

Assessment of loan officers' performance in microfinance institutions in Tanzania through tribal diversity

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This study ought to assess the way tribe diversity relates with loan officers performance in microfinance institutions. The study focused on three specific objectives; (i) to determine the performances variation among various loan officers' tribes in Tanzania; (ii) to examine the effects of tribal diversity on loan officers' portfolio performance; and (iii) to examine the moderating effects of loan officers' education in relation to tribal diversity. The study adopted an explanatory research design and the sample size for the study was 300 respondents. Two methodologies were used in data collection such as interview and questionnaire. Regression analysis was performed and simple statistics such as computation of percentage was done. The study found out that, tribal diversity has greater influence on loan officers' performance. This is due to the fact that, the factor analysis in the regression yield level 0.00, which indicates high significance, hence shows that, there is a positive effect on the performance of various loan officers' tribes in Tanzania. The study also revealed that, loan officers do prefer to offer loans to people who belong to Chaga and Nyakyusa tribes because majority of businesses established in Dar es Salaam are owned by Chaga, hence becomes easy to have a good performing loan portfolio. The study further identified that, tribe diversity has performance advantage over homogeneous loan officers' performance. The taste for discrimination and erroneous expectations/prejudice are the most factors influencing the loan allocations. In addition, this study pointed out that the higher the level of education acquired by loan officers the greater the loan portfolio performance and vice versa.