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Editorial Note

Dear authors and readers of the Ruaha Business, Economics and Management Sciences Journal. It is with great pleasure that I welcome you to the special issue 1 of November 2023 of Ruaha Journal of Business, Economics, and Management Sciences for which I have been appointed as the Chief Editor

Our goal is to provide worldwide scholars with comparative research papers on recent business, economics, and management sciences advancements in Tanzania and elsewhere. This journal is the brainchild of the Faculty of Business and Management Sciences and is intended to bridge the gap between the business, economics, and management academic tradition and the international arena. Our goal is also to improve access by other scholars and ensure the journal gains global recognition.

Second, we are very flexible in our editorial policies and thus welcome articles from other countries. It is our vision that the Ruaha Journal of Business, Economics, and Management Sciences transitions to a platform of international comparative discussions on various business, economics, and management sciences themes. Our scope is limitless and thus accommodates a wide range of interdisciplinary fields.

Finally, I would like to thank all prominent members of our Editorial Board for joining us in this new fascinating, and promising academic project. I thank all contributors to our journal.

Prof. Dominicus Kasilo
Chief Editor

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CRYPTO-CURRENCY FOR SOCIO-ECONOMIC TRANSFORMATION IN TANZANIA

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ABSTRACT
The purpose of this study is to investigate the impact of crypto currency technology on socio-economic transformation. This research was motivated by the need for a secure currency that cannot be counterfeited and concerns about the safety and security of hard cash transactions. The study utilized an explanatory research design conducted in Dodoma City Council. The participants included individuals and business firms, bankers, officials from various government agencies, and Dodoma City Council officials, resulting in 104 respondents. Data were collected primarily through questionnaires and secondarily through the review of journals and published report from BoT. The collected data were analyzed using the Non-Normalized Fit Index (NNFI), the goodness of fit index (GFI), and the discriminant analysis tool. The analysis results indicate that crypto currency technology positively impacts socio-economic transformation by creating stable monetary systems, reducing transaction costs, and stabilizing market efficiency. However, the technology was not adopted due to non-formalization issues, lack of reliable database for all Tanzanian residents, and unstable internet subscription, telecommunication network and electrical energy supply. Therefore, the study recommends that policymakers address these issues to realise crypto currency technology's expected impacts on socio-economic transformation.

Keywords: *Crypto-currency, Stable monetary systems, Cashless transactions, Market efficiency, socio-economic transformation*

1. Introduction
Crypto currency is becoming the means of financial transaction to many governments in the World. Crypto currency is the digital or virtual currency that discards hard cash financial transactions (Maurya, 2019). Crypto currency uses crypto grapy technology for checking the originality regarding the security features over the actual bit coin currency should have. Thus, with the crypto currency system, counterfeit currency is easily identified through cryptography (Lee, 2019).

Usually, the Central Bank controls crypto currency, and the controls, safety and security are decentralized (Jagtiani, Papaioannou, &Tsetsekos, 2019).

Crypto currency technology contributes towards stable monetary systems because it is subjected to the maintenance of the same quantity of currency supplied or printed by the Central Bank (Caton, 2019). This indeed sustains the currency equilibrium condition over money market equilibrium (LM) which in turn balances the commodity market equilibrium (IS) i.e. the aggregate demand (I) and aggregate supply(s) (Sanches, 2016).

Crypto currency technology sustains cashless transactions (Kaur, 2019). This then helps maintain the currency's durability remain as e-money without tear and wear, thus retaining its value for a long period. Crypto currency overcomes the problem of counterfeiting and making copies of original currency in circulation (Naskar, 2019). Moreover, effective crypto currency technology adoption and use prevent money laundering (Mangate, 2020).

Crypto currency offers economic stabilization, thorough assurance over productivity and distribution efficiency (Mita, Ito, Ohsawa& Tanaka, 2019). The excessive money supply, which could result from counterfeiting, money laundering, and illegal printing/making copies, is discarded (Kang & Lee, 2019). This helps ensure combating stagflation in the economy (Hand field & Nair, 2019).

The sustainability over money market equilibrium achieved due to steady money supply, quantity and velocity of currency in circulation has been revealed to be brought by acceptance and use of bit-coin-crypto currency (Rzayeva, 2019). The enhancement of cashless transactions has been revealed to disrupt the traditional means of individuals/firms holding huge amounts of money in their pockets (Helbing, 2019). The curbed counterfeit and money laundering cases following the invention of crypto currency have been the reason for the stabilized economy and market efficiency (Nasir, Huynh, Nguyen & Duong, 2019).

Eriksson and Sandhill (2019), advocates that a significant proportion of hard cash transactions, specifically 71% are not secured and stable enough to maintain a consistent velocity of currency in circulation. This raises concerns about the sustainability of hard cash transactions compared to cash-less mechanisms, particularly in light of the increasing adoption of crypto currencies. It is therefore imperative that measures are taken to address the security and stability issues associated with hard cash transactions in order to ensure the continued viability of this mode of exchange. Manual financial systems favour individuals/firms who hold a large amount of money in their pocket, thus creating leakage to the economy not with cashless systems as with crypto currency revealed by Sukarno (2020) in Malaysia. Holding huge amounts of money in hand or at home has been a major source of creation over currency reserve for over >54% as reported by Kandpal and Mehrotra (2019) in India.

Cash transaction is the source of volatility over domestic currency, accounting for about 81% (Arvidsson, 2019). Increasingly counterfeit cases over domestic currency, such as in the Republic of Central Africa, because of the use of hard cash transactions. Contrarily to crypto currency, the use of cash transactions in most cases with low-income families in African countries has been revealed as a source of increase in fraudulent dealings and difficult administration over tax policies and laws overtax revenue collections accounting for 74% (Yalaman &Yıldırım, 2019). Difficulties in administrating the tax due to the use of analogue non-complicated systems are the reason for little collections amounting to 45% revealed to be the source of the government budget deficit for most developing countries (Sidorenkon & Lykov, 2019).

The instability observed in the economies of developing countries, such as Tanzania, can be attributed to a combination of factors, including inflation and high exchange rate floatation. According to Georgiou (2020), the absence of crypto currency platforms exacerbates this instability. Furthermore, Kim and Chung (2019) note that the inefficient distribution of national income, goods, services, and resources accounts for a significant portion (up to 64%) of the challenges faced by developing countries due to the lack of digital systems, such as crypto currency. As a result, families in these countries often experience unequal and inefficient distribution of income, which perpetuates poverty despite the abundance of natural resources available.

The field study conducted on the Tanzanian domestic currency has revealed a significant discrepancy in the floatation of the currency used for transactions. This is primarily due to the absence of crypto currency technology, which has exposed the currency to external sources and add-ons, leading to hyperinflation. The non-use of crypto currency has also made it difficult to administer indirect tax, property tax, VAT, and another fees collection by TRA. The manual systems requiring face-to-face meetings with customers have resulted in fraudulent dealings and stiff administration.

However, the adoption of block chain technology and effective fostering of crypto currency could address these issues. With the integration of crypto currency, a correct and reliable contribution or charge could be automatically deducted from customers' or business firms' accounts. This would enable reliable and fair VAT deductions from business returns or sales, thereby eliminating unfair tax deductions that were found to be prevalent in the field area. The automation and connection of business firms to TRA systems through crypto currency would also enhance the administration of taxes and reduce fraudulent activities.

In conclusion, the adoption of crypto currency and block chain technology would be a significant step towards addressing the challenges faced by the Tanzanian domestic currency. It would lead to a fair and transparent taxation system and enhance the administration of taxes, thereby promoting economic growth and stability.

From the field area, the same as it has shown over less tax and fees collected by the government accounting to only 27% of national income from the public was also shown with non-performing loans financial institutions are incurring. From the field, it was revealed that the non-use of block chain technology had enabled loan applicants to operate distinctly or remotely from financial institutions. It was found that loan applicants were not scattered, identified, not formalized, and no single database for all resident Tanzanians (database of loan applicants). Crypto currency technology was found to be not fostered by most financial institutions to properly identify their clients, not commit adverse selection and ensure an optimal collection of repayments. For ease of identification of the clients, establishing a single database to be held, said the National Identification Authority in Tanzania, could help financial institutions tally the information provided by the credit applicant and those held in the database system of the authority.

Remote controlling of the domestic currency by the Bank of Tanzania is a centralized system in which money laundering and counterfeiting cases normally reported cannot be avoided by not adopting crypto currency. That is why this cross-sectional survey has been conducted. Though from the field, it was revealed that crypto currency might become enhancers of money laundering but being a recommendation of this study under discussion is that to avoid this prospective disaster from occurring then, decentralized crypto graph systems should be effective, safe, and secured. This study's discussion has explicitly uncovered the new policies the central Bank has to develop to achieve the said effectiveness.

2. Literature Review

This study adopted the Innovation diffusion technology and acceptance model. The Model postulates on economic contribution brought through adopting and using Crypto currency (Ashoor& Sandhu, 2019). Moreover, Bhosale and Mavale (2018) reported that cryptocurrency leads to increasing velocity of currency in circulation and retains the quantity of money in circulation. Furthermore, Adu, Buabeng, Asamoah, and Damoah (2020) pose that government revenue collection is maximised through cryptocurrency technology. Crypto currency, as commented by Liu and Tsyvinski (2018), contributed to curbing stagflation in the economy.

The theory either failed to dictate the innovative disruption the crypto currency technology has brought, i.e. socio-economic transformation, the issue which has been addressed by this study under discussion. The problems demonstrated socio-economic change brought by crypto currency found from the research area were over decentralised control, which led to stable monetary systems, and effective administration over the receipt and payment transactions because of the cash-less disruptive technology adopted. Moreover, the decentralized control mechanisms executed following the acceptance and adoption of crypto currency revealed to create market efficiency, the other issue not said by the Model thus explicitly addressed by this study under discussion.

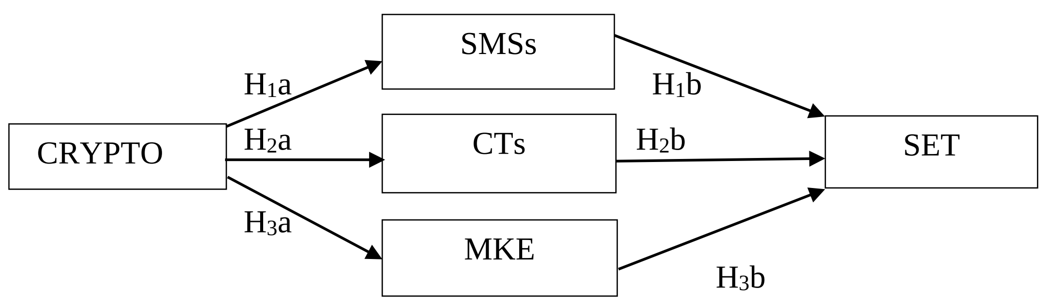
According to Díaz, de-Córdobab, and Puchc (2019), the adoption and use of cryptocurrency were revealed to reduce inflation to <1% in China. Moreover, following the adoption of cryptocurrency technology, foreign exchange floatation was reported to come to a <2% in England (Deshwal, Kaurav& Thakur, 2019). Crypto currency has more over found to speed up payment and receipts transactions (Howell & Potgieter, 2019).

In Rwanda, the adoption of crypto currency was reported to be maximising government collection by 54% from 28% before the invention of the technology (Kesa&Mahoro, 2019). In South Africa, crypto-currency was revealed to curb the counterfeit dealings of Rand (Rs) to <12%, which is different from what it was before when the fake cases reported were acute to >80% (Mutambara, 2019). In Indonesia (from Jakarta provincial government), the adoption of crypto currency was revealed to maximise government tax revenue collection by 67% (Wang & Sari, 2019).

Crypto currency has been found to increase the efficient over-allocation and distribution of financial resources (Yanagawa& Yamaoka, 2019). The marginal productivity and outputs have been reported to stabilise by >75% following inventions over the crypto-currency (Zhang & Yang, 2019). Crypto currency has been revealed to sustain money market equilibrium (Mita, Ito, Ohsawa, & Tanaka, 2019).

Financial discipline and budgeting have been the attitudes individuals and firms have adopted following inventions over crypto currency technology (Nabilou, 2019). The behavior of holding large amounts of money for transactions was discarded with the invention of Crypto currency in Tanzania (Limba, Stankevičius&Andrulevičius, 2019). Crypto currency has been found to facilitate steady cashless transactions by 70% (Corbet, Larkin, Lucey, Meegan &Yarovaya, 2020). The studies shown above have revealed the positive influence of crypto currency on the economy. However, how explicitly socially and economically the transformation has been achieved has not been stipulated, which has been the area of focus of this study under discussion. The disruption addressed by this study underhand came following inventions of crypto currency technology revealed to be rooted in decentralized control through the use of secured and safe cryptography. The use of decentralized cryptography secured system has created a stable money system, effective e-money transactions, and market efficiency. Moreover, the other difference between the studies reviewed above and this one under discussion was over the surveyed area population. Indeed while other studies revealed to be used mostly to be case studies and descriptive research designs, this one underhand employed survey research design. While other studies reviewed above indicated to be used for thematic data analysis being presented using simple percentages and graphs, this study under discussion used structural equation modelling

Operationalisation of variables as it has been reviewed under theoretical and empirical literature reviews above were guided by the conceptual framework shown as Figure 1 below:-



Note: CRYPTO= crypto currency; SMSs = stabilization of monetary systems; CTs = Cash less transactions; MKE= Market efficiency; SET = socio-economic transformation

Source: Ashoor& Sandhu (2019); Bhosale &Mavale (2018); Liu &Tsyvinski (2018)

3. Methodology

The study was conducted in Dodoma City Council. This area was chosen as the surveyed population was accessible and reachable. Dodoma City Council is the area metallurgical found with the institutions responsible for transformation over inventing on crypto currency. Because crypto currency is subjected to decentralized control, most of the controlling and regulatory authorities' head offices responsible for thorough transformation, such as NIDA, BoT, BRELA, and ot Crypto currency is becoming the means of financial transaction many governments in the

World are adopting and used to. Crypto currency is the digital or virtual currency that discards hard cash financial transactions (Maurya, 2019). Crypto currency uses crypto grapy technology for checking the originality regarding the security features over the actual bit coin currency should have. Thus with the crypto currency system, counterfeit currency is easily identified through cryptography (Lee, 2019). Usually, the Central Bank controls crypto currency, and the control, safety and security are decentralized (Jagtiani, Papaioannou, &Tsetsekos, 2019).

Moreover, the study applied the cross-sectional survey design. Either simple random sampling was used to derive 104 respondents from 480,000 surveyed population. Using a calculator 130 (+) random numbers were created but only 104 were used to make a sample frame. This sample frame was chosen from 4 columns with 25 simple random numbers. The 104 sample size derived from 130(+) to a total of 480,000 population employed a confidence level of 10% (Mudge&Houlahan, 2019). The distributive unit of inquiry chosen was as shown in Table 1 below: -

Table 1: Deduction of sample size

Surveyed population	Sample frame	Sample size
NIDA officials	50	5
BoT officials	500	10
BRELA officials	150	5
DodomaCityCouncil officials	150	10
TRA officials	150	14
Bankers	4,000	10
Individuals/ firms	475,000	50
TOTAL	**480,000**	**104**

Source: Pilot Survey (2020)

Data from a sample frame shown in Table 1 were gathered primarily through a questionnaire. Data were collected by reviewing the literature, journals, and publications. The collected and processed data were analysed using inferential statistical tools, including the non-normalised fit index (NNFI), goodness of fit index (GFI) and discriminant analysis. The non-normalised and goodness of fit indices were applied to confirm for variables model fitting while decriminant analysis was conducted aiming to the determine regression effect. Factors loading was sustained by employing partial least square structural equation modeling (PLS-SEM) using a Smart PLS3 software.

The structural models guiding the inferential statistical analysis are shown in path analysis model 2 below. The structural models were appropriate because the recommended level for variables is between 10- 20 and the indictors is to be in the size of >=10 from which each factor (variable) has to retain 3 indicators (Scherer, Siddiq &Tondeur, 2019).

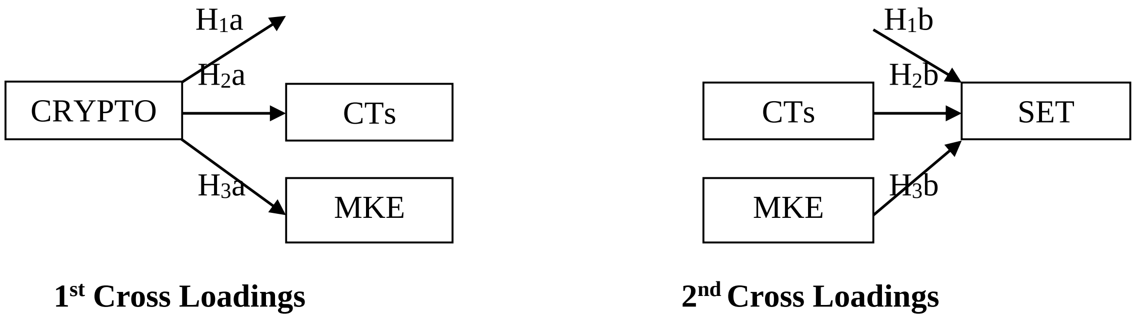


Figure 2: Path Analytic Models

From the data analysis models and hypothesis testing tools to reveal that the variable fit the Model or the relationship between variables is statistically significant the following assumptions presented in Table 2 hold: -

Table 2: Data Analysis Models' Assumptions

Analysis Model Assumptions
1. NNFI >The variable is said to fit the Model if NNFI>0.95 for 1st cross loading >The variable is said to fit the Model if NNFI>0.47 for 2nd cross loading >The P<0.01 capture for errors

Source: Mirkin (2019).

2. GFI >The variable is assumed to fit the Model for GFI<0.08 for 1st cross loading >The variable is assumed to fit the Model for GFI<0.04 for 2nd cross loading >The figure P<0.01 is for errors capturing

Source: Schepsmeier (2019)

3. Discriminant analysis >The variable is said to fit the Model if λ>0.9 for 1st cross loading >The variable is said to fit the Model if λ>0.45 for 2nd cross loading > The standardized λ<0.9 = λ<0.45 is for normality testing >The figure 'standard error' (<0.05 = <0.025) is for capturing errors

Source: Linden (2020)

4. i) H_1a ⟶ For $\chi 2>=0.05$ accept the hypothesis otherwise reject <**The cryptocurrency positively and significantly contribute to stabilized monetary systems**> ii) H_1b ⟶ For $\chi 2>=0.025$ accept the hypothesis otherwise reject (**The stabilized monetary systems influence positively and significantly towards socio-economic transformation>**

Source: Visvalingam (2020)

5. i)H_1a ⟶ For $\chi 2>=0.05$ accept the hypothesis otherwise reject <**The cryptocurrency positively and significantly influence cashless financial transactions**> ii) H_1b ⟶ For $\chi 2>=0.025$, accept the hypothesis; otherwise, reject <**Cash less financial transactions positively and significantly lead to socio-economic transformation**>

Source: Tian & Pho (2019)

6. i) H_1a ⟶ For $\chi 2= 0.05$ accept the hypothesis otherwise reject <**crypto currency technology influence the market efficiency positively and significantly**>
ii) H_1b ⟶ For $\chi 2=0.025$ accept the hypothesis otherwise reject <**market efficiency influence socio-economic transformation positively and significantly**>

Source: Shankar (2019)

Results & Discussion

Results analysis

Non-normalised fit index Analysis test

This analysis revealed the strength of the association between crypto currency (independent variable) and stabilization in monetary systems (mediating variable) in the 1st cross-loadings. Indeed, the same tool was applied to test the strength of the relationship between the mediating variable, stabilized monetary systems (SMSs), and socio-economic Transformation (SET-dependent variable) for the 2nd cross-loadings. The results from the field were presented in Figure 2, Table 2 and 5.

Table 2: **Crypto currency, stabilisation of monetary systems and socio-economic transformation**

S/N		Value		
		1st canonical loading	2nd canonical loading	p.value
1.	Money supply	0.95	0.47	0.003
2.	Demand for money	0.96	. 0.48	0.001
3.	Velocity of currency in circulation	0.95	0.48	0.002
4.	Quantity of money in circulation	0.97	0.49	0.001
5.	Storage of value of domestic currency	0.95	0.47	0.004

Source: Researchers' computations (2020)

With NNFI values >=0.95 for 1st>= 0.47 for 2nd canonical loadings revealed over crypto currency to positively lead to stable monetary systems and socio-economic transformation. This was proven over the NNFI regarding money supply = 0.95; demand for money =0.96; velocity of money in circulation = 0.95; quantity of money =0.97; storage of value of domestic currency =0.95. These results were >= 0.95 equals >= 0.47 (the accepted 1st and 2nd cross-loadings), showing the variable to fit the Model. Consistently the results were over the statistical significance revealed between the inventions over cryptocurrency technology and stability of monetary systems, which later give rise to socio-economic transformation with $\chi 2>=0.05$ equals to $\chi 2 >=0.025$ for the 1st and 2nd canonical loadings (Refer Table 5 and Figure 2)

The goodness of fit index analysis test

The analysis was conducted to reveal the strength of the association between the crypto currency (independent variable) and cashless transactions (mediating variables) in the 1st cross-loadings. The same tool was applied to test the strength of the relationship between the mediating variable, cash-less transactions (CTs), and socio-economic Transformation (SET), the dependent variable for the 2nd cross-loadings. The results from the field are shown in Figures Table 3 and 5.

Table 3: **Crypto currency, cash-less transactions, and Socio-economic Transformation**

S/N		Value		
		1st canonical loading	2nd canonical loading	Sig.
1.	Maximization of revenue collection	0.07	0.035	0.000
2.	Counterfeit proceedings reduction	0.07	0.035	0.000
3.	Durability of currency in circulation	0.06	0.030	0.001
4.	Fraudulent practices	0.06	0.030	0.002
5.	Risks of holding huge amounts of money	0.07	0.035	0.000

Source: Researchers' computations (2020)

The GFI for all five sub-constructs to bear its values <=0.08 equals to GFI<=0.035 for 1st and 2nd canonical loadings, respectively, showing the variable cashless financial transactions to fit the Model. It is a proven fact that the adoption and use of cryptocurrency positively impact the socio-economic transformation mediated by cash-less transactions. The cash-less transactions to b facilitated was over increasingly in revenue collections, GFI = 0.07; reduction in counterfeit cases =0.07; durability of the currency in circulation retention= 0.06; fraudulent practices cases curbed = 0.06 and reduction in risks of holding large amounts of money = 0.07. Despite the positive results shown through running the goodness of fit index, the statistical significance was shown to be sustained with the revealed $\chi 2>=0.05$ equals $\chi 2 >= 0.025$ for 1st and 2nd canonical loadings, respectively (See Table 5 and Figure 2).

Discriminant analysis test

The analysis revealed the strength of the association between the crypto currency (independent variable) and cashless transaction (mediating variable) in the 1st cross-loadings. Indeed, the same tool was applied to test the strength of the relationship between the mediating variable, cashless transaction (MKE), and socio-economic Transformation (SET)-the dependent variable for the 2nd cross-loadings. The results from the field are presented in Figures 2, Table 4, and 5.

Table 4: **Crypto currency, market efficiency, and socio-economic Transformation**

	1st Canonical loading	Wilks' lambda λ	Unstandardised λ	Standard error	Standardised λ
1.	Allocative efficiency	0.92	0.03	0.03	0.84
2.	Distributive efficiency	0.94	0.03	0.04	0.76
3.	Stabilisation in economy	0.91	0.01	0.02	0.63
	2nd Canonical loadings				
1.	Allocative efficiency	0.46	0.006	0.015	0.42
2.	Distribution efficiency	0.42	0.008	0.020	0.38
3.	Stabilisation of Economy	0.45	0.003	0.010	0.31

Source: Researchers' own computations (2020)

Given the Wilks' lambda, λ values >0.9 equal to λ>0.5 for 1st and 2nd canonical loadings, respectively, shows that market efficiency is the output over sustainable adoption and acceptance of the crypto currency. These facts indicate that crypto currency technology adoption is the function of socio-economic transformation brought by significant allocative efficiency, $\lambda=0.92$; distribution efficiency = 0.94, and economic stability =0.91. Moreover, with $\chi2=0.3$, statistical significance exists between crypto currency technology and market efficiency and later between the market efficiency and socio-economic transformation.

Table 5: Chi2 Test Analysis

Variables	Value			
	1st canonical loading	2nd canonical loading	**d.f**	**P-value**
SMSs	2.50	1.25	(5, 99)	0.000
CTs	2.50	1.25	(5, 99)	0.001
MKE	0.90	0.45	(3,101)	0.000

Null hypothesis: CRYPTO= SMSs (**H_1a**); CRYPTO=CTs (**H_2a**); CRYPTO =MKE (**H_3a**)/ SET=SMSs (**H_1b**); SET=CTs (**H_2b**); SET = MKE (**H_3b**)

Discussions

Crypto currency and stable monetary systems for Socio-economic Transformation

Crypto currency technology has been revealed to stabilize monetary systems. The stable economic system said is due to the sustained money supply. It is because of the absence of negative externalities or external sources, which are the source of the creation of currency reserves over the currency circulation. Retention of the same quantity of money supply is because of curbing smuggling and illegal business; for now, registration is the priority for organizations/businesses/individuals included in the system. It was found that the cause of excessive money supply is the changes in the forces of demand and supply and not because of external illegal activities, indeed money laundering.

Crypto currency has been revealed to maintain the demand for money. This is because the trade–off between the money required for business transactions, investment, and consumption balances with the money supply. Crypto currency technology has been found to discourage jobless as receipts and income is generated by someone involved in the business, say of selling products or offering services. With crypto currency technology, a steady circular of income is attained, which is consistent with that of Fujiwara and Islam (2020). A firm's production becomes a source of wages that defines the limit of someone's expenditure. Crypto currency, therefore, requires individuals/firms to be smart in executing financial discipline, planning, and budgeting by regarding the income in e-money form. It is contrarily revealed that a demand for money might be sustained if the tax charged on a firm/business on a product is not fair, which causes the production or operating expenses to exceed the income in virtual e-money systems.

Moreover, as shown in Table 2, the positive relationship between crypto currency and a stable monetary system is over the steady velocity of currency in circulation, the same facts reported by (Duffie, 2019). It is either through credit/credit cards/mobile phones where float money is used to settle obligations. This either has a caution to be taken by individuals/firms to be transformed in mind that e-money is the effective and complicated contingency to catalyze business transactions. This also revealed a dilemma from the research area as they have used the system in the past now and then. The problem of hard cash transaction in relation to lowering the speed of currency in circulation is that pocket money favors none or slow moving due to excessive savings, which might happen when the individual or firm does not transact and invest.

With crypto currency technology, the amount of the printed domestic currency maintains its size for a long time before a central Bank re-prints new money to replace the revealed worn and torn money or as new money is re-printed as a stimulus package. This maintained quantity of currency in circulation has been revealed to sustain business transactions. Moreover, the price of commodities; resources are retained not to cause excessive money supply due to persistent price increases. The crypto currency and its impacts on the stability of cost, the fact is consistent with that of classical theory by King Fisher (1952) (MV= PT); (M= 1/V PT) where M= quantity of money in circulation; V= velocity of currency in circulation held constant transaction. The constant transaction from the equation model above is a fact that proves that King Fisher's theory of quantity of money, as it is with crypto currency technology, maintains the purchasing power and value of domestic currency.

Crypto currency and Cashless Transactions for socio-economic transformation

It is the over-adoption of e-money transactions that derive money from individuals'/firms' pockets and hands (Fabris, 2019). The cashless transactions following inventions over crypto currency technology as the positivism (See Table 3) and statistical significance (See Table 5) revealed the maximization of revenue collection. The increase in revenue collections is because of reduced illegal bargaining transactions. Maximization over revenue collection was revealed to be caused by the curbed tendency of the business money to be invested in non-business entities called personal withdrawals. Normally money from the business held in the pocket is easily misallocated and invested non-productively if not the business entity's money ends up consumed. None-invested or non-productively allocated money to the business becomes a leakage to the economy.

The cashless transaction brought through crypto currency technology was revealed to curb the counterfeit proceedings cases (Thommandru & Chakka, 2022). This is true, but only if the decentralized control is subjected to furnished and effective crypto graph technology. It is a fact that if crypto currency is not secured, then, it might be a root cause of money laundering. This then was the same as what was revealed from the field in which individuals and business firms that if the crypto graph is ineffective, then much of the receipts might be laundering money which might become a disaster and cries to most businesses.

From the research field, it was revealed that crypto currency technology limit individual/firm hold money in their pockets and hands, which then the discrepancy of wear and tear become not part of the system. None torn and worn currency retains its value for a determinable long time: durability. With this crypto currency technology, notes and coins lose their security features in several cases and are therefore subjected to rejection or non-acceptance by society for transactions (Hazlett & Luther, 2020).

Crypto currency technology from the field revealed to eliminate the problem of fraudulent practices. Crypto currency was revealed to curb corruption, taxpayers' bribes, and bill settlers not to pay the required and receptive obligations (Rahman & Jin, 2023). That is why and indeed, as it has also been noted above is that it is from reduced corruption and fraud in which the government receives its correct amount of tax and other allowances or incentives. It is e-money transactions enabled that do not allow non-business bargaining and therefore allow for transparency and effective administration such as tax collections. In Rwanda, adopting crypto currency technology has been found to create economic tax collections which are the major sources of government revenue. Indeed in Sweden, Crypto currency was found to discard illegal bargaining between business firms/investors and provincial officials during the collection of fees, penalties, and duties (Arvidsson, 2019). Here what is important to foster collection is just used to identity card numbers, the code number supplied by the owner/business firms/individuals. This is why it requires consistency to what was revealed from the research area in which it was reported that for effective crypto currency technology, there should be a single database for individuals/business firms. This has been revealed to foster encryption, but again, the regulatory authorities have one or single point of accessing the information of individuals/business firms as it is to NIDA in Tanzania. That means having one database system, for instance, in Tanzania revealed to increase the ease of retrieval of information about individuals or firms by BRELA (the business firm registration government organ); financial institutions (the profile of the credit/loan applicants); TRA (the tax collectors). Crypto currency technology was effective in the environment of networked systems fostered through block chain technology.

The cash-less transaction fostered through crypto currency technology found to secure individuals/firms who hold huge amounts of money in their pockets. It is from the same case curbed, which has revealed retaining the crypto currency to be secured and safe financial transaction systems. The robbery and thieves cases revealed to be curbed as someone to access e-money transactions just a code number, ID number, PIN, Debit card, Credit card, and pass-port revealed important. From the field, it was pinpointed that the systems/infrastructures over steady internet subscription, telecommunication network, and electricity should be sustained to implement crypto currency effectively. With a stable internet system to be maintained, Tanzania must be supplied with wireless internet. Moreover, for remote rural individuals/firms in Tanzania where the use of smartphones of which crypto currency is to be enabled through mobile apps (app store, play store), crypto currency is to be enabled just in simple non-internet enabled hand phones. This does not require using a control number for payment because just through the use of an ID number then, the money is withdrawn from the owners' account to the recipient (payee).

Crypto currency and market efficiency for socio-economic Transformation

Crypto currency's allocative efficiency was revealed to be sustained (See Tables 4 and 5). This is because even what is to be consumed should have its income regeneration to sustain a circular flow of income. Either allocative efficiency over financial resources to the productive sector is from the financial descriptive the individuals/ business firms must have to remain in the systems. With crypto currency, there is no way the household /individuals/ factor owner/firm may consume more than the revenue/receipt (Zhang, Chan, Ch & Sulieman, 2020). This means if the financial resources in e-money form are not allocated productively, then the individual/ firm cannot transact, and by default, the system will eliminate that individual/firm. This will either make the user of the system become off of the system, which is then a leakage to the economy. Crypto currency and through allocative efficiency over business transactions (T) and investment, crypto currency is an economic injection.

Since crypto currency technology require details of every resident citizen regardless of geographical locality (i.e. rural and urban), gender (male and female), and small and large scale firms, then this ensures distribution over national income. The efficient distribution of goods and services was revealed to be sustained due to the curbed pull and push demand inflation (See Tables 4 and 5). Normally inventions over crypto currency run in line with changes in forces of demand and supply. It is because of retained money market equilibrium that allows for sustainability in distribution efficiency (Mniwasa, 2019).

Economic stability was revealed to be attained through the invention of crypto currency technology. This was rooted in the combated counterfeit, excessive money supply resulting from illegal printing or making copies of domestic currency, maximum tax collection, efficient allocation of resources, and efficient distribution of goods and services. The economic additions called injections following the productive allocation of financial resources create a steady circular flow of income which curb stagflation in the economy, which comply with what was also reported by Manahov (2023).

Conclusion & Recommendations

Conclusion

Crypto currency is the technology that uses a crypto graph as a secure and safe currency in circulation. The cryptograph is a decentralized, secured system. The central Bank takes control of it. Crypto currency technology is used to e-money for enhancing different business transactions and thoughts of investments. From the field, it was found that crypto currency contributes positively towards stabilized monetary systems, cashless financial transactions and market efficiency. This then revealed to change in the way individuals/firms were usually used by being used to hard cash transactions, which required them to hold large amounts of money in their pockets which then found to be unsafe and unsecured financial systems. Indeed a transformation was revealed over the efficient administration of the government revenue collections that curbed counterfeit and money laundering problems. Despite crypto currency's positivistic and statistical significance on socio-economic transformation, the technology was often not effectively adopted from the surveyed area. This was revealed to be caused by most business firms and individuals not formalised; the absence of a single identifiable database for all individuals/firms from which other regulatory authorities such as BRELA and TRA could easily retrieve information of interest from either customer/individual/firm from that system indeed since crypto currency is effectively enhanced in the environment of block chain technology, non-steady subscription of internet, telecommunication network and inadequate supply of electricity found to be another dilemma for crypto currency to be ineffective as revealed from the field.

Recommendations for action

The dilemma found from the surveyed area for crypto currency not effectively fostered, thus, the study recommends the following to the target population: -individuals/firms should be prepared minds for transformation, and individuals/firms are to register their businesses. To financial institutions/BRELA and TRA recommends that: -creating the enabling environment for crypto currency disruption technology; the senior managers have to be prepared to support the change;

the infrastructures, hardware and programs which are to facilitate change have to be made available in place; and the whole change process towards in adopting and accepting crypto currency technology should be planned. Regarding the Central Bank, the current study suggests that the vitalisation of policies for effective implementation of cryptography and the Central Bank has to ensure that the decentralized cryptographic control is to be effective. Either the current recommends the following to the government that it has to call for MKURABITA so that individuals/firms get registered; the government has to ensure a single database to be held, say, by NIDA for all resident Tanzanians, and the government has to ensure steady internet subscription, telecommunication networks and electrical energy supply

Recommendations for further studies

With relevance to this study underhand, other scholars may research in the future called further studies, including: -the crypto currency and stability in monetary systems; the crypto currency and enhancement of cash-less transactions; the crypto currency and sustainability of market efficiency. Moreover, other researchers may investigate crypto currency and economic stability, the impacts of stabilized monetary systems, effective government revenue collection administrations, market efficiency brought through crypto currency technology and socio-economic transformation.

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FACTORS INFLUENCING THE ADOPTION OF MOBILE PHONE BANKING SYSTEM AMONG STREET VENDORS IN IRINGA MUNICIPALITY

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ABSTRACT

The adoption of mobile phone banking has the potential to provide street vendors with access to financial services that can help them grow their businesses and improve their livelihoods. However, the adoption of mobile phone banking among street vendors in developing countries is still low. This study investigated the factors that influence the adoption of mobile phone banking among street vendors in Iringa Municipality, Tanzania. The study employed survey research design where quantitative approach was used to collect data. The study population was 1373 street vendors were a sample of 100 street vendors was drawn using simple random sampling technique. Data was analysed using descriptive statistical analysis. The study found that both attitude, subjective norm, and perceived behavioral control influence the adoption of mobile phone banking systems which is consistent with the Theory of Planned Behavior (TPB), which is a widely used theoretical model for predicting and understanding human behavior. Subjective norm was found to be a significant factor in the adoption of mobile phone banking systems due to the influence of social groups, customers, friends, vendors and the government. Likewise, perceived behavioral control, which is influenced by low cost, network availability, supportive services availability, and policy and regulation were also found to influence the adoption of mobile phone banking. Finally, trust, ease to use, ease to learn, convenience, and compatibility were too found to be the only attributes that explain the significant value of attitude in the adoption of mobile phone banking. The study recommends that mobile phone vendors and banks have to design mobile phone banking services that induce attitude of street vendors in the way that the services need to be designed in order to attract street vendors to want to use them.

Key words: *Mobile Phone Banking System; Street Vendors; Attitude; Subjective Norm; Perceived Behavioural Control.*

1.1 Introduction

It is well evidenced that street vendors are majority in any country and are dominating the business sector all over the world (Rafique et al., 2021; Singh, 2020). It is estimated that more than 60 percent of the world's working population makes their livelihoods in the informal sector (ILO, 2021). Many of the informal workers are in Africa, making up 70 percent of employment in sub-Saharan Africa and 62 percent in North Africa (Joseph et al., 2022). In Tanzania, 76.2 percent of the adult population is employed within the informal sector and contributes 48 percent of Gross Domestic Product (GDP) (Mugoya, 2012). Available statistics show that street vending accounts for 15 to 25% of total informal employment in Africa's cities and contributes between 46 to 70% of total trade value added in Benin, Burkina Faso, Chad, Kenya, Mali, and Tunisia (Mazhambe, 2017). Mazhambe added that 86.6% of street vendors depended entirely on street vending as their source of income in Zimbabwe. However, they are operating in dynamic business environment with stiff competition dominated by simple technology and majority they do not have access to banking services to secure funds. This means that the market environment requires them timely convenience, simplicity, safety and quickness in operation.

Realizing the important of mobile phone banking system in the transformation of the street vending, most government have put a lot of initiative to support adoption of mobile phone banking system. Notably example the government of Tanzania, formulated the National Information and Communication Technology (ICT) Policy of 2003 and that of 2017 to facilitate adoption of recent technology where mobile banking is inclusive (URT, 2017). On the other hand, the government of Tanzania, has formulated the SMEs policy of 2017 to support the smooth run of informal sector to access resources that could be used to transform all actors of the informal sector (URT, 2017).

Despite of the importance of mobile phone banking and the initiative which was done to enable the adoption of mobile phone banking system, street vendors are not fully adopting the mobile phone money technology. In sub-Saharan Africa, despite of mobile phone technology maturity and business development, Paas et al. (2021) have found low uptake of mobile banking System among street vendors. Recent study by Mutiso and Reuben (2021) indicated a low uptake of mobile phone money system among street vendors in Kenya. They further concluded that this low uptake is contributing to poor business performance. Notably, Mrindoko (2022) found a low use of mobile money microcredit among street vendors in Tanzania.

With the recent rapid growth in the mobile phone technology, the mobile phone banking service has become an alternative for unbanked population, including street vendors. According to Tanzania Communications Regulatory Authority (TCRA), December 2022 quarterly report, Tanzania had 60,192,231 total numbers of mobile phone subscribers and 40,953,496 total number of mobile phone banking service subscribers. In the same quarter in 2021 Tanzania had 54,044,384 mobile phone subscribers and 35,285,767 mobile phone banking service subscribers.

This means that by December 2021 the number of all mobile phone banking subscribers was just 65.3% of all mobile phone users and 68% by the end of 2022, equals to 2.7% increase in mobile phone banking service subscribers. Although there is an increase in total number of mobile phone users who adopts mobile phone banking service, the adoption rate of 2.7% is still low.

If the rate of adoption of mobile phone banking system is lower in Dar es Salaam where mobile phone usage and commercial activities is high, then there is a need to research what is the situation in Iringa. This study aimed at addressing the fundamental question dealing with the factors influencing the adoption of mobile phone banking systems among street vendors in Iringa Municipality. This research intended to provide a comprehensive understanding of the factors that influences adoption of mobile phone banking systems among street vendors in Iringa Municipality and offers insights into potential strategies for improving financial inclusion among street Vendors.

The main contribution of this study is to provide a better understanding of the factors that influence the adoption of mobile phone banking among street vendors in this region. This is important because street vendors are a significant part of the economy in Iringa Municipality, but they are often underserved by traditional financial institutions. Mobile phone banking has the potential to provide street vendors with access to financial services that can help them grow their businesses and improve their livelihoods.

2.1 Literature Review

This part aimed at selecting appropriate theory/models that inform the researcher on the variables that was to be included in the development of a conceptual model.

2.1.1 Theory of Planned Behavior

The theory of planned behavior states that "Attitudes toward the behaviour, subjective norms with respect to the behavior, and perceived control over the behaviour are usually found to predict behavioral intentions with a high degree of accuracy" (Ajzen, 1991). In fact, attitude is the general feeling of people about the desirability or undesirability of a particular issue or behaviour (Ajzen, 1991). Subjective norm refers to individual's perception of important people's opinions about doing or not doing the behavior.

In other words, subjective norm is the perceptions related to opinions of society about doing or not doing the behavior by individual (Taylor & Todd, 1995). The construct "perceived control of behavior" is the individual's perception about ease or difficulty of doing behavior and indicates the individual's perceptions about required skills, resources, and opportunities in doing the behavior (Ajzen, 1991). Therefore, in this study, the theory provides the explanation on the influence of attitude, subjective norm and behavioral control on adoption of mobile phone banking system among street vendors.

The Theory of Planned Behavior (TPB), as advanced by Ajzen in 1991, represents a significant evolution of the Theory of Reasoned Action. This theory extends the earlier model by introducing a key construct known as "perceived behavioural control" alongside attitude and subjective norms, making it a comprehensive framework for understanding human behavior and decision-making.

2.1.2 Technology Acceptance Model (TAM)

The technology acceptance model developed by Davis in 1989 applied to the information system domain a well-known model in the social psychology domain – the theory of reasoned action by Ajzen and Fishbein 2014, which posits that a person's action is a function of that person's behavioural intention. The theory of planned behavior (TPB) can be considered an extension of the theory of reasoned action (Ajzen and Fishbein 2014). It posits that behavioural intention is jointly determined by attitude and subjective norm.

Similar to theory of reasoned action, but with the addition of perceived behavioral control. According to TAM (Davis, 2016), both perceived usefulness and perceived ease of use influence the attitude of individuals towards the use of a particular technology, while attitude and perceived usefulness predict the individuals' behavioral intention to use the technology. Perceived usefulness is also influenced by perceived ease of use, since perceived ease of use can indirectly affect the acceptance of technology through perceived usefulness, while behavioral intention is also linked to subsequent adoption behavior. Finally, behavioral intention to use an information system is expected to lead to actual usage.

TAM posits that perceived usefulness and perceived ease of use are the major determinants of information system acceptance. Perceived usefulness was defined as "the degree to which a person believes that using a particular system would enhance his/her job performance", and perceived ease of use is defined as "the degree to which a person believes that using a particular system would be free of physical and mental effort" (Davis, 2016).

However, in recent studies the attitude construct has been dropped from the original TAM and they found that perceived usefulness and perceived ease of use explained a large portion of the variance for intention to use information technology (Taylor and Todd, 2015). Further, these two beliefs are likely to be subject to the influences of external variables constructs such as management support (Taylor and Todd, 2015).

The Technology Acceptance Model (TAM), as initially proposed by Davis in 1989, serves as a pivotal theoretical framework for understanding technology adoption, emphasizing three core variables: attitude, subjective norms, and perceived behavioural control. These variables play a crucial role in shaping individuals' intentions to accept and utilize technology.

2.2 Empirical Literature Review

2.2.1 The Influence of Attitude on Adoption of Mobile Phone Banking System among Street Vendors

Pipitwanichakarn and Wongtada (2018) carried out a study on "Mobile Commerce Adoption among Street Vendors in Thailand". Questionnaire was used to collect data to a sample of 100 respondents. Data was analysed using quantitative technique using structural equation modelling. Findings of the study revealed that trust, system characteristics, usefulness and ease of use are used to explain the adoption.

Kumar et al. (2023) conducted the study on "How does Perceived Risk and Trust affect Mobile Banking Adoption? Empirical Evidence from India". The study aimed at investigating the role of perceived risk and trust in adoption of mobile banking services by users. The study involved a sample of 253 users of mobile banking of age between 18 -30 years. Data were collected through a survey questionnaire and analyzed quantitatively using structural equation modelling. The results of the study revealed that perceived risk was found to exhibit negative significant influence on behaviour intention. The researcher further observed that when consumer perceives there is going to be high level of risk in using mobile banking the likelihood of behaviour Intention being converted into actual use becomes low.

Okeke and Eze (2018) conducted a study to Explore Mobile phone banking Adoption among Informal Sector in Anambra State, Nigeria. Quantitative approach was adopted and questionnaire was administered to 250 respondents. Data were analysed using descriptive statistics. The findings of the study shows that perceived usefulness, perceived ease of use and perceived trust have significant effect on m-Money adoption.

Chile et al. (2021) carried out the study on "The Effect of Perceived Trust and Ease of Use on Adoption of Mobile Marketing in Telecommunication Industry in Tanzania". The study involved 406 respondents from all five municipalities of Dar es Salaam. Questionnaire was used to collect quantitative data that were analysed using multiple linear regression. Findings of the study indicate that perceived ease of use and perceived trust had positive and significant influence on the adoption of mobile marketing.

2.2.2 The Influence of Subjective Norm on Adoption of Mobile Phone Banking System among Street Vendors

Gayan et al. (2020) carried out a study on "Influence of Subjective Norm on Adoption of Mobile Banking in the Content of Private Commercial Bank of Sri Lanka". Questionnaire was used to collect data from the sample of 279 respondents. Data were analysed using descriptive statistics. Findings of this study revealed that family subjective norm, friend subjective norm and control groups subjective norm are positively related to the adoption of mobile banking.

Kessy (2021) conducted a study on "Adoption of Internet Banking Service in Tanzania: The influencing Factors among Customers of Commercial Banks". The study involved 100 respondents from two banks whose headquarters are in Dar es Salaam. Questionnaire was used to collect data through cross sectional survey and analysis of data was done using regression analysis. Findings of the study revealed that social environment is positively related to adoption of internet banking services by customers.

Abdul-Rahaman and Abdulai (2021) carried out a study on Mobile phone banking Adoption, Input Use, and Farm Output among Smallholder Rice Farmers in Ghana. Questionnaire was used to collect quantitative data from 421 respondents. Data was analyzed using descriptive statistics. Findings of the study shows that mobile phone banking technology adoption is significantly influenced by organization membership in Ghana.

2.2.3 The Influence of Perceived Behavioral Control on Adoption of Mobile Phone Banking System among Street Vendors

Nassuora and Bassam (2013) conducted a study on "Understanding Factors Affecting the Adoption of M-Commerce by Consumers in Jordan, Middle East". Questionnaire were used to collect quantitative data from 100 respondents and analysis were done using descriptive statistics. The findings of the study revealed that perceived ease of use and perceived cost affect the adoption of M-Commerce.

Akinyemi and Mushunje (2020) carried out a study on Determinants of Mobile phone banking Technology Adoption in Rural Areas of Africa. The study uses secondary data from Research ICT Africa that were collected from ten African countries namely Ghana, Kenya, Lesotho, Mozambique, Nigeria, Rwanda, Senegal, South Africa, Tanzania, and Uganda. Quantitative approach was adopted where data were analyzed using descriptive statistics. Findings of this study show that years of education, unemployment, and ownership of bank accounts explain both the adoption and the amount of money transferred using mobile phone banking technology. Conversely, bank account ownership, and net monthly income determine both the adoption of mobile phone banking and the amount of money received using mobile phone banking technology.

Mramba et al. (2014) carried out a study on Survey of Mobile phone Usage Patterns among Street Vendors in Dar Es Salaam City in Tanzania". Both quantitative and qualitative approaches were used where Questionnaire and interview were used to collect quantitative and qualitative data to a sample of 174 respondents. Descriptive statistics and content analysis were used to analyze data results. The findings of the study show that, among street vendors, mobile phone is commonly used in social perspectives and little in business specifically for M-money and business communication. Furthermore, the results showed that perceived benefits of using mobile phones influence street vending business to use mobile technology.

3.0 Methods

The study employed survey research design where quantitative approach was used to collect data. The study population was 1373 street vendors were a sample of 100 street vendors was drawn using simple random sampling technique. Quantitative data analysis was performed by using descriptive statistics. Descriptive data analysis was done in order to profile and describe the respondents' characteristics where frequencies and graphs served as a tool to profile nature of respondents and their behavior intentions in general. IBM SPSS statistics V. 20 was used where by frequencies, percentages, mean and standard deviation were generated to determine the relative importance of the quality dimension as viewed by respondents.

4.0 Findings and Discussion

4.1 Respondents Characteristics

This section analyses the data and presented the results from the analysis of respondents' characteristics and findings base on specific objectives on street vendors' adoption of mobile phone banking system in Tanzania as it is described. In this part, three respondents' characteristics were analyzed namely respondents' gender, age and level of education as it is described below.

4.2.1 Respondents Gender

Table 1 show the distribution of gender of respondents who are street vendors. Among 100 respondents contacted, 54% were male, and 46% were female. Despite of the fact that male respondents were slightly higher than female respondents, the proportional of the percent above indicated that there were proportional of representation of gender in the process of data collection which helped to capture data that address each group of gender in this study.

Table 1: Respondent Gender

Categories	Frequency	Percent
Male	54	54.0
Female	46	46.0
Total	100	100.0

4.2.2 Respondents' Age

Table 2 show the distribution of the age of the respondents who are street vendors. Out of 100 respondents contacted, 36% aged between 18-27 years, 39% aged between 28-37 years, 18% aged between 38 – 47 years and 7%% aged between 48-57. These findings indicate that youth between 18-27 years and 28 – 37 are largely engaged in street vending than men and women beyond 37 years of age. This is because these two groups of respondents comprised of youth who has just graduated from various levels of education and they are entering world of employment.

Table 2: Respondent's age

Categories	Frequency	Percent
18-27	36	36.0
28-37	39	39.0
38-47	18	18.0

	48-57	7	7.0
	Total	100	100.0

4.2.3 Respondent Level of education

Table 3 shows the distribution of the education levels of the respondents who are street vendors. Out of 100 respondents contacted, 22% had no formal education, 24% were having primary school education, 19% were having secondary school education, and 35% were having college/university education. These percentages indicate that each street vendor had equal chance of being selected in the study in terms of education level in the process of data collection. This helped to capture data that addressed each group level of education in this study which has increased the level of validity of the study. Findings also shows higher percentage, 35% of college and University graduates are engaging in street vending. The higher percentage of College and University student engaging in street vending can be interpreted as youth effort to fight unemployment.

Table 3: Respondents' Level of Education

Categories	Frequency	Percent
None	22	22.0
Primary Education	24	24.0
Secondary Education	19	19.0
College/University Education	35	35.0
Total	100	100.0

4.3 Findings based on Specific Objectives

4.3.1 The Influence of Attitude on Adoption of Mobile Phone Banking System among Street Vendors

The researcher wanted to determine the influence of attitude on adoption of mobile phone banking system among street vendors in Iringa Municipality. Analysis was done using descriptive mean to confirm on the contribution of attributes of attitude in the adoption of mobile phone banking System. Table 4 shows the results of the analysis. Among the six attribute of attitude ease of use had high influence on influencing street vendor's adoption of mobile phone banking system. This means that ease of use yield a high mean value of 4.27 compared to trust which yielded a mean value of 4.25, Ease to learn which yielded mean value of 4.17, Convenience which yielded mean value of 4.10, Compatibility which yielded mean value of 4.09 and Perceived risk which yielded mean value of 4.03. The greater the mean the high the influence or the more the mean value close to 5 and hence the more the influence.

Table 1: Attitude on adoption of mobile phone banking system

Attitude	N	Minimum	Maximum	Mean	Std. Deviation
Trust	100	1	5	4.25	1.067
Ease of use	100	1	5	4.27	0.973
Ease to learn	100	1	5	4.17	1.016
Convenience	100	1	5	4.10	0.882
Compatibility	100	1	5	4.09	0.854
Perceived Risk	100	1	5	4.03	0.989

On the other hand standard deviation of the attribute lies between 0 and 2. Trust showed highest standard deviation of 1.067, Ease of use showed standard deviation of 1.06, Perceived risk showed standard deviation of 0.989, Ease to learn showed standard deviation of 0.973, Convenience showed perceived risk of 0.882 and finally Compatibility showed the standard deviation of 0.854. Lower standard deviation is an indicator that data are distributed close to mean.

The analysis of descriptive statistics to explore the influence of various attributes of attitude to the adoption of the mobile phone banking system among street vendors in Iringa Municipality. Understanding which attributes hold the most influence can provide valuable insights into the factors driving adoption.

The results of the analysis reveal that among the six attributes of attitude, "Ease of Use" had the highest influence on street vendors' adoption of the mobile phone banking system. This attribute received a significantly high mean value of 4.27. This means that, on average, street vendors perceived the ease of using the mobile phone banking system as a highly influential factor in their adoption decisions.

Following closely, "Trust" also demonstrated a substantial influence, with a mean value of 4.25. This suggests that street vendors in Iringa Municipality place a high level of trust in the mobile phone banking system, which positively influence their adoption intentions.

"Ease to Learn" yielded a mean value of 4.17, further emphasizing its significance in influencing the adoption of mobile phone banking. This attribute implies that vendors consider the system's learnability as an important factor in their decision-making process.

Additionally, "Convenience" and "Compatibility" scored mean values of 4.10 and 4.09, respectively. These attributes highlight the importance of both convenience and compatibility with existing practices and systems in driving adoption among street vendors.

Lastly, "Perceived Risk" showed a mean value of 4.03, indicating that street vendors perceive the mobile phone banking system as relatively safe and low-risk.

The mean values, which are all above the midpoint of 3.00 on a scale of 1 to 5, suggest a favorable perception of these attitude attributes among the respondents. This implies that street vendors in Iringa Municipality consider these attributes to be positively associated with the adoption of mobile phone banking services.

To further understand the distribution of responses, we also examined the standard deviations of these attributes. Notably, "Trust" exhibited the highest standard deviation of 1.067, indicating some variability in responses regarding the extent of trust placed in the system. On the other hand, "Compatibility" demonstrated the lowest standard deviation of 0.854, signifying that responses were more closely distributed around the mean for this attribute.

The analysis of descriptive statistics highlights the influential role of various attributes of attitude in the adoption of the mobile phone banking system among street vendors. "Ease of Use" emerged as the most influential attribute, followed closely by "Trust" and "Ease to Learn." These findings underscore the importance of these attributes in shaping street vendors' decisions to adopt mobile phone banking services. Additionally, the relatively low standard deviations suggest a degree of consensus among respondents regarding these attributes, further emphasizing their significance.

The findings of this study are supported by a study of Kumar et al. (2023) conducted the study on “How does Perceived Risk and Trust affect Mobile Banking Adoption? Empirical Evidence from India”. The study aimed at investigating the role of perceived risk and trust in adoption of mobile banking services by users. The study involved a sample of 253 users of mobile banking of age between 18 -30 years. Data were collected through a survey questionnaire and analyzed quantitatively using structural equation modelling. The results of the study revealed that perceived risk was found to exhibit negative significant influence on behavior intention. The researcher further observed that when consumer perceives there is going to be high level of risk in using mobile banking the likelihood of behavior Intention being converted into actual use becomes low.

In addition, Okeke and Eze (2018) fond that perceived usefulness, perceived ease of use and perceived trust have significant effect on m-Money adoption. And Chile et al. (2021) carried out the study on “The Effect of Perceived Trust and Ease of Use on Adoption of Mobile Marketing in Telecommunication Industry in Tanzania”. The study involved 406 respondents from all five municipalities of Dar es Salaam. Questionnaire was used to collect quantitative data that were analyzed using multiple linear regression. Findings of the study indicate that perceived ease of use and perceived trust had positive and significant influence on the adoption of mobile marketing.

Certainly, based on the analysis of the influence of attitude on the adoption of the mobile phone banking system among street vendors in Iringa Municipality: The attitude of street vendors in Iringa Municipality plays a pivotal role in influencing their adoption of mobile phone banking systems. Six key attributes of attitude were examined in this study: "Trust," "Ease of Use," "Ease to Learn," "Convenience," "Compatibility," and "Perceived Risk." Each of these attributes contributes uniquely to street vendors' decisions to embrace mobile phone banking.

Among these attributes, "Ease of Use" emerged as the most influential factor. Street vendors perceived the system's ease of use as a critical element in their adoption decisions. This suggests that a user-friendly interface and straightforward functionalities significantly encourage street vendors to adopt mobile phone banking services.

"Trust" closely followed as a highly influential attribute. Street vendors in Iringa Municipality place substantial trust in the mobile phone banking system, indicating that a secure and reliable system fosters adoption.

Furthermore, "Ease to Learn" was identified as another important factor. The system's learnability and accessibility seem to facilitate adoption among street vendors.

"Convenience" and "Compatibility" were also deemed significant attributes. Street vendors appreciate the convenience offered by mobile phone banking and its compatibility with their existing business practices.

Finally, "Perceived Risk" was found to influence adoption positively, indicating that street vendors perceive the system as safe and low-risk.

In general, the findings suggest that a positive attitude, shaped by attributes such as ease of use, trust, ease to learn, convenience, compatibility, and perceived risk, plays a vital role in encouraging street vendors in Iringa Municipality to adopt mobile phone banking systems. Addressing these attitude attributes can be a strategic approach for mobile banking service providers and policymakers seeking to enhance adoption rates among this important segment of the population. By prioritizing user-friendliness, trustworthiness, learnability, convenience, compatibility, and safety in their offerings, they can effectively promote the adoption of mobile phone banking services among street vendors in Iringa Municipality.

4.3.2 The Influence of Subjective Norm on Adoption of Mobile Phone Banking System among Street Vendors

The researcher wanted to determine the influence of subjective norm on adoption of mobile phone banking system among street vendors in Iringa Municipality. Analysis was done using descriptive mean and standard deviation to confirm on the contribution of attributes of subjective norm in the adoption of mobile phone banking. Table 5 shows the results of the analysis. Among the five attribute of Subjective norm, friends had high influence on influencing street vendor's adoption of mobile phone banking system. This means that friends yielded a high mean value of 4.23 compared to vendor which yielded a mean value of 4.05, Social groups which yielded mean value of 4.02, Customers which yielded mean value of 3.9 and government which yielded mean value of 3.40. The greater the mean the high the influence or the more the mean value close to 5 and hence the more the influence.

Table 2: Influence of subjective norm on adoption of mobile phone banking system

Subjective Norm	N	Minimum	Maximum	Mean	Std. Deviation
Friends	100	1	5	4.23	0.790
Customers	100	1	5	3.97	0.784
Social Groups	100	1	5	4.02	0.921
Vendor	100	1	5	4.05	0.903
Government	100	1	5	3.40	1.044

On the other hand standard deviation of the attribute lies between 0 and 2. Government showed highest standard deviation of 1.044, Social group showed standard deviation of 0.921, Vendor showed standard deviation of 0.903, Friends showed standard deviation of 0.790, Customers showed standard deviation of 0.784 Lower standard deviation is an indicator that data are distributed close to mean.

The analysis of the influence of the subjective norm on the adoption of mobile phone banking systems among street vendors in Iringa Municipality is further supported by descriptive statistics, which provide insights into the contributions of various attributes of the subjective norm.

Table 5 presents the results of this analysis, focusing on five attributes of the subjective norm: friends, vendors, social groups, customers, and government.

Friends: Street vendors identified their friends as having the highest influence on their adoption of mobile phone banking systems, with a mean value of 4.23. This suggests that the opinions and recommendations of friends play a significant role in shaping street vendors' decisions to adopt mobile banking. The low standard deviation of 0.790 indicates that responses were relatively consistent and close to the mean.

Customers: Customers were seen as having a moderate influence, with a mean value of 3.90. While customers' opinions matter, they may not be as influential as friends, vendors, or social groups in shaping adoption decisions. The standard deviation of 0.784 indicates a relatively consistent perception among respondents regarding customer influence.

Social Groups: Street vendors perceived their social groups as influential, with a mean value of 4.02. This implies that the collective influence of social circles contributes to their decisions to adopt mobile phone banking systems. The standard deviation of 0.921 suggests a relatively consistent distribution of responses.

Vendors: Mobile phone banking vendors also had a notable influence, with a mean value of 4.05. This suggests that vendors who provide mobile banking services actively contribute to encouraging street vendors to adopt these systems. The standard deviation of 0.903 indicates a relatively consistent perception among respondents regarding vendor influence.

Government: The government's influence was perceived to be relatively neutral, with a mean value of 3.40. This suggests that street vendors are uncertain about the extent of government support in adopting mobile phone banking systems. The higher standard deviation of 1.044 indicates more variation in responses, reflecting some uncertainty or diversity of opinions regarding government influence.

The influence of the subjective norm, as perceived through attributes like friends, vendors, social groups, customers, and government, varies among street vendors in Iringa Municipality. Friends, mobile banking vendors, and social groups are considered the most influential factors, while the government's influence is perceived as relatively neutral. These findings provide valuable insights into the multifaceted nature of the subjective norm and its impact on mobile banking adoption among street vendors.

The findings of this study are supported by a study of Gayan et al. (2020) carried out a study on “Influence of Subjective Norm on Adoption of Mobile Banking in the Content of Private Commercial Bank of Sri Lanka”. Questionnaire was used to collect data from the sample of 279 respondents. Data were analyzed using descriptive statistics. Findings of this study revealed that family subjective norm, friend subjective norm and control groups subjective norm are positively related to the adoption of mobile banking.

In addition Kessy (2021) fond that social environment is positively related to adoption of internet banking services by customers. Moreover, Abdul-Rahaman and Abdulai (2021) carried out a study on Mobile phone banking Adoption, Input Use, and Farm Output among Smallholder Rice Farmers in Ghana. Questionnaire was used to collect quantitative data from 421 respondents. Data was analyzed using descriptive statistics. Findings of the study shows that mobile phone banking technology adoption is significantly influenced by organization membership in Ghana.

The analysis of the five attributes related to the subjective norm, including friends, vendors, social groups, customers, and government, reveals valuable insights into the factors influencing the adoption of mobile phone banking systems among street vendors in Iringa Municipality. Here is a summary of the key findings and their implications:

Friends: Street vendors place a high level of trust in the opinions and recommendations of their friends. The high mean value of 4.23 indicates that friends play a significant role in influencing street vendors to adopt mobile phone banking systems. This suggests that peer recommendations and word-of-mouth communication are powerful drivers of adoption. Vendors should consider leveraging this influential network by encouraging satisfied users to promote their services among their friends.

Customers: While customers' opinions matter, their influence is perceived as moderate, with a mean value of 3.90. Street vendors recognize the importance of customer preferences but may not consider them as influential as friends, vendors, or social groups. To strengthen customer influence, vendors can focus on enhancing customer experiences, soliciting feedback, and providing incentives for customers who recommend their services to vendors.

Social Groups: Street vendors perceive their social groups as influential in shaping their decisions to adopt mobile phone banking systems. The mean value of 4.02 underscores the importance of collective opinions and support. This finding highlights the potential for advocacy and awareness campaigns within social circles to promote mobile banking adoption. Street vendors may benefit from participating in community-driven initiatives that encourage and educate members about the benefits of mobile banking.

Vendors: Mobile phone banking vendors also exert a notable influence on street vendors' adoption decisions. The mean value of 4.05 suggests that vendors who provide mobile banking services actively contribute to encouraging adoption. Vendors can further enhance their influence by ensuring excellent service quality, offering incentives for referrals, and providing comprehensive training and support to street vendors.

Government: Government support for mobile phone banking adoption is perceived as relatively neutral, with a mean value of 3.40. Street vendors appear uncertain about the extent of government support in this regard. To bolster government influence, policymakers and regulatory bodies can communicate clearly about their support for mobile banking initiatives, offer incentives or subsidies to encourage adoption, and collaborate with mobile banking providers to ensure accessibility and affordability.

In general, the subjective norm, as reflected in the opinions and recommendations of friends, vendors, social groups, customers, and government, plays a multifaceted role in influencing the adoption of mobile phone banking systems among street vendors. Recognizing the varying degrees of influence among these attributes, stakeholders in the mobile banking ecosystem can tailor their strategies to harness and amplify the most influential factors. By leveraging the power of social networks, service providers, and community engagement, it is possible to further accelerate the adoption of mobile banking among street vendors in Iringa Municipality.

4.3.3 The Influence of Perceived Behavioral Control on Adoption of Mobile Phone Banking System among Street Vendors

The researcher wanted to determine the influence of perceived behavioral control on adoption of mobile phone banking system among street vendors in Iringa Municipality. Analysis was done using descriptive mean to confirm on the contribution of attributes of perceived behavioral control in the adoption of mobile phone banking system. Table 6 shows the results of the analysis. Among the four attributes of Perceived Behavior Control, Network availability had high influence on influencing street vendor's adoption of mobile phone banking system. This means that Network availability yielded a high mean value of 4.11 compared to policy and regulation which yielded a mean value of 4.02, Support services which yielded mean value of 3.85 and finally low cost which yielded mean value of 3.4 .The greater the mean the high the influence or the more the mean value close to 5 and hence the more the influence. On the matter of lower cost however the mean of 3.4 can mean that more street vendors are neutral on whether government policy and regulation helps them to do mobile phone transaction.

Table 3: Perceived behavioral control on adoption of mobile phone banking system

Perceived Behavioral Control	N	Minimum	Maximum	Mean	Std. Deviation
Low cost	100	1	5	3.40	1.073
Network availability	100	1	5	4.11	1.063
Support Services availability	100	1	5	3.85	0.989
Policy and regulation	100	1	5	4.02	0.995

On the other hand standard deviation of the attribute lies between 0 and 2. Low cost showed highest standard deviation of 1.073, Policy and regulation showed standard deviation of 0.921 and finally Social service availability showed standard deviation of 0.989. Lower standard deviation shows that data are closely distributed to the mean value.

Table 6 presents the results of the analysis regarding perceived behavioral control and its impact on the adoption of mobile phone banking systems among street vendors.

Low Cost: In contrast, street vendors appear to be neutral (42%) when it comes to the influence of low costs on their adoption of mobile phone banking services. The mean value of 3.40 falls below the threshold of 4.00, indicating that respondents neither strongly agree nor disagree about the impact of low costs.

Network Availability: The data reveal that a substantial majority of respondents (79%) believe that network availability significantly facilitates their adoption of mobile phone banking. This suggests that the availability and reliability of network connections play a crucial role in influencing street vendors to adopt mobile banking systems. The high mean value of 4.11 reinforces this view, indicating a strong level of agreement among respondents.

Support Services Availability: The majority of respondents (72%) believe that the availability of support services contributes to their adoption of mobile phone banking. This result is supported by the mean value of 3.85, which suggests a moderate level of agreement.

Policy and Regulation: Approximately 79% of street vendors also agree that government policies and regulations support their use of mobile phone banking systems. The mean value of 4.02 underscores this agreement, indicating that vendors perceive government policies and regulations as favorable factors in their adoption of mobile banking.

Standard Deviation: The standard deviation values provide insights into the distribution of responses around the mean for each attribute. Attributes with lower standard deviations, such as support services availability (0.989), suggest that the data are closely clustered around the mean. Conversely, attributes with higher standard deviations, such as low cost (1.073), indicate a wider spread of responses.

Overall, these findings highlight the importance of network availability and government policies and regulations in influencing street vendors to adopt mobile phone banking. The availability of support services also plays a role, although to a slightly lesser extent. In contrast, the influence of low costs appears to be more neutral, with respondents not strongly leaning toward either agreement or disagreement.

These insights suggest that improving network infrastructure, maintaining favorable regulatory environments, and providing adequate support services can enhance the adoption of mobile phone banking among street vendors in Iringa Municipality. Additionally, addressing the issue of cost may require further investigation and targeted interventions to make mobile banking services more cost-effective and attractive to this demographic.

The findings of this study are supported by a study of Nassuora and Bassam (2013) conducted a study on "Understanding Factors Affecting the Adoption of M-Commerce by Consumers in Jordan, Middle East". Questionnaire were used to collect quantitative data and analysis were done using descriptive statistics. The findings of the study revealed that perceived ease of use and perceived cost affect the adoption of M-Commerce.

Furthermore, Akinyemi and Mushunje (2020) carried out a study on Determinants of Mobile phone banking Technology Adoption in Rural Areas of Africa. The study uses secondary data from Research ICT Africa that were collected from ten African countries namely Ghana, Kenya, Lesotho, Mozambique, Nigeria, Rwanda, Senegal, South Africa, Tanzania, and Uganda. Quantitative approach was adopted where data were analyzed using descriptive statistics. Findings of this study show that years of education, unemployment, and ownership of bank accounts explain both the adoption and the amount of money transferred using mobile phone banking technology. Conversely, bank account ownership, and net monthly income determine both the adoption of mobile phone banking and the amount of money received using mobile phone banking technology. Mramba et al. (2014) showed that perceived benefits of using mobile phones influence street vending business to use mobile technology.

From the analysis of perceived behavioral control factors on the adoption of mobile phone banking systems among street vendors in Iringa Municipality, several key points can be discerned:

Low Cost: Interestingly, the influence of low cost on mobile banking adoption appears to be more neutral. Only 42% of respondents agree that low costs help them engage in mobile banking transactions. The mean value of 3.40 suggests that many street vendors neither strongly agree nor disagree about the impact of low costs. This finding warrants further exploration to understand the cost-related barriers or concerns that may be inhibiting adoption.

Network Availability: Street vendors consider network availability to be a crucial factor in adopting mobile phone banking. The majority of respondents (79%) agree that reliable network connections facilitate their use of mobile banking systems. This indicates that improving network infrastructure and ensuring consistent connectivity could significantly promote mobile banking adoption among street vendors. The relatively high mean value of 4.11 highlights the strong consensus among respondents regarding this factor.

Support Services Availability: Availability of support services is another contributing factor, albeit to a slightly lesser extent. A significant portion of respondents (72%) agrees that support services facilitate their adoption of mobile phone banking. While not as pronounced as network availability and government support, this finding still emphasizes the importance of providing adequate customer support and assistance to encourage adoption. The mean value of 3.85 indicates a moderate level of agreement.

Policy and Regulation: Government policies and regulations also play a noteworthy role in influencing street vendors to adopt mobile phone banking. Approximately 79% of respondents agree that supportive policies and regulations positively impact their adoption of these systems. This suggests that creating an enabling regulatory environment can encourage the adoption of mobile banking services. The mean value of 4.02 reinforces the perception of government support in this context.

In general, these findings underscore the significance of network availability, supportive government policies, and the availability of support services in driving the adoption of mobile phone banking among street vendors in Iringa Municipality. To further promote adoption, policymakers and service providers should prioritize efforts to enhance network infrastructure, maintain favorable regulatory frameworks, and offer accessible support services. Additionally, addressing any potential cost-related barriers or concerns may be essential to encourage broader adoption among this demographic.

4.3.4 Adoption to Mobile Phone Banking System

The researcher wanted to determine the adoption to mobile phone banking system among street vendors in Iringa Municipality. Analysis was done using descriptive mean to confirm on the contribution of attributes of perceived behavioral control in the adoption of mobile phone banking system. Table 7 shows the results of the analysis of how street vendors has responded to various attributes of Adoption to Mobile phone banking system. Among the six (6) attributes of Adoption to Mobile Phone Banking System, Receive Cash had high influence on influencing street vendor's adoption of mobile phone banking system. This means that Receive Cash yielded a high mean value of 4.49 compared to Cash Security which yielded a mean value of 4.47, Cash Transfer which yielded mean value of 4.46, Cash deposit which yielded mean value of 4.41, Transaction Communication which yielded mean value of 4.40 and finally Payment which yielded the mean value of 4.38 .The greater the mean the high the influence or the more the mean value close to 5 and hence the more the influence.

Table 4: Adoption to mobile phone banking system among street vendors

Adoption to Mobile Phone Banking System	N	Minimum	Maximum	Mean	Std. Deviation
Payment	100	2	5	4.38	0.632

Receive Cash	100	3	5	4.49	0.559
Cash transfer	100	3	5	4.46	0.558
Cash deposit	100	1	5	4.41	0.668
Transaction communication	100	3	5	4.40	0.603
Cash security	100	3	5	4.47	0.540

On the other hand standard deviation of the attribute lies between 0.540 and 0.668. Cash deposit showed highest standard deviation of 0.668, Policy and Payment showed standard deviation of 0.632, Transaction Communication showed standard deviation of 0.603, Receive Cash showed standard deviation of 0.559, Cash transfer showed standard deviation of 0.558 and finally Cash security showed the standard deviation of 0.54. Lower standard deviation shows that data are closely distributed to the mean value.

The analysis of street vendors' responses regarding their adoption of mobile phone banking systems reveals several noteworthy findings.

Payment: While slightly lower in comparison to other attributes, the adoption of mobile phone banking systems for making payments is still substantial, with a mean value of 4.38.

Receive Cash: This attribute had the highest influence on the adoption of mobile phone banking systems among street vendors, with an impressive mean value of 4.49. This indicates that street vendors in Iringa Municipality strongly adopt mobile phone banking systems to receive cash.

Cash Transfer: Street vendors also show a significant inclination to use mobile phone banking systems for cash transfers, as indicated by a mean value of 4.46.

Cash Deposit: The adoption of mobile phone banking systems for cash deposits also reflects a strong positive sentiment among street vendors, with a mean value of 4.41.

Transaction Communication: Mobile phone banking systems' ability to facilitate transaction communication is another factor that contributes to their adoption among street vendors, as evident from the mean value of 4.40.

Cash Security: Following closely, street vendors also highly adopted mobile phone banking systems for cash security, with a mean value of 4.47. This underscores the trust and confidence that these vendors place in mobile banking when it comes to safeguarding their financial assets.

These findings collectively suggest that mobile phone banking systems have been widely embraced by street vendors in Iringa Municipality. The technology offers a versatile range of functions that cater to the specific needs of this group. The high mean values across all attributes indicate a robust adoption of mobile banking services.

Receive Cash emerges as the most influential attribute, underlining the importance of street vendors being able to efficiently receive payments through mobile phone banking. This feature likely enhances their convenience and efficiency in conducting daily business transactions.

Cash Security follows closely, indicating that the safety of their funds plays a pivotal role in encouraging street vendors to use these services. Street vendors trust mobile phone banking systems to provide a secure environment for their financial transactions.

The standard deviations for these attributes are relatively low, indicating that the data points are closely distributed around the mean values. This suggests a high level of consensus among street vendors in Iringa Municipality regarding the adoption of mobile phone banking systems for various purposes.

Therefore, the findings emphasize the significant role that mobile phone banking systems play in the financial activities of street vendors. Their adoption is driven by various factors, including the ability to receive cash, assurance of cash security, and the convenience of cash transfers, deposits, transaction communication, and payments. These insights can be valuable for mobile banking service providers in tailoring their offerings to meet the specific needs and preferences of street vendors in Iringa Municipality.

The findings of this study are supported by a study of Pipitwanichakarn and Wongtada (2018) carried out a study on “Mobile Commerce Adoption among Street Vendors in Thailand”. Questionnaire was used to collect data to a sample of 370 respondents. Data was analyzed using quantitative technique using structural equation modelling. Findings of the study revealed that trust, system characteristics, usefulness and ease of use are used to explain the adoption.

In addition, Kumar et al. (2023) revealed that perceived risk was found to exhibit negative significant influence on behavior intention. The researcher further observed that when consumer perceives there is going to be high level of risk in using mobile banking the likelihood of behavior Intention being converted into actual use becomes low. Okeke and Eze (2018) revealed that perceived usefulness, perceived ease of use and perceived trust have significant effect on m-Money adoption.

From the analysis of the data regarding the adoption of mobile phone banking systems among street vendors in Iringa Municipality, several key points can be observed:

High Adoption Rates: The results show that street vendors in Iringa Municipality have widely adopted mobile phone banking systems for various financial activities. Across all six attributes - making payments, receiving cash, transferring cash, depositing cash, transaction communication, and cash security - the mean values are well above the average mean of 3.00. This indicates a strong adoption of mobile banking services among street vendors.

Diverse Usage: Street vendors use mobile phone banking systems for a range of financial activities, including making payments, receiving cash, transferring cash, depositing cash, transaction communication, and ensuring cash security. This diversity in usage suggests that mobile banking systems have effectively catered to the multifaceted financial needs of street vendors.

High Confidence in Cash Security: Notably, the attribute with the highest mean value is "Cash Security." This indicates that street vendors trust mobile phone banking systems to keep their funds safe and free from risk. This trust in the security of these systems is a critical factor driving adoption.

Low Standard Deviations: The low standard deviations for these attributes imply that the responses from street vendors are closely distributed around the mean values. This suggests a high level of consensus among street vendors regarding the adoption of mobile phone banking systems. The consistency in responses further underscores the reliability of these findings.

Strong Potential for Financial Inclusion: The high adoption rates among street vendors indicate the potential for mobile banking to contribute to financial inclusion in Iringa Municipality. By providing access to essential financial services, mobile banking systems can empower street vendors and enhance their financial well-being.

In General, the findings reveal that mobile phone banking systems have gained significant traction among street vendors in Iringa Municipality. These systems offer practical solutions to their financial needs, ranging from conducting transactions to ensuring the security of their funds. The high adoption rates and positive perceptions about mobile banking security suggest that these services have effectively addressed the requirements of this demographic. Mobile banking holds promise as a tool for financial inclusion and economic empowerment among street vendors in the region.

5.0 Conclusion and Recommendation

5.1 Conclusion

The study's findings reaffirm that attitudes significantly shape the adoption of mobile phone banking systems among street vendors. This is because street vendors need to believe that mobile phone banking is beneficial for them and their businesses in order to adopt it which is consistent with the Theory of Planned Behavior (TPB), which posits that attitude is one of the three key factors that influence behavioral intention (along with subjective norm and perceived behavioral control). The study also found that trust, ease of use, ease of learning, convenience, compatibility, and perceived risk to be very important factors on influencing the attitude towards mobile phone banking. This is because street vendors need to trust the mobile banking system, find it easy to use and learn, and perceive it as convenient, compatible with their needs, and secure in order to be willing to adopt it. These findings underline the importance of addressing these aspects when designing and promoting mobile phone banking services for street vendors.

Subjective norm emerged as a significant determinant of mobile phone banking adoption. This influence is attributed to variables such as social groups, customers, friends, vendors, and government. Thus, our study concludes that subjective norm plays a pivotal role in shaping the adoption of mobile phone banking systems. Street vendors' adoption decisions are significantly influenced by the perceptions and recommendations of their social circles. Our findings indicate that when street vendors perceive that their friends, customers, fellow vendors, and even government authorities endorse mobile phone banking, they are more likely to embrace the technology. This highlights the need for strategic marketing efforts that target these influential groups. Collaborations between mobile service providers and government agencies can also foster adoption by creating a supportive environment.

Perceived behavioral control, encompassing aspects like low cost, network availability, supportive services availability, and policy and regulation, was found to significantly impact the adoption of mobile phone banking systems among street vendors. The only exception was the influence of low cost, where respondents remained neutral. Overall, our study establishes perceived behavioral control as a key influencer in mobile phone banking adoption among street vendors. The study revealed that street vendors' perceptions of their control over using mobile phone banking services significantly affect their adoption decisions. Factors such as network availability and the presence of supportive services play a critical role in facilitating adoption. Additionally, government policies and regulations are instrumental in shaping the perceived behavioral control of street vendors. While the influence of low cost was not as pronounced, it remains a factor worth considering in efforts to promote adoption.

5.2 Recommendations for Actions

5.2.1. The Influence of Attitude on Adoption of Mobile Phone Banking

Given the significant influence of attitudes on street vendors' adoption of mobile phone banking, we recommend that mobile phone vendors and banks design mobile phone banking services that appeal to this demographic. Focusing on enhancing trust, ease of use, ease of learning, convenience, compatibility, and perceived security will facilitate the adoption of mobile phone banking systems. Street vendors play a vital role in the informal economy, and their adoption of mobile phone banking can improve financial inclusion and economic stability. Mobile service providers and banks should collaborate to develop user-friendly mobile banking platforms tailored to the specific needs and preferences of street vendors. This can involve simplifying user interfaces, providing clear and accessible training, and emphasizing the security features of the system. By addressing these aspects, service providers can enhance trust and ease of use, ultimately driving adoption.

5.2.2 The Influence of Subjective Norm on Adoption of Mobile Phone Banking Services

To expedite the adoption of mobile phone banking services among street vendors, we recommend that mobile service providers proactively engage social groups, customers, friends, vendors, and government entities. Increasing their involvement in mobile phone banking will create adoption pressure within the street vendor market. Street vendors are closely connected to their social networks, and their adoption decisions are influenced by the perceptions and recommendations of these networks. Mobile service providers can harness this influence by collaborating with influential groups such as customers, vendors, and local government authorities. Awareness campaigns and educational initiatives can be organized to highlight the benefits of mobile phone banking and dispel any misconceptions. By fostering a positive subjective norm, service providers can accelerate the adoption process.

5.2.3 The Influence of Perceived Behavioral Control on Adoption of Mobile Phone Services

In this study, perceived behavioral control is influencing adoption of mobile phone banking system among street vendors. It is therefore recommended that mobile phone vendors create conducive facilities which include low cost, network availability, supportive services availability, policy and regulation, which will enable the adoption of mobile phone banking phone services among street vendors in Tanzania. Perceived behavioral control is a critical factor that influences street vendors' decisions to adopt mobile phone banking. To enhance perceived control, mobile service providers should focus on improving network availability and ensuring that supportive services, such as customer support and training, are readily accessible. Additionally, they should collaborate with government agencies to streamline policies and regulations related to mobile banking. Addressing these factors will empower street vendors with the confidence and capabilities needed for successful adoption.

5.2.4 Recommendation for the Government and Policy Makers

Supportive Policy Framework: Government and policy makers should continue to develop and implement supportive policies and regulations that foster the growth of mobile phone banking services. Streamlining regulations and ensuring that they are conducive to the needs of street vendors can significantly boost adoption. Financial Inclusion Initiatives: Collaborate with financial institutions and mobile service providers to launch financial inclusion initiatives specifically tailored to street vendors. These initiatives can include low-cost banking options, simplified registration processes, and financial literacy programs. Promote Digital Literacy: Invest in digital literacy programs targeted at street vendors. These programs should focus on teaching them how to use mobile phone banking systems effectively and securely. Empowering street vendors with digital skills can enhance their confidence in adopting these technologies.

Advocate for Awareness Campaigns: Launch public awareness campaigns to inform street vendors about the benefits and safety of mobile phone banking. These campaigns should emphasize the ease of use, convenience, and security aspects of these systems. Government support in funding such campaigns can amplify their impact. Research and Data Collection:

Continue to invest in research and data collection on the adoption of mobile phone banking among street vendors. This ongoing research can provide valuable insights into evolving trends and areas where intervention is needed.

5.2.5 Recommendation for Financial Vendors

Tailored Services: Financial vendors should tailor their mobile phone banking services to the unique needs and preferences of street vendors. This customization can involve simplifying interfaces, offering multilingual support, and creating transaction limits that suit the typical financial activities of street vendors. Accessible Training: Provide easily accessible training and support services to street vendors. Offering training sessions, both in-person and online, can equip street vendors with the knowledge and skills necessary to use mobile phone banking systems confidently. Affordable Services: Consider offering low-cost or no-cost mobile phone banking options for street vendors. Affordability is a significant factor for this demographic, and competitive pricing can be a compelling incentive for adoption.

Community Engagement: Collaborate with local communities and influential groups, such as customers, vendors, and government agencies, to build trust and endorsement for mobile phone banking services among street vendors. Engage these stakeholders to promote adoption and provide testimonials of successful users. Continuous Improvement: Continuously assess and improve the user experience of mobile phone banking systems. Solicit feedback from street vendors and incorporate their suggestions to enhance the services. An intuitive and user-friendly interface is crucial for adoption.

5.2.6 Recommendation for the General Public

Support Street Vendors: Encourage the use of mobile phone banking services among street vendors by supporting their businesses when possible. Opt for cashless transactions when making purchases from street vendors who offer mobile banking options. Spread Awareness: Act as advocates for mobile phone banking adoption by spreading awareness among social circles. Inform friends, family, and colleagues about the benefits of mobile banking, especially when interacting with street vendors. Promote Trust: Share positive experiences and success stories related to mobile phone banking. Building trust is vital, and personal testimonials can go a long way in alleviating concerns about security and reliability. Educate Others: Educate those less familiar with mobile banking on its ease of use and convenience. Many may be hesitant due to lack of knowledge, so providing basic information can encourage them to give it a try.

Advocate for Inclusivity: Encourage financial institutions and service providers to prioritize financial inclusion. Advocate for affordable and accessible mobile banking options that cater to the needs of street vendors and other underserved populations. Support Government Initiatives: Support government initiatives aimed at promoting financial inclusion and mobile banking adoption. These initiatives benefit not only street vendors but also contribute to broader economic development and financial stability. By actively supporting and promoting mobile phone banking adoption among street vendors, the general public can play a significant role in facilitating financial inclusion and enhancing the livelihoods of this vital segment of the economy.

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DOES TAX EDUCATION PROMOTE TAX COMPLIANCE? EXPERIENCE FROM SMALL ENTERPRISES

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ABSTRACT

This study focused on analyzing the influence of tax education on predicting tax compliance among small enterprise in Tanzania. Quantitative approach was used to guide on statistical data collection for hypothesis testing. Structured questionnaire was formulated and used to collect suitable data for statistical analysis. The study population was small enterprise in Dar es Salaam in Tanzania where simple random sampling was used to pick sample of 173 from the targeted population. Pilot study was conducted prior main survey to ensure the quality of data collection tools.

Findings using Smart Pls 4 structural equation modelling revealed that tax education has significant influence on promoting tax compliance among small enterprises. It was further found that tax education is significant due to the explanatory prediction of tax law education, general tax education, tax information system education and accounting skills education. This study concluded that tax education has significant influence on promotion of tax compliance among Small enterprises. It was recommended that the revenue authority should continue to offer tax law education, general tax education, tax information system education and accounting skills education so as to enable small enterprise to pay tax.

Key words: *Tax compliance, tax education, small enterprise*

1. Introduction

Priveous studies have evidenced that taxpayer behaviors toward Tax compliance is promoted by many social-economic and psychological factors (Tehulu, 2016; Adegboye and Adekanla, 2023). However, tax education has been shown to be one of the most relevant and primary factors for promoting tax compliance among small enterprises (Assfaw and Sebhat, 2019; Machfuzhoh and Puspanita, 2021). The importance of tax education in determining tax compliance is evident in a human capital theory of Backer (1964).In his theory, the author advocates that education or training imparts useful knowledge and skills which in turn increases performance of the targeted group. He particularly state that tax compliance will be relatively high when tax education towards tax compliance is exposed to tax payer for them to acquire relevant knowledge and skills on the benefit of paying tax. This is consistent with Mammadli and Zeynalova (2021) who empirically establish the positive link between tax education toward tax compliance in Azerbaijan. In Ghana, Mbilla ,et al.(2020) found that taxpayers with relevant tax education would be more compliant to tax obligation. In other words, owners of small enterprise do willingly to comply with their tax obligations if they are aware of tax regulation, tax compliance benefit and government accountability to the collected tax revenue.

In spite of the evidence that tax education promotes tax compliance, some of the empirical evidence have found tax education to have insignificant influence on promoting tax compliance

(Shaharuddin and Palil, 2016; Putri and Venusita, 2019). Notably example, Putri and Venusita (2019) found and concluded that tax education have no influence to tax compliance. Given this conflicting findings, it is not clear whether tax education is promoting tax compliance or not. Further, there has not been a universally recognized system of indicator variables for the development of tax education in promotion of tax compliance. This study filled the gap by answering the research question that; Does tax education promote tax compliance in the context of Dar es Salaam City in Tanzania?

2. Related Literature Review

2.1 Definition of Key Concepts

Tax Compliance

According to Trawule, et al. (2022) tax compliance is defined as something occurs when people choose to comply willingly when they are faced with a tax bill. On the other hand, Notably Hanapi (2022) defined tax compliance as submission of a tax return to the tax authority within the stipulated period by correctly stating income and deductions. Similarly, : Amin,et al.(2022) further defined tax compliance as a degree to which a taxpayer complies (or fails to comply) with the tax rules of his country, for example by declaring income, filing a return, and paying the tax due in a timely manner. Given the definitions above, in this study, tax compliance is defined through the process where SMEs declare correct and pay tax on time through transparency reporting and being acting legally.

Tax education

According to Shamana and Alito (2020) taxpayer education is a tool designed to enable taxpayers to understand tax laws and procedures. They added that it involves training of special units within the revenue departments, for providing education, counseling and support to the taxpayers, through different media which include newspapers, television, radio programs, websites, seminars, and front desk help to disseminate key information to the taxpayers. On the other hand, Hanapi (2022) defined tax education as program focused on enabling individual’s understanding of tax laws related to tax liability, fulfilling her/his tax obligations and evaluating the possible tax risks independently in her/his financial environment. Further Hidayati, et al.(2023) tax education is defined as marketing which intended to enhance taxpayer compliance with fiscal obligations and hence boost tax revenues. Given the definitions above, in this study, tax education is defined as a tool designed to enable taxpayers to understand tax laws, tax system and procedures.

2.2 Relevant Theory

Human Capital Theory

In order to assess the explanatory power of tax education in predicting tax compliance, Backer (1964) came up with the human capital theory. He advocates that education or training tend to create useful knowledge and awareness which in tun increase the performance behavioral. As in the current study, the idea of Backer posited that tax education for small business tends to create tax knowledge and awareness which in turn increases tax compliance. The applicability of the human capital theory in studying the effects of tax education and tax compliance is observed in several studies(Shamana and Alito, 2020; Assfaw and Sebhat, 2019). Given this situation, this study will use this theory to predict the significant influence of tax education in promoting tax compliance.

2.3 Empirical Literature Review

Worldwide, Le, *et al.* (2020) conducted a study on Factors Affecting Tax Compliance among Small- and Medium-sized Enterprises Evidence from Vietnam. Finding using multiple regressions indicated that tax education is significant influencing tax compliance. It is recommended that tax agencies should help SMEs improve their accounting skills and increase their knowledge by organizing training workshops and short courses on taxation. On the other hand, Bernard, *et al.* (2015) carried examine the influence of tax knowledge & awareness on tax compliance among Export Processing Zones investors in Kenya. The study findings using Multiple regression revealed that tax knowledge & awareness has a very close relationship with taxpayers' ability to understand the laws and regulations of taxation, and their ability to comply with them. It was therefore possible to conclude that firms with well-trained employees on tax issues had a high likelihood of complying voluntarily with tax laws and regulations. The study also led to a conclusion that tax knowledge and awareness had a positive and significant relationship with tax compliance. The study recommends that the Revenue Authorities should embark on public awareness campaigns to educate the public and investors on their role and responsibilities in taxation rather than approaching the matter from a legal obligation perspective.

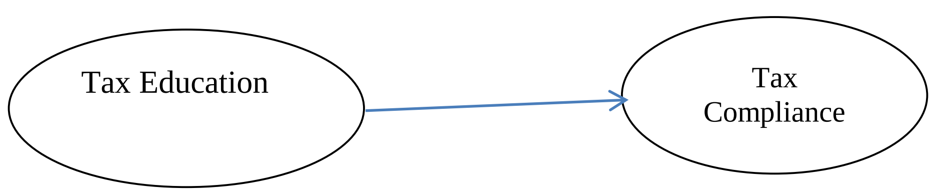
Given the above empirical evidence, this study posit a hypothesis which state that:

Tax education has significantly influences on tax compliance among Small enterprises in Dar es salaam

2.4 Conceptual Framework

This conceptual framework was designed to hypothesized the predictive power of tax education in promoting tax compliance among small enterprises in Tanzania.

Figure 1 Conceptual Framework



Source: constructed by authors based on literature review (2023)

3. Methods

This study focused on analyzing the influence of tax education on predicting tax compliance among small enterprise in Tanzania. Quantitative approach was used to guide on statistical data collection for hypothesis testing. Structured questionnaire was formulated and used to collect suitable data for statistical analysis. The study population was small enterprise in Dar es Salaam in Tanzania where simple random sampling was used to pick sample of 173 from the targeted population. Pilot study was conducted prior main survey to ensure the quality of data collection tools. Data was analyzed using Smart PLS 4 structural equation modeling.

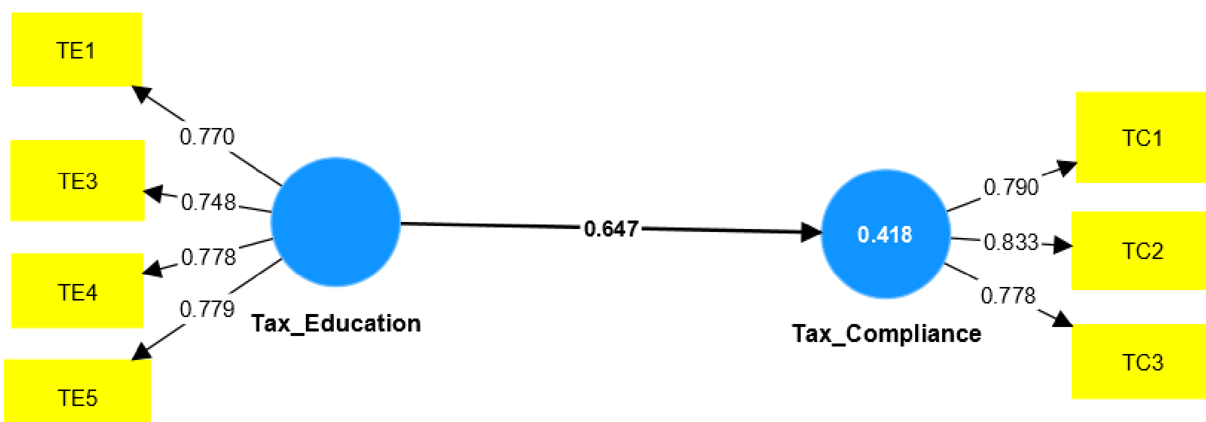
4. Findings

This section comprises of two sections. The first sections provide detail findings on validity and reliability issues and second section present the finding for hypothesis testing as follows.

4.1 Validity and Reliability of the Study Finding

To ensure the quality of research results, factor analysis was run using measurement model as presented in figure 2 below. At the first run, two indicator variables were found to perform poor which were affecting negatively the performance of the overall model. To enhance the performance of the model, the two indicator variables namely Tax penalties education(TE2) and TC4 which were affecting the model performance were removed from the model. After the removal of these two-indicator variable then second run of the measurement models indicated model performance as presented below and in the next sections.

Figure 2 Measurement Model



Key:

Constructs	Indicator variables

Tax Education (TE)	Tax law education (TE1), General Tax Education (TE3), Tax Information System Education (TE4) and accounting skills education (TE5)
Tax Compliance (TC)	Proper Accounting Information (TC1), Due time (TC2) and issuance receipt (TC3)

From the measurement model, further evaluation of the validity and reliability was done using outer loading, convergency validity, reliability and discriminant validity as follows:

Outer Loading

Table 1 shows that each indicator variables of each construct presented have scored a loading 0.7 and above. According to Hair et al., (2019) pointed out that a study finding is considered validity when the measurement model scores a value of 0.7 and above for each indicator variable of the model. Base on this recommendation, it justify that the current study has achieved recommended value for a study to be considered valid.

Table 1. Outer Loading

	Tax Compliance	**Tax Education**
TC1	0.790	
TC2	0.833	
TC3	0.778	
TE1		0.770
TE3		0.748
TE4		0.778
TE5		0.779

Reliability and Convergence validity

In table 4, the study model has produced both cronbanch's and composite reliability p-value of 0.7 and above. According to Hair et al. (2022) for a study model to achieve internal consistence, it must produce a p-value of 0.7 and above for each construct. This finding prove that the study has achieved the internal consistent required for reliable results.

Further analysis was done to evaluate convergence validity. For a study to achieve convergent validity each construct must produce average variance extracted (AVE), which is recommended to be 0.5 and above (Liengaard et al., 2021; Hair et al., 2022). The results for AVE in table 4 indicate that all constructs have scored the value of AVE >0.5, which is recommended and accepted by prior scholars for the model to achieve convergence validity.

Table 1 Reliability and Convergency Validity

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Tax Compliance	0.720	0.725	0.842	0.641
Tax Education	0.773	0.782	0.852	0.591

4.2 Hypothesis Testing

The study was designed to test hypothetical relationship on the influence of tax education on tax compliance among small farmers. This is a very important stage in assessing the hypothetical relationship between the predictor variable (tax education) on the outcome variable (tax compliance). The structural model was run to assess the study's hypothesis, and the results from the structural model are presented in Figure 3. In Figure 3 path coefficient of both the hypothetical relationship of independent variable to the dependent variable indicate a significant relationship using the p-value of less than 0.05. Furthermore, Figure 3, shows the significant influence of each indicator variable since all indicator variables have scored a p-value of less than 0.05. Hair et al. [37] recommended a p-value of 0.5 or less for a model hypothesis to be significant. Hence in the current study, all indicator variables were contributing to explaining the significant influence of independent variables to the dependent variables

Figure 2 Structural Model

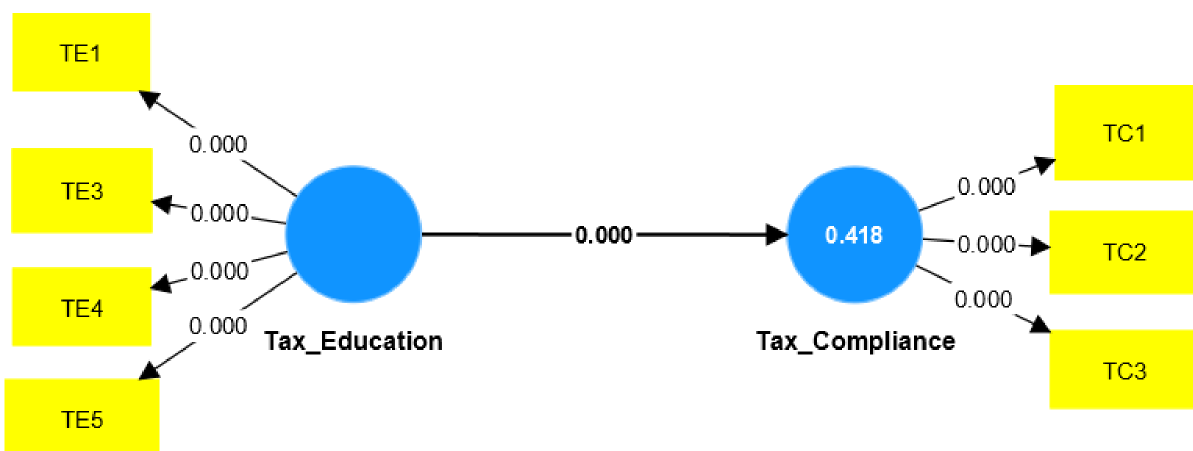


Table 4 Hypothesis Testing on Influence of Tax Education on Tax Compliance

Hypothesis	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values	Remarks

Tax_Education -> Tax_Compliance	0.649	0.038	17.176	0.000	Accepted

In table 4 above, the hypothetical relationship on the influence of tax education on tax compliance has yielded a significant path coefficient (p-value) of 0.00. According to Hair et al. (2022) recommended that a hypothesis relationship is considered to be significant if its path coefficient (p value) <0.05 otherwise the hypothesis is considered to be insignificant. This means that in the current study the hypothetical relationship on the significant influence of tax education on tax compliance is significant and is accepted.

5. Discussion of the finding

This study hypothesized that tax education has significant influence on tax compliance among small enterprise. Finding from this study has reveled that tax education as significant influence on tax compliance in Tanzania. The finding has demonstrated that tax education is significant influencing tax compliance due to the explanatory power of indicator variable namely tax law education, general tax education, tax information system education and accounting skills education. This finding supports the human capital theory by Becker (1964) who posited that tax education for small business tends to create tax knowledge and awareness which in turn increases tax compliance. The finding also has collaborated with Nyamapheni and Robinson (2021) recommendation who recommend that continued tax education and improvements should be included in the mix of tax compliance enhancement strategies to increase the level of tax compliance.

While the current study findings collaborate with the findings from prior studies on the influence of tax education but they differ in terms of how tax education is influencing. For example, Hidayatia, et al. (2023) found that the significant influence of tax education is explained by promotion of taxation laws education and by increasing the awareness of the role of tax in national development, and especially to explain how and where the money collected is spent by the government. This explanation differs from the current study which advocate that the influence of tax education is explained by provision of tax law education, general tax education, tax information system education and accounting skills education. This implies that the explanatory power of tax education is affected by contextual variable.

On the other hand, other scholars have found a insignificant contribution of the influence of tax education on tax compliance. For example Mukhlis, et al.(2014) found insignificant influence of tax education and they explained that SME entrepreneurs is able to understand their tax obligations when there is an aspect of fairness and tax benefits that can be received in real terms by SME entrepreneurs. This implies that their other important variable other than tax education that promote tax compliance.

6. Conclusion and Recommendation

This study conclude that tax education is an important factor in promoting tax compliance among small enterprise in Dar es Salaam in Tanzania. This study further concluded that for tax education to contribute to the promotion of tax compliance there should be provision of tax law education, general tax education, tax information system education and accounting skills education. Following this conclusion, this study has made the following recommendation;

The tax authority should continue to offer tax law education to tax payer in order to enable them to comply with tax law.

It is recommended that general tax education should be given to enable tax payer to understand the benefits of paying tax .This will help to build their behavioral toward tax compliance

Further, it is recommended that tax education on tax information system should be promoted by tax authority. This will enable tax payer to be able to use tax information system and simply their way toward the use of tax information system.

Recommendation for further studies

This study used only one independent variable namely tax education, it is recommended that future studies should be conducted using other variable rather than tax education. This will enable to widen the scope in explaining tax compliance

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THE CONTRIBUTION OF FINANCIAL INSTITUTIONS ON SMALL AND MEDIUM ENTERPRISES DEVELOPMENT IN TANZANIA

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ABSTRACT

The purpose of this study was to determine the contribution of financial institution on small and medium enterprises development in Tanzania: A case study of SIFA SACCOS in Iringa Municipality. Specifically: to determine whether entrepreneurial skills provided by financial institutions contribute the development of SME`s, to determine whether management skills provided by the financial institutions contribute the development of SMEs and to determine whether proper financial records keeping contribute the development of SMEs. The study adopted a quantitative research approach and descriptive research design with a sample of 99 respondents. Data was collected using questionnaire and the data was analyzed using regression analysis and descriptive statistics. The research findings showed that the entrepreneurial skills, management skills and proper financial record keeping had a positive relationship with the development of small and medium enterprises (SMEs). It was established that entrepreneurial skills accounted for 22.22% of the development of SMEs, and management skills accounted for 33.33% of the development of SMEs and lastly proper financial record keeping accounted for 77.77% for the development of SMEs. The study therefore concluded that the contribution of financial institutions on SMEs development as supported by a significance value of 0.637 for proper financial record keeping, 0.790 for management skills and 0.680 for entrepreneurial skills. The study recommended that services offered by financial institutions to SMEs should be monitored and controlled as to avoid undesired effect in case either of the side has bad mission to other, this is due to the truth that one side (SMEs) is full of un educated personnel. The study also recommends that financial institutions should take relevant measures to ensure sustainability of the services they provide to SMEs.

***Key Words**: Financial Institutions, SMEs Development, SIFA SACCOS*

1. Introduction

Small and Medium Enterprises (SMEs) need to develop to later become large enterprises. In order to do that, finances are necessary to engage enterprises. In Tanzania especially in Iringa various financial institutions contribute to the development of SMEs. The aim of this study is to determine these contributions. Financial institutions are fundamental to economic growth and development. According to (UNCTAD, 2009) , financial institutions play a major role in supporting the Small and Medium Entrepreneurship development. Many of the Small and Medium Enterprises get access to loans which support the growth and expansion of their business. Some institutions acquire funds and make them available to users. Still others invest (manage) funds as agents for their clients. The key categories of financial institutions are the following: deposit taking; finance and insurance; and investment, pension, and risk management.

Financial institution are fundamental to economic growth and development .Banking, saving and investment, insurance, and debit, equity financing help citizens to save money, build credit and enabling business to start up or expands and increase the efficiency of the business (UNCTAD, 2009) the various financial institutions generally act as an intermediary between the capital market and debt market. But the service provided by a particular institution depends on its type. The financial institutions are also responsible to transfer funds from investors to the companies (ibid). According to (UNCTAD, 2009) finance has been identified in many business surveys as the most important factor determining the survival and development of small and medium –sized enterprises in both developing and developed countries. Access to finance allows SMEs to undertake productive investments to expand their businesses and to acquire the latest technologies, thus ensuring their development and that of the nation as a whole. Poorly functioning financial institutions can seriously undermine the microeconomic fundamentals of a country, resulting in lower growth in income and employment. Despite their dominant numbers and importance in job creation, SMEs traditionally are faced difficulty in obtaining formal credit or equity.

Also experience has shown that entrepreneurs do not foresee and realize the importance of having systematic and complete financial management. Financial management is a critical element of the management of a business (Chirwa Mathew, 2015). A study conducted by Bank Negara Malaysia in 2003 on the SMEs concluded that financial management is one of the key success factors for SMEs development (Emmanuel, 2017).

Financial institutions in developing countries provide finance to those sectors of the economy to which commercial banks do not provide finance (Emmanuel, 2017). These institutions handle the problem of providing long-term finances at affordable rates (Mason, 2000) A majority of SMEs rely on long-term funding made available by banks, financial institutions or venture capitalists,(Manigart, 2006) The cost of survival or growth strategies in these firms depends, on the availability of external sources of finance.

The experience has shown that most of SME achieve their goal of increasing the economy of the country by getting loans from financial institution. SMEs are important to almost all economies in the world, but especially to those in developing countries and, within that broad category, especially to those with major employment and income distribution challenges. On what we may call the "static" front, SMEs contribute to output and to the creation of decent jobs (Palma, 2205)SMEs in Ghana have been noted to provide about 85% of manufacturing employment of Ghana. They are also believed to contribute about 70% to Ghana GDP and account for about 92% of businesses in Ghana (Fayon, 2010). In the Republic of South Africa, it is estimated that 91% of the formal business entities are SMEs. They also contribute between 52% to 57% to GDP and provide about 61% to employment (Palma, 2205).

In Tanzania according to (UNCTAD, 2009) the objective of the financial Institutions is to improve access by small savers, and micro entrepreneurs, within a sound, and competitive financial environment. Banks are the most significant source of external finance to SMEs, and can exert considerable influence on them. Majority of SMEs have a banking relationship. Financial institutions are the major sources of information for companies, particularly SMEs, and there is potential for financial institutions to act as conduit of information in environment area. The role of finance has been viewed as a critical element for the development of SMEs (Tanzania, 2010). In most industrially developed and developing economies, a growing number of SMEs need access to a wide range of sources of finance.

According to (Tanzania, 2010).Small and Medium Entrepreneurship sector has been recognized as a significant sector in employment creation, income generation, and poverty alleviation and as a base for industrial development. The sector is estimated to generate about a third of GDP, employs about 20% of the Tanzanian labor force and has greatest potential for further employment generation. However, Tanzania has never had a specific policy focusing at the development of SME sector. The different policies have various uncoordinated programs and interventions aimed at supporting the sector with limited impact. This has resulted in a number of gaps leading to inability to address the core constraints inhibiting the growth of the sector. This has made it difficult to exploit the existing potentials for acceleration of SME development and limits its ability to exploit the exciting potential of SMEs to accelerate growth. Small and Medium Scale Enterprises (SMEs) are considered to be one of the principle driving forces in economic development (URT, 2002) Moreover, a healthy and growing SME sector is perceived to be crucial for sustainable competitive advantage and economic development at local, regional and national levels (URT, 2002).There are a lot of problems facing SMEs sectors, these includes lack of education and training, insufficient capital, lack entrepreneurship skills, lack of prior planning and poor management. According to (Gallear, 2002), lack of knowledge and training results in highly failure rate of SMEs in South Africa.
According to (Wan, 2010), despite the facts that SMEs are confronted with a lot of problems which hinder them to access loans from Financial Institution, SME in Iringa region are confronted with

unique problem which is poor management of finance which hinders them to access loans from financial institutions. Poor financial management of finance is the major obstacle for SMEs development. Usually entrepreneurs need to utilize personal financial sources to start up their business and to expand the operations, since the internal financial sources are normally insufficient. Despite the importance of the SME sector in economic development, it faces with many problems which leads to difficultness of getting recent and reliable knowledge on how to run and operates the business. Due to that many SME`s they achieve targets without any monthly or annual estimation of expenditure, income and the expected profits. The lack of financial knowledge creates problems related to the management of the enterprises. Since the major source of income for many entrepreneurs is the enterprise, they spend money out of the business on their private matters (APO, 2001).

According to (Goedhuys, 2002) , Many entrepreneurs have faced crises due to the use of money without proper calculation of profits, further, most of the SMEs in the study area do not maintain systematic book keeping procedures. Those who maintained books are also very unsystematic. Some of SMEs does not maintain accounts. Some of entrepreneurs do not calculate loss or profit; the entrepreneurs have encountered different problems due to not having accounts and having careless maintenance of accounts. They mainly do not know the exact amounts of loss and profits; many SMEs have faced financial constrains due to the non-availability of proper financial management systems.

There are a number of factors for non-availability of financial management in SME, such as the lack of knowledge of systematic book keeping, not having trained employees for book keeping, not knowing the benefits of maintaining accounts, ability of keeping mental records due to a few numbers of customers turning up, and not having a time schedule for business (Weiss, 2010).

In Iringa region there is availability of Banks such as CRDB Bank, Akiba Bank, The Tanzania Postal Bank, The CBA Bank and National Microfinance Bank, Stanbic Bank have shown their willingness and interest in this market by offering loans Services and products for the purpose of SMEs development. These enable financial institutions to be a critical element of an effective SMEs development strategy. Efficient provision of savings, credit, and insurance facilities in particular can enable the poor people in Tanzania to smooth their consumption, manage their risks better, gradually build their asset base, develop their micro enterprises, enhance their income earning capacity, and enjoy an improved quality of life and hence SMEs development (Tanzania, 2010).

Despite the existence of many financial institutions to support small and Medium Enterprises, there is need to find out the contribution of Financial Institution on Small and Medium Enterprises development in Tanzania taking Iringa region as the case study. No adequate research effort has been made in Iringa town to address this. Therefore, it is necessary to determine whether contributions that are provided by financial institutions if they real help SMEs to growth and development.

2. Literature Review

2.1 Theoretical Literature Review

The establishment of financial institutions, technological and commercial relations with the other factors of the network makes it possible to the Small and Medium enterprises sized firm to extend their connections and to gradually widen up their activities apart from their own territories until becoming international.

Entrepreneurship Theory and International New Ventures

Oviatt, (2013), proposed International Entrepreneurship Theory. It argues that SME's internationalization mostly attributes to entrepreneur's international vision and international experience, their internationalization development is either proactive or *reactive* (Oviatt, 2013), define general international entrepreneurship as "a set of behaviors conducted by commercial organization in order to accomplish the goal of organization value creation, including creativity, initiative and risk taking moves" Scholars often combine Entrepreneurship theory and International New Ventures together to explain the internationalization behaviors of the younger and smaller companies. According to (Oviatt, 2013), while other competitors start internationalization long after establishment, few new ventures follow the conventional market entry procedures. Thus, new ventures could utilize learning abilities to achieve rapid growth in host countries. (Oviatt, 2013) , mentioned that most new ventures are founded by entrepreneurs with international experience and international market prospective. Their education background, work experience and personal thoughts play a decisive role in the company's internationalization development. Knight concludes that better enterprises have stronger tendency to change marketing strategies when entering new markets, and in SMEs, entrepreneurship have more profound influence on enterprise's globalization process.

2.2 Empirical Literature Review

An empirical literature review is the review of the prior or previous studies which are relevant to the topic. It is divided into two parts, empirical literature review on studies done internationally or abroad and empirical literature review on studies done within the country (Saunders, 2009).

2.2.1 Entrepreneurial Skills Contribution to Development of SME`s

The objective of the Financial Institutions is to improve access of SMEs in competitive financial system environment by providing entrepreneurial skills. Entrepreneurial skills refer, to skills that an entrepreneur need so that he or she can be able to excess finance from financial institutions and implement them to his or her development. There are some components that financial institutions need to consider in providing entrepreneurial skills to SMEs are:

i. The restructuring, and privatization of major banks, will provide considerable management expertise support in banking operations, treasury, and micro-finance. Staff training, management information systems, research, and development funding for the micro-finance pilots, will be institutions provided. Through these financial institutions can now be able to provide entrepreneurial skills to small and medium entrepreneurships through training on how to manage and proper utilization of their capitals or funds.

ii. The financial infrastructure strengthening, will upgrade the technical skills of the banking supervision within the Bank of Tanzania, namely, strengthening the financial data integrity, through improved analytical skills, and, accounting standards. In addition, the payments system, Credit Reference Bureau and the Capital Markets and Securities Authority, will continue to be supported, through operational financing.

iii. Funding will be provided for the establishment, and management on a pilot basis.

Public financial institutions have played important roles in lending to SMEs. In particular they have served to guarantee the availability of medium and long term resources for investment by devising financial instruments and by financing segment in which the private sector has not been particularly active(Palma, Four sources of De-industrilization and a new concept of the dutch disease, 2005) .

Also (Palma, Four sources of De-industrilization and a new concept of the dutch disease, 2005) added that, public financial institution implement finance policies for different types of programmers, furthermore helping SMEs by providing them entrepreneurship skills, financial management skills, Business development skills, Proper record keeping, and time to schedule the business. These ways were impacted to make loans cheaper and provision of guarantee. Recently, a burst of new instruments seeks to reduce the information barriers between banks and businesses and/or target specific SMEs demands.

2.2.2 Management Skills Contribution to Development of SME`s

According to (Gallear, 2002) Management skills does not mean the process of making things work, But is a understanding firms own strengths, weaknesses, needs and wants, Ability to identify relevant opportunities, Accessing career information, Ability to plan and take career-related decisions, Ability to network and build relationships. It is suggested that people engaged in business at list need to have knowledge of business and how to operate, it will help them control the business.

Management skills are an important key for any type of enterprise. But Lack of proper financial management may create problems of various types in business. One major weakness with regard to financial management in SMEs is not planning the future finance. They achieve targets without any monthly or annual estimation of expenditure, income and the expected profits. The future plans of finance are almost invisible in SMEs. One major weakness of SME is not having plans for future financial management. The lack of financial management creates problems related to the management of the enterprises. Since the major source of income for many entrepreneurs is the enterprise, they spend money out of the business on their private matters. Many entrepreneurs have faced crises due to the use of money without proper calculation of profits. Most of the SMEs in the study area do not maintain systematic book keeping procedures and those who maintained books are also very unsystematic. Some of SMEs does not maintain accounts and some of entrepreneurs do not calculate loss or profit. The entrepreneurs have encountered different problems due to not having accounts and having careless maintenance of accounts. They mainly do not know the exact amounts of loss and profits. Many SMEs have faced financial constrains due to the non-availability of proper financial management systems.

Therefore, for the SMEs to grow or to develop they need to be trained on how to manage their business accounts, record properly their daily transactions according to the accounting principles through that they can be able to influence financial institutions and other microfinance to finance them.

2.2.3 Proper Financial Records Keeping Contribution to Development of SME`s

How do you tell if your business is making a profit or a loss if you are not keeping any records? Most of our small business owners unfortunately perhaps take recordkeeping for granted, but it can make the difference between success and failure in business.

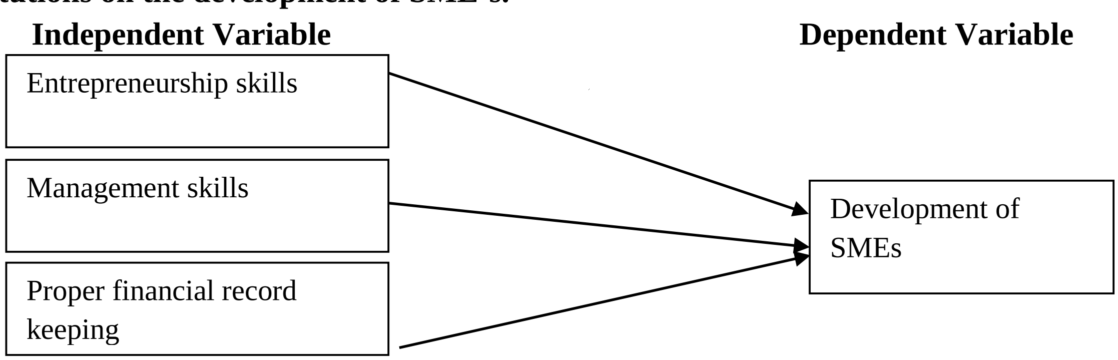
According to (Tinotenda, 2015), SME business owners need to develop the discipline of keeping track of all the sales, cash proceeds, and overall turnover of their business as well as other vital business records such as bank account statements, and so on.

One of the many reasons why smallest businesses sometimes collapse is because the owners fail to keep these basic business records. The most common reason why small businesses do not keep records is usually the belief that it is expensive or very complicated to do so. Maybe, but, but this may not be so actually, whilst additional diligence and effort by the proprietor or manager of a business is required, it certainly will not cost the SME enterprise a lot of money. Another myth is that recordkeeping requires specialized accounting skills. Oftentimes, it requires just business common sense and the basic ability to read and write and of course the commitment of the business owner.

2.3 Conceptual Framework

A conceptual framework is used in research to outline possible courses of action or to present a preferred approach to an idea or thought.

Figure 2.1 Conceptual Framework for the Determination of Contributions of Financial Institutions on the development of SME`s.



Source; Researcher, 2023

This study was be guided by the following hypothesis.

i. There is significant relationship between entrepreneurial skills and SMEs development.

ii. There is significant relationship between management skills and the development of SME`s?

iii. There is significant relationship between proper financial records keeping and development of SME`s?

3. Methods

The quantitative approach was employed to determine the causal relationship between entrepreneurial skills, management skills, proper financial record keeping and SMEs development. The descriptive research design was used to profile respondents' characteristics relevant to the study. Data was collected in Iringa using a survey questionnaire from a sample of 99 participants. Quantitative data analysis was performed using regression analysis to determine the extent to which the variables contribute to the development of SMEs. The study was carried out in Iringa Municipality in Tanzania.

4.0 Findings

Data was collected form 99 respondents. The analysis was directed at answering the main research questions. Do entrepreneurial skills provided by financial institutions contribute to the development of SME`s? Do management skills provided by the financial institutions contribute the development of SME`s? and does proper financial records keeping contribute to the development of SME`s? These questions were intended to capture the useful information and knowledge on the contribution of financial institutions on small and medium enterprises development in Tanzania. Documentary reviews and questionnaires constituted the main sources of information for the data collected.

4:2. Demographic Information.

Findings show that of the 99 respondents in the study 67 were male and 32 were female. Out of 99 respondents 18% were single 78% were married, 4% were widow/Widowers and 0% were Divorced. Positions of the respondents in the organizations were: 60 were Accountant Officers, 20 were Procurement Staff, and 19 were other Employee and 0 Auditors. Regarding the education level 45% of respondents had advanced diploma, 33% had ordinary diploma, 22% had degree none has postgraduate, masters or PhD. As for the duration of employment within the organization, 70% worked Below 3 years, 20%worked 4-9 years, 6% worked 10-16 years and 0% has a working experience of above 17 years.

4:3 Tests of Reliability and Validity

4:3:1 Reliability

In this study reliability test was done using Cronbach alpha, which was 0.980, the coefficient is significant indicating internal consistency “reliability”.

4:3:2Validity

Factor analysis was done using Kaiser-Meyer-Olkin (KMO) and Bartlett's Test of Sphericity so as to determine the level of adequacy of factor analysis. The KMO measure of sampling adequacy reflects score of (0.750), which is well above the recommended 0.50 level as suggested by (Khan, 2010) and the Bartlett’s test of sphericity is significant at 0.000 ($p \leq 0.000$-0.05) levels. This indicates that how the data suited for Factor Analysis. The test measured sampling adequacy for each variable in the model and for the complete model. The statistic is a measure of the proportion of variance among variables that might be common variance.

Table 4.2: KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.753
Bartlett's Test of Sphericity	Approx. Chi-Square	198.531
	Df	4
	Sig.	.021

4.4 Finding in relation to Objectives

This study had three specific objectives and the aim of the findings is to show if the objectives were met.

4:4:1. Effect of entrepreneurial skills provided by financial institutions towards development of SME`s.

The objective was to determine how entrepreneurial skills provided by financial institutions affect the development of SME`s. Table 4.3 shows the findings. The findings from the 99 respondents show that the entrepreneurial skills provided by financial institution does in-fact affect the development of SME’s. Entrepreneurial skills in broad spectrum that is offered by different financial institutions show effect on SME’s development but 22.22% of respondent disagreed that these skills have led them in solving business problems. 33.33% of respondents responded that they are not sure whether SME’s efficiency has improved due to skills acquired from financial institution this could be the result of lack of the capacity of accessing the performance of the firm. Field observations concerning the matter are: (1) Most of Business owners are not aware of the kind of capacitating/Skills they receive from expertise from Financial Institutions e.g. on the question on easiness of accessing the products as a result of acquiring skills from financial institutions needed a lot of elaboration that led to 22.22% of respondents to disagreeing that easiness of accessing products has no impact of skills acquired from financial institution, (2) Poor Assessment of the growth/performance of the firm is another field observation. A large number of respondents were not able to note the changes of business growth/performance before and after entrepreneurial skills from financial institutions as a result 33.33% respondents were neutral when responding to the statement "The SMEs efficiency have improved due to the effect of the entrepreneurial skills given".

Table 4:3 Effect of entrepreneurial skills provided by financial institutions towards development of SME`s.

	Entrepreneurship skills and SMEs development	**Weighted Mean**
C1	The entrepreneurial skills provided by financial institution have a positive effect on SMEs development	4.11
C2	The entrepreneurial skills especially in innovation have developed the positive changes on the SMEs business	4.33
C3	The business problems are always been solved due to the impact of entrepreneurial skills provided by financial institution	4.11
C4	The SME's have now experienced easy access of product due to the skills and knowledge provided by financial institutions	3.67
C5	The SME's efficiency have improved due to the effect of the entrepreneurial skills given	3.89
C6	The entrepreneur`s skills mostly help urban entrepreneur other than those from rural areas	3.79
C7	The entrepreneurial skills provided to SME`s make them easy to conduct the business	4.33

Source: Field Data, 2020

Effect of Entrepreneurship skills on SMEs development		Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
		F	%	F	%	F	%	F	%	F	%
C1	The entrepreneurial skills provided by financial institution have a positive effect on SMEs development	0	0	0	0	22	22.22	44	44.44	33	33.33
C2	The entrepreneurial skills especially in innovation have developed the positive changes on the SMEs business	0	0	0	0	22	22.22	22	22.22	55	55.56
C3	The business problems are always been solved due to the impact of entrepreneurial skills provided by financial institution	0	0	11	11.1	0	0	55	55.56	33	33.33
C4	The SMEs have now experienced easy access of product due to the skills and knowledge provided by financial institutions	0	0	22	22.2	33	33.33	0	0	44	44.44
C5	The SMEs efficiency have improved due to the effect of the entrepreneurial skills given	0	0	0	0	33	33.33	44	44.44	22	22.22

C6	The entrepreneur`s skills mostly help urban entrepreneur other than those from rural areas	0	0	0	0	55	55.5 6	11	11.11	33	33.33
C7	The entrepreneurial skills provided to SME`s make them easy to conduct the business	0	0	0	0	11	11.1 1	44	44.44	44	44.44

Source: Field Data, 2020

4:4:2. Effect of management skills provided by the financial institutions towards the development of SME`s.

This section intended to excavate the detailed information on the impact of managerial skills provided by financial institution on development of SME's. Managerial skills that this study needed to find out include: Adhering to all firm's legal issues e.g. Certificates etc., delegation of responsibilities within the firm, Performance appraisal of workers, Participation on problem solving and decision making.

100% of respondents agreed to apply the general managerial skills that were provided by financial institutions. Furthermore, the applications of Managerial skills they received led to good decision making for the betterment of the business e.g. Decision on having the balanced number of workers that can perform efficiently but with very low cost so as to increase the profit, proper allocation of resources (money).

One of the questions that respondents were required to respond needed to know if there is a specialist in the firm who teaches the managerial skills to SMEs for betterment of their business. Only 33.33% of respondents agreed to have such specialists but the majority disagreed to have who were 66.66% of all respondents. It is unfortunate that 11.11% of all respondents were not aware if the managerial skills provided by financial institutions especially decisional skills applied by management have a greater impact to the development of SME's.

Table 4:3: Effect of Management Skills on SME's development

	QN: Effect of Management Skills on SME's development	**Weighted mean**
B1	The enterprises often applying the general managerial skills in developing the SMEs business	4.78
B2	The interpersonal skills is always applied by your management for the development of SME's	4.56
B3	Informational skills applied by the management create awareness to the SMEs on how to operate business in profit margin	4.56

B4	The decisional skills applied by management have a greater impact to the development of SMEs	4.44
B5	The enterprises has a specialist to teach the managerial skills to SMEs for betterment of their business	2.67
B7	The managerial skills help the management to make a good decision business matters	4.78

Source: Field Data, 2020

QN: Effect of Management Skills on SME's development		**Strongly Disagree**		**Disagree**		**Neutral**		**Agree**		**Strongly Agree**	
		F	%	F	%	F	%	F	%	F	%
B1	The enterprises often applying the general managerial skills in developing the SMEs business	0	0	0	0	0	0	22	22.22	77	77.78
B2	The interpersonal skills is always applied by your management for the development of SMEs	0	0	0	0	0	0	44	44.44	55	55.56
B3	Informational skills applied by the management create awareness to the SMEs on how to operate business in profit margin	0	0	0	0	0	0	44	44.44	55	55.56
B4	The decisional skills applied by management have a greater impact to the development of SMEs	0	0	0	0	11	11.11	33	33.33	55	55.56
B5	The enterprises has a specialist to teach the managerial skills to SMEs for betterment of their business	0	0	66	66.77	0	0	33	33.33	0	0
B7	The managerial skills help the management to make a good decision business matters	0	0	0	0	0	0	22	22.22	77	77.78

Source: Field Data, 2020

4:4:3. Effect of proper records keeping towards the development of SME`s

Proper records keeping are the key drive for any business. In study, the researcher needed to explore how far is these skills that delivered by financial institution impact the development of the business. Apart from asking question a researcher witnessed the record keeping tools that are used by SME's staff. The observation wasn't pleasant since most of Firms used normal text books kept on dirty and careless environments, records within the text books were not well organized in a sense that it needed more explanation in order to understand. Despite of the early mentioned scenario, it was observed that proper records keeping skills were delivered to SME's by financial institution and have been applied and helped the firms in making aneasy truck of the business (77.77% of respondents agreed), also the proper records has helped in management programs performance, measure training, record schedules and permanent records transfer where 89.89% agreed on the mentioned sentence.

One main shortcoming observed from the field is most SME's do not have special persons who are responsible for coordinating and overseeing the implementation of records management program where 50.50% of respondents agreed on the mentioned sense above.

Table 4.4: Effect of proper financial records keeping towards SMEs development

	QN: Effect ofproper financial records keeping towards SMEs development	**Weighted mean**
A1	The firm has a tendency of keeping records so as to make a good truck of the business	4.56
A2	There is a special person in your institution who is responsible for coordinating and overseeing the implementation of records management program	3.26
A3	The records keeping process help to facilitate easy track of business development projects	4.32
A4	The enterprise provide record management education to its members for better performance of the organization	4.44
A5	The enterprise applies records keeping policies and records schedules for better developments of the organization	4.57
A6	The records management programs performance measure training, record schedules and permanent records transfer used effectively in your organization	4.34
A7	The firm has no stock deficit due to good record keeping	4.35

QN: Effect of proper financial records keeping towards SMEs development		Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
		F	%	F	%	F	%	F	%	F	%
A1	The firm has a tendency of keeping records so as to make a good truck of the business	0	0	0	0	0	0	44	44.44	55	55.56
A 2	There is a special person in your institution who is responsible for coordinating and overseeing the implementation of records management program	0	0	50	50.50	0	0	22	22.22	27	27.27
A 3	The records keeping process help to facilitate easy track of business development projects	0	0	13	13.13	9	9.09	10	10.10	67	67.67
A4	The enterprise provide record management education to its members for better performance of the organization	0	0	0	0	11	11.11	33	33.33	55	55.56
A5	The enterprise applies records keeping policies and records schedules for better developments of the organization	0	0	0	0	0	0	44	44.44	55	55.56
A6	The records management programs performance measure training, record schedules and permanent records transfer used effectively in your organization	0	0	0	0	11	11.11	33	33.33	55	55.56
A7	The firm has no stock deficit due to good record keeping	0	0	11	11.11	11	11.11	11	11.11	33	33.33

4.5: Hypothesis of the study

This study was guided by the following hypothesis.

i. There is significant relationship between entrepreneurial skills and SMEs development.
ii. There is significant relationship between management skills and the development of SME`s?
iii. There is significant relationship between proper financial records keeping and development of SME`s?

4.5.1: Correlation Analysis

Table 4.5: Correlations

Correlations					
		Proper record keeping and SME's development	Informational Management skills and development of SMEs	Entrepreneurial skills and SME development	SME's development
Proper record keeping and SME's development	Pearson Correlation	1	.875**	.956**	.6378*
	Sig. (2-tailed)		.000	.000	.034
	N	99	99	99	
Management skills and development of SMEs	Pearson Correlation	-.873**	1	.868**	.790**
	Sig. (2-tailed)	.000		.000	.000
	N	99	99	99	
Entrepreneurial skills and SME development	Pearson Correlation	.956**	.868**	1	.860*
	Sig. (2-tailed)	.000	.000		.012
	N	99	99	99	

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

*. Correlation is significant at the 0.05 level (2-tailed).

Findings shown in Table 4.5 indicate that Proper record keeping has a positive moderate significant relationship with SME's development with a coefficient of 0.637. Regarding hypothesis 2, Management skills has a positive moderate significant relationship with SME's development with a coefficient of 0.790. The third hypothesis, Information entrepreneurial skills also has a positive moderate significant relationship with SME's development with a coefficient of 0.680. The correlations are significant at the0.01 level. The above results imply that all independent variables have a positive significant relationship with Development of SME.

4.5.2: Regression Analysis

In order for these hypotheses to be tested, three assumptions were considered.

First assumption: Coefficient of determination in the modal summary should explain the independent variables above 50%.

Second assumption: At 5% level of significant and 95% confident level, the significant value (P value) in the ANOVA and coefficient regression should be P < 0.000-0.05.

Third assumption: At 5% level of significant and 95% confident level, the value of predictions or independent variables should be P ≤ 0.000 - 0.05. After analysing dependent variables and independent variables on SPSS version .22, the mentioned three assumptions were tested so as to know if the hypotheses hold or not. First, variables were tested so as to check if coefficient of determination in the modal summary would explain the independent variables above 50%. After testing them on SPSS version .22 the results were presented on the table 4.6 below

Table 4.6: Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change statistics				
					R Squire change	F Change	df1	df2	Sig. F Change
1	.628[a]	.394	.370	3.02789	.394	16.496	3	76	.000

a. Predictors: (Constant): Proper record keeping, management skills and entrepreneurial skills.

Source: Field Data,

From the first assumption which holds in a model that if R value ≥ 0.5 then variables in the hypothesis have strong relationship that means a model summary from the field which have a value R =0.628[a] have shown there is a strong relationship between dependent and independent variables

Table 4.7: ANOVA[a]

ANOVA

Modal	Sum of Squares	df	Mean Squire	F	Sig
Regression	453.709	3	151.236	16.496	.000[b]
Residual	696.779	76	9.168		
Total	1150.488	79			

a. Dependent Variable: SME's development

b. Predictors: (Constant): Proper record keeping, managerial skills and entrepreneurial skills.

Source: Field Data, 2018

From the second assumption at 5% level of significant, the significant value (P value) in the ANOVA and coefficient regression should be P ≤ 0.000-0.05. Therefore, From ANOVA table, the second assumption is held due to the fact that, significant value (P value) is 0.000.

Table 4.8: Coefficients'

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig
		B	Std Error	Beta		
1	(Constant)	4.925	2.158	-.933	2.282	.025
	Proper record keeping	-.856	.291	1.165	-2.940	.004
	Managerial skills	0.478	.239	.160	6.186	.001
	entrepreneurial skills	.202	.395		. 512	.010
a. Dependent Variable: Revenue Collection						

Source: Field Data, 2018

The regression equation ($Y = \beta O + \beta 1X1 + \beta 2X2 + \beta 3X3 + \alpha$) was;
$Y = 4.925 + -.856X1 + 0.478X2 + 0.202X3 + \alpha$
Where by Y = Revenue Collection
X1= Proper record keeping
X2 = Managerial skills
X3= Entrepreneurial skills
The coefficient table implies that there is a significant relationship between Proper record keeping and SME's development as it shows value is 0.004 which is between Pβ0.000 – 0.05 and there is a significant relationship between Managerial skills and SME's development as it shows value is 0.001 which is between Pβ 0.00– 0.05. Also there is a significant relationship between entrepreneurial skills and SME's development as it shows value is 0.010 which is between Pβ 0.00– 0.05.

4.6: Discussion of the Findings

The research revealed that financial institution played a great role on SME's development by providing the critical services like managerial skills, entrepreneurial skills and proper recordkeeping skills. Policies that cementing this bond is not well understood among stakeholders due to lack of information, minimal interest on making a follow up on legal matters etc. Further, the research revealed poor/minimal follow up of the implementation made by financial institution that led to lack of seriousness on putting to practice for the side of SME's.
This research revealed that Proper record keeping had created opportunities for organizations (SME's) to amplify their productivity and effectiveness while improving quality and cutting costs of production in the long run by having a reference of past events that used as a road map.

5. Implication of Findings

5.1.1 The Government

Through the findings of this study the government of Tanzania will be able to form guidelines, formulate appropriate laws and policies that would seal the good partnership between financial institutions and SME's that will eradicate hindrances to efficient and effective partnership.

5.1.2 Financial Institution

The study will enable the financial institution to know about how potential they are on SME's development hence planning best and convenient strategies to strengthen the partnership that will allow both side to benefit.

5.1.3 SME's

Through this study, the SME's and their managements have come into the sense of knowing how important the partnership with financial institution on development is if they will take seriously the financial skills provided.

5.1.4 Researchers

The study will generate more interest for further work by researchers. Other researchers will use the report as literature review in order to explore more and give out further recommendations that will lead to the mutual benefits between financial institutions and SME's.

5.2 Conclusion

The study concludes that proper financial records keeping, entrepreneurial skills, management skills that are provided by financial institutions play a very big role on SME's development. SME's have been able to develop different programs for income generation, capacitating problems solving and decisions making, innovative on operating businesses, access products that are crucial for running the business, accessing information from different sources that boost the development of the business.

5.3 Recommendation

In respect of the research findings, the study recommends that: Services offered by financial Institutions to SME's should be monitored and controlled so as to avoid undesired effect in case either side has bad mission to the other, this is due to the truth that one side (SME's) is full of un educated personnel. This study also recommends that financial institutions should take relevant measures to ensure sustainability of the service they provide to SME's.

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FACTORS CONTRIBUTING TO MANUFACTURING FIRM PROFITABILITY IN TANZANIA

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ABSTRACT

The study assessed factors contributing to manufacturing firm profitability in Iringa Municipality in Tanzania. Specifically, the study determined the contribution of macroeconomic factors, industry specific factors and firm specific factors on firm profitability. The study employed positivism paradigm and quantitative research approach. Explanatory cross-sectional design used to explain the causal effects relationship between variables. Population of the study was 150 employees with managerial positions and the sample size was 109. Data was collected using structured questionnaire and analyzed using descriptive statistics namely frequencies, percentage, mean and inferential statistics Multiple Linear Regression Model. The results show that firm specific factors, macroeconomic factors and industry specific factors have positive significant relationship with firm profitability.

Keywords: *Firm specific factors, Industry specific factors, Macroeconomic factors and Firm profitability*

1.0 Introduction

Profitability is the ratio which measures the performance of the company. The profitability of the manufacturing company shows a company's ability to generate earnings for a certain period at a rate of sales, assets and a certain amount of capital stock. Profitability is a measurement of efficiency and ultimately the success or failure of a company (Bhutta and Hassan, 2013). A business can produce a return on an investment based on its resources in comparison with an alternative investment. Profitability is a commonly used indicator of firm performance. Consequently, it is in the best interest of every organization to maximize its return rate to satisfy shareholders, attract new capital and ensure continued operations (Msami and Wangwe, 2016).

Worldwide, profitability is viewed as one of the elements of performance evaluation, showing the proportion of profit in comparison with asset investment, equity or sales (Avdalovic, 2018). Improving profitability is one of the key tasks for enterprises, especially in the context of manufacturing firms. This is due to the fact that, only a stable economy with high profitability can provide enough financial resources for sustainable development, and attract attention and investment from internal and international investors (Muzahem, 2021). Not only being a reliable basis for evaluating business performance, profitability also is a useful tool for forecasting the performance of businesses in the future. Profitability reflects shareholders' wealth, and accordingly, appeals to investors. This is the reason why identifying different factors contributing to firm profitability (Avdalovic, 2018).

In Tanzania, manufacturing sector is ranked as the third most important to Tanzania's economy after agriculture and tourism. It plays a great role in the national economy by contributing 29% to the country's Gross Domestic Product (GDP), creating employment for skilled and unskilled people, producing goods which are used internally and others are exported (Nyamu, 2016; Bhutta and Hassan, 2013; Mbilinyi, 2018). Investing in manufacturing companies requires heavy finances on a long-term basis to strengthen profit making, however, the sector is still facing a problem of profit- making and most of the companies are operating at a loss and some are able just to cover the operational costs because they do not generate enough profit from their businesses.

Previous scholars on factors contributing to firm profitability have come up with factors like firm specific-factors (firm size, asset growth, asset tangibility, financial leverage, debt equity, age of the firm and number of stocks as pointed out by Dahmash et al 2021; Bhutta and Hassan, 2013; Avdalovic 2018); others have mentioned macroeconomic factors such as inflation, unemployment, GDP, exchange rates and lending rates as revealed by Dew et al 2019; Cheong and Hoang 2021; Nyamu, 2016 and Industry specific factors (growth rates, market share, market concentration and intensity of research and development) were mentioned by Zampara*et al.*, (2017), Kant, 2018, and Raza *et al*, 2017). Furthermore, previous scholars reported that the high cost of capital and energy, taxation issues and other legal aspects affected firm profitability. The persistent issue of profit generation failure among the majority of manufacturing firms in Tanzania remains inadequately examined by previous scholarly investigations. This has necessitated the need for this study to explore the extent to which these factors contribute to firm profitability. In this regard, the current study intends to investigate factors contributing to firm profitability by focusing on manufacturing firms in Iringa Municipality in Tanzania.

2.0 Literature Review

2.1 Theoretical Framework

Signaling theory is the theory developed by Michael Spence (1973) which explains factors that affect the firm profit, both internal and external factors. The internal factors affecting firm profitability are firm and industry specific factor while the external factors are the macroeconomic factors. These factors can directly or indirectly affect the firm profitability. However, this research will group these factors based on three factors namely firm specific factors, macroeconomic factors and industry specific factors. The rationale for this grouping is to enable the researcher to capture all main factors as pointed by previous scholars instead of only studying some. The signaling theory relates to the current study as factors pointed out in this theory was used as the key factors contributing to firm profitability in Iringa Municipality.

In addition, the signaling theory is one of the theories, which have a clarification for the association between profitability and capital structure (Alkhazaleh&Almsafir, 2014). This theory presupposes that a superior capital structure is an optimistic signal to the market worth of the organization (Adeusi, Kolapo& Aluko, 2014). The signaling theory further postulates that majority of the profitable firms signal their competitive power by communicating new and important information to the market. Thus, information is disclosed using specific indicators or ratios which, very often, measure specific conditions on which to enter into or renew the agency contract (Bini, Dainelli& Giunta, 2011). According to the signaling theory, the management of banks signals good future expectations by increasing capital. This indicates that, less debt ratio necessarily means those manufacturing firms perform better than their identical (Alkhazaleh & Almsafir, 2014).

In addition, the theory argues that managers who strongly believe that their firms can outperform other banks in the industry will want to relay such information to various stakeholders to attract additional investments. Thus, the signaling theory affirms that when a firm performance is excellent, directors signal the manufacturing profitability to its stakeholders and market by making various disclosures that poor performing firms cannot make. By enhancing more disclosure most managers will wish to receive high benefits and a good reputation which may increase the value of the firm and profitability (Muzahem, 2021). This study stipulates factors contributing to firm profitability in terms of internal factors and external factors which categorized into firm specific factors, macroeconomic factors and industry specific factors, hence specific objectives of the study were drawn from here.

2.2 Empirical Literature Review

Zampara, Giannopoulos and Koufopoulo (2017) conducted a study titled “Macroeconomic and Industry specific Determinants of Greek Bank Profitability” where they specifically grouped construct based on the growth rates, unemployment rates, banks’ market shares, market total assets and total deposits. Multiple linear regressions were used to analyze data. The study found that unemployment rates had a negative impact on bank profitability; whereas gross domestic product had a positive impact. The industry- related factors such as industry rate of growth deposits, bank deposits and bank assets market share have a positive impact on firm profitability. However, the rate of growth of the industry assets and the bank’s deposit market share harms bank’s profitability. A potential gap in this study could be the absence of other industry- specific factors that could be relevant to the Greek banking industry, and that could be addressed in future research.

Dewi, Intanie, Soei, Catharina, Surjoko and Oriana (2019) conducted a study on the "Impact of Macroeconomic factors on Firm Profitability in Niger". The purpose of the study was to determine the influence of macroeconomic factors such as inflation rate, unemployment level, Gross domestic product and exchange rates on firm profitability which is reflected by the return on Assets. The study used Return on asset as a dependent variable and the independent variables were macroeconomic factors. A Multiple Linear Regression was used to analyze data and it was found that all independent variables influence Return on Assets (firm profitability). However, a partial t-test showed that only Gross Domestic Product (GDP) level has a significant influence on firm profitability, while the other three macroeconomic factors have no significant influence. A potential gap in this study could be the absence of any consideration for other factors that could influence firm profitability in Niger, and that could be addressed in future research.

Chinaemerem (2019) conducted a study entitled Determinants of industry specific factors affecting banks profitability in Nigeria's banking industry: Panel Auto- Regressive Distributive Lag (ARDL) approach, profitability indicators such as Return on Asset (ROA), Return on Equity (ROE), and Net Interest Margin (NIM) were used in the study. The Pool Mean Group (PMG) was used to investigate the effects of industry- specific factors such as market concentration based on the result of the Haussmann test. According to the findings, banking sector development has a statistically significant impact on bank profitability. Market concentration, on the other hand, is not a significant driver of bank profitability.

Amariati (2013) in her study entitled financial factors that affect the profitability of manufacturing companies listed in the NSE in Kenya. This study was a descriptive research survey and it covered a period of the past 36 months. The finance and procurement staffs of 9 NSE-listed manufacturing firms were the target population. There was no sampling because the population was small and variable. A sample size of 9 respondents was chosen from a population of manufacturing firms. This study made use of both primary and secondary data. According to the study, Kenyan manufacturing firms face a volatile business environment, high product market competition, ineffective government policies, and uncertainty and volatility of key macroeconomic factors, all of which reduce profit margins and make future planning difficult or impossible. The study concludes that financial factors such as exchange rates, tax regime, interest rates and inflation rates have an impact on the profitability of Kenyan manufacturing firms.

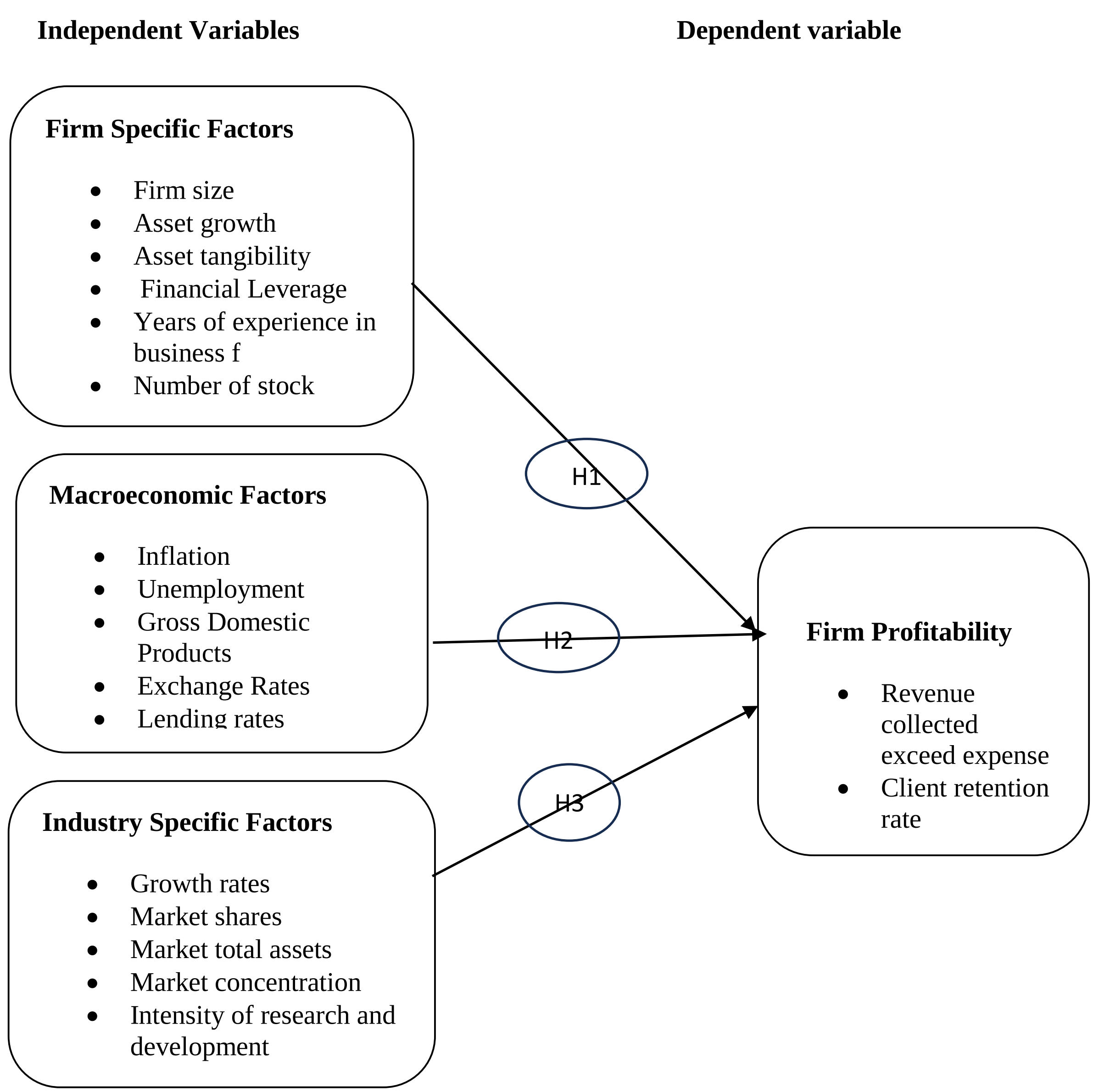
Bhutta and Hassan (2020) in the study of the impact of Firm Specific Factors on the Profitability of Firms in food sectors in Pakistan specifically focused on debt- equity, tangibility, growth and size and macroeconomic factors including inflation. The study found significant negative relationships between size and profitability. However, tangibility, growth of the firm and food inflation were found to be insignificantly positively related to profitability. Empirical results provide evidence that the profitability of the food sector is shaped by firm specific factors and not macroeconomic factors. However, the limitation of the study is that it just focused on one macroeconomic factor, inflation.

Avdalovic' (2018) in his study Impact of firm-specific factors on the profitability of industry grinding companies in Belgrade Stock Exchange, a sample of 62 companies was taken from 2008 to 2014. Return on equity considered as a measure of profitability was a dependent variable whereas firm sizes, leverage, years of firm existence, and number of stocks per share were considered as dependent variables. The study found leverage, number of stocks and book per value share were statistically significant with profitability for selected grinding companies in Serbia. Size and age were indicating an insignificant relationship with profitability.

In summary, the preceding studies primarily focused on exploring the factors that influence profitability. While these factors are recognized, their specific contribution to profitability, particularly within the context of manufacturing firms, remains unknown. Hence, the present study is warranted to address this knowledge gap.

2.4 Conceptual Frame work

This conceptual framework shows the relationship between the independent variables and dependent variables (Saunder *et al.,* 2006). In this study, the independent variables are firm specific factors, macroeconomic factors and industry specific factors and the dependent variable Firm's Profitability.



Source: *Researcher's Conceptualization, (2023)*

Figure 1: Conceptual Framework

3.0 Methods

This study was guided by the positivism paradigm owing to the adoption of cross-sectional survey to explain the causal effect relationship between macroeconomic factors, firm specific factors and industry specific factors on firm profitability. The study adopted quantitative research approach with explanatory cross-sectional design. This study is explanatory because it explains the causal effects relationship between macroeconomic, industry and firm specific factors and firm profitability. Also, the study is cross-sectional research design since data collection, analysis, and interpretation were conducted at a single point in time, thus, the cross-sectional survey was obtained and processed in a single phase. Population of the study was 150 employees with managerial positions and the sample size was 109. Data was collected using structured questionnaire and analysed using descriptive statistics namely frequencies, percentage, mean and inferential statistics Multiple Linear Regression Model.

4.0 Findings

4.1 Macroeconomic Factors and Firm Profitability

Results in Table 1 show that, 87(80.0 %) respondents believed that inflation had an impact on business profitability. This means that inflation can help businesses raise their profit margins by granting them pricing power. If profit margins are increasing, it suggests that the prices that manufacturers charge for their products are rising faster than production expenses.

Table 1: Macroeconomic Factors

Macroeconomic Factors	Agree	Neutral	Disagree
Inflation	87(80.0%)	17(15.5%)	5(4.5%)
Unemployment	58(53.2%)	28(25.7%)	23(21.1%)
Gross Domestic Product	59(54.1%)	48(44.0%)	2(1.8%)
Exchange rates	82(75.2%)	25(22.9%)	2(1.8%)
Lending rates	64(58.7%)	36(33.0%)	9(8.3%)

Source: Field data (2023)

Furthermore, 58(53.2%) respondents declared that unemployment is linked to a company's profitability because high unemployment benefits put upward pressure on wages, reducing the profitability of hiring labor and worsening unemployment. In addition, increasing unemployment will result in lower income for the majority. For many manufacturing companies, this will mean decreased sales as individuals will spend less, resulting in lower profit margins. However, in other cases, when unemployment is high, demand for certain items and services will rise. Further, 59(54.1%) respondents stated that profitability had an impact on macroeconomic performance as well as on the Gross Domestic Product. This implies that as the economy grows, more jobs will be created, and workers are more likely to benefit from compensation increments. When GDP depreciates, however, the economy shrinks, which is devastating for both individuals and businesses. Nyamu (2016) discovered a non-significant positive association between unemployment and financial performance in terms of exchange rates, money supply, and lending rates in Kenya, which contradicts current study findings.

The findings are consistent with those of Cheong and Hoang (2021) in Hong Kong, who discovered that previous profitability, business size, inflation, and leveraging all had strong associations with profitability. Similar results were also obtained by Zampara, Giannopoulos and Koufopoulo (2017) inflation can provide businesses with pricing power and increase their profit margins. If profit margins are rising, it means the prices that companies charge for their products are increasing at a faster rate than increases in production costs.

Macroeconomic factors such as exchange rates affected the profitability of manufacturing enterprises in 82 (75.2 %) cases. This could be explained by the fact that an increase in the variance of the permanent (transitory) component of the exchange rate process leads to greater (or lesser) variability in the firm's profit growth rate, demonstrating that the source of exchange rate volatility matters when analyzing its effects. Christian et al. (2018) identified a positive significant association between exchange rate and profitability in Nigeria.

Furthermore, 64 (58.7%) respondents agree that loan rates have an impact on firm profitability. This is because manufacturing firms are more inclined to borrow because debt repayment is easier. When interest rates are high, however, manufacturing firms will be hesitant to borrow since loan repayment costs more and, if not cautiously managed, can eat into profits. These findings are consistent with those of Dewi et al. (2019), in an Indonesian study that revealed that the level of GDP, lending rates, and credit procedures have all had a substantial impact on company profitability.

4.2 Industry Specific Factors and their influence on Firm Profitability

Results in Table 2 show that, 107(98.6%) of manufacturing organizations stated that their growth rate had an impact on their profitability, because growth for a manufacturing firm is essentially an expansion, making the company bigger, expanding its market, and eventually making it more profitable. These findings are consistent with those of Yoo and Kim (2015), who discovered that companies invest based on current financial performance rather than the present value of predicted future earnings over an infinite time since they cannot reliably predict expected future profit. From a resource-based perspective, however, company growth does not improve future profitability, but rather the economic growth inherent in the manufacturing firm's features. Although economic development provides organizations with temporary incentives to expand, companies that have grown quickly face higher operating costs than those lagging in growth

Table 2: Industry Specific Factors

Industry Factors	Disagree	Neutral	Agree
Growth rates	107(98.6%)	0(0.0%)	2(1.4%)
Market share	64(58.7%)	9(8.3%)	36(33.0%)
Market total assets	81(74.3%)	23(21.4%)	5(4.3%)
Market Concentration	97(89.0%)	5(4.6%)	7(6.4%)
Intensity of research	99(90.8%)	5(4.3%)	5(4.3%)
Company Reputation	96(88.1%)	8(7.3%)	5(4.6%)

Source: Field data (2023)

According to the study's findings, 64 (58.7%) of the respondents stated that market share influences profitability because a business with a higher profit margin has a declining purchase-to-sales ratio. A decline in marketing costs as a percentage of sales, higher quality, and higher-priced products is more likely to have a higher profit margin. Furthermore, a declining purchase-to-sales ratio, a decline in marketing costs as a percentage of sales, and higher quality and higher-priced products have a higher profit margin. Market share is imperative because it causes network effects, which push competition out of the market and open the door to monopolistic rents. Profit is the sole fuel that can stimulate innovation; hence profit share is prime. These findings are consistent with a study conducted in Alabama, USA, by Bhattacharya, et al. (2021), who discovered that many businesses use market share to set marketing goals and track success and that marketing share is the result of a company's attempts to compete in a production market.

The finding of the study further revealed that, 97 (89.0%) respondents believed market total concentration has an impact on manufacturing business profitability. The sum of the market share percentages owned by the biggest defined number of enterprises in an industry is known as market total concentration. Furthermore, 99(90.8%) respondents revealed that overall expenditure on research and development had an impact on profitability. In the high-tech industry, research and development investments boost performance in the same period and continue to influence it for several periods afterward, suggesting the presence of positive and lagged benefits of Research and innovation. Finally, on firm reputation, 96 (88.1%) respondents believed that it has an impact on profitability. Reputation may make it easier to attract and retain top talent, resulting in increased profitability. as similarly discovered by Maniatis (2016) in Netherlands. Market concentration is important because it demonstrates the market structure and its ability to operate under free competition. Market concentration can be measured using a variety of indices such as percentages of sales, earnings, asset volume, or fixed capital.

4.3 Firm Specific Factors

In reference to firm-specific characteristics, Results in Table 3 show that, 100(91.4%) respondents agreed that larger firms are more profitable. This could be explained by the fact that the size of a company can signal that it is growing and expanding, causing the market to react favourably. This means that the size or scale of a manufacturing firm is proportional to its total assets and sales.

Table 3 Firm Specific Factors

Firm-Specific factors	Disagree	Neutral	Agree
Firm Size	100(91.4%)	9(8.6%)	0(0.0%)
Asset Growth	107(98.6%)	0(0.0%)	2(1.4%)

Asset tangibility	97(88.9%)	8(7.3%)	4(3.7%)
Financial leverage	83(75.7%)	20(18.6%)	6(5.7%)
Firm experience	81(74.3%)	23(21.4%)	5(4.3%)
Number of stocks	87(80.0%)	8(7.1%)	14(12.8%)
Employee productivity level	100(91.4%)	4(4.3%)	5(4.3%)

Source: Field data (2023)

This finding was supported by Dogan (2013) in Turkey, who discovered a favourable relationship between business size indices and profitability. Large manufacturing enterprises, on the other hand, have better access to funding and internal resources, allowing them to boost profit margins in comparison to their smaller counterparts.

Asset growth determines the firm's profitability, according to 107 (98.6%) respondents. This is because an asset is a resource with the economic worth that a person or company possesses or controls with the prospect of receiving a benefit in the future. An asset growth combines all three types of financing. The book of equity of a company grows as a result of both equity issuance and growth in retained earnings. These findings contradict those of a Jordanian study by Dahmash et al. (2021), who found no significant association between asset expansion and profitability, but a significant impact on business size and profit-making.

Regarding asset tangibility, 97 (88.6%) respondents believe it has an impact on a manufacturing firm's profitability. An asset with tangibility has a finite monetary value and, in most cases, a physical form. Liquidity varies across markets, but tangible assets can typically transact for some monetary value. These findings are consistent with those of a study conducted in Kenya by Irungu et al. (2018), and Matimbwa and Ochumbo (2018) whose discovered a positive significant association between asset tangibility and financial performance of listed companies on the Nairobi Securities Exchange.

Financial leverage has an impact on business profitability, according to 83 (75.7 percent) respondents. This is because companies use debt to buy additional assets, which increases equity. Excessive financial leverage, on the other hand, raises the risk of failure. Similarly, 81(74.3 %) and 87(80.0 %) respondents stated that business experience and the number of stocks increase the firm's profitability. Firm experience boosts profitability because it allows companies to understand how to effectively address competition's unique challenges. Furthermore, stock numbers reflect a variety of potential gains and losses for a business, beginning with direct revenue from inventory sales. Overbuying and carrying excess inventory, on the other hand, can result in overstocked inventory approaching the end of its product life cycle, causing companies to incur losses.

Employees' productivity levels were evaluated to determine whether they have an impact on manufacturing profitability, with 100 (91.4%) respondents agreeing that they did. This could be explained by the fact that highly productive employees either do more work in less time or take fewer hours to complete tasks. This aids in the reduction of operating costs. As a result, fewer workers are needed to generate the same amount of output, thus increasing profitability.

The model summary table 5 shows the strength of the relationship between the model and firm profitability. R, the multiple correlation coefficients is the linear correlation between the observed and model predicted values of the dependent variable (firm profitability). The Regression (R) square of 84.5% indicates that there is a good model fit since the R square is greater than 50%. This implies that the specified model places firm profitability at 84.5%.

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.919[a]	.845	.840	.51676

a. Predictors: (Constant), FSF, MACF, ISF

Furthermore, the use of p value in the ANOVA output determined whether the differences between some of the means are statistically significant. P value has been used to measure the significance of observational data, after identification of an apparent relationship between two variables. Table 6 shows that p value of 0.000 which indicates that there is significant influence of Firm specific factors, Industry Specific Factors and Macroeconomic factors on Firm Profitability.

Table 6: ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	152.511	3	50.837	190.373	.000[b]
	Residual	28.039	105	.267		
	Total	180.550	108			
a. Dependent Variable: PROF						
b. Predictors: (Constant), FSF, MACF, ISF						

The regression analysis output confirmed that there is a significant positive relationship between firm-specific factors (FSF) and Firm Profitability (PROF) as the p-value is 0.02, which is less than 0.05. Saunder *et al.,* (2014) suggest that the p-value should be equal to or less than 0.05 to be significant. Furthermore, the regression analysis output confirmed that there is a significant positive relationship between Macroeconomic factors (MACF) and the Profitability of the firm, as the p-value is 0.036, which is less than 0.05. Moreover, the regression analysis output confirmed that there is a significant positive relationship between industry-specific factors (ISF) and Firm Profitability (PROF) as the p-value is 0.02, which is less than 0.05. Findings evidence that all factors affect firm profitability.

Table 7:Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.098	.243		.404	.687
	MACF	.371	.044	.790	8.412	.036
	ISF	.829	.078	1.208	10.664	.021
	FSF	.181	.041	.403	4.455	.020

a. Dependent Variable: PROF

5.0 Conclusion and Recommendation

The study concludes that there is a significant positive relationship between firm-specific factors, industry specific factors and macroeconomic factors as their p values were below 0.05. The study recommends that manufacturing firms in Iringa Municipality to increase market share, total assets, conduct intensive research and maintain good reputation. The study also recommend government to inflations, unemployment and control banks when it comes to lending rates because all of this affect firm profitability.

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DOES INNOVATION TRAINING PREDICT STREET FOOD VENDORS PERFORMANCE IN INFORMAL MARKET? EXPERIENCE FROM WOMEN OWNED BUSINESS IN IRINGA

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Abstract

The focus of this study was to analyze the influence of innovation training on the performance of street food vendors in Tanzania especially women owned business in Iringa Municipality. This study was quantitative in nature where cross section research design was used to capture data at one time. Questionnaire was used to collect data for statistical analysis from women owned business in food vending industry. Questionnaire was found to be suitable as it capture measurable data suitable for hypothesis testing. Simple random sampling was used to draw 356 respondents from the targeted population in the context of Iringa Municipality.

Using multiple regression analysis, findings revealed that innovation training has significant influence on the performance of street food vendors who are women in Iringa. It was further found that the significant contribution of innovation training is contributed by the explanatory power of general innovation training, food safety training and business communication training. Based on these findings this study concludes that innovation training is significant predicting street food vendor's performance. This study recommends that sensitization for street food vendors to access training program should be done by the government in order to capacitate food vending on general innovation skills, communication skills and food safety skills.

Key Word: Food Street Vendors, Women Entrepreneurship, Innovation Training

1. Introduction

Previous empirical studies have evidenced that competitive age toward performance in informal market food vending is promoted by many social networking and resource based factors (Rosales, et al., 2023; Kok and Balkaran, 2014). However, innovation training has been shown to be primary factor for predicting performance in informal market among street food vendor (Ma et al., 2019; Alfiero et al., 2017). The importance of innovation training in predicting performance among street food vendor is evident in a human capital theory of Backer (1964).In his theory, the author advocates that innovation training imparts useful knowledge and skills which in turn increases performance of the targeted group. This means that performance in informal market will be relatively high when innovation training towards performance is exposed to women street food vendors for them to acquire relevant knowledge and skills on the benefit of innovation. This is consistent with Alfiero et al. (2017) who empirically establish the positive link between innovation training toward performance in informal market. In Tanzania, Kara and Tonya (2021) found that women street food vendors with relevant innovation training would be more compliant to performance. In other words, owners of street food vending do willingly to innovate their vendors if they are aware of innovation techniques.

In spite of the evidence that innovation training predict street vendors' performance, some of the empirical evidence have found innovation training to have insignificant prediction on performance (Matzembacher et al., 2019). Notably example, Putri and Venusita (2019) found and concluded that innovation training have no influence to street food vendors performance in Informal Market. Given this conflicting findings, it is not clear whether innovation training is predicting performance in informal market or not. Further, there has not been a universally recognized system of indicator variables for the development of innovation training in business performance. This study filled the gap by answering the research question that; Does innovation training predict street food vendors performance in informal market?

2. Literature Review

2.1 Key Concepts

Street Food Vendor

Street-vended food are defined as consumables such as beverages and foods sold in public places, which may be eaten elsewhere (Nkosi and Tabit, 2021). According to Mkama *et a*l. (2020) street food vendor is defined as enterprises of ready-to-eat food or drink sold on a street or other public places, such as a market or fair by a hawker or vendor from a portable stall. On the other hand, Amos and Panama (2016) defined street food vendor as small in size; require relatively simple skills, basic facilities and small amounts of capital. In the current study, street food vendors are generally defined as informal business, small; require relatively simple skills, basic facilities and small amounts of capital.

Innovation Training

According to Harleen and Abrol (2017) a innovation training refers to the teaching and learning activities carried on for the primary purpose of helping members of an organization acquire and apply the knowledge, skills, abilities, and attitudes needed by a particular job and business for business to perform. On the other hand, Toh (2018) innovation training is a means of providing learners with the knowledge and skills they need to perform their jobs at a high level in order to achieve maximum business performance. Moreover, business training refers to the teaching of a type of behavior aimed to improve a person's capacity, capability, performance, or productivity

(Mwangi and Bwisa, 2015). They further defined training as the process of increasing the knowledge and skills of the workforce to enable them to perform their jobs. In the current study business training is a learning and development process that refers to the acquisition of specific skills, abilities, and knowledge to improve employee and business performance

2.2 Relevant Theory

Human Capital Theory

In order to analyse the prediction of innovation training on performance among women street food vendors, Backer (1964) came with a human capital theory. Backer (1964) in his human capital theory, advocates that, training promote useful knowledge and skills to business owners that in turn increases their business performance. As in the current study, the idea of Backer has posited that, innovation training to women owned business tend to impact knowledge and skills which raises their business performance. The applicability of human capital theory in studying the relationship between training and business performance is observed in a number of studies (Nkosi and Tabit, 2021; Toh, 2018). Hence, this study used these theories to further make an analysis of an influence of innovation training on the performance of women owned businesses.

2.3 Empirical Literature Review

Worldwide, Mukhola (2014) carried out a study on street-food vending. The results revealed that street-food vendors training related to health and hygiene, customer care as well as skills for developing a business are driver for their performance. It was recommended that, the training of street-food vendors be a priority for city officials. Furthermore, it was recommended that street-food vendors be trained on customer care. Finally, it again recommended that, street-food vendor should be trained in money management. On the other hand, Harleen and Abrol (2017) carried out a study on the influence of training on firms' performance. The findings on training namely adaptive skills, innovation skills, managerial skills, marketing skills, technological skills, were found to be significant on firm performance. Moreover, Chipfunde *et al.* (2021) carried out a study on the determinants influencing the performance of women entrepreneurs in Malaysia. The findings indicated that, improving management skills strategize easy ways to access loan and finance, build a strong tie for family support, have significant influence in firm performance in Malaysia. In Tanzania, Toh (2018) conducted a study on assessment of the influence of soft skills for female entrepreneurship performance in Tanzania. The findings indicated the importance of soft skills training for improving sustainability of business performance. He found those soft skills to give women a room particularly in establishing and utilizing social networks and improving their performance in business negotiations.

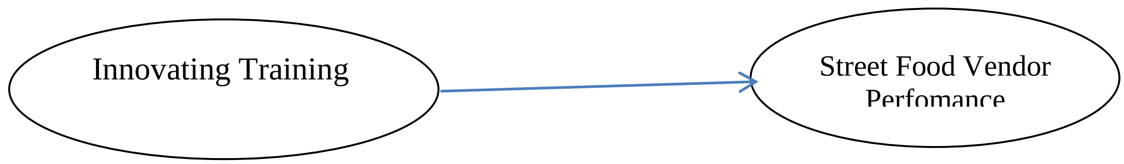
Given the above theory and empirical evidence, this study posit a hypothesis which state that:

Innovation training has significantly predicting power on street food vendors' performance in informal market.

2.3 Conceptual Framework

Based on the theory of human capital, as noted in the literature review section, we have drawn up the following conceptual framework in which we have framed our study to hypothesize the significant influence of innovation training on street food vendor performance (Figure 1)

Figure 1 Conceptual Framework



Source: compiled by author (2023)

3. Methods

The study adopted quantitative approach. As Creswell argued, the quantitative research approach is designed to test the hypothesis and assess its significant relationship in a quantifiable form. In the current study, quantitative approach was used to allow a researcher to collect statistical data for hypothesis testing of the significant prediction of innovation training on performance of street food vendors. To obtain the statistical data, the author administered a structured survey to women owned business carrying out street food vending in Tanzania. This survey was divided into two sections: The demographics section and seven statements, three relating to innovation training and four to street food vendors performance, to which the participants had to answer in accordance with a 5-point Likert scale. Simple random sampling was used to draw valid sample of 356 respondents from the population who are women owned business in street food vending industry. On the other hand, multiple regressions were used to estimate the significant predictive power of innovation training on performance of street vendors among women owned business.

4. Findings

4.1 Respondents Profile

In this study, it was necessary to profile respondents' education, experience and vendors size simply because they have been found to moderate the effect of innovation in any social science activities. Including these variables in the social science studies could help provide a real picture of the community concerning the innovation training and street vendor's performance. Hence, these variables are very important to be included in any social research as each variable moderates different respondents' behavior concerning the innovation training, and they are used to provide a picture of the respondents involved in the study (Table 1).

Table 1 Descriptive Profile

Descriptive Variables	Measurement	Frequency	Percent
	None	50	14.0
	Primary Education	116	32.6
Education Level	Secondary Education	108	30.3

	College Education	82	23.0
Business Experience	Less than 5 Years	123	34.6
	5-10 Years	182	51.1
	Above 10 Years	51	14.3
Vendor Size	Up to 4 Employees	244	68.5
	5 to 49 Employees	112	31.5
Total		**356**	**100**

Source: Field Data

Table 1 has shown a general representation of the major characteristics of the study in terms of respondents' education, experience and vendors size. It is shown that there was general representation of the respondents in terms of respondents' education, experience and vendor size to capture enough data to cover the contents of the research objectives.

4.2 The Influence of Innovation Training on Predicting Street Food Vendors Performance

This specific objective was developed to test the hypothesis on the predicting power of innovation training on street food vendors' performance among women owned business. Finding using multiple regression are presented below on three tables

Table 2 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.386[a]	.149	.136	1.075

a. Predictors: (Constant), Food Safety Skills , Business Communication Skills , General Innovation Skills

The results provided in table 2 above showed that dependent variable "street food vendors performance" is explained by variance of 14% of independent variable "innovation training" which has four indicators "Food Safety Skills , Business Communication Skills , General Innovation Skills" as indicated in R square. Further analysis was done and the results are presented in table 3 ANOVA to determine the extent to which innovation training is significant on predicting performance among street food vendors.

Table 3 ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	40.170	3	13.390	11.595	.000[b]
1	Residual	229.811	199	1.155		
	Total	269.980	202			

a. Dependent Variable: Food Vendors Performance

b. Predictors: (Constant), Food Safety Skills , Business Communication Skills , General Innovation Skills

The results provided in table 3 ANOVAa above showed that overall, the model justify that innovation training has significant influence on street vendor food performance as demonstrated by significant p-value less than 0.05. Therefore the hypothesis on the influence on innovation training on street vendors' performance is accepted. Further analysis of the individual indicator variable is described in the table 4 below:

Table 4 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.158	.427		2.714	.007
	General Innovation Skills	.214	.089	.189	2.412	.017
	Business Communication Skills	.024	.090	.020	.263	.793
	Food Safety Skills	.324	.082	.273	3.957	.000

a. Dependent Variable: Food Vendors Performance

The results provided in table 4 Coefficients above showed that out of three indicators only two indicator variables namely general innovation skills and food safety skills were predicting the explanatory power of innovation training on performance as they have scored significant value less than 0.05.

5. Conclusion and Recommendation

Base on the survey findings of this study, it is concluded that innovation training is strongly influencing street food vendor performance in Iringa Municipality. For street vendors to perform, it is recommended more training to be delivered to further capacitate street food vendor on general business skills, personal selling skills and business communication skills. This study recommends that the government should attract stakeholder such as NGOs to empower women on capacity building more specific on training on general business skills, personal selling skills and business communication skills. This study was carried in Iringa Municipality, in order to increase the strong evidence to generalize to other Municipal, future study should be done to involve more than one municipal.

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