

**OUTREACH, EFFICIENCY, FIRM PERFORMANCE AND THE
MODERATING EFFECT OF OWNERSHIP STRUCTURE AMONG MICRO
FINANCE INSTITUTIONS IN TANZANIA**

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ABSTRACT

Despite the recent surge in the growth of Micro Finance Institutions (MFIs) in developing countries, little is known about the outreach, efficiency and performance particularly, in providing service to the poor. The main aim of this study was to investigate the relationship between outreach, efficiency, firm performance and the moderating effect of ownership structure among microfinance institutions in Tanzania. The specific objectives of the study was; to determine the relationship between client outreach and performance of the MFIs in Tanzania; To determine the effect of MFI efficiency on firm performance, To evaluate the moderating role of ownership structure on client outreach and firm performance, to determine the moderating role of ownership structure on efficiency and firm performance. The study was done using correlational research design. Secondary data was used in the study. The data was derived from document analysis from the Microfinance institutions listed at the TAMFI such as annual financial reports of the institutions, income statement and the balance sheet as well as from the internet. Data was analyzed using regression analysis. Performance using OSS ranged from 1 to 8 with positive growth projections using ROA and ROE. Performance was bank specific and yet poor performance was mainly associated with banks managed by NGOs. Performance and client outreach were found to have significant positive correlations with outreach of the MFIs. Efficiency using OER ranged from 0.2 to 0.9 with positive growth projections using CAC and BLO. Efficiency was bank specific and yet low efficiency was mainly associated with banks managed by NGOs. There were significant positive correlations between the efficiency and performance of the MFIs. Relationships between outreach and efficiency with all the indicators of performance were significant. Also the relationships between outreach with all the indicators of performance were no significant however; the relationships between efficiency with all the indicators of performance were significant.