

**Determinants of the Performance of Church and Non-Church Businesses**  
**A Comparative Study of Catholic Church Projects and Kibo Poultry in Moshi,**  
**Tanzania**

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**Extended Abstract**

In most developing nations, underdevelopment can be seen in the absence of enough food, shelter, clothing, and opportunity for education, access to health care and environmental degradation. The Catholic Church and non-Church owned businesses place emphasis on providing these services and facilities by establishing schools, hospitals, and businesses to enable the community's most vulnerable people earn a living. Performance of church and non-church owned businesses is related, among other things, with corporate attributes. On the other hand, financial management practices have been associated with performance of businesses. Improper and inadequate financial management practices act as an impediment to performance of businesses. Due to lack of meaningful engagement of community stakeholders at all stages of the development process, projects have not achieved their intended impacts and benefit to the local population in a lasting way. Previous studies did not show how the Church makes business like non-church organizations and seek to maximize profit and improve performance in order to sustain service rendering to the community. The specific objectives of this thesis were to examine corporate attributes of the performance of Church and Non-Church owned businesses, analyse the effects of financial management practices on the performance of Church and non-Church owned businesses, Analyse the socio-economic contributions of church and non-church owned businesses on the performance, and to evaluate Small Christian Communities' participation in the performance of the initiated businesses of the Catholic Diocese of Moshi. The Agency theory, the Institutional theory, the Resource based View, the Samaritan's Dilemma, and the Ladder of participation model were applied to the study. Cross-sectional research design was adopted, and the sample size was 305 respondents which was

determined using Yamane's formula, but for the fourth specific objective the sample size of 370 Small Christian Community (SCC) members was used as this objective was based on community members' participation in project implementation, consultations and workshops to gather inputs on project goals, activities, and expected outcomes. Simple random sampling approach and purposive technique was applied to select the participants in this study. Data were collected through a questionnaire, key informant interviews, focus group discussions and document reviews. The independent samples t-test was used to measure performance by comparing mean scores of Church and Non-Church owned businesses to find whether they were statistically different. Simple linear regression was used to determine effects of Church and Non-Church owned businesses on socio-economic development among beneficiaries. Binary logistic regression analysis was appropriate for the dependent variable (performance) as it had a binary outcome (successful or unsuccessful). Independent variables (participation) had two categories which included "Active," or "non-active." The findings revealed that Church owned businesses lacked strong ownership which influenced capital structure as the Church owned businesses did not have particular shareholders as that of Kibo Poultry Products Ltd. The independent-samples t-test showed that there was significant difference in performance index between church and non-church businesses ( $\rho = 0.001$ ). Concerning the comparison of GPM, ROA, and ROE among the businesses studied in the two organisations; non-Church businesses revealed a higher profitability hence better performance. The study revealed that Church and non-church owned businesses had contributed to socio-economic development by strengthening food production, education and health service. It was also revealed that Small Christian Communities (SCCs) had significant result with an Exp(B) value of 7.738 with a p-value of  $< 0.001$  and gained education, health facilities and new farming methods from free seminars and workshops conducted by Church projects. From the results, it is concluded that Church owned businesses lack strong ownership which affects capital structure as the Church owned businesses do not have particular shareholders as that of Kibo Poultry Products Ltd. It is also concluded that non-Church businesses have higher profitability hence better performance due to strong ownership by shareholders. It is further concluded that Church and Non-Church owned businesses work with the community and the local government in social economic activities. It is recommended to the governing boards to develop appropriate governance skills, handle the resources as their own and, in their managerial capacity, develop and manage capital structure and all financial matters properly. It is also recommended that Church and non-Church owned businesses should establish proper financial management and control systems. Moreover, it is recommended to the Church and non-Church owned

businesses in Tanzania to keep up collaborating in carrying out community socio-economic activities and build capacity and skills to community members on self-reliance. Also, it is recommended to SCC members to own Church projects to sustain them and benefit more from the services rendered. The Catholic Diocese of Moshi (CDM) should mobilise and encourage all SCC members to participate in development activities without focusing on personal benefits from the projects. The Agency theory in this study implies that principle rely on agents to execute certain transactions, which results in a different agreement on priorities and methods. Performance-based compensation is one way that is used to achieve a balance between principles and agents. Resource based View implies that the firm must have valuable resources like modern technology which are non-substitutable by competitors including humanresource. On the other hand, institutional theory implies that successful organizations operate as models far from their original context by improving performance through adoption of acceptable financial and legal practices. On the other hand, the Samaritan dilemma implies act of charity from donors which should help the community to improve their life. Arnstein's ladder of citizens' participation was used as a guide to involve SCC members when important decisions are being made in Church owned businesses.

**Keywords:** Church, underdevelopment, access, healthcare, environmental degradation  
institutional theory