA. ANOVA is often used to find out how variables interact with each other, both within and between groups. A one-way analysis of variance (ANOVA) was used to look into the link between the average values of parameters that affect how long group-based lending schemes can last. The results are shown in Table 14.

The regression equation shows that each independent variable can explain the dependent variable based on the unstandardized Beta coefficient and Sig Values, as long as all the other variables stay the same. We have a Group Dynamics (GD) value of 0.074, which means that for every one unit increase in GD, the Group-Based Loan Schemes (SGL) become 0.74 units more sustainable. The statistical significance of this increase is 0.001, as long as other factors (FL and RMS) stay the same. It was also noticed that knowing about money has a correlation of 0.391. This means that a one-unit rise in financial knowledge causes a 0.391-unit rise in the SGL, which is statistically significant at 0.000, as long as the RMS and GD parameters stay the same. The results also show that methods for managing risks have a coefficient of 0.123, which is statistically significant at 0.000. When GD and FL stay the same, an increase of one unit in RMS causes an increase of 0.123 in SGL. As shown by the total results of this study, the three predictors—GD, FL, and RMS—have a big effect on the dependent variables. The adjusted coefficient value of 0.472 shows that the effect is most noticeable in SGL with FL.

4.9 Discussion

Research results shows the effect of how long group-based loan programs can last. The descriptive data for this study showed that the mean value of group dynamics was 3.422 and the standard deviation was 1.374. This means that most of the people who answered agreed that the way groups work might affect how long the Youth Development Fund's group-based loans program at Ilemela District lasts. Because most of the factors used to judge how the group worked were rated as either highly agree or concur, this is the case. Correlation research also shows that the long-term success of group-based loan programs is strongly and positively linked to how the groups work together. The p-value was 0.036, which is less than the 0.05 level of significance. At this level, the association that was seen is therefore statistically significant. Along these lines, regression analysis also showed that group behavior has a big impact on how long group-based loan programs last (a value of 0.074). These results agree with those of Nkwocha et al. (2023), who found that members of a group are more likely to be watched and put under pressure because they are mostly to blame for other members not paying back their loans.

The results also show that some group leaders abuse their power in ways that threaten the long-term success of microfinance and the group's unity, even though it was agreed that they played important roles. Indriani et al. (2023) also show that group lending appraisal, group lending control, and social capital all have a good effect on people's ability to pay back loans. The study shows that social capital improves the control dynamic of group lending, which in turn makes it easier to pay back. According to Becker et al. (2020), the economic situation of people living in rural areas in two blocks of Hooghly district in Western Bengal can get better thanks to the cross-regional distributional effect of macroprudential policies that work through the internal capital market effectiveness of group-leading based

microfinance programs that run through primary agricultural credit societies. As Ngaruko (2022) shows, the transaction costs of law enforcement and monitoring can't be avoided in rural areas where group lending models are common. This is to make sure that family-owned businesses have a big effect on the economy and society.

4.9.1 What Learning about Money does to the Long-Term Viability of Group Loan Programs

The detailed analysis of the study found that financial literacy had a mean value of 3.84 and a standard deviation of 1.118. The results showed that most of the factors used to measure the effect of financial literacy were rated as either agree or highly agree. Because of this, we can assume that the amount of financial knowledge among members may have an effect on how long group-based lending programs can last. The correlation study gave a p-value of 0.001, which is less than 0.05 and means that the correlation is very statistically significant. So, the study shows that there is a strong and consistent link between financial literacy and the long-term viability of group-based lending schemes. On the other hand, the regression study showed that financial literacy has a level of significance of 0.391. So, we can assume that there is a strong and meaningful link between the amount of financial knowledge and the ability of the group-based loan programs to last in the long run. So, it's safe to say that financial knowledge is strongly and positively linked to the long-term success of Group-Based lending programs. According to Yakob et al. (2021), these results are supported by the idea that financial knowledge has a big and positive effect on the success of small and medium-sized businesses (SMEs). These findings are supported by Grana-Alvarez et al. (2024), who show that educational, cultural, and environmental factors come before financial literacy. Financial knowledge has a direct effect on how small and medium-sized businesses (SMEs) think about money, how they handle money, how well they can organize their finances, and how well they do overall. However, Kirumbi (2019) came to the conclusion that a company's ability to make money cannot be guaranteed by its financial smarts alone. He stressed how important it is to use what you know when doing economic tasks and making decisions.

How different risk management strategies affect how long group-based loan programs can last It was found that people either agreed or strongly agreed with the study's determinants of risk management methods. The mean score was 3.88, and the standard deviation was 1.136. As a result, it is possible to conclude that risk management techniques may have an effect on how long group-based loan programs last. Another way to look at it is that there was a strong positive correlation (>0.120) between the longevity of group-based loan programs and risk management techniques. Also, the outcomes of the regression model can be traced back to three indicators, each of which has a regression coefficient of 0.123 units and a significant value of 0.000. The regression coefficient showed that there was a strong and positive link between risk management techniques and the long-term viability of group-based loan programs. In addition, Malhotra and Baag (2021) discovered that peer control and enforcement can help JLGs stay financially stable and pay back their loans, which supports these results. According to Njuguna et al. (2017), MFI rules said that related part (insider) lending was not allowed, all conflicts of interest had to be fully disclosed, and business deals had to be done without any bias. The rules also said that board members couldn't have any conflicts of interest. On the other hand, Ndung'u (2022) showed that credit risk control methods make loan performance much better. The study found that credit risk management methods have a big effect on how well Government Enterprise Development Fund loans perform.

V. CONCLUSION & RECOMMENDATIONS

5.1 Conclusion

How Group Dynamic Affects the Longevity of Loan Programs for Groups Results of the study showed that group-based loan programs have usually been used in Tanzania to help small businesses get more money. The government set up the National Youth Development Fund and told young people that they had to work together to bring about good change. There is often peer support and responsibility in group-based loan programs, which can lead to higher repayment rates. Members help each other out and push each other to stick to repayment plans while they are financially responsible. The literature study found a number of problems, such as anger and lessened group productivity caused by some members depending on others' work without contributing themselves. If this isn't handled well, it could make the loan programs less likely to last. The study's findings show a strong and good link between group dynamics and the long-term success of loan programs based on groups. The study showed that powerful members can have an unfair effect on group decisions, which can lead to less-than-ideal outcomes in schemes. In the end, this study found that group dynamics have a good effect on the long-term viability of group-based loan programs.

What effect does group awareness about money have on the long-term success of group loan programs? The study acknowledges that understanding money is important for the long-term success of group loan programs, especially those run by Youth Development Funds. This is because people who know a lot about money are better able to handle their money wisely, which includes making budgets, saving money, and investing. This makes them smarter about how they spend loan money, which makes their businesses more likely to succeed. Lack of financial knowledge, on the other hand, can lead to bad decisions, such as investing in businesses that won't make money and mismanaging funds, which

means not getting the results you want. This study found a strong and positive link between financial literacy and the ability to keep group-based activities going. The study then comes to the conclusion that financial literacy has a good effect on the long-term success of group-based programs. Members who don't know much about money are more likely to fall victim to fraud and bad management, both inside and outside the group. This can also happen when someone doesn't know much about money and spends loan money on things that aren't useful or necessary. This lowers the chances of making money and makes it less likely that the youth development funds' group-based loan programs will continue to work. The study also found a strong and positive link between financial knowledge and the long-term viability of group-based financing programs offered by youth development funds.

How risk management strategies affect the long-term viability of loan programs for groups This study shows that risk management is an important part of credit management. Risk management methods must be put in place for group-based loan programs, especially those that are backed by youth development funds, to last. When it comes to group loans, bad risk management can make it more likely for people to not pay back their loans, because they might not be ready for financial problems or shocks from outside sources. Groups are more likely to have internal disagreements, bad management, and fraud when they don't have clear risk management plans. These problems could make it harder for people in the group to trust each other, work together, and keep the group together. Companies that don't handle their risks well are more likely to be hurt by economic downturns and market changes. A statistically significant and positive link was found between risk management techniques and the long-term viability of group-based loan schemes. So, it's safe to say that risk management techniques have an effect on how long group-based loan programs can last. Poor risk management can make loan programs less stable by increasing the number of defaults, causing internal disagreements, and making the programs more vulnerable to economic shocks. On the other hand, good risk management can help with longevity.

5.2 Recommendation

Policymakers should set up a framework that makes it easier for these loan programs to keep running. This framework should include ways to keep an eye on things and evaluate them on a regular basis. The study also suggests that the government should give money to programs that help youth groups build their skills so they can do a better job of managing their money and finances. To make sure that loans are used and managed well, this includes learning about money, running a business, and developing skills. The findings of this study show that training on how to form groups and run them can make loan programs more useful and long-lasting. This will make sure that the groups work together and that clear lines of authority are set up. This study says that more research should be done to see how long group-based loan programs run by Tanzanian youth development organizations can last. The study could give a critical look at how group-based loan programs are run and the different ways that they are monitored and evaluated. It is also suggested that bigger studies being done that look at different local government agencies.

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