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TREND ANALYSIS OF FINANCIAL MANAGEMENT PRACTICES ON BUSINESS PERFORMANCE: A COMPARATIVE STUDY OF CHURCH AND NON-CHURCH BUSINESSES IN TANZANIA

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ABSTRACT
Church and Non-Church businesses lack adequate financial management strategies which has been an impediment for survival and growth. This paper aims at making a comparative analysis on the performance of Church and Non-Church business in Tanzania. Specifically, the paper assessed how financial management affects performance and the extent to which Gross profit margin; Return on Assets and Return on Equity affect performance. Mixed research methods were employed using a case study design and 305 respondents were selected whereby 303nresponded correctly. Random sampling approach was applied to identify the participants of this paper. Resource Based View and Institutional theories were applied. The findings indicated that about 50% of the respondents showed there is weakness in internal control of both businesses especially in stock control. Comparing GPM, ROA, and ROE among the two businesses studied, Non-Church business revealed highest profitability hence better performance. This paper recommends the organisations to establish proper financial management and control systems. Church and Non-Church investors should be informed of the performance standard of their business so as to come up with better decisions.

Key words: *Performance, Financial management, GPM, ROA, ROE Church business, Non-Church business*
Paper type*: Research paper*
Type of Review: *Peer Review*

1. INTRODUCTION

Financial management practices are crucial roles played by owners and enterprise managers. It is through financial management practices that owners consider investment decisions on profits including investments on fixed assets, financing, working capital, planning, budgeting, controlling and financial decision of the business. The undertakings of different activities of an organisation have impact on the performance of the company, thus, business owners must carry out monitoring and evaluation (Mitchel *at el.*, 2019). Church business in this study is the business owned by the Catholic Church and Non-Church business is a private business owned by an individual or a company. The Catholic Church investments do not differ from other business in terms of profit maximisation and paying taxes and observing all business regulations. Unique features which differentiate Catholic Church business from Non-Church globally is quality products offered with ethical values. This paper focuses on financial management practices and trend analysis of Church and Non-Church on business performance, a comparative study of Kilacha production, a business of the Catholic Diocese of Moshi and Kibo Poultry, a private business.

Performance of any business is determined by the capability of financial managers to efficiently organise important elements of business management strategies (Ameer and Othman 2021). Some of the factors that contribute to successful businesses are financial management practices, strong management skills and education background (Al Hammadi, 2021). In the past missionaries had donors from western countries but now there are no donations the Catholic Church runs different businesses in order to be able to run service rendering institutions including educational facilities, with the goal of raising the standard of the poor within the community by offering best quality products and involve herself in community social economic development.

Globally, the Catholic Church has long played an economic role by her involvement in business which has contributed to the economic development of the country. Agyei-Mensah (2016) acknowledges the vital role the church plays as a developmental agent. Monasteries in Europe and Japan were typically hubs of commerce. In the United States, many wealthy denominations have long had passive investments in real estate. The Catholic Church takes care of the homeless and the aged among the poor and marginalised communities (Witte, 2020). Any business run by the Catholic Church has an aspect of social service, supporting the poor and the profit gained is invested in serving the poor.

In Sub-Saharan Africa, Church development efforts to offer better services to the poor at a lower cost is diminishing with a failure rates of many Church-initiated institutions like Schools, Hospitals and Universities. Some of these institutions are financed by business institutions run by the Church. Mostly the fee charged is cost sharing and is charged according to quality of the service rendered. The goal of Church business organisations is to maintain and to expand services rendering institutions while developing sustainable businesses which will reduce donor dependence (Chigozie and Munene, 2017). However, the extent to which Church organisations have been able to create and sustain financial performance in their business has been wanting. It is not known whether Church businesses have adopted the same financial management practices as those of non-Church businesses. The research issue in this study was to make comparative analysis of the performance of Church and Non-Church businesses looking at their financial management practices and profitability ratios. The study will give insight to the interested parties that the Church does not only offer spiritual and charitable services but it also does business and make profits for maintaining services offered by Church institutions. Specifically, the paper concentrated on the comparison between financial management approaches and trend analysis on the performance of Church and Non-Church businesses. The paper specifically aimed to: (i) Make a comparative analysis on effects of financial management practices on the performance of Church and Non-Church businesses; (ii) Make comparative analysis of Gross Profit Margin (GPM), Return on Assets (ROA) and Return on Equity (ROE) on the performance of Church and Non-Church businesses.

2. CONCEPTUALISING FINANCIAL MANAGEMENT PRACTICES

Tanui, and Bitange, (2016) identified financial management practices which guarantee long-term financial fitness of the business. The practices comprises among others, preparation of annual budgets; employing skilled staff; ability to identify and quantify available and potential resources, applying proper policies and procedures as well employing internal and external auditors. The financial management awareness in any company may include owners own undertakings, workers and interested investors (Cleary and Quinn, 2016). Studies have shown that some owners and managers of businesses are not conversant with financial management practices and so leave the task of financial management to hired accountants (Mutanda *et al*., 2014).

2.1 Theoretical review

The study used top management as Key Informants as they are assumed to possess the ability to identify the resources of the firm which are among the issues raised in Resource Based View theory. On the other hand, institutional theory offers explanation of organisational practices in business markets (Yang and Su, 2014). This study used Resource based view and Institutional theories that have links with the resources and financial management practises of different organisations be it Church or Non-Church.

2.2 Resource Based View

Resource Based View (RBV) theory advocates for valuable resources especially those which are not easy to imitate, rare and that which cannot be substituted and can best positions a firm for long-term success (Kaleka, 2011). RBV can be traced from the work of Penrose (1959), referred to as the theory of the growth of the firm. The capability of firms to create or acquire these resources affects their performance. These strategic resources can provide the foundation to develop firm capabilities that can lead to superior performance over time. This theory was postulated by Penrose (1959) and Barney (2001). The key premises of this theory which best fits in the performance of church and Non-Church businesses; holds that firm resources can be classified into physical capital resources, human capital resources and organisational resources. Physical capital resources include the firms' physical assets such as equipment and access to raw materials. RBV theory acts as financial management strategy and has been used to link the variables of the study as it examines how resource can drive competitive advantage of the firm.

Human capital resources include individual skills and capabilities associated with the people working in a company. Organisational capital resources include informal relations amongst the people within a firm and between the firm and its environment (Barney, 2001). Businesses need such resources and Church and Non-Church businesses may acquire them through effective management and prudent planning in order to guarantee high performance. At the same time, the project team needs to have adequate knowledge and skills to run the business. This theory is applicable as it comprehends a range of resources used that lead to superior performance in a business (Greene *at el*., 2015). RBV of the firm, which envisions firms as a bundle of resources, is the dominant theory for explaining differences in performance of different firms (Rwechungura, Kaleshu and Ndiege 2020).

RBV theory in this study implies that managers of any business can use this theory to nature and maintain resources that enable business to achieve competitive advantage. That the firm should focus on what it can do better than others. It has implication of marketing activities; focus on creating value with customers based on firms' resources instead of offering a set of products. Managers of Church and Non-Church businesses can use theory-based decisions supporting the practical usefulness of RBV. This implies that economical gain and performance outcomes are results of company's specific assets and proficiencies that are expensive to duplicate by their rivals.

2.3 Institutional Theory

The proponent of this theory includes John Meyer and Brian Rowan (1970), who wanted to know how organisations are related and shaped by their culture and environment, formal and informal rules of action including their belief system. Institutional theory broadly states that company's behaviour is administered by its influential background (Doshi and Khokle, 2012). Institutional model has been used to understand Church and Non-Church business organisations and management strategies as it can explain organisation behaviour of Church and Non-Church businesses. This theory focuses on political and social economic development systems which may affect the organisation performance. The two businesses studied are involved in poultry farming and are working in the same environment which will enable the study to make comparison of their financial management practices. The Church has its own way of dealing with business different from Non-Church especially on social and ethical values. Institutional theory is relevant for Church and Non-Church businesses as it focuses on improvements of business performance through adoption of acceptable financial and legal practices. The society expects ethical values from Church businesses and the best products; this can only be possible if the business adopts institutional theory. Church and Non-Church businesses can learn from this theory that, regulative legality relays on organisation being submissive to the requirements of the law (Shallow, 2017). For Church organisations, they have a culture of developing the whole person and not only maximising profits on their businesses. Church businesses are affected by economic, cultural and social factors in that economically they depend on donations and socially they are initiated to improve the life of the poor people.

3. METHODOLOGY

This paper employed mixed research paradigm, blending qualitative and quantitative techniques (Creswell and Clark, 2017). Case study was chosen to be the design of this paper as it appeared to be proper due to its explanatory and realistic methodology. The study was conducted in Moshi Municipality and Moshi District located in Kilimanjaro region. The area was preferred because of the presence of Church businesses competing with Non-Church businesses in different business activities in particular poultry farming and agriculture. The area offered a good opportunity for conducting comparative study in poultry farming. The unit of analysis included the two institutions namely; Kilacha Production Church business and Kibo Poultry Non-Church business. Targeted population of this study included management and key employees of Kilacha Production and Kibo Poultry as follows:

Table 1: Target Population

Business Name	Physical Location	Population
Church	Kilacha Farm	200
	Kilacha Training Institute – Farm	300
	Matala Farm	100
	Makuyuni Farm	100
Non-Church	Mawingo Farm	200
	Malula farm	300
	Shanti Town	100
Total		**1,300**

Targeted population of 1,300 was the number of employees working in different farms of the two businesses where the representative sample was drawn. The sample size was 305 respondents namely; 152 Church members and 153 from Non-Church but returned questionnaires were 303 whereby two questionnaires were not returned. Yamane (1967) formula was used to calculate sample size which assumed 95% confidence level and p = 0.05, the size of the sample should be:

$$n = \frac{N}{1 + N(e^2)}$$

Where: n = required responses,

e^2 = error limit,
N = Population size

$$n = \frac{1300}{1 + 1300(0.05)^2} = 305 \text{ respondents}$$

Respondents of this paper were drawn from the total population through simple random sampling. This procedure gave opportunity for selecting the respondents evenly. List of employees was obtained from different departments from register and were written on pieces of paper in order to pick the representative sample, the pieces were placed in a box. Thereafter, a lottery technique was employed from which names of the respondents indicated by serial numbers were picked until the estimated sample size was reached. The sample for the Church was 152 respondents and for Non-Church 153 respectively. The instruments of data collection used were questionnaires and documentary review. Structured questionnaire designed in accordance with the objectives of the study was applied in gathering reliable data. Different documents were used to provide information about the results of operations of the organisations. Specific documents reviewed were financial policies and regulations which clarify the roles and authorities for essential management activities and decisions. Financial statements of 2014, 2015, 2016 and 2017 informed the study on the capability of the firms to produce profit and disclosed the capacity of sales which was used in analysing the business operations trends, strategic plans, advertisements, manuals and brochures were also used. Face validity was used as subject to judgment on the operationalisation of the constructs. The questionnaire was assessed in relation to viability and consistency. On the other hand, content validity involved evaluation of research instrument in order to ensure that it included all the objects that are needed and eliminate unwanted objects to certain concept domain (Oluwatayo, 2012). In establishing content validity this study involved literature review, peer review and advice from two supervisors. To check the reliability, the study checked all negatively worded items in scale been reversed so as to avoid getting incorrect Cronbach's alpha values.

Table 2: Cronbach's Alpha Reliability test and Scale statistics

Reliability Statistics		**Scale statistics**	
Cronbach's Alpha	**N of Items**	**Mean**	**Standard deviation**
0.816	8	33.57	5.113

The computed Cronbach's Alpha reliability coefficient Table 2 was 0.816, in approximation alpha considered to be adequate, means that the item is reliable and more likely to measure the same construct. The Pearson Product Correlation coefficient of 0.8 is deemed appropriate because it is more accurate in determining the reliability of the instrument Fernández and Fernández (2021). The instruments results obtained from the questionnaires were considered reliable since the Cronbach's Alpha has met the criteria and scale statistics of the mean of 33.57 with standard deviation of 5.113. The information is representative to the entire population since the standard deviation is small implying there are no much variability in participants respondents.

3.1 Data Analysis

The Likert scale was used to analyse objective one in order to capture qualitative data. Those who indicated strongly agree and agree were taken to be positive and those who indicated either neutral, disagree or strongly disagree were taken to be negative (Mawudor, 2016). Percentages of responses in each category were used for analysis instead of parametric tests which requires interval data. This paper used income statement and balance sheet of Church and Non-Church businesses for the period 2014 to 2017 to calculate ratio analysis. Trend analysis technique was used to analyse objective two in order to provide important clues for detecting financial symptoms and observing management's performance (Leite *at el*, 2017). Ratio analysis was also used to detect warning signs of failure or success in Church and Non-Church businesses. This technique employed historical time series data to assess the financial health of the two businesses. Studies have shown that dynamic predictive models outperform static/traditional models (Munir and Bustamam 2020).

Table 3: Data Definition Sources

Independent Variables	Definitions	Abbreviations	Dependent variable Profit growth
Gross Profit Margin	Gross Profit/Net Sales	GPM	+
Return on Asset	Net profit/Total Assets	ROA	+/-
Return on Equity	Net Profit for the Period/ Shareholders' Equity	ROE	+/-

4.0 FINDINGS AND DISCUSSION.

4.1 Comparison of Strategic Plan for Church and Non-Church businesses

Study findings from different documents reviewed indicated that strategic plan (2015-2020 Church and 2015-2020 Non-Church) of both businesses, articulates all the necessary components needed to reveal the fundamentals of business performance, indicating vision, mission and goals (Guerras *at el*., 2014). Although the vision, mission and goal of the two businesses somehow appear to be different, it was through these differences that both firms were able to maximise their profits. This led to better performance as both had strategic planning items. What is being measured here is the outcome of those strategies. Table 4 was used to check whether the two businesses had strategic plan to guide them in attaining intended goal. Overall goal of both projects was profit maximisation though they have different mission and vision the comparison was based on performance.

Table 4: Strategic Planning of Church and Non-Church

	Church business	Non-Church business
Vision	Provision of training and producing quality product for the welfare of community	To be the leading producers of poultry products in the country
Mission	Provide social economic services to the community by providing employment and training the youth basing on quality products	To provide poultry products and employment to the community
Goals	To bring human person to full development while maximising profit	Profit maximization
Action Plans	2015/2020	2015/2020

4.1.2 Financial management practices on the performance of Church and Non-Church businesses

The results of the descriptive statistics (Table 5) revealed that Church businesses are affected in their sources of finance by depending on donors and grants rather than other sources. This has made the Church to fail to develop the vast land they have and thus low production. 69% of the respondents from Church projects and 58% from non-Church strongly agreed that sources of finance can affect performance of the business. This is because whenever the church needs fund, they must call for fund raising or apply to different donors for more funds. This may delay the decision to expand the business and thus increase returns. Church business may learn from non-Church on how to mix their sources of funds and also managing director may be given some powers of decision making especially in increasing production and expanding the business to meet market demands on time. This is in line with Löfving (2016), who argued that company's strategies regularly reflect those that pre-exist in similar industries. Kilacha production can learn from similar poultry industries in the country and how to source funds without depending on the donors. From the findings, 68% of the respondents from Church projects and 61% from non-Church strongly agree that both businesses need to predict cost and profits for better performance results. On the other hand, the study also revealed that 68% of the respondents from Church business and 56% from Non-Church agreed that budget funds on allocation of resources affect performance. This is in line with Nortey (2019), who suggested that businesses that have proper allocation of resources attain higher profits. The study revealed that 57% of the respondents from Church and 45% from Non-Church strongly agreed that there is proper funds control. These findings support those of Wanyungu (2016), who assorted that businesses that have proper internal control system in place achieve significant results.

Table 5: Comparison of financial management practices on the performance of Church and Non-Church businesses

	Project type (n = 303)									
	Church n (%) 152 (50.2%)					**Non-Church n (%) 151(49.8%)**				
	SD	**D**	**N**	**A**	**SA**	**SD**	**D**	**N**	**A**	**SA**
	n (%)	**n (%)**	**n (%)**	**n (%)**	**n (%)**	**n (%)**	**n (%)**	**n (%)**	**n (%)**	**n (%)**
A	1 (0.7)	-	3 (2)	43 (28)	105 (69)	-	3 (2)	8 (5.3)	53 (35)	87 (58)
B	-	3 (2)	7 (4.6)	39 (26)	103 (68)	-	2 (1.3)	7 (4.6)	50 (33)	92 (61)
C	-	1 (0.7)	3 (2)	45 (30)	103 (68)	-	2 (1.3)	9 (6)	55 (36)	85 (56)
D	1 (0.7)	-	4 (2.6)	61 (40.1)	86 (56.6)	-	2 (1.3)	16 (11)	66 (44)	67 (45)
E	-	3 (2)	12 (7.9)	53 (34.9)	84 (55.3)	3 (2)	4 (2.6)	40 (27)	55 (36)	49 (33)
F	11 (7.2)	18 (11.8)	12 (7.9)	43 (28.3)	68 (44.7)	11 (7)	14 (9.3)	49 (33)	38 (25)	39 (26)
G	9 (5.9)	9 (5.9)	20 (13.2)	47 (30.9)	67 (44.1)	12 (8)	19 (13)	38 (25)	35 (23)	47 (31)

Source: Field data (2019); SD= Strongly Disagree; D= Disagree; N= Neutral; A= Agree; SA= Strongly Agree

Key: A = Financial decision can affect performance of the business
B = Planning and forecasting of both revenues and expenses affect performance
C = Budget fund on allocation of resources affects the performance
D = There is proper funds flow control system in this business
E = Project applies all accounting policies and procedures
F = Project have a well-established internal auditing systems
G = Financial reports are presented every year

4.1.3 Effects of fixed assets management on the performance of Church and Non-Church businesses

Procurement, sales and marketing plan is important for the performance of any organisation. In this study 59% of the respondents from Church and 46% from non-Church strongly agreed that management has established proper procurement procedures in all businesses. This indicates that the management of both businesses should check the procurement procedures as those who strongly agreed were less than 50% of the respondents. This is in line with Zhang and Yao (2018), who found out that procurement function when properly taken with ethics and staff competency may result to constructive gains. Production plan is necessary in order to meet market demand.

This study revealed that 78% of the respondents from Church and 51% from Non-Church strongly agreed that proper production plan has been established. This indicates that the control of the materials taken to production unit is not 100% controlled, more attention is needed in order to ensure that all materials purchased are received in the production unit. From Church business 60% of the respondents and 45% from Non-Church strongly agreed that they have a well-established marketing and sales plan. The findings revealed that there are low percentages of those who agreed that marketing and sales plan is established, this indicates that more marketing strategies are needed in both businesses. This is supported by Fleisher and Bensoussan (2015) who asserted that marketing and sales plan allows business firm to expand its market.

The findings indicated that 61% of the respondents from Church and 34% from Non-Church strongly agreed that fixed assets have been labelled; this reveals that for Non-Church most of their assets are not labelled this may be a risk as many of the assets can be stolen easily. 68% of the respondents from Church and 38% from Non-Church strongly agreed that movement of fixed assets have been authorised by senior management. Again, the findings indicate that there are some assets which move out of the business without proper authorisation this can result in a very big loss if it is not checked. The findings revealed that from both businesses there is no regular stock taking as 67% of the respondents from Church and 36% from Non-Church business strongly agreed that fixed assets count is carried out every year. The businesses can learn from Patin *et al*. (2020) who examined effect of organisation's fixed assets on operating profit by examining asset count and asset authorisation by sampling four breweries' companies in Nigeria.

Table 6: Effects of fixed assets management on the performance of Church and no-Church businesses

	Project type (n = 303)									
	Church n(%) 152 (50.2%)					**Non-Church n(%) 151(49.8%)**				
	SD	**D**	**N**	**A**	**SA**	**SD**	**D**	**N**	**A**	**SA**
	n (%)	**n (%)**	**n (%)**	**n (%)**	**n (%)**	**n (%)**	**n (%)**	**n (%)**	**n (%)**	**n (%)**
A	2 (1)	2 (1)	6 (3.9)	52 (34)	90 (59)	1 (0.7)	-	24 (15.9)	56 (37.1)	70 (46)
B	1 (1)	3 (2)	2 (1)	28 (18)	118 (78)	-	-	24 (16)	50 (33)	77 (51)
C	1 (1)	3 (2)	7 (4.6)	50 (33)	91 (59.9)	-	1 (0.7)	32 (21)	50 (33)	68 (45)
D	2 (1)	2 (1)	11 (7)	44 (29)	93 (61.2)	8 (5.3)	17 (11)	40 (27)	34 (23)	52 (34)
E	3 (2)	10 (7)	2 (1.3)	55 (36)	82 (53.9)	10 (6.6)	16 (10.6)	38 (25.2)	49 (32.5)	38 (25.2)
F	2 (1)	5 (3)	24 (18)	52 (34)	69 (45.4)	1 (0.7)	22 (14.6)	47 (31.1)	42 (27.8)	39 (25.8)
G	2 (1)	4 (3)	7 (5)	36 (24)	103 (68)	7 (4.6)	12 (7.9)	43 (28)	31 (21)	58 (38)
H	1 (1)	2 (1)	9 (5.9)	38 (25)	102 (67)	2 (1.3)	29 (19)	28 (19)	38 (25)	54 (36)

Source: Field data (2019); SD= Strongly Disagree; D= Disagree; N= Neutral; A= Agree; SA= Strongly Agree

Key:

A = Management have established proper procurement procedures in all projects
B = Management have established proper production plan in this project
C = Projects have a well-established marketing and sales plan
D = Project keeps records of fixed assets
E = Non-current assets have been labelled
F = Project returns are profitable relative to its assets
G = There is proper authorisation of the removal of fixed assets

H = Stock taking takes place at the end of every year

4.2 Comparative Analysis of Church and Non-Church businesses 2014 - 2017

Financial ratios can be seen as important tool in analysing financial health of any business organisation, they are useful in identifying the trends with the organisation's own financial statements (Crosby, 2020). By using financial ratio analysis, a business may achieve an efficient means by which financial data can be reduced to a more understandable basis for measuring the performance of an organisation (Kumburu, Kessy, and Mbwambo, 2019).

4.2.1 Comparative analysis Gross Profit Margin of Church and Non-Church businesses

Profitability ratio may be relatively higher in one business than the other; this is taken as an indicator of better performance in that it shows returns generated by the firm in that particular period (Kitces *et al*., 2015). Gross Profit margin indicates capability of the firm to change sales into profits, on the other hand return on equity and return on asset indicates ability of the firm to generate profits to its owners. Table 7 shows the GPM for Church and Non-Church businesses for 2014, 2015, 2016 and 2017. Non-Church business reflects that for every TZS1.00 of sales there was 33% gross profit in the year 2014 while that of Church was 25%, thus Non-Church performed better by producing more gross profit of 8% than the Church and for the following years the trend increased as follows: the year 2015 shows that for every TZS 1.00 of sales there was gross profit of 36% for Non-Church and 27.5% for Church thus Non-church producing more gross profit of 8.5% than Church, the year 2016 Non-Church had gross profit 36.4% and Church 26%. During the year 2017 Non-church produced a gross profit of 44.4% while Church produced 33.2% thus Non-Church produced more gross profit of 11.2%. This indicates that gross profit margin of Non-Church and Church was increasing every year with Non-Church performing better in the year 2017 which implies that every TZS 1.00 made there is a certain percentage to cover indirect costs. The above results indicate that the profit was constantly rising from the year 2014 to 2017 in both business but Non-Church projects had higher profits than Church business. The results revealed that although the Church had lower gross profit margin throughout the study period there was improvement every year except the year 2016.

Table 7: Gross profit margin of Church and Non-Church Performance

	2014		2015		2016		2017	
	Church	**Non- Ch**	**Church**	**Non-Ch**	**Church**	**Non-Ch**	**Church**	**Non-Ch**
GPM	0.250	0.330	0.275	0.36	0.26	0.364	0.332	0.444

Church and Non-Church businesses are able to cover the administrative costs, depreciation and running expenses, including taxes and interest on liabilities as indicated on figure 1 below. This reveals that Non-church business generated higher profits than Church business. The findings imply that Church business need to increase resource in order to earn more profits. In order to increase sale more capital is required to meet cost of production.

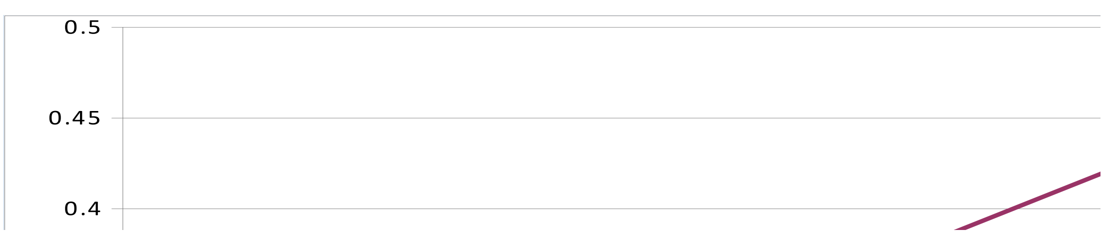

Figure 1: Gross Profit Margin of Church and Non-Church Business 2014 – 2017

4.2.2 Comparative Analysis between Church and Non-Church businesses basing on ROA

Return on assets reveals the capability of the company to make profits for the business (Nugroho and Nazar 2020). ROA is a common measure of managerial performance of the given period. The findings revealed that for every TZS1.00 in asset employed in Non-Church business there was a profit of 23.3% and in Church business there was profit of 19% for the year 2014. The year 2015 Non-Church had a profit of 38% and Church 15% for every TZS1.00 of asset employed, this is in line with Arbelo and Pérez (2021), who argued that RBV is a prevailing theory for clarifying why some firms perform better than others. The following years 2016 profit of Non-Church was 37% and Church 23% while in 2017 Non-Church was also 37% and Church 13% in profit for every TZS1.00 in asset employed in business. The results imply that the year 2016 performance of the Church business went down but in 2017 performance of Non-Church also went down. In this case both businesses have ability to turn assets into profit since their ratio is above 10%.

Table 8: Return On Asset (ROA) for Church and Non-Church business

RATIOS		2017		2016		2015		2014
Business	**Church**	**Non-Church**	**Church**	**Non-Church**	**Church**	**Non-Church**	**Church**	**Non-Church**
ROA	0.130	0.37	0.23	0.37	0.15	0.38	0.190	0.233

Non-Church performed better than Church business by producing more profits as indicated on figure 2. This is an indication that Non-Church business utilised well the assets of the organisation which are higher than those of the Church and also there is good management control and allocation of resource.

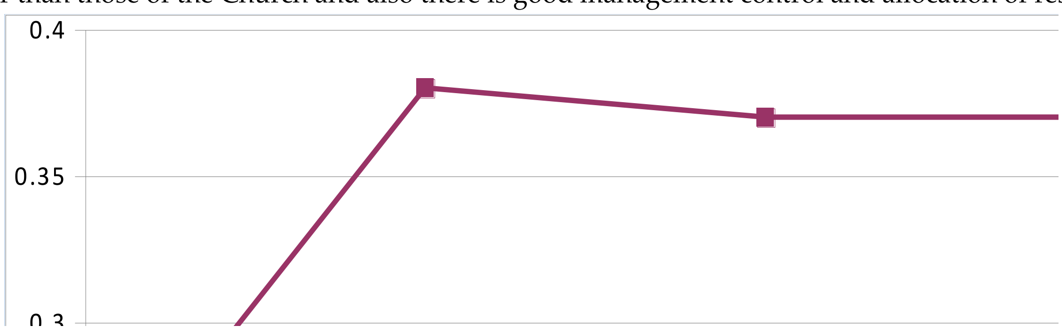

Figure 2: Return on Asset (ROA) for Church and Non-Church business 2014-2017

4.2.3 Comparative Analysis of Church and Non-Church performance using ROE

Return on equity expresses profits generated from the resources invested by owners of the company for every TZS 1.00 of equity invested. ROE however, implies that in the year 2014 Non-Church had 14% in profit for every TZS 1.00 of equity invested in the business while Church had a profit of 19%. The following year 2015 both businesses Non-Church and Church had 20% in profit for every TZS1.00 of equity invested in the business, this year the return on equity in both projects was 20% although they had different amount of capital invested in business. During the year 2016 Non-Church had 18.2% and Church had 23% in profit for every TZS1.00 invested in business. Finally, the year 2017 Non-church had 19% and Church 16.5% in profit for every TZS1.00 invested in business. The results imply that both businesses performed well as the ROEs of 15-20% are generally considered good. Non-Church has enough resources to perform better than Church given the availability of market.

Table 9 Comparison of ROE on the performance of Church and Non-Church Businesses

RATIOS		2017		2016		2015		2014
	Church	Non-Church	Church	Non-Church	Church	Non-Church	Church	Non-Church
ROE	0.165	0.19	0.23	0.182	0.20	0.20	0.190	0.139

Figure 3 Trend analysis 2014-2017of Church and Non-Church Performance ROE

5. CONCLUSIONS

This paper focused on financial management practices and trend analysis on the performance of Church and Non-Church businesses. The major findings indicate that Church businesses are able to grow and compete with Non-Church business given enough resources. There is limited literature on Church and Non-Church financial management practices for Church income generating projects. The study implies that Church can succeed in her mission of providing education, health care and shelter using profits generated from their businesses without depending on donation. Taking GPM, ROA and ROE into consideration, among the two businesses studied, Non-Church business revealed highest profitability hence better performance.

6. RECOMMENDATIONS

This paper recommends the owners of the businesses to adopt acceptable financial regulations in both businesses, especially on the fixed assets as more than 50% of the respondents showed that the fixed assets are not labelled and stock taking is not regularly carried out. The management may also ensure that there is proper authorisation of the removal of fixed assets. Church and Non-Church investors should be informed of the performance standard of their business so that they can take better decisions. One of the best standards of improving their business performance is to be able to identify weaknesses in their investments and to address them as soon as the problem occurs. Management may use ratios to measure the profitability of the business and to compare the financial activities of the business with that of other companies within the same industry. This paper brings awareness to Church and Non-Church businesses on the selection of business management strategies by introducing the following variables in their businesses: planning which includes budgeting, sales and production management, fixed asset management including, stock count, authorisation and labelling of the assets. The results of this paper imply that GPM, ROA and ROE can affect the growth of the business profit. If management utilises its assets properly and optimally by reducing the cost of production to the minimum, there will be growth in performance and increase in profit.

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