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Quoc Duy Vuong

D.Sc. in Economics, Academician,
Professor of the Faculty of Economics,
Ho Chi Minh City University of
Technology and Education, Ho Chi
Minh City, Vietnam;
e-mail: duyvq@hcmute.edu.vn
ORCID: [0000-0001-9652-4850](https://orcid.org/0000-0001-9652-4850)

THE ROLE OF LEADER IN GROUP REPAYMENT AT CA MAU SOCIAL POLICY BANK OF VIETNAM

ABSTRACT

This study examines the influence of group leaders on repayment performance in the context of group lending at the Vietnamese Social Policy Bank in Ca Mau province. The article reviews borrowers and reveals the influence of group leaders on the efficiency of debt repayment. Ways to increase the efficiency of lending in the region are proposed. Data were gathered from 105 participants through a multistage random sampling method involving borrowers and group leaders from a specific area. In addition to descriptive statistics, the research employs multinomial logit regression analysis to assess group leaders' impact on bank repayment outcomes. The results reveal that five variables—namely, the gender of group leaders, their educational background, the frequency of visits to group members, their duration of residence in the locality, the group's charter, the average distance between the leader and members' homes, and the conduct of group meetings—significantly affect repayment performance, with significance levels ranging from 1% to 10%. Based on these findings, the study proposes potential recommendations from the viewpoints of both the banks and the group leaders. The results obtained in the study will help to make informed decisions about the selection of members for the credit group.

Keywords: leader, repayment performance, Group lending, multinomial logit, Social Policy Bank

JEL Classification: D14, G41, G51, J16

INTRODUCTION

It is generally recognized that limited access to financial resources is a major factor contributing to the persistence of poverty among many individuals in developing countries (Van Auken et al., 2006). A primary reason for the exclusion of the poor from the formal financial system is their inability to provide the appropriate collateral required by traditional banks to mitigate loan risks (Khan et al, 2023). Furthermore, the characteristics of group lending are often influenced by the high transaction costs associated with screening, monitoring, and enforcing loan agreements. Consequently, this poses a significant barrier for banks trying to engage in lending to this demographic.

In 2006, as a founder of the Microfinance program for the poor, Mohammad Yunus was granted the Nobel Peace Prize which has experienced impressive growth. Individual borrowers can access loans from various microfinance institutions, while group-based lending, which often involves joint liability, is becoming more prevalent. Specifically, microfinance institutions have implemented several lending strategies to improve repayment rates, including group lending with joint liability, direct monitoring, structured repayment schedules, and threats of non-refinancing (Armendariz and Morduch, 2000). Joint liability models address issues of asymmetric information and enforcement challenges, thereby lowering the likelihood of loan defaults. This approach fosters more effective screening and monitoring mechanisms and strengthens social connections among group members, ultimately leading to improved contract enforcement.

In Vietnam, the group lending model, which operates without collateral and involves a local peer (team leader), has effectively addressed many challenges faced by both borrowers and lenders (Giné and Karlan, 2014). This approach provides borrowers access to affordable finance without requiring collateral, while allowing banks to expand their market reach. Capitalizing on these advantages, the Bank for Social Policies of Vietnam

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has implemented this model with notable modifications. Unlike the Grameen Bank in Bangladesh, which restricts its lending to groups of five individuals, the Vietnamese model accommodates groups ranging from five to sixty members. In addition to the group leader, credit officers and a third-party representative from the social mass organization are also involved in the process.

Recognizing that group-based borrowers rely on their social connections for screening, monitoring, and enforcement to ensure repayment is important (Al-Azzam et al, 2014). However, this expectation often does not materialize in practice. Consequently, this paper aims to explore whether these activities have differing impacts on the group's repayment performance depending on who is responsible for them. Specifically, the focus is on group leader-related factors that influence repayment performance in ways that differ from those of other group members.

The rest of the paper is constructed as follows. In section 2, we provide previous studies on the directed and indirect leader-related over the world. Section 3 describes the methodology of the paper followed. In section 4, the empirical model and estimation results are illustrated. Section 5 includes a summary of our main findings and some concluding remarks.

LITERATURE REVIEW

There is a notable lack of empirical evidence regarding the relative advantages of individual versus group lending, particularly concerning the influence of group leaders on repayment performance. Specifically, the existing literature on the effect of joint liability on repayment rates is quite sparse. The following studies focus on these issues, providing a foundation for the current research.

Firstly, Asgedom et al. (2015) examined the factors affecting loan repayment in group lending at the Dedebit Credit and Saving Institution in Mekelle, Ethiopia. Data were gathered using structured and semi-structured questionnaires. The researchers employed a binary logistic regression model to analyze the elements impacting group loan repayment performance. The results indicated that several factors, including peer monitoring, screening, peer pressure, social ties, visits from loan officers, and alternative sources of credit, had statistically significant effects on repayment performance. Therefore, it is crucial for DECSI to identify these significant explanatory variables and implement appropriate measures to improve group loan repayment outcomes.

Secondly, Al-Azzam et al. (2013) examined the factors influencing the repayment performance of group leaders in Jordan. Data were collected from 160 borrowing groups in a specific location to assess the effects of joint liability, screening and monitoring activities, and the social connections of both group leaders and other members on repayment performance, as indicated by the level of defaults, using a binomial model. The findings revealed that the repayment performance of group leaders was linked to joint liability and screening activities, while these factors did not significantly affect the repayment of other group members. Notably, the social ties among all members had a statistically significant impact on group repayment, whereas monitoring activities did not.

Thirdly, Eijkel et al. (2011) investigated how the monitoring efforts of group members vary due to asymmetries in anticipated future profits. Specifically, entrepreneurs with the highest expected future profits also tend to exert the most monitoring effort. Furthermore, the issue of free-riding is significant in the context of monitoring within groups, as one member may lower their monitoring efforts if another member increases theirs. This dynamic is also reflected in the role of group leaders within the model, where the individual designated as the group leader contributes more monitoring effort compared to the baseline scenario. Data for the study were collected through a survey of microfinance participants in Eritrea. The findings indicated that group leaders prioritize future periods more than non-leaders, which helps explain why a substantial portion of the overall monitoring is performed by the leader.

Fourthly, Niels et al. (2006) examined how characteristics of group leaders influence repayment performance in group-based lending in Eritrea. Data for the study were collected through a comprehensive questionnaire administered to participants from 102 groups in a specific location. The findings revealed that the social ties of the group leader positively impact the repayment performance of group lending, while the social ties of other group members do not have a significant effect. Additionally, the analysis did not identify a stronger positive impact on group repayment performance from the monitoring activities of the group leader. Finally, the variables related to monitoring activities—whether conducted by the group leader or other members—were found to be statistically insignificant.

Previous empirical studies conducted in countries other than Vietnam have shown that screening, monitoring, and enforcement activities among group members can enhance the repayment performance of groups. However, there is limited understanding of these issues, particularly regarding the role of group leaders, in the context of Vietnam. This paper aims

to investigate how the characteristics of group leaders influence repayment performance at the Vietnamese Social Policy Bank in Ca Mau province.

AIMS AND OBJECTIVES

This paper seeks to explore the role of group leaders in the repayment performance of groups at the Vietnamese Social Policy Bank's Ca Mau branch. To achieve this aim, the specific objectives include:

- providing an overview of the borrowers at the Ca Mau branch of the Vietnamese Social Policy Bank;
- identifying the influence of group leaders on repayment performance at this branch;
- offering practical recommendations to enhance loan performance in the area.

METHODS

Data collection

The study employed a mixed methods approach, incorporating questionnaire surveys among participants, structured interviews with bank staff, and interviews along with participant observation for selected individuals. This mixed method is deemed highly effective for addressing research questions, as it combines the strengths of both quantitative and qualitative approaches, which may be less effective when used separately (Creswell, 2002). Additionally, applying a mixed methods strategy at various stages of the research helps to mitigate any biases inherent in a single method. Through this approach, data were collected from 105 respondents selected via random sampling from both borrowers and group leaders at the VBSP in Ca Mau province, Vietnam.

Analysis technique

To achieve the primary objectives, the repayment performance of respondents can be categorized into three types. First, "on-time repayment" refers to borrowers who repay their loans by the due date. Second, "delinquency" applies to borrowers who either repay late or pay less than the required amount. Lastly, "default" characterizes borrowers who fail to make any payments for three months after the due date.

Based on prior literature and empirical studies, the factors influencing the repayment performance of group leaders can be analyzed using a multinomial logit model, represented by the following equation:

$$Y = f(\text{gender, age, educationlvl, visit, year, groupsize, Regular, Distance, Meeting})$$

In which: Y = repayment performance with values reflecting the repayment status of the borrowers either 1 (paid on time), 2 (delinquency) and 3 (default); Gender = sex of the borrower (1 for male and 2 for female); Age = age of the borrowers (in years); Educationlvl = education level of borrowers (1 for secondary and below and 2 for certificate/diploma and above); Visit = Number of times the leaders visiting the group members (time); Year = Number of years that the leaders lived in their place (years); Group-size = Number of borrowers in each group; Regular = The regular charter of the group. (1 for the group with the charter, 0 otherwise); Distance = The average distance from the group leader to the group member (Kilomet); Meeting = Number of meetings of each group. (Times).

The multinomial logit regression method (Menard, 2001, Borooah, 2001) where multinomial logit regression exists to handle the case of dependents with more classes and does not have a natural ordering was used. For this study, the dependent variable was divided into three ordinal variables defined as follows: $yt = 1$ if there is no repayment problem and $yt = 2$ if exist delinquency and $yt = 3$ if exist default.

RESULTS

General information on group borrowers

Table 1 depicts the general information of 105 borrowers within 35 groups at VBSP of Ca Mau province.

Table 1. General information on group-based lending's. (Source: Data collected by the author and his colleagues in 2022)

Variable	Obs	Mean	STD	Min	Max
Group-size	105	46.171	10.346	23	62
Meeting	105	1.314	0.923	0	4
Year lived Leader	105	50.629	14.559	15	80
Year live Member	105	50.152	14.796	7	82
Leaders' age	105	54.6	9.734	27	75
Members' age	105	52.648	12.603	23	82

Table 1 indicates that the size of the loan groups ranges from 23 to 62 members, with an average of 47 members per group. This data suggests a low dispersion, indicating a relatively large group size compared to other group lending models worldwide. However, having too many members can hinder the management and oversight capabilities of the team leader, particularly when compared to smaller groups, potentially leading to challenges in loan repayment.

Additionally, the data reveal that groups hold a maximum of four meetings per month, with an average of one meeting per month. This implies that while most groups meet regularly, some do not hold meetings at all. Group meetings are essential for members to communicate, share ideas, and address challenges encountered during the loan process. Thus, teams should leverage these meetings to gather member feedback and disseminate solutions aimed at enhancing production efficiency.

Furthermore, the average age of borrowers, including both team leaders and members, is relatively similar. The youngest team leader is 27 years old, while the youngest member is 23; the oldest team leader is 80, and the oldest member is 82. This age range is suitable for the role of a team leader, as it allows for enough maturity to earn respect from members while still maintaining the health and vitality needed to engage in their own production and business activities.

Lastly, the duration of residency for both team leaders and members in their locality is highlighted in the table. The minimum and maximum years of residence are 15 and 80 years, respectively, with an average of 51 years. This long-term presence enhances the team leader's ability to gather relevant information about the local geography, economic conditions, and social networks among group members, thereby improving their management and oversight skills.

Table 2 illustrates the demographic characteristics of the borrowers. It shows that out of 105 surveyed members, 37 are women, accounting for 35.24%. This reflects a gender imbalance within the loan groups at VBSP in Ca Mau province, where, in rural Vietnamese families, men are typically the heads and primary decision-makers, often serving as the representatives for borrowing from VBSP.

Table 2. The ratio characteristics of group borrowers. (Source: Data collected by the author and his colleagues in 2022)

Variable	Number	Percentage (%)
Sexual		
Female	37	35.24
Male	68	64.76
Educational level		
Secondary school up	90	85.71
Below Secondary school	15	14.29
Occupation		
Shrimp farming	57	54.29
Rice cultivation	25	23.81
Vegetable	4	3.81
Breeding	11	10.47
Trade-service	3	2.86
Hiring	5	4.76
Group charter		
No	90	85.71
Yes	15	14.29
Visiting time		
Frequency	33	31.43
Infrequency	72	68.57

Moreover, the education level among group borrowers is relatively low. Approximately 51.43% of members have education levels below lower secondary school, while only 48.57% possess lower secondary education or higher. Additionally, 90 members, or 85.71%, do not have a group charter, whereas 15 members (14.29%) do. The group charter serves as a vital tool for the team leader to fulfil management responsibilities effectively, especially if the team leader is performing their duties well while team members do not have a charter.

Moreover, the main occupation of these borrowers is mainly in the field of agriculture, in fact, it has been shown that with only 2 occupations interviewed, shrimp farming and rice cultivation, there are 82 out of 105 members of these 2 occupations (accounting for 78.1%). In rural areas, farmers often have limited education, which can hinder their ability to apply scientific and technological advancements to their production and business practices. Therefore, the bank should collaborate with team leaders and local agencies to organize educational activities aimed at enhancing agricultural knowledge, thus better-supporting borrowers in their production efforts.

Table 2 also outlines the visit frequency by group leaders to their members. It shows that 33 members (31.43%) are frequently visited by their leaders, while 72 members (68.57%) are visited infrequently. This discrepancy may be attributed to the distance between the group leader and members' homes. If the distance is significant and transportation is difficult, it may impede the leader's ability to visit regularly. Additionally, the sense of responsibility of the team leader could also play a role. Consequently, such factors can affect the group's repayment performance.

Determinants Of Group Repayment Performance of Group Leader

As previously mentioned, this paper employs the multinomial logit regression method to analyze the determinants of group leaders' repayment performance at VBSP in Ca Mau province. The dependent variable is defined by the classification of debt groups among members, along with nine independent variables. The results of this regression analysis are presented in Tables 3 and 4.

Comparative Analysis Between Debt Reference Group 1 and Group 2

Table 3 shows that the gender of the group leader is significantly negatively correlated at the 1% level. This suggests that if the group leader is male, the likelihood of moving from reference debt group 1 to group 2 decreases, meaning that the rate of overdue debts is lower when the leader is male. This finding contrasts with the author's initial expectations and confirms the study by Hu et al., 2023. It can be explained that male leaders may find it easier to visit and monitor capital usage and the production activities of team members, which allows for timely identification of any misuse of funds or negligence, thereby helping to prevent overdue debts. The marginal impact coefficient indicates that a 1% increase in male leaders corresponds to a 0.376% decrease in the shift from reference group 1 to group 2.

The educational level of the group leader is significantly negatively correlated at the 5% level. This means that as the education level of the team leader increases, the transition from reference debt group 1 to group 2 decreases, suggesting that higher education is associated with a lower rate of overdue debts. This aligns with the author's expectations and confirms the study of Meszaros and Kocsir (2024), as more educated leaders are likely to manage team members more effectively throughout the loan process, from member selection to supervision of loan usage and debt collection. Additionally, educated leaders can leverage their knowledge to enhance production and profitability, further reducing overdue debts. The marginal impact coefficient shows that a 1% increase in leaders with education at level 2 or higher results in a 0.377% decrease in the shift from reference group 1 to group 2.

The variable related to visit frequency is positively significant at the 5% level, indicating that increased visits by the group leader to members correlate with a higher likelihood of moving from reference debt group 1 to group 2. This suggests that frequent visits may indicate issues with loan usage among members and confirms the study of Akter et al., (2023). Specifically, if the leader needs to visit often, it may be due to attempts to mitigate loan misuse and reduce the risk of rising overdue debts. The marginal impact coefficient suggests that a 1% increase in visits by the leader to members' homes corresponds to a 0.181% increase in the shift from reference group 1 to group 2.

The number of years as shown in Table 3 that the group leader has lived in the locality is significantly negatively correlated at the 1% level. This indicates that as the duration of the leader's residence increases, the likelihood of moving from reference debt group 1 to group 2 decreases. This finding suggests that a longer tenure in the area fosters better social relationships and a deeper understanding of local conditions. Such advantages aid in screening members when forming the group, allowing the leader to select reputable individuals and enhancing the ability to supervise group members effectively. Consequently, this reduces the risk of overdue debts. The marginal impact coefficient reveals that a 1% increase in

the leader's time living in the locality corresponds to a 0.014% decrease in the transition from reference group 1 to group 2. This finding confirms the study of Duy et al (2016).

Table 3. Results from multinomial logit regression of dependent variable of reference debt group 1 and group 2. Notes: *, **, *** illustrate the significant level at 1%, 5%, 10%, respectively. (Source: Data collected by the author and his colleagues in 2022)

Variable	B	p value (Sig.)	Marginal effect
Male leader	-2.373	0.003(*)	0.376
Leader's age	-0.006	0.899	-0.002
Educational level	-2.229	0.015(**)	0.377
Visit	1.814	0.024(**)	-0.181
Years of residence living	-0.085	0.006(*)	0.014
Group size	0.059	0.166	-0.007
Group charter	2.011	0.045(**)	-0.333
Instance	-0.0005	0.081(***)	0.0001
Meeting	1.057	0.010(**)	-0.155

The presence of a group charter has a statistically significant positive influence on repayment performance at the 5% level. This implies that an increase in the number of charters within the borrowing group correlates with a higher likelihood of moving from group 1 debt to group 2 debt. The rationale behind this finding is that overly strict rules within the borrowing group may lead to internal conflicts, thereby diminishing the effectiveness of group activities and internal supervision. Such conflicts can contribute to overdue debts. The marginal impact coefficient indicates that a 1% increase in the number of charters results in a 0.333% increase in the movement of loans from reference debt group 1 to group 2. This finding concludes the study of Cole and Mehran (1998) and Naol (2017).

The average distance between the leader and the members' homes is negatively significant at the 10% level. This suggests that greater distances result in a lower likelihood of moving from reference debt group 1 to group 2. A shorter distance facilitates easier gatherings, whereas longer distances can hinder meetings, leading to distractions from work and potentially insufficient income to cover living expenses and repay loans. The marginal impact coefficient shows that a 1% increase in distance between the group leader and members decreases the transition from reference group 1 to group 2 by 0.0001%. This result confirms the study of Howell et al (2005), Erskine (2012) and Marstand et al (2024).

The frequency of meetings held by the borrowing group has a statistically significant positive impact on repayment performance at the 5% level. This indicates that more meetings per month correlate with an increased likelihood of moving from reference debt group 1 to group 2. When groups meet excessively, it can lead to time wastage; in the local context, members often celebrate with parties after meetings, which can result in financial strain and contribute to overdue debts. The marginal impact coefficient shows that a 1% increase in monthly meetings corresponds to a 0.155% increase in the transition from reference group 1 to group 2. This result confirms the study of Pellegrina et al., (2021).

Comparative Analysis Between Debt Reference Group 1 and Group 3

The duration of the group leader's residence in the locality is statistically significant at the 5% level. This finding suggests that as the number of years the local group leader has lived in the area increases, the rate of overdue debts decreases. A longer tenure enhances social relationships and local knowledge, which improves member selection quality and the effectiveness of supervision among team members. This ultimately helps reduce the rate of overdue debts in group lending. The marginal impact coefficient indicates that a 1% increase in the leader's years of residence corresponds to a 0.014% decrease in the transition from group 1 debt to group 3. This finding enhances the study of Flodgren et al., (2019).

Table 4. Results from multinomial logit regression of dependent variable of reference debt group 1 and group 3. Notes: *, **, *** illustrate the significant level at 1%, 5%, and 10%, respectively. (Source: Data collected by the author and his colleagues in 2022)

Variable	B	p value (Sig.)	Marginal effect
Male leader	-0,949	0,241	0,376
Leader's age	-0.006	0.899	-0.002
Educational level	0,028	0,560	-0,002
Visit	1.814	0.024(**)	-0.181
Years of residence living	-0.999	0,275	0,377
Group size	0.059	0.166	-0.007
Group charter	-0,215	0,806	-0,181
Distance	-0.0005	0.081(***)	0.0001
Meeting	-0,064	0,020(**)	0,014

Table 4 illustrates the average distance from the leader to the members' houses has a significant negative impact at the 5% level. This indicates that as the distance increases, the likelihood of moving from group 1 debt to group 3 debt decreases. The rationale is that shorter distances facilitate gatherings, which can lead to distractions from work, potentially reducing income and resulting in overdue debts. The marginal impact coefficient shows that a 1% increase in the average distance corresponds to a 0.0001% decrease in the transition from group 1 loans to group 3 debts. This idea is previously confirmed by a study by Daniels and Greguras (2014).

DISCUSSION

Based on the findings, this study proposes several solutions to strengthen the role of team leaders and improve debt repayment capabilities in group lending activities at VBSP in Ca Mau.

Gender of Team Leaders: Currently, most team leaders are male (27 out of 35). The findings suggest that male leaders contribute to a lower rate of overdue debts. Given the underdeveloped transport infrastructure in Ca Mau, it is advisable to select male leaders in areas where supervision is challenging. The findings regarding the gender of team leaders indicate a significant male dominance in leadership roles, with 27 out of 35 leaders being male. This gender disparity raises several important considerations. Firstly, the data suggests that male leaders may be associated with a lower rate of overdue debts. This could imply that male leadership styles or decision-making processes are more effective in managing financial responsibilities, particularly in contexts with infrastructural challenges. In addition, the mention of underdeveloped transport infrastructure in Ca Mau highlights the contextual factors that can influence leadership effectiveness. In areas where supervision is difficult, selecting male leaders might be a strategic choice based on the observed outcomes. Lastly, while these findings support the continued selection of male leaders in specific contexts, it is crucial to consider the potential biases and limitations of such an approach. This could perpetuate gender imbalances in leadership roles and overlook the contributions that female leaders can offer. Ideally, organizations should strive for balanced leadership teams that include diverse perspectives. This could enhance decision-making and lead to more sustainable outcomes, particularly in complex environments.

Educational Level of Group Leaders: Higher education among leaders correlates with better production knowledge and loan management. VBSP should organize periodic training sessions led by experts to enhance the knowledge of both leaders and members regarding production techniques and business practices. The findings on the educational level of group leaders reveal a significant correlation between higher education and enhanced production knowledge and loan management skills. Here are the key points to consider. Firstly, the data suggests that leaders with higher educational qualifications are better equipped to manage production processes and handle loan-related responsibilities. This could indicate that formal education provides essential skills and knowledge that contribute to effective leadership. Secondly, Given the positive impact of higher education, it is recommended that organizations like VBSP organize periodic training sessions. These sessions should be led by experts to ensure that both leaders and group members are updated on the latest production techniques and business practices. Furthermore, Training initiatives can facilitate knowledge transfer, creating a more informed leadership base that can share insights and best practices with their teams. This could lead to improved overall performance and a better understanding of operational efficiencies. Lastly, by investing in the education and training of leaders and group members, organizations can enhance their competitiveness in the market. Well-informed leaders are likely to make better decisions, leading to improved financial management and production outcomes. Beyond

periodic training, VBSP could consider broader educational initiatives, such as partnerships with educational institutions, to provide more structured learning opportunities for leaders and members alike.

Visiting Frequency: While regular visits are important, excessive visits by the team leader can indicate issues with loan usage and may hinder the leader's own productivity. Group members should also take responsibility for peer supervision, allowing leaders to balance their visit frequency effectively. The findings regarding visiting frequency highlight a nuanced relationship between the frequency of visits by team leaders and the overall effectiveness of leadership. Here are the key points to consider. Firstly, regular visits by team leaders are essential for maintaining oversight, fostering communication, and ensuring that group members are effectively utilizing their loans. These visits can help identify any issues early and provide necessary support. In addition, the findings suggest that excessive visits may signal underlying problems with loan usage. This could indicate a lack of trust or confidence in group members' ability to manage their responsibilities. Moreover, frequent visits can detract from a leader's productivity, as they may spend too much time on-site rather than focusing on strategic planning and other leadership duties. Encouraging group members to take on a degree of peer supervision can alleviate some of the burdens on leaders. This approach promotes accountability among members and fosters a sense of ownership over their responsibilities. It allows leaders to maintain a balanced visit frequency while still ensuring that group members are supported. Furthermore, the findings suggest a need for a balanced approach to oversight. Leaders should be present enough to provide guidance and support but should also empower group members to manage their own activities. This can lead to a more autonomous and self-sufficient group dynamic. To facilitate effective peer supervision, it may be beneficial to provide training for group members. This training can equip them with the skills necessary to support each other in loan management and production practices.

Duration of Residency: Leaders with longer local residency can leverage their social relationships and local knowledge to choose suitable group members and improve supervision. It is essential to elect leaders who are well-established in the community. The findings regarding the duration of residency for leaders reveal important insights into the advantages of local knowledge and social relationships in effective leadership. Here are the key points to discuss. Firstly, leaders who have a longer residency in the community are likely to possess a deeper understanding of local dynamics, culture, and resources. This knowledge can significantly enhance their ability to select suitable group members who are aligned with the group's goals and values. In addition, established leaders tend to have stronger social networks, which can facilitate communication and cooperation among group members. These relationships can help in identifying potential issues early and fostering a supportive environment for collaboration. Leaders with long-term ties to the community are often more trusted by group members, which can improve supervision and accountability. Their familiarity with local challenges allows them to provide tailored support and guidance, leading to better overall outcomes. Furthermore, electing leaders who are well-established in the community reinforces the idea of community integration. Such leaders are more likely to have the respect and buy-in from group members, which can enhance participation and commitment to group activities. Lastly, long-term residency can contribute to more sustainable leadership. Leaders who are rooted in the community may be more invested in its success and development, fostering a sense of continuity and stability. When selecting leaders, it is crucial to prioritize candidates who have demonstrated a commitment to the community and have a history of positive engagement. This can help ensure that leadership is effective and responsive to the needs of group members.

Group Charter: Strict charters can lead to internal conflicts and reduced group effectiveness. Before implementing rules, it is crucial to gather input from members to ensure they are reasonable and do not create barriers to participation. The findings regarding group charters highlight the potential drawbacks of overly strict regulations and the importance of member involvement in the rule-making process. Here are the key points to consider. Firstly, the findings suggest that rigid charters can result in internal conflicts within groups. When rules are perceived as too stringent or unreasonable, they may lead to frustration and disengagement among members, ultimately reducing the group's overall effectiveness. Specifically, gathering input from group members before implementing rules is crucial. Involving members in the decision-making process ensures that the rules reflect the group's diverse perspectives and needs. This collaborative approach can foster a sense of ownership and commitment to the charter. In addition, while having a charter is important for establishing guidelines and expectations, it is essential to strike a balance between structure and flexibility. Rules should be designed to facilitate participation rather than create barriers. This can enhance group cohesion and motivation. Furthermore, strict rules can lead to misunderstandings and conflicts among members. By allowing for open dialogue and feedback during the charter development phase, groups can address potential issues proactively and create a more harmonious environment. Charters should not be static; they should evolve based on the group's experiences and changing dynamics. Regularly reviewing and updating the charter with input from members can help maintain its relevance and effectiveness. Encouraging member participation in rule-setting can promote a culture of collaboration and mutual respect. When members feel heard and valued, they are more likely to contribute positively to the group's goals. Lastly, engaging members in

the charter process can lead to greater long-term commitment to the group. When individuals feel that they have a stake in the rules that govern their interactions, they are more likely to invest their time and energy into the group's success.

Average Distance from Members: A moderate distance between the leader and members is ideal to prevent frequent gatherings that could distract from work. Leaders should be elected based on their distance from members to facilitate effective supervision without causing distractions. The findings concerning the average distance between leaders and group members reveal important implications for leadership dynamics and group effectiveness. Here are the key points to consider. Firstly, the findings suggest that maintaining a moderate distance between leaders and members is beneficial. This distance can help prevent excessive gatherings that might detract from productivity and allow members to focus on their tasks without constant oversight. Leaders need to strike a balance between being available for support and giving members the autonomy, they need to work effectively. A moderate distance allows leaders to supervise without micromanaging, fostering a sense of independence among group members. In addition, Leaders elected based on their distance from members can facilitate effective supervision. In addition, when leaders are not too far removed, they can still provide guidance and support when needed, but without the pitfalls of constant interaction that may lead to distractions. Frequent gatherings and interactions can lead to member fatigue and burnout. By maintaining a reasonable distance, leaders can help promote a healthier work environment, where members feel empowered to accomplish their tasks without unnecessary interruptions. Lastly, when leaders maintain a moderate distance, it encourages group members to take more responsibility for their work. This empowerment can lead to increased engagement and accountability, as members are given the space to manage their own tasks. The ideal distance may vary depending on the specific context of the group, including the type of work being done and the personalities involved. Leaders should adapt their approach based on these factors to optimize effectiveness. While physical distance is important, leaders should also establish effective communication channels to ensure that members can reach out for support when needed. This can help maintain a supportive environment while respecting the need for autonomy.

Frequency of Meetings: Holding too many meetings can waste time and resources, especially if followed by social gatherings. It is recommended to limit meetings to 1-2 times a month to address pressing issues without unnecessary expenditure. Firstly, the findings suggest that holding too many meetings can lead to wasted time and resources. Frequent meetings, especially those followed by social gatherings, can detract from productivity, diverting attention away from essential tasks. In addition, limiting meetings to 1-2 times a month is recommended to strike a balance between addressing pressing issues and minimizing disruptions. This approach can help ensure that meetings are focused and purposeful, allowing for more efficient use of time. Furthermore, by reducing the frequency of meetings, groups can prioritize the most critical issues that require discussion. This can lead to more meaningful conversations and actionable outcomes, rather than spreading attention thin across numerous topics. With fewer meetings, members are likely to come better prepared, having more time to gather their thoughts and data. This preparation can enhance the quality of discussions and decision-making during meetings. While social gatherings can be beneficial for team bonding, they should be distinct from work meetings. Mixing the two can lead to distractions and reduce the effectiveness of discussions around pressing issues. Lastly, to maintain communication between meetings, groups can explore alternative methods, such as emails or online collaboration tools. This can help keep members informed and engaged without the need for frequent face-to-face meetings. Regularly evaluating the effectiveness of meetings can provide insights into whether the current frequency is serving the group's needs. Solicit feedback from members to adjust the meeting schedule as necessary.

CONCLUSIONS

Conclusions

This study examines the influence of group leaders on repayment performance in the context of group lending at the Vietnamese Social Policy Bank in Ca Mau province. The article reviews borrowers and reveals the influence of group leaders on the efficiency of debt repayment. Ways to increase the efficiency of lending in the region are proposed. Data were collected from 105 individuals across 35 groups, revealing that 39 respondents faced repayment issues. This paper aims to explore whether these activities have differing impacts on the group's repayment performance depending on who is responsible for them. Specifically, the focus is on group leader-related factors that influence repayment performance in ways that differ from those of other group members. The multinomial logit model identified five key variables—gender, education, visit frequency, duration of residency, and distance to members' homes—that significantly impact overdue debts. These findings underscore the critical role of group leaders in mitigating borrower debt challenges. Therefore, banks should focus on these factors to enhance the effectiveness of group lending.

Recommendations

For the Bank:

Firstly, while group leaders primarily monitor group activities, support from the bank, particularly from credit officers, is essential. The bank should facilitate more direct engagement with loan groups to enhance oversight. Secondly, the bank should invest in developing the management skills of group leaders to improve group operations. Thirdly, for borrowers struggling with repayments, the bank currently enforces minimal penalties, relying heavily on legal action. The introduction of compensatory penalties for non-compliance could encourage prompt repayment. Lastly, Preventive measures are essential. The bank should collaborate with group leaders and local agencies to screen potential borrowers before loan disbursement to minimize overdue debts.

For Group Leaders:

Firstly, Group leaders should enhance their supervisory capabilities by improving their skills in disseminating new production and business methods. They must also balance visit frequency and establish reasonable charters for the loan group to facilitate effective debt repayment. In addition, Leaders should utilize their local social networks to gather information about members, enhancing their understanding of members' business situations and credit histories. This knowledge will assist in making informed decisions about member selection for the loan group.

Future studies:

Further research could explore the reasons behind the effectiveness of male leaders in this context. It would be beneficial to investigate whether these findings hold true in different settings or if they are influenced by cultural, social, or economic factors.

ADDITIONAL INFORMATION

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CONFLICT OF INTEREST

The Authors declare that there is no conflict of interest.

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Вуонг К. Д.

РОЛЬ ЛІДЕРА В ГРУПОВОМУ ПОГАШЕННІ БОРГІВ У БАНКУ СОЦІАЛЬНОЇ ПОЛІТИКИ КА-МАУ У В'ЄТНАМІ

У цьому дослідженні розглянуто вплив лідерів груп на ефективність погашення в контексті групового кредитування у В'єтнамському банку соціальної політики в провінції Ка-Мау. У роботі проведено огляд позичальників, виявлений вплив керівників груп на ефективність погашення боргів, запропоновані шляхи підвищення ефективності кредитування в регіоні. Дані були зібрані від 105 учасників за допомогою багатоступеневого методу випадкової вибірки за участю позичальників і лідерів груп із певної області. На додаток до описової статистики у дослідженні використано мультиноміальний логіт-регресійний аналіз для оцінки впливу керівників груп на результати погашення банків. Результати показують, що п'ять змінних, а саме: стать лідерів груп, їхня освіта, частота відвідувань членів групи, тривалість їхнього проживання в населеному пункті, статут групи, середня відстань між лідером і будинками членів, а також проведення групових зборів – значно впливають на ефективність погашення боргу, з рівнем значущості від 1% до 10%. Ґрунтуючись на цих висновках, у дослідженні запропоновані потенційні рекомендації з погляду й банків,

і керівників груп. Отримані результати допоможуть ухвалювати обґрунтовані рішення щодо відбору членів для кредитної групи.

Ключові слова: лідер, показники погашення, групове кредитування, поліноміальний логіт, Банк Соціальної Політики

JEL Класифікація: D14, G41, G51, J16