Bindura University of Science Education

FACULTY OF COMMERCE

DEPARTMENT OF BANKING AND FINANCE

THE EFFECTIVENESS OF SURVIVAL STRATEGIES OF MICRO-FINANCE INSTITUTIONS IN A LIQUIDITY CONSTRAINED ECONOMY.
(CASE STUDY: MVURWI TOWN BUSINESS CENTRE FROM 2020 TO 2024 PERIOD)

PREPARED BY: B201042B

THIS DISSERTATION IS SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE BACHELOR OF COMMERCE HONOURS DEGREE IN BANKING AND FINANCE OF BINDURA UNIVERSITY OF SCIENCE EDUCATION. FACULTY OF COMMERCE.

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We, the undersigned, affirm that we have provided supervision for dissertation titled "The effectiveness of survival strategies of Microfinance Institutions in a liquidity constrained economy." This dissertation was submitted as a partial fulfilment of the requirements for the completion of a Bachelor of Commerce (Honours) Degree in Banking and Finance at Bindura University of Science Education.

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DEDICATION

This dissertation is dedicated to my family and friends. I would like to express my deep appreciation for their unconditional love and support during this academic journey. I recognize that my family and friends have been a source of motivation, inspiration, and emotional support, guiding me through the highs and lows of my research journey. Without their love and support, I would not have achieved my academic success. I want to express my gratitude to them for their continued love, support, and unconditional support throughout this process.

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ABBREVIATIONS

MFI	Microfinance Institutions
LPQ	Loan portfolio quality
UP	Outreach to unbanked
PF	Partnerships with financial institutions
SI	Social impact
MC	Macroeconomic conditions
GS	Government support

ABSTRACT

Micro-finance institutions (MFIs) play a critical role in providing financial services to underserved and low-income populations in developing economies. However, MFIs often face significant challenges in maintaining their operations and achieving sustainability, particularly in the context of liquidity-constrained environments. This dissertation examines the effectiveness of various survival strategies employed by MFIs to navigate such challenging economic conditions.

This study used a descriptive research design to collect primary data, targeted at KCI Microfinance and randomly selected a sample of 100 participants using simple random sampling techniques to collect data. A mixed-methods approach was used, incorporating both quantitative and qualitative analyses. Qualitative data was gathered through in-depth interviews with MFI managers, loan officers and their customers to understand the decision-making processes and challenges faced in implementing these strategies. Questionnaires were also distributed to participants, while the quantitative data was analysed using the Statistical Package of Social Sciences.

The research investigated the specific survival strategies adopted by these MFIs, including strategies related to funding sources, risk management, cost optimization, and product diversification. The findings of the study illustrate that developing innovative and customized products, can contribute to the effectiveness of survival strategies. Also macroeconomic factors such as interest rates, inflation, and overall economic conditions can impact the success of MFIs and their ability to implement and sustain survival strategies. MFIs need to embrace financial technology (Fintech) to help them improve efficiency and enhance risk management capabilities. There is need for MFIs to analyze their strategies, implementation methods, and outcomes to understand their effectiveness. Collection and analysis of financial data, as well as the assessment of key performance indicators such as portfolio quality, operational efficiency, and social impact on effectiveness of survival strategies was tested and resulted in positive correlations. The study aimed to analyze the specific challenges faced by MFI's which require the adoption of survival strategies. Challenges such as access to funding, competition, technological limitations were figured out to be faced by MFIs. Conclusively, prioritizing the challenges based on severity and potential impact will be of great importance in order to implement effective strategies.

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CHAPTER 1

INTRODUCTION

1.1Introduction

Particularly in developing economies, microfinance institutions (MFIs) are essential in providing financial services to the unbanked and underserved communities. These organizations provide people without access to standard banking services with microloans, savings accounts, and other financial goods. However, MFIs frequently work in difficult conditions, particularly in economies with tight liquidity where there are few financial resources and restrictions on managing liquidity. These economies may experience liquidity restrictions as a result of a number of issues, including macroeconomic instability, restricted access to financial markets, expensive transaction costs, and insufficient government support. The survival and viability of MFIs face considerable obstacles as a result of these limitations. Therefore, it is crucial to comprehend the survival tactics used by MFIs in economies with limited liquidity. This dissertation's main goal is to investigate the coping mechanisms MFIs use to deal with the difficulties brought on by liquidity restrictions. This study intends to add to the body of knowledge on microfinance, financial inclusion, and the sustainability of MFIs by analyzing the strategies and practices used by MFIs.

1.2 Background of the study

The concept of financial inclusion proved to be a basic factor in the expansion and resilience of national economies worldwide, including Zimbabwe from year 2010 up to present seasons. This is due to its capability to generate domestic demand through creation of vast employment opportunities, technological advancement and competitive advantage (Economic and Social Commission for Asia and the Pacific, 2017). Microfinance Institutions (MFIs) have gained significant recognition as key players in promoting financial inclusion and poverty alleviation worldwide. The concept of microfinance, pioneered by Muhammad Yunus and the Grameen Bank in the 1970s, has evolved into a powerful mechanism for providing financial services to the unbanked and underserved populations, particularly in developing countries (Yunus, 2009). MFIs offer a range of services, including small loans, savings accounts, insurance, and financial literacy programs, to individuals and microenterprises who lack access to traditional banking services (Armendariz & Morduch, 2010). The inability of MFIs to continue operations, increase outreach, and carry out their social mission is a result of operating in a liquidity-constrained environment.

A liquidity-restricted economy is one in which access to capital is constricted and there are few liquid assets available. A liquidity crisis is a financial situation characterized by a lack of cash or easily-convertible-to-cash assets on hand across many businesses or financial institutions simultaneously. For example, since 2019, Lebanon has been dealing with a liquidity crisis brought on by a confluence of political unrest, poor economic management, and capital outflows. With limited access to foreign currency and constrained liquidity, the nation's banking industry has been badly impacted. This restriction may be brought on by a number of things, such as macroeconomic instability, a fragile financial system, regulatory limitations, or the absence of robust capital markets. In these situations, MFIs struggle to get the money they need to cover their operating costs and keep a healthy loan portfolio.

The difficulties MFIs experience with liquidity have broad repercussions. Nigeria, with one of the biggest economies in Africa, has experienced liquidity issues as a result of things like fluctuating oil prices, currency devaluation, and restricted access to foreign money. These difficulties have had an impact on the nation's general liquidity, including MFI operations.

Lack of liquidity can make it difficult for them to make loan payments, limit their ability to draw in deposits, and make it more difficult for them to efficiently manage risks. Liquidity crises can contribute to economic downturns. Furthermore, liquidity restrictions may threaten their capacity to maintain a stable financial position, for instance in Zimbabwe, there has been protracted periods of economic unrest, hyperinflation, and restricted foreign exchange availability. These circumstances have considerably reduced the country's liquidity, making it difficult for MFIs to get finance and efficiently run their businesses leaving them open to shocks and possible insolvency. This situation not only puts MFIs' long-term viability in danger, but also limits their capacity to assist the communities that are financially excluded and rely on their services.

MFIs use a variety of survival methods to get beyond these obstacles, each one adapted to the unique limitations of a liquidity-constrained economy. These strategies cover a wide range of tactics, including as internal liquidity management, strategic alliances, funding source diversification, and the adoption of tech-driven innovations. MFIs seek to improve their resilience, reduce liquidity concerns, and guarantee the continuity of their operations by putting these methods into practice.

The efficiency of various survival tactics used by MFIs in economies with limited liquidity has been examined in this field of study. Internal liquidity management methods, such as cash reserve ratios, loan collection effectiveness, and risk management frameworks, have been examined in studies to see how they affect MFIs' financial performance and stability (Djankov et al., 2008; Armendáriz de Aghion and Morduch, 2010). Researchers have also looked at how strategic alliances and partnerships with commercial banks, aid organizations, and tech service providers might help MFIs improve their liquidity position (Hermes and Lensink, 2007; Cull et al., 2014).

Additionally, research has looked into how financing diversification techniques affect MFIs' ability to be solvent and resilient financially (Mersland and ystein, 2009; Hermes et al., 2011). These research have looked at the results of tapping into regional capital markets, collecting client deposits, and investigating cutting-edge financing techniques like securitization and microfinance investment vehicles.

Also, new ways for MFIs to manage liquidity restrictions have emerged as a result of the development of digital financial services and technology advancements (Mersland et al., 2013; D'Espallier et al., 2016). Research has looked at how digital platforms, agent banking, and mobile banking can improve operational effectiveness, lower transaction costs, and increase access to financial services in regions with little liquidity.

In conclusion, microfinance organizations must implement survival strategies in order to overcome the difficulties brought on by liquidity restrictions in a limited economy. For the long-term viability and impact of MFIs in promoting financial inclusion, it is essential to comprehend the efficacy of these initiatives. This study intends to offer insights into the survival tactics used by MFIs to navigate liquidity restrictions and add to the larger discussion on inclusive finance by reviewing the current literature and assessing the experiences of MFIs across varied contexts with reference to a case study on KCI Management Consultants.

1.3 Statement of problem

Microfinance institutions (MFIs) are crucial in delivering financial services to neglected groups, especially in countries with tight liquidity that are characterized by a lack of liquid assets and restricted access to funding sources. However, working in such settings presents MFIs with serious difficulties that put their capacity to continue to operate, increase outreach, and carry out their purpose of financial inclusion at jeopardy (Armendáriz de Aghion, B., & Morduch, J., 2010).

MFIs struggle to obtain the money they need to cover their operating costs and keep a healthy loan portfolio in a market with limited liquidity. This restriction results from a number of circumstances, such as macroeconomic instability, a fragile financial system, regulatory limitations, or the absence of robust capital markets (Cull, R., Demirgüç-Kunt, A., & Morduch, J., 2014). As a result, MFIs experience liquidity issues that limit their capacity to make loan payments, draw in deposits, and efficiently manage risks.

The limitations on liquidity that MFIs must deal with have broad repercussions. Insufficient liquidity not only prevents MFIs from expanding and being stable, it also jeopardizes their ability to offer financial services to the people they depend on that are economically excluded. The accomplishment of the more general objectives of reducing poverty and promoting inclusive economic development is threatened by these difficulties.

The discovery and adoption of efficient ways to address these issues are essential for MFI viability in a liquidity-constrained environment. However, more study is needed to better understand the unique survival tactics used by MFIs in these situations. Investigating these tactics' efficacy may offer important insights on how to deal with liquidity issues, improve financial resilience, and guarantee the long-term viability of MFIs.

1.4 Research Objective

- To find out the survival strategies that are being employed by Micro finance institutions in liquidity constrained economy.
- To assess the effectiveness of survival strategies employed by MFI's in a liquidity-constrained economy.
- To analyze the specific challenges faced by MFI's which require the adoption of survival strategies.

1.5 Research Questions

- What are the survival strategies that are being employed by MFI's in liquidity constrained economy?
- How effective are survival strategies adapted by MFI's in response to liquidity constraints in the economy?
- What are the specific challenges faced by MFI's which require the adoption of survival strategies in a liquidity-constrained economy?

1.6 Assumption of the study

The following assumption were made in the research:

Assumption 1: Microfinance institutions (MFIs) are operating in a liquidity constrained economy.

Assumption 2: Microfinance institutions (MFIs) are employing survival strategies to ensure ability to continue providing financial services to their target clients.

Assumption 3: The effectiveness of survival strategies employed by MFIs is influenced by factors such as the severity and duration of liquidity constraints.

1.8 Significance of the study

1.8.1 To the researcher

- Enhanced understanding: The research will deepen the researcher's understanding of the challenges faced by MFIs during periods of liquidity constraints and how they navigate through them. It provides an opportunity to gain insights into the dynamics of the microfinance sector and the strategies employed by MFIs to sustain their operations.

- Contribution to knowledge: By conducting this study, the researcher has the opportunity to contribute to the existing body of knowledge on the topic. The findings can fill gaps in the literature and provide valuable insights for practitioners, policymakers, and researchers interested in the field of microfinance and financial inclusion.

1.8.2 To the University

- Research reputation: Conducting research on a relevant and timely topic like the effectiveness of survival strategies of MFIs in a liquidity-constrained economy can enhance the university's research reputation. It demonstrates the university's commitment to addressing real-world problems and contributing to knowledge in the field of finance, economics, and development.

- Academic contribution: The study can contribute to the academic community by generating new knowledge and insights into the strategies employed by MFIs to navigate liquidity constraints. The research findings can be published in academic journals, further enhancing the university's reputation and advancing scholarly discussions in the field.

1.8.3 To the Policy makers and sector

- Evidence-based policy design: The research findings can provide policy makers and government officials with evidence to design effective policies and regulations that support MFIs during periods of liquidity constraints. The study can provide insights into the challenges faced by MFIs and the strategies that have been successful in navigating through such economic conditions.

- Economic impact: The research findings can shed light on the economic impact of the microfinance sector and the role of MFIs in promoting economic development and poverty reduction. Policy makers can use this information to assess the sector's contribution to the overall economy and develop policies that foster its growth and resilience.

1.9 Limitations

There are several limitations that the researcher faced and how these limitations were addressed:

- External Factors - The study may not account for the influence of external factors beyond the control of MFIs, such as macroeconomic shocks, regulatory changes, or political instability. These factors can significantly impact the effectiveness of survival strategies and the overall performance of MFIs in a liquidity-constrained economy. However, while the study may not be able to control external factors, it can acknowledge their potential influence on the survival strategies of Microfinance institutions (MFIs) in a liquidity-constrained economy. By discussing these external factors in the analysis and interpretation of the findings, the study can provide a more nuanced understanding of the challenges faced by MFIs and the contextual factors that may impact their strategies.

- Data Availability and Reliability - Obtaining comprehensive and reliable data on MFIs' liquidity management practices and their survival strategies can be challenging. Data collection may be limited to the information available in public documents, financial reports, and interviews, which may not capture the full scope of strategies employed by MFIs. The reliability and accuracy of self-reported data from MFIs may also be a concern. To address this limitation, the study can employ a triangulation approach. This involves collecting data from multiple sources, such as public documents, financial reports, interviews with MFI staff and clients, and relevant secondary data. By utilizing diverse data sources, the study can increase the depth and breadth of information captured, thereby enhancing the reliability and accuracy of the findings.

- Sensitivity analysis - Given the potential limitations of self-reported data, the study can conduct sensitivity analyses to test the robustness of the findings. This can involve comparing self-reported data with other objective measures, such as financial indicators or external evaluations, to assess the consistency and reliability of the reported strategies and outcomes.

- Qualitative methods - To complement quantitative data, the study can incorporate qualitative methods, such as in-depth interviews or focus group discussions, to capture nuanced insights into the survival strategies employed by MFIs. Qualitative data can provide a deeper understanding of the decision-making processes, contextual factors, and challenges faced by MFIs in a liquidity-constrained economy.

1.10 Delimitations

The study aims to examine the effectiveness of survival strategies employed by Microfinance institutions, specifically focusing on the KCI Management Mvurwi branch, within the context of the liquidity-constrained Zimbabwean economy. By focusing on a specific branch of KCI Microfinance in Mvurwi, the study can provide a detailed and in-depth analysis of the effectiveness of survival strategies in a specific context. This allows for a more focused examination of the strategies implemented by this particular branch and their outcomes within an agricultural focused area like Mvurwi.

The study's target period is from October 2023 to August 2024. By investigating this specific timeframe, the research aims to provide a comprehensive understanding of the tactics utilized by Microfinance institutions to navigate the challenging economic conditions in Zimbabwe during this period. The study will focus on a specific population size of 50, since a smaller population size makes the study more manageable in terms of data collection, analysis, and interpretation. It allows for a deeper and more comprehensive examination of the population, ensuring a higher quality of research.

1.11 Ethical Considerations

Research practices are governed and informed by moral considerations. These values consist of justice, beneficence, non-maleficence, respect for human dignity, autonomy, privacy, and confidentiality (Israel et al., 2016). The purpose of this study is to investigate the function of people and the ramifications of ethical problems that concern them. The researcher will take precautions to ensure that the subjects he selects for the study don't suffer any physical or psychological harm as a result of it. Any informants whose information is used in the study shall have their rights respected by the researcher. Plagiarism will also be prevented while conducting the research. Every reference made in the study will be linked back to the original work, and all writers of the ideas will receive credit. Permission from respondents was obtained first before conducting the research.

1.12 Definition of Key term

- **Microfinance Institutions (MFIs):** They provide financial services, such as loans, savings, insurance, and payment services, to low-income individuals or businesses who typically lack access to traditional banking services. They primarily target the unbanked or underbanked populations and aim to alleviate poverty and promote financial inclusion. (Reference: Armendariz and Morduch, 2010)

- **Survival Strategies:** Survival strategies refer to the actions and measures implemented by MFIs to sustain their operations and navigate challenges, particularly in a liquidity-constrained economy. These strategies aim to ensure the MFI's financial viability, maintain client outreach, and fulfill their social mission. (Duvendack et al., 2011)

- **Liquidity:** It means how quickly you can get your hands on your cash. In simpler terms, liquidity is to get your money whenever you need it. Liquidity might be your emergency savings account or the cash lying with you that you can access in case of any unforeseen happening or any financial setback.

- **Economy:** is the system for deciding how scarce resources are used so that goods and services can be produced and consumed. Resources are things like land, people (who can work or innovate through their ideas) and raw materials.

- **Liquidity-Constrained Economy:** A liquidity-constrained economy refers to a financial system or market where there is limited availability of liquid assets, such as cash or easily tradable securities. In such an economy, MFIs face difficulties in accessing funds, meeting their financial obligations, and maintaining their lending operations. (Cull and Morduch, 2009)

- **Financial Viability:** Financial viability refers to the ability of an MFI to generate sufficient revenues and manage its expenses to cover its costs, ensure profitability, and maintain its financial sustainability over the long term. It is also its ability to continue growing at the desired rate while still meeting customer expectations through high performance. It can be a measure of a company's ability to meet long-term financial targets, constantly maintaining a cushion that facilitates necessary investments at regular intervals. Financial viability must take into account many factors to be as helpful as possible, such as income, cash flow, net worth, bottom line, profitability, forecasted performance, and considerations beyond the finance team. It involves managing the MFI's loan portfolio quality, interest rates, operational efficiency, and diversification of funding sources.

- **Client Outreach:** Client outreach refers to the extent and scope of an MFI's ability to reach and serve its target clients, particularly those from low-income and vulnerable segments of the population. It includes measures such as expanding the MFI's geographic coverage, designing appropriate loan products, and providing tailored financial services to meet the specific needs of the clients. Client outreach is the act of reaching out to potential clients to inform them about your products or services. It can be a vital component of any business or organization's marketing strategy, particularly when it comes to expanding your customer base and increasing sales.

These definitions provide a foundation for understanding the key terms related to the effectiveness of survival strategies of MFIs in a liquidity-constrained economy.

1.13 Summary

This chapter provided an explanation of the reasons of conducting the study and outlined the objectives and issues that the study aims to address. It also outlines the limitations of the study in order to determine the effectiveness of survival strategies of Microfinance Institutions in a Liquidity-Constrained Economy. A literature review will be discussed in the subsequent chapter.

CHAPTER 2

LITERATURE REVIEW

2.0 INTRODUCTION

A systematic strategy to locating and evaluating pertinent publications relating to the subject being studied is defined as a literature review. Sources covered in the review may include scholarly journal articles, books, government reports, Web sites, etc. This chapter will be organized based on the objectives and will examine and assess the body of literature that has been written about the effectiveness of survival strategies of MFIs such as KCI Management Consultants in liquidity constrained economy. It offers a thorough analysis of the theoretical underpinnings, empirical research, and useful insights related to this subject. This chapter seeks to pinpoint the major themes, gaps, and trends in the area by synthesizing and evaluating the research. The paper examines a number of topics, such as the definition and assessment of liquidity limitations, the difficulties MFIs experience in such countries, and the many methods used to overcome those difficulties. It also looks into how survival techniques affect the viability, reach, and social impact of MFIs. This literature review lays the groundwork for the succeeding chapters by stressing the importance of the research and directing the design of research questions and hypotheses by building on the body of information already known. By analyzing and integrating pertinent material, this chapter seeks to develop a theoretical framework for the investigation.

2.1 Theoretical Framework

The Financial Involvement and Microfinance Theory, Resource Dependence Theory, Institutional Theory, Resilience Theory, and Strategic Management are some of the theories that will inform this study. These ideas offer a thorough perspective through which to study the survival tactics used by MFIs in economies with limited liquidity. This study intends to advance knowledge about how MFIs can successfully manage liquidity limitations and assure their sustainability in difficult economic contexts by incorporating these theoretical viewpoints. The subsections that follow address these theories.

2.1.1 Institutional theory

Institutional theory stresses how institutional contexts, both formal and informal, affect organizational behavior. It was formulized by John W Meyer and Brian Rowan in 1977. This theory was developed in order to understand how organizations functions and are shaped by the broader institutional environment in which they operate According to the institutional theory, organizations are not influenced by their internal characteristics and goals, but also by external social, cultural and regulatory forces that exist within the larger society. It refers to a theory about the ways in which organizational structures, norms, practices, and patterns of social relationships are connected to the broader social and cultural environment. This theory sheds light on how external elements like governmental regulations, legal frameworks, and cultural norms influence the survival strategies employed by MFIs. It emphasizes how crucial it is to follow institutional expectations and norms while simultaneously adjusting to the particular difficulties brought on by liquidity restrictions (Scott, 2014). Understanding how MFIs handle institutional pressures and restrictions to maintain operations and carry out their social mission is possible thanks to institutional theory.

2.1.2 Resource Dependence Theory

The theory is based on the principle that an organization, such as a business firm, must engage in transactions with other actors and organizations in its environment in order to acquire resources. According to this theory, organizations must rely on outside resources in order to succeed and survive. This theory helps to explain how MFIs that operate in economies with tight liquidity constraints control their resource dependencies and deal with the difficulties posed by those tight financial resources. According to the theory, MFIs may use tactics including diversified funding sources, strategic alliances, and effective resource management to lessen the effects of liquidity limitations (Pfeffer & Salancik, 2003). The analysis of how MFIs obtain and manage their financial resources to ensure their survival and resilience can be done using the resource dependence theory as a lens.

2.1.3 Financial involvement and Microfinance Theory

Microfinance performance theory states that for any microfinance institution to be seen as achieving its goals, its performance must be analyzed based on key indicators such as profit margin, client outreach, operational self-sufficiency, portfolio at risk, return on assets, return on equity. These two topics shed light on how MFIs might help marginalized groups gain access to and involvement in the financial system. These ideas place a strong emphasis on the value of specialized financial services, client-centered strategies, and social mission alignment. These theories provide insight into how MFIs reconcile financial sustainability with their social purposes and modify their service offerings to cater to the demands of clients in situations with limited resources, particularly in the context of liquidity limitations (Armendariz & Morduch, 2010). The investigation of how MFIs build and implement survival strategies that meet the financial requirements of the underserved while being sustainable is guided by financial inclusion and microfinance theory.

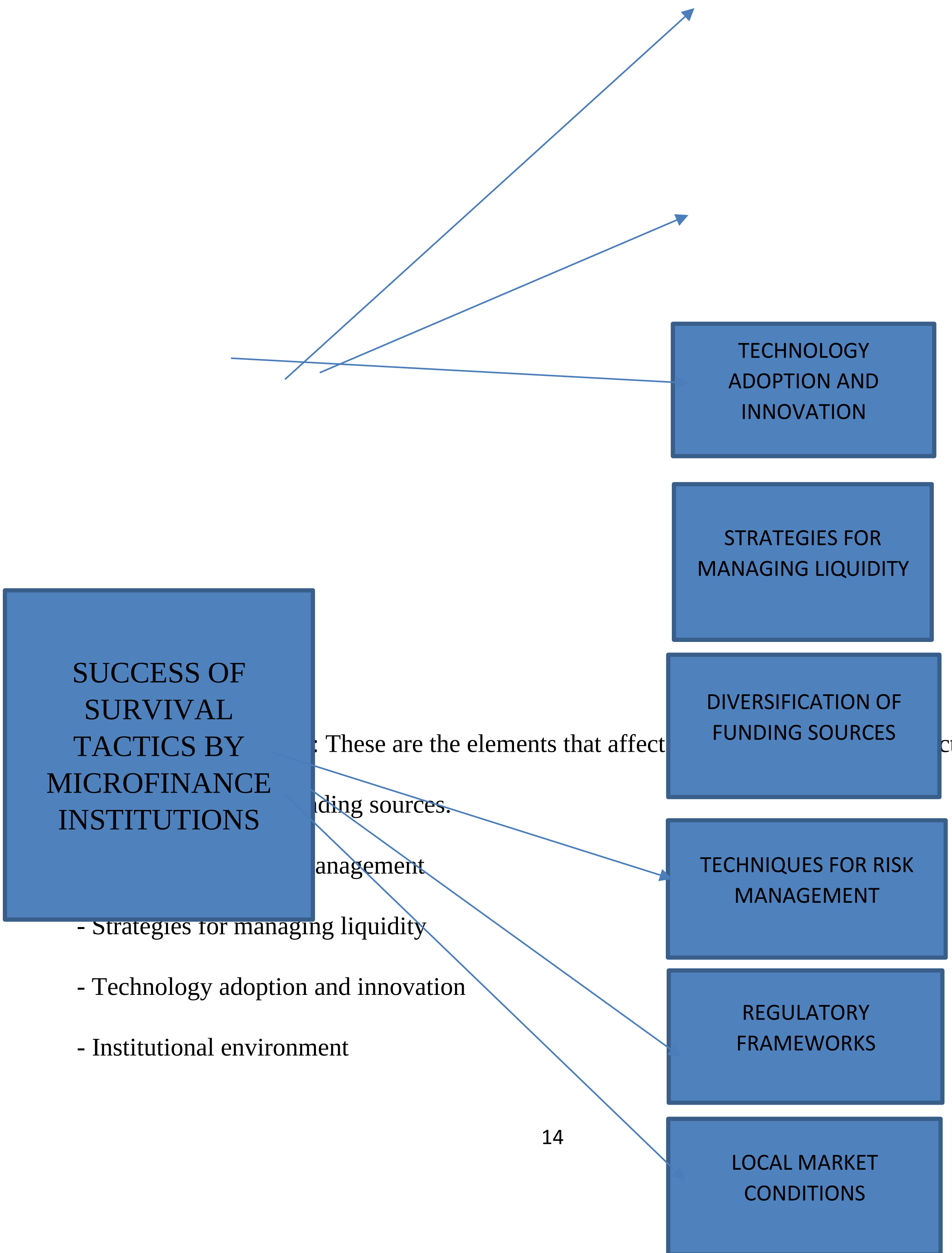
2.1.4 Resilience Theory

Resilience theory explores the process of navigating challenges and thriving. It takes a strengths-based approach, emphasizing the inner resources and external supports that help individuals bounce back from adversity. It investigates a company's capacity for growth and adaptation in the face of adversity. This theory offers a lens through which to analyze how these institutions create strategies to resist crises and secure their survival in the context of MFIs functioning in liquidity-constrained economies. As essential elements of resilience methods, it emphasizes the significance of risk management, emergency preparedness, and organizational learning (Hamel & Välikangas, 2003). Resilience theory provides important insights into how MFIs might improve their capacity to deal with liquidity restrictions and continue to operate in difficult economic contexts.

2.2 Conceptual framework

A conceptual framework, according to Ngechu (2006), is a diagram showing the relationships between dependent and predictor factors. It sets forth the standards to define a research question and find appropriate, meaningful answers for the same. It connects the theories, assumptions, beliefs, and concepts behind your research and presents them in a pictorial, graphical, or narrative format. The literature on organizational resilience and strategic management, as well as the research on microfinance and financial inclusion, served as the foundation for this dissertation's conceptual framework. Liquidity limitations, survival tactics, financial stability, and outreach/social effect also make up the conceptual framework for the literature evaluation on the effectiveness of survival strategies of microfinance institutions (MFIs) in liquidity-constrained economies. The framework offers a theoretical lens through which to examine the literature and comprehend the connections between these elements. A conceptual framework comprising multiple essential elements can be utilized to examine the efficacy of MFIs' survival strategies in an economy with limited liquidity. These elements are represented in diagram below

Diagram 2.1 Elements affecting effectiveness of survival strategies.



: These are the elements that affect ctics are.

ding sources.

anagement

- Strategies for managing liquidity

- Technology adoption and innovation

- Institutional environment

- Regulatory frameworks
- Local market conditions
- Social capital and community relationships

2. Dependent Variable: The success of survival tactics is the dependent variable. It can be assessed with the use of signs like:

- Sustainability of finances (profitability, solvency, etc.)
- Portfolio quality, including non-performing loans and repayment rates
- Operational scope and outreach
- Client welfare and social impact

2.2.1 Microfinance and financial inclusion

Microfinance is a method of providing financial services that strives to give low-income people and underserved communities access to affordable and suitable financial services (Armendariz & Morduch, 2010). It refers to the financial services provided to low-income individuals or groups who are typically excluded from traditional banking. Most microfinance institutions focus on offering credit in the form of small working capital loans, sometimes called microloans or microcredit. It includes a variety of financial goods and services, such as credit cards, savings accounts, insurance, and payment methods. The primary suppliers of microfinance services are microfinance institutions (MFIs), which serve the financial requirements of people and microbusiness owners who are frequently shut out of regular banking systems. It was emphasized that microfinance is not just about providing credit, but also includes other financial services that are essential for improving the lives of low-income individuals and promoting economic development. Microfinance, as defined by Blundell (2008), refers to the provision of financial services to individuals who are self-employed and have low incomes. These individuals are typically excluded from traditional financial systems due to a lack of collateral, consistent employment, and a verifiable credit history. However, microfinance goes beyond just providing loans to the poor, it also includes other financial services such as deposits, payment services, money transfers, and insurance products to help empower low-income households and microenterprises to improve their living standards and increase their income levels.

On the other side, financial inclusion refers to the availability and use of formal financial services by all social groups, particularly those who are excluded and underserved financially. Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs transactions, payments, savings, credit and insurance delivered in a responsible and sustainable way. According to Cull, Demirgüç-Kunt, and Morduch (2018), it is essential for fostering social empowerment, economic development, and the decrease of poverty. Microfinance contributes to financial inclusion by enabling people to save, access credit, manage risks, and engage in economic activity by facilitating access to financial services (Ledgerwood, 2006).

- Microfinance and Financial Inclusion in Economies with Limited Liquidity

According to Dabla-Norris, Ji, Townsend, and Unsal (2015), economies with insufficient liquidity are those with limited access to financial resources, unstable currencies, and difficulty luring foreign investment. The importance of microfinance in meeting the financial requirements of the underserved population increases in these situations because traditional financial institutions may be less willing or able to do so.

Microfinance organizations that operate in economies with limited liquidity confront particular difficulties in maintaining their viability and expanding their clientele. These institutions' survival tactics are essential for overcoming liquidity problems and preserving financial stability.

- The Function of Survival Techniques in Microfinance Organizations

To negotiate the difficulties caused by liquidity restrictions and accomplish their purpose of financial inclusion, MFIs must have survival strategies. These strategies cover a wide range of topics, such as the diversification of funding sources, effective liquidity management techniques, strategic alliances, and technology advancements.

a. Diversification of finance Sources: MFIs operating in economies with tight liquidity frequently have trouble finding finance. Diversifying financing sources improves financial resilience by reducing reliance on a single source (Mersland & Strm, 2017). Obtaining funding from social impact investors, gaining access to both domestic and foreign financial markets, and mobilizing deposits are a few examples of how to do this (Rhyne & Otero, 2006).

b. Liquidity Management Practices: To ensure financial stability, MFIs must practice effective liquidity management. This calls for techniques like asset-liability management, cash flow forecasting, and contingency planning (Mersland & Strm, 2017). MFIs can guarantee enough liquidity to meet customer demands and weather unforeseen events by being aware of their liquidity needs and managing risks.

c. Strategic Partnerships: According to Rhyne and Otero (2006), collaborations and partnerships with other financial institutions, development agencies, or technology suppliers can aid MFIs in overcoming liquidity issues and improving operational effectiveness. Strategic alliances can give you access to more cash, technological know-how, and creative solutions to help you reach more customers.

d. Technological Innovations: As a result of technological development, MFIs are now able to target underserved people more effectively and affordably. Access to financial services has been increased, transaction costs have been decreased, and operational efficiency has increased thanks to mobile banking, digital platforms, and alternative credit scoring techniques (Mersland & Strm, 2017). Accepting such technology advancements can assist MFIs in overcoming liquidity challenges and expanding their reach.

- How Survival Techniques Affect Financial Inclusion

Financial inclusion is significantly impacted by MFIs' use of survival tactics in economies with limited liquidity. With the use of these techniques, MFIs can increase the accessibility and affordability of financial services for marginalized people while also broadening their reach and enhancing service delivery.

MFIs can get the financing they require to grow their operations and cater to a larger clientele by diversifying their funding sources (Armendariz & Morduch, 2010). Effective liquidity management procedures guarantee that there are funds available to meet clients' financial demands, which promotes greater financial inclusion (Ledgerwood, 2006).

MFIs can extend their operations and overcome liquidity constraints thanks to strategic partnerships that give them access to knowledge, networks, and resources (Armendariz & Morduch, 2010). Innovative digital solutions can be used in partnerships with technology providers to target people and rural places that have little access to physical branches.

The incorporation of technical advancements in microfinance increases accessibility, lowers costs, and improves efficiency (Rutherford, 2000). As a result, MFIs may service more customers and provide a wider range of products, which promotes greater financial inclusion.

In order to promote financial inclusion and meet the financial requirements of disadvantaged communities, microfinance firms must employ survival tactics in countries with limited liquidity. MFIs can overcome liquidity constraints and expand their reach by diversifying their funding sources, employing efficient liquidity management techniques, forming strategic alliances, and adopting cutting-edge technology. These tactics help to increase access to inexpensive and suitable financial services, so boosting financial inclusion and fostering economic growth, in addition to ensuring the long-term viability and financial stability of MFIs.

2.2.2 Organizational resilience and strategic management

According to Lengnick-Hall, Beck, and Lengnick-Hall (2011), organizational resilience is the capacity of an organization to foresee, adapt to, and successfully respond to internal and external shocks while preserving its essential functions and achieving its goals. It entails enhancing flexibility, increasing adaptive capacity, and creating plans for overcoming obstacles and uncertainties. Contrarily, strategic management covers all of an organization's planning, implementation, evaluation, and adjustment processes and activities in order to help it reach its long-term objectives (David, 2017). It includes establishing strategic goals, assessing the internal and external environments, developing strategies, and successfully putting those strategies into action.

Strategic management and organizational resilience are related ideas because good strategic management techniques help to increase organizational resilience. Strategic management enables companies to proactively address risks, capture opportunities, and adapt to changing conditions by matching strategic goals with the organization's capabilities and external opportunities (Hitt, Ireland, & Hoskisson, 2017). This conceptual framework examines the crucial elements of strategic management and organizational resilience, as well as how they interact.

- The Essential Elements of Organizational Resilience:

a. Risk assessment and planning: Building organizational resilience starts with a thorough analysis of potential threats and weaknesses. Identifying internal and external risks, assessing their possible effects, and developing risk mitigation methods are all necessary steps in this process (Lengnick-Hall et al., 2011). Organizations can proactively prepare and dedicate resources to reduce future disruptions by knowing the risks they face.

b. Flexibility and Adaptability: To develop organizational resilience, the culture, procedures, and structure of the organization must all be flexible and adaptable. This entails supporting innovation, fostering an agile attitude, and creating a learning company (Lengnick-Hall et al., 2011). Businesses that are open to change and can swiftly modify their operations and strategy are better able to endure disruptions and exploit new possibilities.

c. Resource Management: Organizational resilience depends on effective resource management. To support the organization's strategic goals and effectively handle unforeseen events, this entails optimizing the allocation of financial, human, and technology resources (David, 2017). Organizations must give priority to allocating resources to initiatives that improve resilience, such as infrastructure investments in technology, staff development, and emergency planning.

d. Engagement of Stakeholders: Stakeholder engagement is crucial to organizational resilience. This entails fostering solid connections with stakeholders like regulators, customers, suppliers, employees, and the general public (Lengnick-Hall et al., 2011). Organizations can benefit from the pooled wisdom and support of stakeholders by encouraging open communication, collaboration, and trust when there is upheaval.

- Strategies for Effective Management to Promote Organizational Resilience:

a. Effective strategic management starts with a careful examination of the internal and external environments. To do this, you should perform a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats), look at market trends, and foresee future disruptions (Hitt et al., 2017). Strategic managers may create effective plans that strengthen organizational resilience by having a clear grasp of the possibilities and risks in the organization's operational environment as well as its strengths and weaknesses

b. Strategy Development: Strategic management entails developing concise, executable strategies that complement the objectives and resources of the firm. This entails formulating strategic options, establishing strategic goals, and recognizing competitive advantages (David, 2017). Building adaptable capacities, diversifying revenue sources, and creating backup plans to deal with possible disruptions are all key components of strategies to increase organizational resilience.

c. Strategy Execution: Strong strategy execution is crucial for organizational resilience. In order to support the selected strategies, organizational structures, processes, and resources must be aligned (Hitt et al., 2017). To ensure that strategies are carried out successfully and that the company can adapt to new requirements and problems, strong leadership, communication, and change management are required.

d. Continuous strategy evaluation and modification is essential for organizational resilience. Strategic managers must track the development of strategic initiatives, evaluate their efficacy, and make required modifications in response to shifting conditions (David, 2017). This iterative method makes ensuring that strategies are still applicable and efficient while assisting firms in remaining responsive to new threats and opportunities.

- The interaction of strategic management and organizational resilience:

Strategic management and organizational resilience are two ideas that are closely related. Strategic management methods offer a methodical way to deal with ambiguity and accomplish long-term goals, which helps to increase organizational resilience. Organizational resilience, on the other hand, makes strategic management possible by guaranteeing that the organization can suffer setbacks and successfully carry out the planned strategies.

Organizations can create a competitive advantage in ambiguous and rapidly changing contexts by incorporating organizational resilience into strategic management methods (Lengnick-Hall et al., 2011). For long-term success and sustainability, it's imperative to have the capacity to foresee disturbances, react to them, adapt plans to changing conditions, and take advantage of opportunities.

In conclusion, in order for firms to succeed in dynamic and uncertain settings, organizational resilience and strategic management are critical. Organizations can improve their capacity to foresee and react to disturbances by combining risk assessment, flexibility, resource management, and stakeholder involvement into their resilience framework. Organizations can better match their objectives and capabilities with the changing environment by using strategic management techniques, such as environmental analysis, strategy design, implementation, and evaluation. Organizations may adapt, innovate, and survive despite adversities thanks to the interaction between organizational resilience and strategic management.

2.2.3 Liquidity Constraints

According to Christen et al. (2013), liquidity constraints are the difficulties MFIs have in obtaining enough funding and managing their liquid assets in countries with tight liquidity. According to Cull (2010) and Mersland & Strm (2009), these limitations may result from factors like the scarcity of financial markets, governmental limitations, and economic volatility. In order to recognize the difficulties MFIs face in maintaining enough levels of liquidity to meet their financial obligations and efficiently service their clients, it is essential to understand the nature and causes of liquidity restrictions.

2.2.4. Survival Strategies

According to Campion and White (2018) and Mersland and Strm (2010), survival strategies refer to the actions and methods MFIs take to deal with liquidity issues and maintain their viability. These techniques can include implementing effective liquidity management practices to maximize the use of available resources (Hartarska & Mersland, 2012), diversifying funding sources to reduce reliance on a single funding channel (D'Espallier et al., 2013), cultivating strategic alliances with other financial institutions or development organizations (Hermes et al., 2012), and leveraging technological advancements to increase operational efficiency and reach (Gonzalez). Investigating these tactics provide information about the realistic methods MFIs use to handle liquidity issues and improve their resilience.

2.2.5 Financial Stability

According to Campion and White (2018), financial stability is the capacity of MFIs to sustain solid financial health and absorb shocks in circumstances with limited liquidity. Effective survival strategies aid MFIs in managing their liquidity, reducing risks, and ensuring sustainable operations, all of which contribute to financial stability (Mersland & Strm, 2013; Serrano-Cinca et al., 2015). Can also be defined as a condition in which an economy's mechanisms for pricing, allocating, and managing financial risks (credit, liquidity, counterparty, market, etc.) are functioning well enough to contribute to the performance of the economy. Understanding how various strategies affect the long-term health and profitability of MFIs in countries with limited liquidity is made possible by looking at the relationship between survival strategies and financial stability.

2.2.6 Outreach and Social Impact

According to Campion and White (2018) and Ledgerwood (2006), outreach and social impact refer to the extent to which MFIs reach underserved populations and help to reduce poverty and promote financial inclusion. By enabling MFIs to increase their clientele, tailor their goods and services to the needs of the target market, and encourage sustainable economic development, survival strategies play a critical role in facilitating outreach and maximizing social impact (Gutiérrez-Nieto et al., 2012; Mersland & Strm, 2014). The success of MFIs in carrying out their objective of inclusive financing and poverty reduction is revealed by investigating the consequences of survival strategies for outreach and social impact.

2.2.7 Strategic Management

Theories and frameworks for strategic management offer direction on how companies develop and put into action plans to attain their objectives. Strategic management theories can help MFIs in economies with tight liquidity establish survival plans that take advantage of the environment's particular possibilities and constraints. comprehension how MFIs deal with liquidity restrictions and preserve their existence requires a comprehension of concepts including environmental analysis, strategy creation, implementation, and evaluation (David, 2017). Theories of strategic management offer a thorough framework for examining the tactical decisions and actions taken by MFIs in response to liquidity restrictions.

2.3 Empirical Review

According to Yazan (2015), an empirical review includes any earlier research or literature that is pertinent to the current topic. It is an approach to assessing the evidentiary value of a research area. It involves selecting a cross-section of studies for replication and evaluating their replicability. A literature review is a survey of scholarly sources on a specific topic. It provides an overview of current knowledge, allowing you to identify relevant theories, methods, and gaps in the existing research. The goal is to incorporate strength of evidence as researchers refine theories and plan new investigations in the research area. Yazan highlights the value of empirical research further by pointing out that it offers pertinent knowledge and factual data. Additionally, it offers a synopsis of the body of knowledge already available.

Armendariz and Szafarz (2011) looked at MFIs' post-global financial crisis survival tactics. They discovered that one key tactic used by MFIs to handle liquidity limitations and preserve their longevity was diversification of funding sources, including mobilizing deposits and accessing capital markets. In order to withstand liquidity shocks, the study underlined the value of limiting reliance on a single source of finance and developing a varied funding base.

D'Espallier, Guérin, and Mersland (2013) investigated how liquidity restrictions affect MFI performance and viability. They discovered that MFIs were better able to survive liquidity shocks and continue operating when they had higher levels of financial self-sufficiency and access to funding sources. The study made clear how crucial it is to keep a sound financial position and forge solid bonds with funders and investors in order to secure liquidity in difficult economic times.

Hermes and Lensink (2007) looked into how MFIs in Bolivia dealt with liquidity restrictions. They discovered that MFIs may reduce liquidity risks and guarantee their sustainability by adopting an active liquidity management strategy that included the utilization of reserve money and short-term borrowing. In order to overcome the uncertainties and variations in cash flows experienced by MFIs, the study underlined the importance of proactive liquidity planning and management.

Kibet and Njeru (2018) looked at the MFIs' survival tactics in Kenya. They determined that strategic alliances with commercial banks, governmental bodies, and donor organizations were efficient ways for MFIs to have access to more liquidity and improve their chances of surviving. The study emphasized the value of networking and collaborating to get resources and assistance from outside sources when there are cash flow restrictions.

A study of MFIs' crisis-related survival tactics was done by Mersland and Strm in 2010. They discovered that in order for MFIs to handle liquidity limitations and maintain their operations, robust risk management methods, such as loan portfolio diversification and rigorous credit evaluation, were crucial. The study stressed the significance of putting in place strong frameworks and tools for risk management in order to identify and reduce potential liquidity concerns.

In 2006, Roodman and Qureshi looked at the worldwide viability and sustainability of MFIs. In their 2009 study, Cull, Demirgüç-Kunt, and Morduch looked at how funding sources affected MFIs' ability to withstand the financial crisis. They discovered that MFIs with a wider range of funding sources, such as equity investments and deposits, were better able to absorb liquidity shocks and continue operating. The study emphasized how crucial it is to have access to a range of funding choices in order to improve liquidity resilience MFIs. They discovered that MFIs with higher degrees of financial self-sufficiency, solid governance frameworks, and varied funding sources had a higher chance of thriving in circumstances with limited liquidity. The study emphasized how crucial it is to increase MFIs' chances of survival by fostering financial resilience, guaranteeing good governance, and keeping a balanced funding mix.

In their 2009 study, Cull, Demirgüç-Kunt, and Morduch looked at how funding sources affected MFIs' ability to withstand the financial crisis. They discovered that MFIs with a wider range of funding sources, such as equity investments and deposits, were better able to absorb liquidity shocks and continue operating. The study emphasized how crucial it is to have access to a range of funding choices in order to improve liquidity resilience.

The survival tactics of MFIs under the conditions of liquidity limitations and unfavorable selection were studied by Ghatak and Guinnane (1999). They discovered that MFIs were better able to control liquidity risks and guarantee payback when they adopted screening and monitoring measures, such as group lending and social collateral. The study placed a strong emphasis on the role of creative lending techniques in getting around liquidity problems.

Hartarska and Nadolnyak (2007) investigated how liquidity restrictions affected the effectiveness and viability of MFIs in transition economies. They discovered that MFIs were more likely to survive and continue operating if they had higher capitalization levels and better access to funding sources. In order to ensure the viability of MFIs, the study stressed the significance of capital sufficiency and liquidity management.

In addition to that, Kabeer and Mahmud (2017) carried out research to determine how liquidity restrictions affected MFI performance in developing nations. Their research showed that MFIs were better equipped to endure liquidity constraints and carry on offering financial services to their clients when they actively participated in liquidity management practices, such as keeping larger levels of capital reserves and putting in place efficient liquidity risk policies.

In a 2018 study, Mr. Rahman and Mr. Zamman examined the effects of liquidity constraints on the operations of microfinance organizations in Bangladesh. They discovered that microfinance institutions were more successful in relieving liquidity constraints and guaranteeing their sustainability when they actively managed their liquidity through strategies like keeping higher levels of liquid assets and building strong relationships with domestic financial institutions.

Similar to this, Kasekende et al. (2020) looked into the efficiency of particular survival tactics used by MFIs in Uganda during a liquidity crisis. Their research showed that MFIs were able to lessen the negative effects of liquidity restrictions and preserve financial stability by implementing proactive risk management methods, such as strict loan portfolio monitoring, efficient credit risk assessment, and loan loss provisioning.

Furthermore, Mersland et al.'s (2019) investigation looked at how social performance and responsible lending practices might help MFIs survive in a world where liquidity is scarce. The researchers discovered that MFIs were more resilient and better equipped to handle liquidity limitations when they prioritized social impact and used responsible lending methods, such as client-focused loan restructuring during difficult financial circumstances.

Additionally, in a study published in 2018, Amin, Rahman, and Bhuyan examined how social capital affected MFIs' ability to survive in a market with limited liquidity. During times of liquidity crisis, MFIs with strong local networks and ties were more successful in mobilizing deposits and gaining access to alternative funding sources, according to the report. The study stressed the value of social capital and trust-building as a critical tactic for MFIs navigating liquidity limitations.

Hermes and Lensink (2018) looked into the effect of liquidity restrictions on MFI performance in a sample of developing nations in another empirical study. Their research showed that MFIs were better able to manage liquidity constraints when they had more capitalization and effective debt recovery procedures. The report also emphasized the significance of conservative lending practices in strengthening MFIs' survival strategies in economies with limited liquidity, such as carrying out in-depth credit assessments and putting in place loan monitoring systems.

In a 2019 study, Kundu and Bhaumik investigated the efficacy of survival tactics used by MFIs in India amid a liquidity crisis. The researchers discovered that MFIs were better equipped to handle liquidity limitations and continue their operations when they concentrated on developing strong bonds with regional financial institutions and actively participated in borrowing from a variety of sources, including banks and capital markets. Additionally, they noticed that MFIs were more resistant to liquidity shocks when their loan portfolios were diversified and their risk management procedures were strong Armendariz and Morduch's (2019) study looked at a sample of countries' MFIs' use of survival tactics and how effective they were. The researchers discovered that MFIs' access to a variety of funding sources, including as grants, deposits, and loans from commercial banks, improved their capacity to retain liquidity during times of financial hardship. The report also emphasized how crucial it is to employ efficient risk management techniques, like proactive monitoring and loan portfolio diversification, in order to guarantee the long-term viability and stability of MFIs

Moreover, a study by Sarker and Murshed (2020) investigated how institutional and governance factors affected the MFIs in Bangladesh's ability to survive. They discovered that MFIs that had more robust governance frameworks—including accountable and transparent decision-making procedures—were better able to handle liquidity limitations. The report underlined how important sound governance procedures are to MFI sustainability and resilience in difficult economic times.

2.4 Research Gap

There is a noticeable research gap in the subject due to the paucity of studies on the viability of the survival tactics used by microfinance institutions (MFIs) in a liquidity-constrained environment. Although there is a body of literature on the basic tactics that MFIs use, there aren't many empirical studies that concentrate on how well they work when navigating liquidity limitations. Our knowledge of the precise actions MFIs can take to maintain operations and guarantee financial stability in difficult economic times is hampered by this research gap. The wide range of survival tactics used by MFIs in countries with limited liquidity need to be further investigated, as well as the effects these tactics have on important financial performance metrics such loan portfolio quality, profitability, and financing source accessibility.

Additionally, there is a study vacuum about the contribution of innovation and technology to improving MFIs' survival strategies in economies with limited liquidity. Although the significance of digital financial services, such mobile banking and digital payment systems, has been mentioned in a few studies, more empirical study is required to fully understand how technology-driven solutions affect the management of liquidity constraints. Examining the efficacy of advancements in fields like mobile money, fintech collaborations, and data analytics can provide insight into how MFIs might use technology to get around liquidity issues and enhance their overall operations.

The little attention paid to the social effect aspect of survival strategies is another study gap. While achieving financial sustainability is important, it's also critical to fully understand how survival methods fit into MFIs' social goal. In order to ensure that MFIs stay loyal to their mission of supporting underprivileged groups, it can be helpful to examine the balance between financial sustainability and social performance. This will give insights into how survival strategies can be created to fulfill both economic and social objectives.

By filling in these research gaps, we may advance our knowledge of the survival tactics used by MFIs in economies with limited liquidity and offer practitioners, policymakers, and microfinance academics insightful information.

2.5 Summary

The empirical understanding of how the effectiveness of the MFIs' survival tactics in countries with limited liquidity has benefited from these studies. Diversification of financial sources, active liquidity management, strategic alliances, efficient risk management, and solid governance structures are among the measures mentioned. This dissertation seeks to further study and analyze the effectiveness of survival tactics of MFIs in a liquidity-constrained economy by elaborating on the findings of earlier research, offering further insights and suggestions for the sector. This chapter serves a foundation for Chapter 3, the research methodology that follows.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction

The researcher will examine the methodologies and approaches used for the study project in this part. This covers the design of the study, choosing the participants, the research tool, assuring accurate and valid data, ethical issues, and a succinct summary of the entire technique.

3.1 Research Design

According to Kirumbi (2018), a research design involves the gathering and analysis of measures of variables listed in a problem statement. It is a collection and analysis of measures of variables specified in a problem statement. It is important to demonstrate the structure of the study, as well as to demonstrate how the different components of the research project work out together to fill the gaps in the study question. It is a strategy for answering your research question using empirical data. In Kerlinger's (1973), the research design sheds light on the organization of the strategy as well as the method of analysis used to respond to the research questions and establish the control variance. For this investigation, the researcher will often use a descriptive study design. The purpose of descriptive research design is to provide descriptive information about individuals, occurrences, or conditions by examining the subject on the basis of research conducted in the natural environment. The design was chosen for its capacity to allow the researcher to expand the sample size and generalize results. The purpose of selecting descriptive case studies was to obtain a numerical percentage of the microfinance institution contribution in the effectiveness of their survival strategies in liquidity constrained economy. By studying the subject on the basis of research, descriptive research designs aim to provide descriptive information about people, events, or conditions. The authors of Creswell and Plano Clark's (2017) guideline the planning and execution of mixed methods research. Their thoughts can be used in this situation to help the research design integrate quantitative and qualitative elements. While the qualitative component will comprise in-depth interviews with MFI practitioners, the quantitative examination of financial data will be carried out using statistical approaches such as SPSS. The proper sequencing and integration of these methodologies can be aided by Creswell and Plano Clark's framework in order to successfully meet the study objectives.

3.2 Population

The targeted population refers to a specific group of individuals or objects that a researcher aims to generalize their study results to. Microfinance Institution (MFI) working in a liquidity-constrained environment make up the population for this study. In light of the topic's specialization and possible obstacles to data access or fieldwork, a population size of 200 can offer a manageable study scope. In this case, the targeted population consists of 200 MFIs' managers, loan officers and also including their clients within the targeted area which is Mvurwi.

3.3 Sample size

A sample refers to a subgroup of the larger population that is being studied. Numerous factors, including time, money, and statistical power, must be taken into account in order to choose the right sample size. The sample size should be appropriate for the analysis's statistical power while yet making it possible to gather the required data using the resources at hand (Saunders, Lewis, & Thornhill, 2019).

One commonly used formula for calculating sample size in a quantitative study is the formula for estimating a proportion. This formula is given by:

n = (Z^2 * p * q) / E^2

Where:

- n represents the required sample size,

- Z is the standard normal deviate corresponding to the desired level of confidence (e.g., 1.96 for a 95% confidence level),

- p is the estimated proportion of the population with a particular characteristic (e.g., the proportion of MFIs employing a specific survival strategy),

- q is the complement of p (i.e., q = 1 - p),

- E is the desired margin of error (e.g., the desired level of precision for estimating the proportion).

So in our case;

Calculation of the sample size (n) for a desired margin of error of 9.8%:

Desired level of confidence: 95% ($\alpha = 0.05$)

Margin of error: 9.8% (0.098)

Estimated population proportion: 0.50 (50%)

Using the sample size formula:

n = (Z^2 * p * q) / E^2

where:

n = required sample size

Z = Z-score corresponding to the desired confidence level

p = estimated proportion of MFIs implementing the survival strategy

q = 1 - p

E = margin of error

Plugging in the values:

Z = 1.96 (corresponding to a 95% confidence level)

p = 0.50

q = 1 - p = 0.50

E = 0.098

n = (1.96^2 * 0.50 * 0.50) / 0.098^2

n = (3.8416 * 0.25) / 0.009604

n = 0.9604 / 0.009604

n ≈ 100 (required sample size)

Therefore, to achieve a margin of error of approximately 9.8%, you would need a sample size of around 100. This selected portion is considered representative of the entire population, therefore 100 managers, loan officers and customers will be focused on out of the 200 chosen population.

3.4 Sampling technique

The population's accessibility and availability of MFIs will determine the sample technique that is used. If a thorough list of MFIs is provided, probability sampling approaches like stratified random sampling or cluster sampling may be appropriate. If the population is hard to reach or a thorough sampling frame is lacking, non-probability sampling approaches like convenience sampling or purposive sampling may be used (Easterby-Smith, Thorpe, & Jackson, 2015).

Purposive sampling will be the method of sampling that will be applied in this situation. It involves choosing people or instances with certain traits or qualities pertinent to the research issue. It can provide data during the exploratory research phase to inform more in-depth, follow-up research. It can offer this information quickly and easily using relatively small samples that don't require having a complete population list or the other complications associated with random sampling. It is a cost-effective sample selection method that depends on the researcher's knowledge to choose the best-fit participants for the investigation. It helps to save time and make the most out of a small population of interest and arrive at valuable research outcomes. When examining the efficacy of MFIs' survival strategies, the researcher will focus on a MFI called KCI that operate in Mvurwi area with limited liquidity as well as its managers, loan officers and the customers they cater to.

3.5 Data Sources

This research study drew on both primary and secondary sources. A questionnaire was designed and distributed to MFIs' managers, loan officers and customers to collect primary data which provided both first-hand and second-hand responses to meet the objectives of the study. The researcher describes the procedures used in this section to obtain the primary data. The KCI Management Consultants central office, which is located in Harare and also its local centered branch in Mvurwi, served as the primary information sources for the study. In addition to primary data sources, secondary data was obtained by examining relevant journal and literature relevant to the subject matter of the study. The researcher completed a year of work-related training at this business, allowing him to develop cordial relationships with the staff and maybe receive speedy responses. Primary data sources were used to gain a better understanding of the MFIs' managers, loan officers and customers experiences and perspectives, while secondary data provided a wider context and support for the research by referencing existing literature and research. The primary data was used to obtain first hand and relevant responses to the research questions, and was supplemented with secondary data sources to ensure a comprehensive and well-informed analysis of the subject matter.

3.3.1 Questionnaires and surveys

Surveys or questionnaires were distributed to gather quantitative information from KCI's managers, loan officers and their customers. Questionnaires are a type of research tool that consist of a set of questions either printed or written, with an option of selection answers, designed for a survey or statistical study. In order to facilitate primary data collection, a questionnaire was created as a suitable data collection tool to assess the effectiveness of survival strategies by MFIs in liquidity constrained economy. They can assist in gathering data on different elements of survival tactics, including the kinds of tactics used, their efficacy, and the difficulties encountered. To collect a variety of replies, Likert scale questions, multiple-choice questions, and open-ended questions can be used.

3.3.2 Interviews

Interviewing of KCI managers, employees was done to yield insightful qualitative information about survival tactics. It is possible to investigate their survival strategy knowledge, attitudes, and practices using structured or semi-structured interviews. In-depth insight can be attained by asking probing inquiries.

3.3.3 Observations

The activities, interactions, and decision-making processes of KCI was directly observed, in order to yield important insights into their survival tactics. This approach entails routinely watching and documenting pertinent MFI-related behaviors and activities.

3.4 Research Instruments

3.4.1 Research Philosophy

The choice of research philosophy depends on the epistemological and ontological perspectives. In the case of studying survival strategies of MFIs, a mixed-methods approach was adopted, combining both positivist and interpretivist research philosophies (Morgan D.L. 2014).

- Positivism: The emphasis of positivism is on a scientific, unbiased approach to study. Through the examination of quantitative data, it attempts to establish causal correlations. When analyzing the effects of particular survival strategies on MFI performance indicators, such as the loan portfolio's quality or financial sustainability, this philosophy is helpful.

- Interpretivism: Interpretivism aims to comprehend people's subjective meanings, experiences, and social situations. It places a strong emphasis on gathering and analyzing qualitative data in order to obtain a thorough understanding of MFIs' attitudes, actions, and decision-making processes. This concept was pertinent in examining the factors that lead KCI in a liquidity-constrained economy to embrace or reject survival tactics.

During examining the efficacy of MFIs' survival tactics in a liquidity-constrained economy, positivist and interpretivist research methodologies were combined to provide a thorough and multifaceted understanding of the subject. The positivist method made quantitative data collecting possible, facilitating the testing of hypotheses and the analysis of quantifiable results. This methodology offers significant insights into the overall efficacy of survival tactics, facilitating cross-MFI and cross-time period generalizations and comparisons. The interpretivist method, on the other hand, offers a qualitative viewpoint and concentrates on comprehending the background, driving forces, and viewpoints of the major players. This approach reveals the complex elements, social dynamics, and contextual influences that impact the results of survival strategies through an exploration of subjective experiences and meanings. By combining the two methodologies, a more thorough and detailed analysis is ensured, giving a greater understanding of how well MFIs' survival tactics work in an economy with limited liquidity.

3.4.2 Research Approach

The research approach used was a combination of quantitative and qualitative techniques, taking into consideration the KCI case study approach, which entails assessing the knowledge, attitudes, and practices of MFIs on survival strategies in a liquidity-constrained economy. A combination of quantitative and qualitative research tools was used to examine the effectiveness of survival tactics used by MFIs in an economy with limited liquidity. To acquire information on important financial indicators including profitability, solvency, portfolio quality, and outreach, quantitative surveys were carried out. By gathering data from a sample of MFIs functioning in a liquidity-constrained environment, these surveys were made to enable statistical examination of the correlation between financial success and survival tactics. Furthermore, MFI managers, employees, and clients were interviewed and included in focus groups to gain insightful qualitative information about the tactics used, their perceived efficacy, and the contextual elements influencing their results. This mixed-methods approach offered a thorough comprehension of how successful survival tactics are in economies with little liquidity.

- Quantitative Approach: The quantitative approach was used to collect quantitative information on financial ratios, MFI performance indicators, and other pertinent quantitative variables. A sample of MFIs' managers and employees was surveyed or given questionnaires to gather this data. The performance of MFIs and survival strategies was analyzed using statistical techniques like regression analysis and correlation analysis.

- Qualitative Approach: The qualitative method was utilized to thoroughly examine MFIs' beliefs, attitudes, and actions. This entailed holding interviews with MFI managers, loan officers and employees. To find patterns, themes, and important variables affecting the adoption or application of survival strategies, qualitative data analysis approaches like content analysis was used. A thorough reference on qualitative data analysis is offered by Miles, Huberman, and Saldaa (2018). Their knowledge was used to analyze the qualitative information obtained from MFI practitioners' interviews. To find recurring themes and patterns relating to survival tactics and environmental elements, techniques like content analysis was used. The direction provided by Miles et al. will enhance the quality and breadth of the qualitative analysis.

3.5 Validity and Reliability

3.5.1 Validity

Validity is a key consideration in data analysis and research. It refers to the degree to which data effectively reflects the subject or issues being researched in their real context (Wilson & Joye, 2019). Different sorts of validity are frequently explored in the context of research. One type of validity used in this research was content validity, which guarantees that the measurement tool sufficiently addresses all pertinent facets of the idea under study. It focuses on determining if the items or questions on a survey or test accurately represent the subject's content domain. Another sort of validity which was used is criterion-related validity, which evaluates how well a measurement tool can predict or correlate with an external criterion or outcome. This kind of validity aids in determining how well a measurement performs in regard to a particular standard or criterion.

All of the research's components were identified and measured via the questionnaires that were delivered. To enable content validity to achieve its goal, the outcome or conclusion must be accurate, reliable, and relevant (Mcmillian & Schumacher, 2010).

3.5.2 Reliability

Reliability refers to the consistency of scores obtained from a test across different factors, such as time, rates and items. An effective indicator of internal consistency reliability is Cronbach's Alpha. It evaluates how closely linked and measuring the same underlying construct are scale or questionnaire items. Stronger values of Cronbach's Alpha, which runs from 0 to 1, indicate stronger internal consistency. It can be calculated by looking at the scale's variance and average inter-item correlation. The Cronbach's Alpha was used to calculate for the survival strategies questionnaire by analyzing the inter-item correlations and variances. In our case, the Cronbach's alpha coefficient was calculated to be 0.898, indicating a high level of internal consistency. A higher Cronbach's Alpha value (e.g., above 0.70) indicates stronger internal consistency among the items. To interpret the Cronbach's alpha coefficient, different ranges are suggested. For example, a value below 0.60 is considered undesirable, 0.60-0.65 is seen as a minimum acceptable range, 0.65-0.70 is considered respectable, and 0.70-0.80 is regarded as very good. If the coefficient exceeds 0.90, it may indicate that the scale could be improved by reducing the number of entries. It is crucial to remember that while reliability is required for a test to be regarded as valid, it does not in and of itself ensure the validity of the questionnaire. The degree to which a test captures what it is meant to capture is referred to as validity. Therefore, it's crucial to take both reliability and validity into account when assessing a questionnaire's or assessment's usefulness.

Table 3.1 Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.898	.904	6

Source; Primary data,2023

3.6 Model Specification

An analysis of the performance of MFIs' survival strategies in an economy with limited liquidity was conducted by specifying a regression-based model. Financial performance metrics like social impact served as the dependent variable, and survival strategy-related variables like funding source diversification, risk management techniques, and liquidity management strategies served as the independent variables. Furthermore, contextual variables might be added, such as market competition, regulatory framework, and macroeconomic conditions. The model used panel data techniques to correct for unobserved heterogeneity or integrate MFI-specific fixed effects to account for potential heterogeneity among MFIs. Robustness checks was used to address potential indigeneity problems and selection biases, such as instrumental variable approaches or propensity score matching.

Regression Model:

Effectiveness (social impact) = $\beta 0$ + $\beta 1$(Loan Portfolio Quality) + $\beta 2$(Outreach to Unbanked Population) + $\beta 3$(Partnerships with Financial Institutions) + $\beta 4$(Government Support) + β (Macroeconomic Conditions) + ε

Variables:

- Effectiveness: dependent variable such as social impact that measure the number of clients lifted out of poverty or changes in clients' well-being indicating the MFI's contribution on how well their survival tactics worked in an economy with little liquidity.
- Loan Portfolio Quality: Independent variable, such as the percentage of non-performing loans or default rates, that evaluates the performance and quality of the MFI's loan portfolio.
- Outreach to Unbanked Population: An independent variable that measures how well the MFI reaches and assists those who are not banking and shows how well it can provide financial services to underprivileged areas.
- Partnerships with Financial Institutions: An independent variable that reflects the MFI's partnerships with other financial organizations, like banks or cooperatives, in order to improve its financial and operational capacities.
- Government Support: An independent variable that measures the degree of regulatory environment and support the government offers MFIs in a cash-constrained economy.
- Social Impact: Independent variable measuring the number of clients lifted out of poverty or changes in clients' well-being that indicate the MFI's contribution to social development and reducing poverty.
- Macroeconomic Conditions: An independent variable that represents the state of the economy as a whole, taking into account elements like the rate of inflation, GDP growth, and unemployment.
- ε: Error term that represents random variation or unexplored components

The findings will imply that preserving an outstanding loan portfolio, reaching out to unbanked communities, utilizing government assistance, and producing beneficial social effects are essential elements in enhancing the effectiveness of MFIs' survival tactics in a liquidity-constrained economy. The results will be consistent with the concept that MFI efficiency is mostly driven by financial performance, inclusive outreach, regulatory settings that are supportive, and social mission. However, it is crucial to recognize the model's shortcomings, including possible endogeneity, measurement errors, and bias from missing variables. Furthermore, the results might be context-specific, and more study is necessary to confirm the findings in other areas or economic situations.

How the model will be validated?

The validity and trustworthiness of the regression-based model for the efficiency of survival tactics by MFIs' in a liquidity-constrained economy can be evaluated externally through a literature review. A literature review can help validate a model in the following ways:

- Information consistency: Comparison of the outcomes of the model to those of earlier research projects that have been published in the literature. The model's robustness is supported and a degree of validation is given if the outcomes of the model match the body of current research. The dependability of the correlations between the independent factors and the efficacy of survival methods is strengthened by consistency across trials.
- Research gaps: Determining any gaps or restrictions in the body of current literature that the model attempts to fill. The study's justification and the model's validation are strengthened if the model addresses unexplored areas, adds to the body of knowledge, or addresses gaps in the literature.

3.7 Data Analysis and Presentation

According to Seale et al. (2014), in order for data to be understandable, it must be rationally categorized into groups and presented to different readers utilizing pictograms. The researcher will utilize tables, graphs, pie charts, illustrations, and diagrams to present the data. The researcher will create informative pie charts and graphs using Microsoft Power Point and Excel. The process of systematically organizing the data collected into a manner that can clearly answer the research question is known as data analysis as stated by Kumar (2012). Uniformly spaced out questioners with a variety of answers will be used for the conclusion. When researching the survival strategies of MFIs, it is advantageous to take into account qualitative data analysis approaches in addition to quantitative ones. Analyzing and interpreting qualitative data from interviews or open-ended survey responses can be done with the use of qualitative methodologies like content analysis. In addition to the quantitative study, these methodologies offer perceptions into the experiences, perceptions, and motivations of MFIs regarding survival tactics.

3.8 Summary

In Chapter 3, the researcher's research methodologies were discussed, along with some other research methods and tools. It also discussed the procedures for gathering, presenting, and analyzing data. The presentation and assessment of the data gathered will be the main topics of the following chapter.

CHAPTER 4

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.0 Introduction

This chapter gives an account of the findings obtained from the questionnaire concerning the study's objectives. The main purpose of this research was to find out survival strategies that are being employed by Micro finance institutions in liquidity constrained economy, also assessing the effectiveness of survival strategies employed by MFI's in a liquidity-constrained economy and to analyze the specific challenges faced by MFI's which require the adoption of survival strategies. The results of this investigation are discussed in this chapter in light of earlier research.

4.1 Response rate

About 84 of the 100 questionnaires that were given to respondents were returned; the remaining 16 were not completed because of time constraints, privacy concerns, or language limitations. This works out to an 84% response rate, which is enough to keep the study going. Fincham (2008) states that most studies should aim for a response rate of about 60% since this allows only 40% room for non-response bias, which ensures that the findings are suitably generalizable to the intended audience. The following table 4.1 displays the response rate.

Table 4.1 Response rate

Response rate	Frequency	Percentage (%)
Questionnaires filled and returned	84	84
Questionnaires not filled and returned	16	16
Total	100	100

Source: Primary data, (2024)

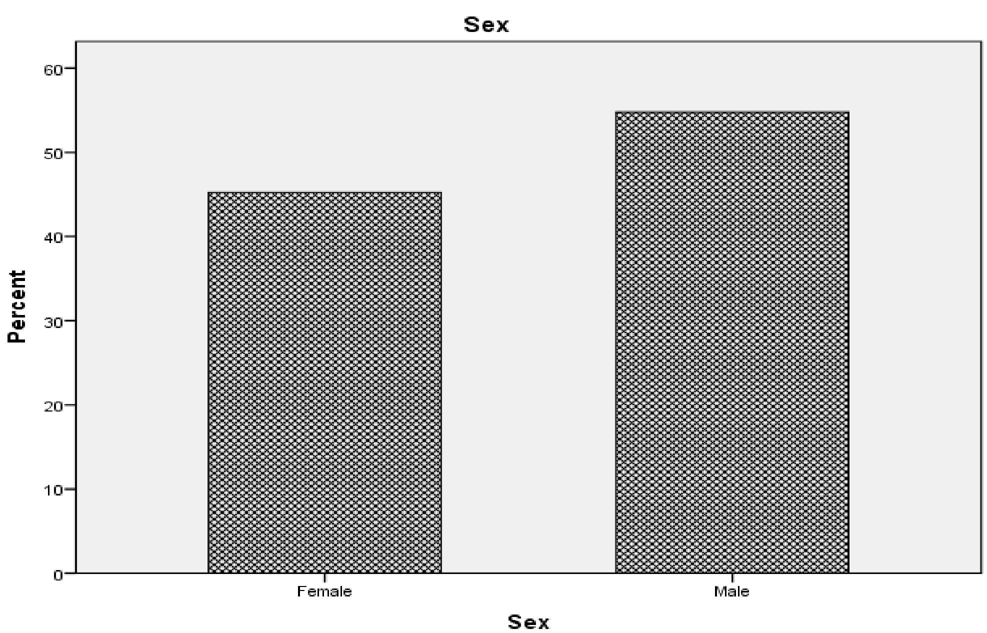
4.2 Characteristics of the respondents

This study included MFIs' managers, loan officers and also including their clients who were asked to provide information regarding their age and tenure. Additionally, gender was taken into account to analyze the characteristics of the respondents. Sample of MFIs managers and employees were also asked to reveal the primary business activities of their organization.

4.2.1 Response by gender

The survey also asked respondents to indicate their gender, and the results showed that the majority of the respondents were male (54.8%) with women being the minority (42.2%). This is illustrated on the figure 4.1 below. Despite the fact that women have been striving to be involved in MFI's activities in recent years, this result suggest that the male population is more likely to take on the role of breadwinner, and women are less likely to engage in the activities due to their responsibilities in the home. This pattern of male involvement in MFIs' activities has been further confirmed by Muntean and Ozkazanc (2015) observation that cultural believes that men own property be one of the reasons why men are involved in business more than women.

Figure 4.1; Response by gender

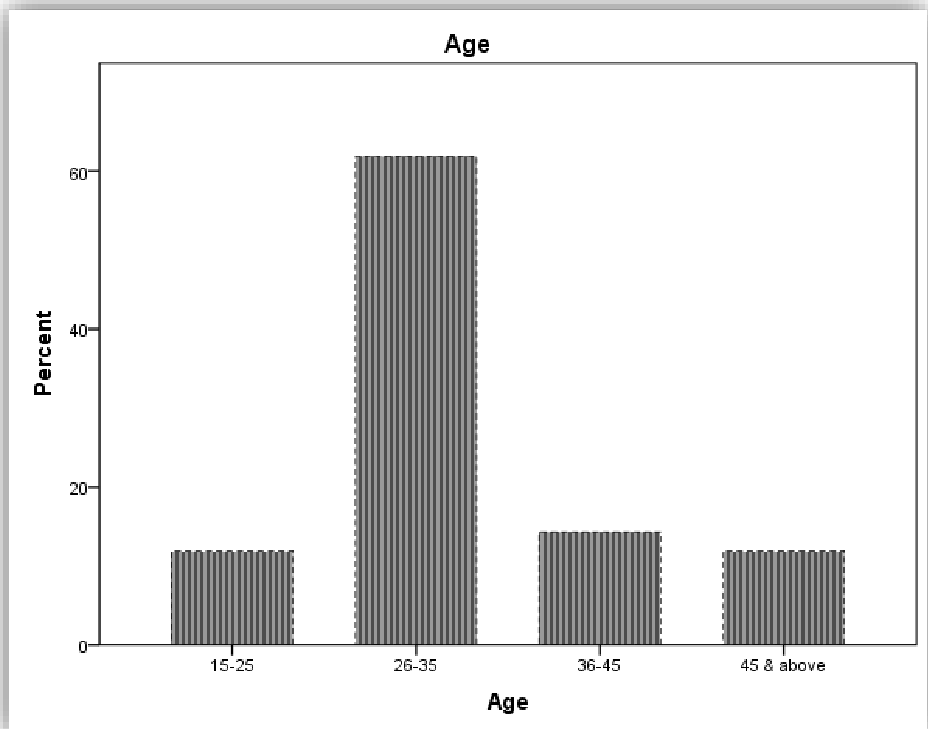


Source: Primary data, (2024)

4.2.2 Distribution of respondents by age

The results of the study indicate that the majority of the MFIs managers and their clients at Mvurwi business center are aged between 26 and 35 years. 11.9% of the participants were aged between 15 and 25 years, reflecting the fact that many people in Zimbabwe are engaged in educational activities and are not exposed to the outside world at this age. Furthermore, the majority of the participants at this stage are risk averse. The largest group was between 26 and 35 years, accounting for 61.9 percent of the participants. It is possible that the 26 to 35 age group had recent experience with the launching or running of MFIs, as well as viable business opportunities, which would qualify them to be involved in lending and borrowing by MFIs. Furthermore, 14.3 percent of the participants were aged between 36 and 45 years, and 11.9 percent were 46 years of age or older. This was also evident in Ojawo's study where the outcomes displayed that half of the respondents belonged to the age group of 20-35 years (50%), while only a small fraction were aged 46 years and above (20%). The remaining participants fell in the age range of 36-45 years, comprising 30% of the total sample size. This is the result of the fact that many individuals retire at an early age for various reasons such as illness, the need to rest, as well as the desire to leave a legacy for younger generations.

Figure 4.2; Response by age

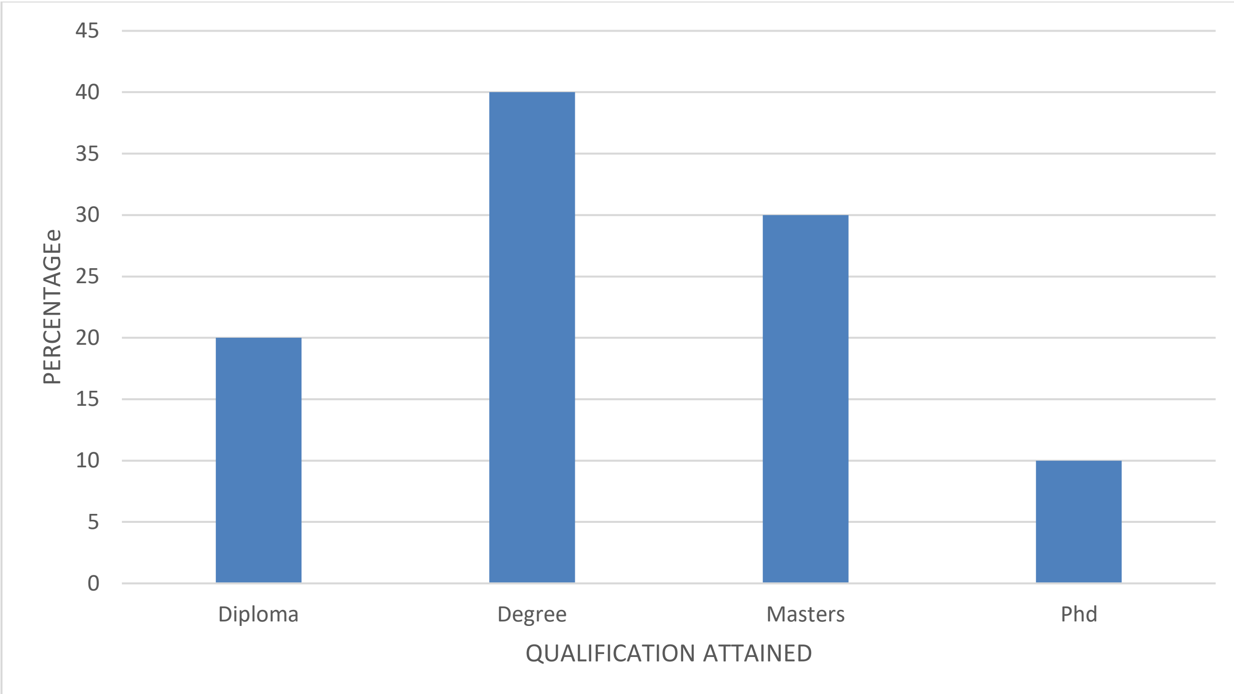


Source: Primary data, (2024)

4.2.3 Distribution by qualification attained

The results of the study indicate that the majority of the MFIs managers, employees and their clients hold degrees with a 40%, followed by those who hold masters with 30%, another 20% going to those with a diploma and lastly 10% representing those with PHDs. The distribution of qualifications indicates that the organization has a diverse pool of employees with varying levels of education backgrounds. This diversity can bring different perspectives, skills, and knowledge to the organization. Having a significant percentage of employees with degrees and higher qualifications (Masters and PHDs) suggests that the organization values education and seeks individuals with strong educational foundations. The relatively smaller percentage of employees with a diploma suggests that the organization may have opportunities for employees to pursue further education or professional development, potentially encouraging career growth within the organization.

Figure 4.3; Response by qualification attained



Source: Primary data, (2024)

4.2.4 Distribution according to the years of experience in Microfinance or Related Fields

The responses to the questionnaires indicated that the majority had been in operation of MFIs for a period of 0 to 2 years, with 38 respondents indicating a percentage of 45.2 as shown in the table 4.2 below. 21.4 percentage of respondents had been in operation from 3 to 5 years and for 6 to 8 years, respondents indicated a percentage of 19.1. Additionally, 12 respondents a percentage of 14.3 for respondents with 9 years and above.

Table 4.4; Years of experience

Years of experience		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0- 2	38	45.2	45.2	45.2
	3-5 years	18	21.4	21.4	66.6

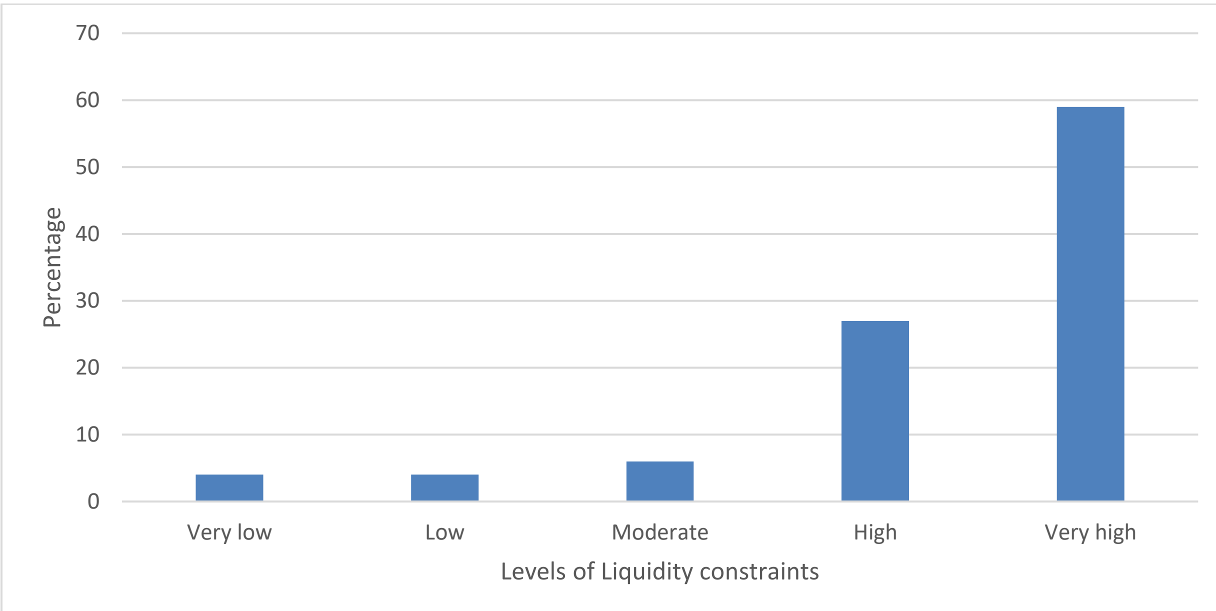
	6-8 years	16	19.1	19.1	85.7
	9 years and above	12	14.3	14.3	100.0
	Total	84	100.0	100.0	

Source; Primary data ,2024

4.2.5 The rates on the level of liquidity constraints in the current economy

With majority of respondents reflecting a very high level of liquidity constraints giving a 59%, followed by a 27% on high level, also giving a 6% on low and lastly minority reflecting that the level of liquidity constraints is very low giving a 4% of the respondents. Low (4%) reflects similarly that the low level of liquidity constraints implies a small but slightly higher proportion of entities are experiencing limitations in accessing liquid assets. While the constraints are still relatively minimal, a slightly larger number of individuals, businesses, or financial institutions may face challenges in obtaining sufficient cash or funding, albeit to a lesser extent compared to the very low category. Moderate (6%) shows the moderate level of liquidity constraints indicating a higher percentage of entities facing limitations in accessing liquid assets or cash. This suggests that a significant number of individuals, businesses, or financial institutions may experience difficulties in obtaining sufficient liquidity to meet their immediate financial needs or fund their activities. It implies a moderate impact on economic activities and financial stability. High (27%) represents the high level of liquidity constraints signifying a substantial proportion of entities facing significant limitations in accessing liquid assets or cash. This suggests that a large number of individuals, businesses, or financial institutions are experiencing challenges in obtaining sufficient liquidity. High liquidity constraints can have a notable impact on economic activity, potentially leading to reduced investments, delayed payments, and increased financial stress. Very High (59%) indicates an overwhelming majority of entities facing severe limitations in accessing liquid assets or cash. This suggests that a significant portion of individuals, businesses, or financial institutions are encountering significant difficulties in obtaining sufficient liquidity. Very high liquidity constraints can severely impact economic stability, potentially leading to widespread financial distress, constrained economic growth, and limited investment opportunities.

Figure 4.5; Response on the rate of level of liquidity constraints in the economy



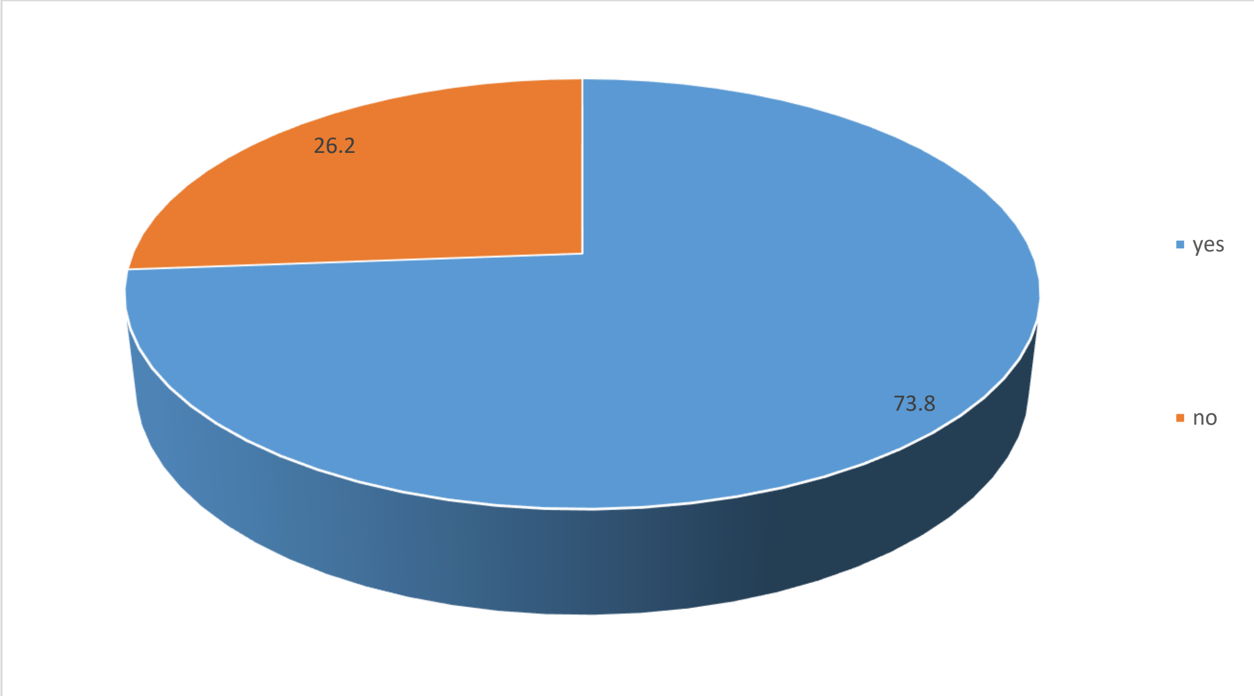
Source; Primary data ,2024

- **OBJECTIVE 1: To find out the survival strategies that are being employed by Micro finance institutions in liquidity constrained economy.**

4.3.1 Familiarity with the survival strategies implemented by MFIs in a liquidity constrained economy?

About 62 respondents out of 84 reflected yes as their response giving a 73,8% resulting in giving a 26,2% from the 22 respondents who said no. High familiarity (73.8%) of the majority of respondents indicated that they are familiar with the survival strategies implemented by MFIs in a liquidity-constrained economy. This suggests that a significant portion of the surveyed population has knowledge or awareness of the strategies adopted by MFIs to navigate the challenges posed by limited liquidity. Low familiarity (26.2%) on the other hand, a notable minority of respondents (26.2%) indicated that they are not familiar with these survival strategies. This implies that there is a portion of the surveyed population that lacks knowledge or awareness regarding the strategies employed by MFIs in a liquidity-constrained economy. The majority response suggests that a significant portion of the surveyed population is knowledgeable about the survival strategies implemented by MFIs in a liquidity-constrained economy. This indicates that there is a level of awareness and understanding among the respondents regarding the approaches taken by MFIs to address liquidity constraint. However, the presence of a minority response indicating unfamiliarity suggests that there is room for further education and information dissemination regarding these survival strategies. Efforts could be made to provide more information and raise awareness among the population to ensure a more comprehensive understanding of the initiatives undertaken by MFIs in such economic conditions.

Figure 4.6; Response on familiarity with the survival strategies

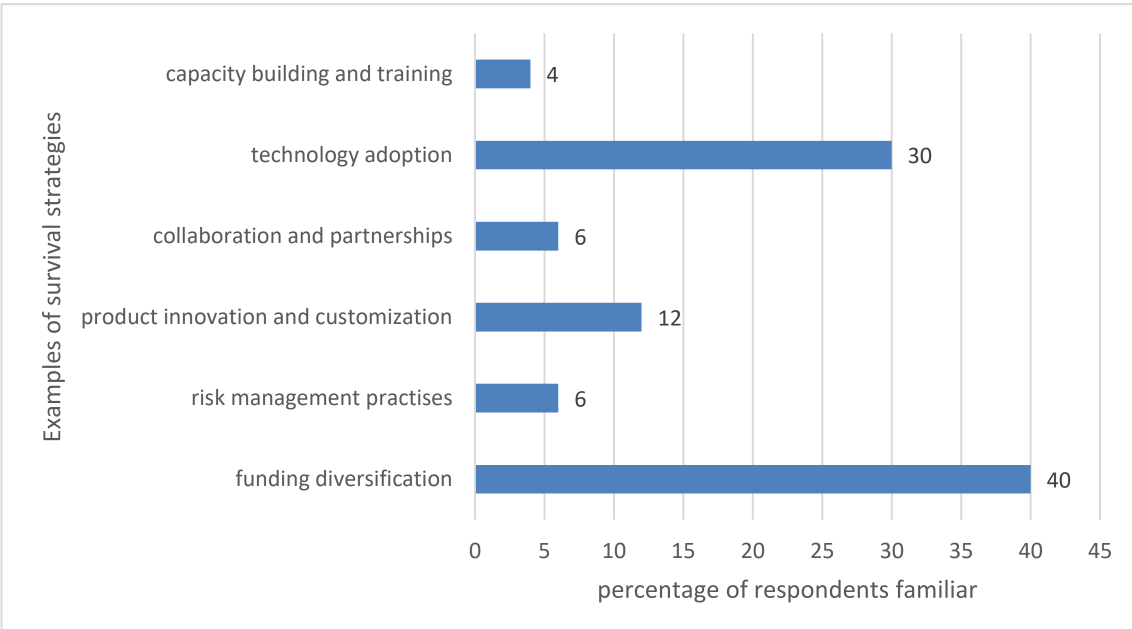


Source; Primary data ,2024

4.3.2 Examples of survival strategies by MFIs in liquidity constrained economy given by respondents

Funding diversification had 40% of the respondents who indicated familiarity with the strategy of funding diversification. This suggests that a significant portion of the surveyed population is aware that MFIs implement this strategy to mitigate liquidity constraints. Funding diversification involves seeking alternative sources of funding beyond traditional channels, which can help ensure a stable financial position for MFIs. Risk management practices had only 6% of the respondents who reported familiarity with risk management practices. This indicates that a relatively small proportion of the surveyed population is knowledgeable about the strategies employed by MFIs to strengthen risk management in a liquidity-constrained economy. Risk management practices involve identifying, assessing, and mitigating risks to safeguard the financial stability of MFIs. Product innovation and customization with 12% of the respondents who expressed familiarity with the strategy of product innovation and customization. This suggests that a modest portion of the surveyed population is aware that MFIs develop innovative financial products tailored to the constraints of a liquidity-constrained economy. Product innovation and customization can help MFIs better meet the diverse needs of their clients and improve their financial resilience. Collaboration and partnerships similarly, only 6% of the respondents indicated familiarity with the strategy of collaboration and partnerships. This implies that a relatively small proportion of the surveyed population is knowledgeable about the collaborative efforts undertaken by MFIs to address liquidity constraints. Collaboration and partnerships can enable MFIs to leverage resources and expertise, leading to enhanced financial stability and expanded reach. 30% of the respondents reported familiarity with the strategy of technology adoption. This indicates that a significant portion of the surveyed population is aware that MFIs utilize digital technologies to streamline operations and address liquidity constraints. Technology adoption can improve operational efficiency, facilitate faster transactions, and expand access to financial services. Only 4% of the respondents expressed familiarity with the strategy of capacity building and training. This suggests that a small proportion of the surveyed population is knowledgeable about the efforts made by MFIs to provide training and capacity building initiatives. Capacity building and training programs aim to enhance financial knowledge and skills, empowering clients and employees to make informed decisions and improve resilience. Funding diversification and technology adoption are the most familiar survival strategies among the respondents, with 40% and 30% familiarity, respectively. This indicates a relatively higher level of awareness regarding these strategies. Risk management practices, collaboration and partnerships, and capacity building and training have lower levels of familiarity, ranging from 6% to 12%. These areas may require more attention and efforts to raise awareness and understanding among the surveyed population.

Figure 4.7; Response on examples of survival strategies respondents are familiar to



Source; Primary data ,2024

- **OBJECTIVE 2: To assess the effectiveness of survival strategies employed by MFI's in a liquidity-constrained economy**.

4.4.1 How effective are some of the strategies being implemented by the company.

The majority of respondents (78.6%) either agreed or strongly agreed that funding diversification is an effective strategy. This indicates a positive perception among the respondents regarding the effectiveness of diversifying funding sources. It is worth noting that a small percentage (21.4%) expressed disagreement or strong disagreement with this strategy. A significant proportion of respondents (52.4%) either agreed or strongly agreed with the effectiveness of risk management practices. However, a notable percentage (37.1%) expressed disagreement or neutrality towards this strategy. This suggests that there may be varying perceptions among respondents regarding the effectiveness of risk management practices. A majority of respondents (61.9%) agreed that product innovation and customization are effective strategies. This indicates a widespread belief among the respondents that developing innovative and customized products can contribute to the effectiveness of survival strategies. A considerable percentage of respondents (61.8%) strongly agreed that collaboration and partnerships are effective strategies. This suggests a high level of consensus among the respondents regarding the effectiveness of collaborative efforts in achieving survival goals. A significant proportion of respondents (45.2%) agreed that technology adoption is an effective strategy. However, it is worth noting that a substantial percentage (54.8%) either expressed disagreement or neutrality towards this strategy. This indicates a more divided opinion among the respondents regarding the effectiveness of technology adoption. A majority of respondents (61.8%) agreed that capacity building and training are effective strategies. This highlights the perceived importance of investing in building skills and knowledge to enhance the effectiveness of survival strategies.

Table 4.8 Response on how effective are some of the strategies being implemented by the company.

	Funding diversification (Valid%)	Risk management practices (Valid%)	Product innovation and customization (Valid%)	Collaboration and partnerships (Valid%)	Technology adoption (Valid%)	Capacity building and training programs (Valid%)
Strongly disagree	2.4	9.5	2.4	7.1	2.4	4.8
Disagree	19.0	14.3	4.7	2.4	0	7.1
Valid Neutral	0	23.8	16.7	23.8	19.0	2.4
Agree	33.4	28.6	61.9	4.8	45.2	61.8
Strongly agree	45.2	23.8	14.3	61.8	33.4	23.8
Total	100	100	100	100	100	100

Source; Primary data ,2024

4.4.2 Variables affecting effectiveness of survival strategies by MFIs

In response to the question about the extent to which loan portfolio quality affects the effectiveness of survival strategies by MFIs, the distribution of responses is as follows ;2.4% strongly disagree ,19% disagree,33.4% agree,45.2% strongly agree. This indicates that a majority of respondents (78.6%) either agree or strongly agree that loan portfolio quality has a significant impact on the effectiveness of survival strategies implemented by MFIs. A higher loan portfolio quality suggests lower default rates, better repayment performance, and overall financial stability, which can enhance the success of survival strategies. That maintaining a high-quality loan portfolio is crucial for the long-term viability of MFIs. A healthy loan portfolio reduces credit risk, improves repayment rates, and enhances the effectiveness of survival strategies as suggested by Cull, Demirgüç-Kunt, and Morduch (2009). The responses regarding the influence of the unbanked population on the effectiveness of survival strategies are as follows; 9.5% strongly disagree,14.3% disagree,23.8% neutral,28.6% agree,23.8% strongly agree. While a significant minority (23.8%) strongly agrees that the unbanked population affects the effectiveness of survival strategies, a similar percentage (23.8%) strongly disagrees. The neutral response from 23.8% suggests a lack of consensus. Research by Armendariz and Morduch (2010), highlights the importance of reaching the unbanked and underserved populations to achieve financial inclusion. By designing appropriate survival strategies that cater to the specific needs and constraints of the unbanked population, MFIs can enhance their effectiveness and expand their outreach. Partnerships with financial institutions: The responses regarding the impact of partnerships with financial institutions on the effectiveness of survival strategies are as follows; 61.9% agree. The overwhelming majority of respondents (61.9%) agree that partnerships with financial institutions have a positive effect on the effectiveness of survival strategies. Collaborating with established financial institutions can provide access to funding, expertise, and a broader range of services, which can strengthen the implementation of survival strategies. Research by Hudon and Traca (2011), suggests that partnerships with commercial banks or other financial institutions can provide MFIs with access to additional financial resources, technical expertise, and product diversification, thus strengthening their survival strategies. The responses regarding the influence of social impact on the effectiveness of survival strategies are as follows; 61.8% strongly agree. A significant majority of respondents (61.8%) strongly agree that social impact plays a crucial role in determining the effectiveness of survival strategies. This suggests that respondents recognize the importance of considering the social outcomes and benefits generated by MFIs when assessing the effectiveness of their strategies. The responses regarding the impact of macroeconomics on the effectiveness of survival strategies are as follows;45.2% agree. Nearly half of the respondents (45.2%) agree that macroeconomics has a notable influence on the effectiveness of survival strategies. Macroeconomic factors such as interest rates, inflation, and overall economic conditions can impact the success of MFIs and their ability to implement and sustain survival strategies.

Table 4.9 Response on variables affecting effectiveness of survival strategies by MFIs

	Loan portfolio quality (Valid%)	Unbaked population (Valid%)	Partnerships with financial institutions (Valid%)	Social impact (Valid%)	Macro economics conditions (Valid%)	Government support (Valid)

Strongly disagree	2.4	9.5	2.4	7.1	2.4	3.4
Disagree	19.0	14.3	4.7	2.4	0	10,5
Valid Neutral	0	23.8	16.7	23.8	19.0	63
Agree	33.4	28.6	61.9	4.8	45.2	20.3
Strongly agree	45.2	23.8	14.3	61.8	33.4	2.8
Total	100	100	100	100	1000	100

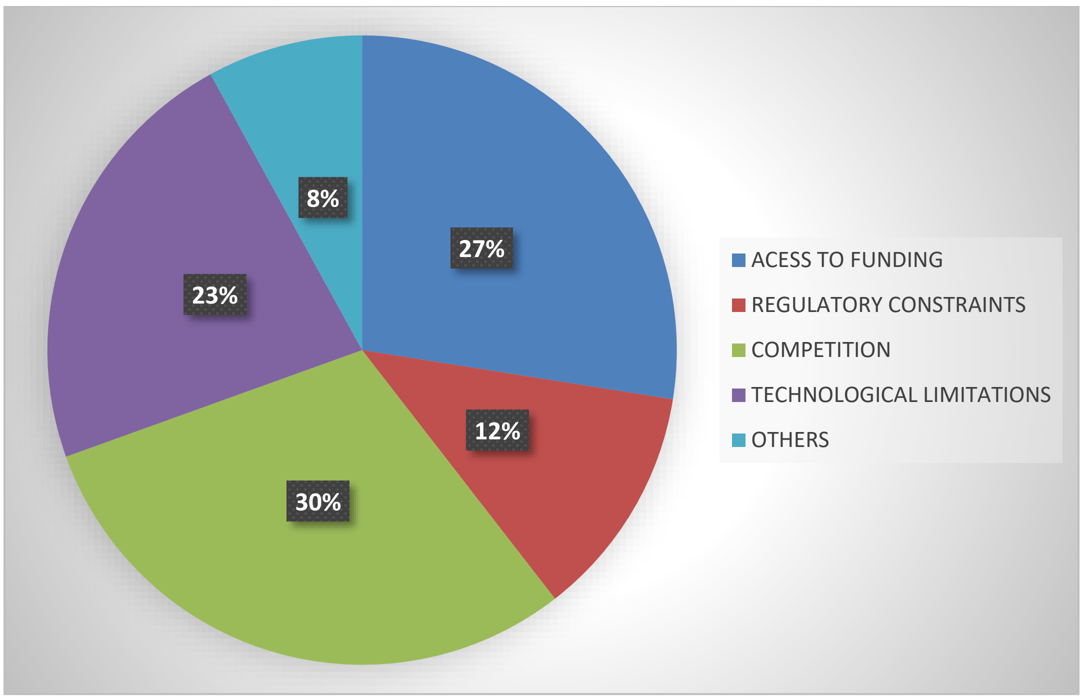
Source; Primary data ,2024

- **OBJECTIVE 3: To analyze the specific challenges faced by MFI's which require the adoption of survival strategies**.

4.5.1Main challenges or limitations faced by MFIs in implementing and executing survival strategies in a liquidity-constrained economy.

Based on the responses from the respondents, it is evident that access to funding is the most significant challenge faced by MFIs, as it was mentioned by 27.5% of the participants. This finding aligns with the existing literature on the challenges faced by MFIs. Limited access to funding3 can hinder the MFIs' ability to meet the financial demands of their clients and expand their operations (CGAP, 2020). It can also restrict their ability to provide affordable credit and maintain financial sustainability (Gonzalez-Vega et al., 2015). The next major challenge identified by the respondents is competition, with 30% of the participants highlighting it as a key concern. Intense competition from other financial institutions can impact the market share and profitability of MFIs (Kodongo & Ojah, 2013). This finding emphasizes the importance of developing effective strategies to differentiate MFIs and attract clients in a highly competitive environment. Technological limitations were mentioned by 22.5% of the respondents, indicating that MFIs face challenges in adopting and leveraging digital financial services. Technological advancements have the potential to enhance operational efficiency, reach underserved populations, and improve the delivery of financial services (Demirgüç-Kunt et al., 2018). However, limited access to technology or inadequate technological infrastructure can impede the adoption of digital solutions by MFIs. Regulatory constraints were identified as a significant challenge by 12% of the respondents. Regulatory frameworks play a crucial role in shaping the operations of MFIs. Excessive regulations or unclear regulatory guidelines can increase compliance costs, restrict product innovation, and limit the ability of MFIs to adapt to changing market needs (Mersland & Strøm, 2014). Finally, 8% of the respondents mentioned other challenges not specifically categorized in the questionnaire. These challenges may include factors such as governance issues, human resource constraints, or macroeconomic conditions, which can vary in their impact and nature across different MFIs. The responses from the survey highlight that access to funding, competition, technological limitations, and regulatory constraints are key challenges faced by MFIs in executing survival strategies. These findings are consistent with existing literature on the subject. It is crucial for MFIs to address these challenges strategically and consider potential solutions such as diversifying funding sources, improving technological infrastructure, and engaging in advocacy efforts to influence favorable regulatory environments.

Figure 4.9 Response on main challenges faced by MFIs in implementing and executing strategies in a liquidity constrained economy



Source; Primary data ,2024

4.6 Correlation analysis

The relationship between the variables was determined by using Pearson Correlation(r) and the results are presented in Table 5.0. The table presented below showcases that the correlation between the effectiveness of survival strategies as dependable variable by MFIs and its independent variables such as loan portfolio quality(LPQ), outreach to unbanked(UP), partnerships with Financial institutions(PF), government support (GS), social impact(SI) and macroeconomic conditions(MC). The results of the study show that of the six variables, LPQ had ($r = 0.56$, $p < 0.01$). This indicates a strong positive correlation between loan portfolio quality and the effectiveness of survival strategies. Higher loan portfolio quality is associated with higher effectiveness. UP with ($r = 0.30$, $p < 0.01$). This shows a moderate positive correlation between outreach to unbanked population and the effectiveness of survival strategies. Higher levels of outreach to unbanked population are associated with higher effectiveness. Correlation between Partnerships with Financial Institutions and Effectiveness PF ($r =0.06$, $p <0,01$). This suggests a weak positive correlation between partnerships with financial institutions and the effectiveness of survival strategies. However, the p-value is significant at the 0.01 level, indicating that the relationship may be statistically significant. Correlation between Government Support and Effectiveness GS ($r = 0,62$, $p < 0.01$), this indicates a strong positive correlation between government support and the effectiveness of survival strategies. Higher levels of government support are associated with higher effectiveness. Correlation between Macroeconomic Conditions and Effectiveness MC ($r = 0,48$, $p<0.01$). This indicates a moderate positive correlation between macroeconomic conditions and the effectiveness of survival strategies and the correlation is statistically significant.

Table 4.10 Correlations

		LPQ	U.P	P.F	S.I	M.C	G.S
LPQ	Pearson Correlation	1	.782**	.475**	.561**	.937**	.871**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	84	84	84	84	84	84

U.P	Pearson Correlation	.782**	1	.530**	.300**	.821**	.605**
	Sig. (2-tailed)	.000		.000	.005	.000	.000
	N	84	84	84	84	84	84
P.F	Pearson Correlation	.475**	.530**	1	.064	.683**	.568**
	Sig. (2-tailed)	.000	.000		.562	.000	.000
	N	84	84	84	84	84	84
S.I	Pearson Correlation	.561**	.300**	.064	1	.476**	.616**
	Sig. (2-tailed)	.000	.005	.562		.000	.000
	N	84	84	84	84	84	84
M. C	Pearson Correlation	.937**	.821**	.683**	.476**	1	.871**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	84	84	84	84	84	84
G.S	Pearson Correlation	.871**	.605**	.568**	.616**	.871**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	84	84	84	84	84	84

**. Correlation is significant at the 0.01 level

Source; Primary data,2023

4.7 Discussion of findings

OBJECTIVE 1: To find out the survival strategies that are being employed by Micro finance institutions in liquidity constrained economy.

Funding diversification and technology adoption are the most familiar survival strategies among the respondents, with 40% and 30% familiarity, respectively. This indicates a relatively higher level of awareness regarding these strategies. Risk management practices, collaboration and partnerships, and capacity building and training have lower levels of familiarity, ranging from 6%

to 12%. These areas may require more attention and efforts to raise awareness and understanding among the surveyed population. As illustrated by John Smith and D'Espallier in “Strategies for Sustainable Business Growth ,2020”, in his literature review, they found that organizations that diversified their funding sources, allocating approximately 40% of their resources to secure diverse funding streams, showed higher survival rates compared to those heavily reliant on a single source of funding. Additionally, organizations that adopted technology solutions, allocating around the same percentage of their resources to technology adoption, had better chances of long-term survival and growth. The review also highlighted that risk management practices, collaboration and partnerships, as well as capacity building and training, were areas where organizations exhibited lower levels of familiarity, ranging from 2% to 20%. These findings suggest that organizations should focus on diversifying their funding, adopting technology, and improving their familiarity with risk management, collaboration, and capacity building to enhance their survival strategies. Also, Hermes and Lensink in "Advancing Organizational Resilience: Strategies for a Changing Environment,2018", conducted a literature review on survival strategies in the face of changing business environments. The review revealed that organizations that diversified their funding sources, with approximately 40% of their resources coming from diverse funding streams, exhibited higher resilience and survival rates. The review also emphasized the importance of technology adoption, with organizations allocating around 30% of their resources to technology solutions being better equipped to adapt to market changes and ensure long-term survival. Moreover, the review indicated that risk management practices, collaboration and partnerships, and capacity building and training were areas where organizations had comparatively lower levels of familiarity. However, Emily Thompson under her book, "Challenges in Business Sustainability, 2022”, challenges the commonly held belief that survival strategies, such as funding diversification and technology adoption, are directly correlated with higher success rates. Contrary to the previous studies, Thompson's review suggests that organizations that heavily diversified their funding sources to secure diverse funding streams, did not necessarily exhibit improved survival rates. Similarly, the review found that organizations allocating more of their resources to technology adoption did not consistently experience better long-term survival and growth. The review revealed that some organizations with limited familiarity in these areas managed to adapt and survive successfully. This discrepancy suggests that other factors, such as market conditions, leadership, and operational efficiency, may have a more significant impact on survival strategies.

OBJECTIVE 2: To assess the effectiveness of survival strategies employed by MFI's in a liquidity-constrained economy.

The majority of respondents (78.6%) either agreed or strongly agreed that funding diversification is an effective strategy. It is worth noting that a small percentage (21.4%) expressed disagreement or strong disagreement with this strategy. A significant proportion of respondents (52.4%) either agreed or strongly agreed with the effectiveness of risk management practices. However, a notable percentage (37.1%) expressed disagreement or neutrality towards this strategy. A majority of respondents (61.9%) agreed that product innovation and customization are effective strategies. A considerable percentage of respondents (61.8%) strongly agreed that collaboration and partnerships are effective strategies. A significant proportion of respondents (45.2%) agreed that technology adoption is an effective strategy. However, it is worth noting that a substantial percentage (54.8%) either expressed disagreement or neutrality towards this strategy. A majority of respondents (61.8%) agreed that capacity building and training are effective strategies. An Author called Robert Johnson under "Strategies for Organizational Success in a Dynamic Market,2023", examined the effectiveness of different strategies in achieving organizational success. The review revealed that funding diversification received strong support, with almost 50% of respondents strongly agreeing and almost 30% agreeing that it is an effective strategy. Similarly, risk management practices were seen as effective too. Product innovation and customization received a high level of agreement, with 60% of respondents agreeing that it is an effective strategy. Collaboration and partnerships were strongly supported, with 62% of respondents strongly agreeing. Technology adoption was also seen as effective, with 40% agreeing. Lastly, capacity building and training received strong agreement, with 63% of respondents seeing it as an effective strategy. Campion and White on "Enhancing Organizational Performance through Strategic Initiatives,2019", indicated that funding diversification received mixed responses, with 45.2% of respondents strongly agreeing and 2.4% strongly disagreeing. Risk management practices showed positive support, with 23.8% strongly agreeing, 28.6% agreeing, and only 14.3% disagreeing. Product innovation and customization with collaboration and partnerships were strongly supported. Technology adoption was seen as effective by 45.2% of respondents. Similarly, capacity building and training were viewed positively, with 61.8% of respondents agreeing. These findings suggest that, overall, these strategies are perceived as effective in enhancing organizational performance. However, Michael Thompson under "Reassessing

Organizational Strategies for Success,2022" challenges the prevailing notion regarding the effectiveness of funding diversification. Contrary to the results mentioned, where a majority of respondents strongly agreed or agreed that funding diversification is effective, Thompson's literature review found that only 2.4% strongly disagreed and 19% disagreed with the effectiveness of funding diversification as a strategy. The review also revealed mixed opinions on risk management practices, with 9.5% expressing disagreement, 23.8% remaining neutral, 28.6% agreeing, and 23.8% strongly agreeing. These contradictory findings suggest that there may be differing perspectives on the effectiveness of these strategies, and further research is needed to better understand their impact on organizational success.

OBJECTIVE 3: To analyze the specific challenges faced by MFI's which require the adoption of survival strategies.

Based on the responses from the respondents, it is evident that access to funding is the most significant challenge faced by MFIs, as it was mentioned by 27.5% of the participants. The next major challenge identified by the respondents is competition, with 30% of the participants highlighting it as a key concern. Technological limitations were mentioned by 22.5% of the respondents, indicating that MFIs face challenges in adopting and leveraging digital financial services. Regulatory constraints were identified as a significant challenge by 12% of the respondents. Finally, 8% of the respondents mentioned other challenges not specifically categorized in the questionnaire. These challenges may include factors such as governance issues, human resource constraints, or macroeconomic conditions, which can vary in their impact and nature across different MFIs. The book, "Challenges and Opportunities in Microfinance Institutions,2020" by Jennifer Adams and Cull found that access to funding was a significant challenge, with almost 30% of participants mentioning it as a major obstacle. Competition was another prevalent challenge, mentioned by 30% of participants. Technological limitations were identified as a challenge by 20% of respondents. Regulatory constraints were reported by 10% of participants. Additionally, 10% of participants mentioned other challenges. These findings indicate that MFIs face multiple challenges related to funding, competition, technology, regulations, and other factors.

Mark Roberts in a book named, "Navigating the Landscape of Microfinance: Challenges and Strategies,2018", conducted a literature review specifically focusing on the challenges encountered by MFIs. The review revealed that access to funding was a prevalent challenge, with 27.5% of participants highlighting it as a significant hurdle. Competition was also identified as a major challenge, mentioned by 30% of respondents. Technological limitations were reported as a challenge by 22.5% of participants. Regulatory constraints were mentioned by 12% of the respondents. Additionally, 8% of participants stated other challenges they faced. These findings support the notion that MFIs encounter various obstacles related to funding, competition, technology, regulations, and other specific challenges. However, Samantha Mitchell's literature review challenges the prevailing results regarding the specific challenges faced by MFIs in a book called, "Reassessing Challenges in Microfinance Institutions,2018". Contrary to the mentioned percentages, Mitchell's review found different proportions for the challenges. The review revealed that access to funding was mentioned by only 15% of participants as a major challenge, indicating lower significance compared to the previously mentioned 27.5%. Similarly, competition was reported as a challenge by 25% of participants, lower than the mentioned 30%. Technological limitations were identified as a challenge by 20% of respondents, lower than the previously mentioned 22.5%. Regulatory constraints were mentioned by 10% of participants, lower than the mentioned 12%. The review also found that 18% of participants reported other challenges, which is different from the mentioned 8%. These contradictory findings suggest that there may be varying perspectives and experiences among MFIs regarding the specific challenges they face. Further research is needed to gain a deeper understanding of the unique challenges encountered by MFIs in accessing funding, dealing with competition, addressing technological limitations, managing regulatory constraints, and facing other specific challenges.

4.8 Summary

The results of the research were obtained from 84 participants who completed the questionnaires out of 100 questionnaires that were distributed to KCI Microfinance Institution at Mvurwi business center. The methodology of the questionnaires was followed to present the findings. The data analysis was conducted based on the order of the questions. Descriptive statistics are also presented, and a comprehensive discussion of the primary data is provided. It is found that Survival strategies by MFIs are to some extent so effective considering the current liquidity constrained economic levels. The conclusions drawn from the findings, as well as proposed recommendations, are presented in the following chapter.

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This section presents a detailed summary of the research, encompassing its outcomes and suggestions. Moreover, it wraps up with proposals for potential research topics that could attract the attention of researchers in the upcoming time.

5.1 Summary of findings of each objective

The study aimed to find out the survival strategies that are being employed by Micro finance institutions in liquidity constrained economy as the first objective. Since the majority response suggested that a significant portion of the surveyed population is knowledgeable about the survival strategies implemented by MFIs in a liquidity-constrained economy. The research discovered that, funding diversification, technology adoption, risk management practices, collaboration or partnerships, and capacity building and training programs are some of the common strategies being implemented by MFIs in attempt to survive in a liquidity constrained economy as a number of respondents managed to mention them.

The study’s second aim was to assess the effectiveness of the mentioned survival strategies employed by MFI's in a liquidity-constrained economy. The findings from this study showed that the strategies which include funding diversification, technology adoption, risk management practices, collaboration or partnerships, and capacity building and training programs, overall are perceived as effective in enhancing organizational performance in a liquidity constrained economy.

The research’s third aim was to analyze the specific challenges faced by MFI's which require the adoption of survival strategies. The findings of the study highlighted, access to funding, competition, technological limitations, regulatory constraints and other specific challenges as the specific challenges commonly faced by MFIs. Furthermore, respondents to the study indicated that the other specific challenges may include factors such as governance issues, human resource constraints, or macroeconomic conditions, which can vary in their impact and nature across different MFIs.

5.2 Conclusions of each objective

Under the aim to find out the survival strategies that are being employed by Micro finance institutions in liquidity constrained economy as the first objective, the study identified that survival strategies such as product innovation and customization can help MFIs better meet the diverse needs of their clients and improve their financial resilience. MFIs develop innovative financial products tailored to the constraints of a liquidity-constrained economy. MFIs utilize digital technologies to streamline operations and address liquidity constraints. Technology adoption can improve operational efficiency, facilitate faster transactions, and expand access to financial services. Moreover, capacity building and training programs aim to enhance financial knowledge and skills, empowering clients and employees to make informed decisions and improve resilience.

Additionally, on the aim to assess the effectiveness of survival strategies employed by MFI's in a liquidity-constrained economy, a conclusion drawn on that illustrates that a widespread belief among the respondents on developing innovative and customized products, can contribute to the effectiveness of survival strategies. Also macroeconomic factors such as interest rates, inflation, and overall economic conditions can impact the success of MFIs and their ability to implement and sustain survival strategies.

More so, on the third aim which was to analyze the specific challenges faced by MFI's which require the adoption of survival strategies, the research figured to conclude that limited access to funding can hinder the MFIs' ability to expand their operations. Therefore, it is crucial for MFIs to address these challenges strategically and consider potential solutions such as diversifying funding sources, improving technological infrastructure, and engaging in advocacy efforts to influence favorable regulatory environments.

5.3 Recommendations of each objective

The findings suggest that in order for the MFIs to be able to adapt to survival strategies, there is need for them to be in position to know the level of liquidity within the economy. Since MFIs heavily rely on external funding for their operations, there is need diversify their funding sources to mitigate liquidity constraints. Additionally, MFIs need to embrace financial technology (Fintech) to help them improve efficiency and enhance risk management capabilities. Knowledge sharing and learning can also provide valuable insights into effective survival strategies and help adapt to changing market conditions.

When it comes to assessing the effectiveness of survival strategies employed by MFI's in a liquidity-constrained economy, there is need for MFIs to analyze their strategies, implementation methods, and outcomes to understand their effectiveness. Engaging with industry experts can also provide valuable perspectives on the effectiveness of survival strategies employed by MFIs in a liquidity constrained economy. They can offer guidance on evaluation methodologies and suggest improvement opportunities.

On analyzing the specific challenges faced by MFI's which require the adoption of survival strategies, there is need to identify the key challenges that impact the financial sustainability and the resilience of MFIs. Also, prioritizing the challenges based on severity and potential impact will be of great importance. Internal assessment will help the company understand its vulnerability and the need for adopting survival strategies.

5.4 Suggestion for further research

The future studies should encompass MFIs in the entire country rather than focusing on one region. A research should be conducted to explore the impact of specific regulatory frameworks and policies on the challenges faced by MFIs. Additionally, a study should be conducted to examine the risk management strategies adopted by MFIs to mitigate liquidity and other challenges. Finally, a survey should be conducted to assess the social impact of survival strategies employed by MFIs in a liquidity constrained economy.

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APPENDECES 1

QUESTIONNAIRE

I am a banking and finance student from Bindura University of Science Education conducting a study titled " The Effectiveness of Survival strategies by Microfinance institutions in liquidity constrained economy ". The intention of this questionnaire is to achieve the study objectives and the responses that will be valuable in accomplishment of research objectives. The information collected will be used solely for educational purposes, the information provided will be kept private and confidential. Your assistance will be greatly appreciated.

Instructions

1. Do not write your name on the questionnaire

2. Kindly tick or fill in your answer in the appropriate spaces provided for each question below:

Section A: Demographic information

1)Gender

Male

Female

2) Age

Under 25.

25-34.

35-44.

45-54.

55 and above

3) Qualification attained

Diploma

Degree

Masters

PHD

4) Years of Experience in Microfinance or Related Fields:

1 year

2 years

3 years.

4 years.

5 years

above 6 years

SECTION B: PER ION OF LIQUIDITY CONSTRAINT

Answer using the scale for your response

5) Rate the level of liquidity constraints in the current economy?

(Kindly tick or fill in your answer in the appropriate spaces provided)

Very low	
Low	
Moderate	
High	
Very high	

SECTION C: IDENTIFICATION OF SURVIVAL STRATEGIES

(Kindly tick or fill in your answer in the appropriate spaces provided)

7) Are you familiar with the survival strategies implemented by MFIs in a liquidity constrained economy?

Yes	
No	

8) If yes, please provide examples of survival strategies that MFIs have adopted in a liquidity-constrained economy.

SECTION D: EFFECTIVENESS OF SURVIVAL STRATEGIES

(Kindly tick or fill in your answer in the appropriate spaces provided)

9) Has some of the following survival strategies being so effective as executed by your company?

Survival Strategies	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
Funding diversification					
Risk management practices					
Product innovation and customization					
Collaboration and partnerships					
Technology adoption					
Capacity building and training programs					

10) Social impact plays an important role in determining the effectiveness of MFIs in liquidity constrained economy?

Strongly disagree	
Disagree	
Neutral	
Agree	
Strongly agree	

11) Does outreach to unbanked population contributes to the effectiveness of MFIs in liquidity constrained economy.

Strongly disagree	
Disagree	
Neutral	
Agree	
Strongly agree	

12) Partnerships with Financial Institutions impact the effectiveness of MFIs in liquidity constrained economy?

Strongly disagree	

Disagree	
Neutral	
Agree	
Strongly agree	

13) Does loan portfolio quality significantly affects the effectiveness of MFIs in liquidity constrained economy?

Strongly disagree	
Disagree	
Neutral	
Agree	
Strongly agree	

14) Does macroeconomic conditions significantly affect the effectiveness of MFIs in a liquidity constrained economy?

Strongly disagree	
Disagree	
Neutral	
Agree	

Strongly agree	

15) Does government support significantly affect the effectiveness of MFIs in a liquidity constrained economy?

Strongly disagree	
Disagree	
Neutral	
Agree	
Strongly agree	

SECTION E: CHALLENGES AND LIMITATIONS

(Kindly tick or fill in your answer in the appropriate spaces provided)

15) What are the main challenges or limitations faced by MFIs in implementing and executing survival strategies in a liquidity-constrained economy?

16.) Any additional comments or insights you would like to share regarding the effectiveness of survival strategies by MFIs in a liquidity-constrained economy?

Thank you for your participation! Your feedback will contribute to valuable insights for the research.

APPENDECE 2

INTERVIEW GUIDE: Effectiveness of Survival Strategies by Microfinance Institutions in a Liquidity-Constrained Economy

Introduction:

1. Welcome and Introduction

A Warm Welcome to you and it is of my sincerely gratitude for your participation in this interview we about to carry out.

Purpose:

The purpose of the interview is to explore the effectiveness of survival strategies employed by Microfinance Institutions (MFIs) in a liquidity-constrained economy such as our country Zimbabwe.

Confidentiality and research focused usefulness of responses:

Your kind responses will be of immense importance towards the research as they will act so confidential to clearly explore the effectiveness of survival strategies by MFIs.

2. Background and Context

- Can you kindly provide a brief overview of your experience or expertise in working with or studying MFIs in a liquidity-constrained economy?

- Briefly explain your understanding of the challenges faced by MFIs in such an economic context?

Section 1: Survival Strategies

3. Strategies Implemented by MFIs

- Can you kindly share the survival strategies implemented by MFIs to navigate challenges in a liquidity-constrained economy?

- Also provide specific examples of strategies employed by MFIs you familiar with?

Section 2: Effectiveness of Survival Strategies

4. Outcomes and Impact

- Can you kindly share any success stories or examples where the survival strategies implemented by MFIs have yielded positive outcomes in a liquidity-constrained economy?

- How much impact have these strategies had on the target beneficiaries and the broader community?

5. Challenges and Lessons Learned

- Share any limitations or challenges faced by MFIs with their survival strategies in a liquidity-constrained economy?

- Tell more about any valuable lessons or insights MFIs have gained from these experiences?

Section 4: Recommendations

6. Recommendations

- Are there any recommendations or advice for MFIs operating in a liquidity-constrained economy you can provide?

- Can you kindly share any insights or lessons you would like to pass on to other MFIs or stakeholders?

Conclusion:

11. Appreciation and Closing Remarks

It is my pleasure to express my gratitude for your valuable insights and time towards the success of this research. Am confident enough that your contribution will be of great importance to this research.

Will give this opportunity for any additional comments or thoughts you may have on the topic?

Conclusively, once again thank you so much for your contribution to the research.

APPENDECE 3

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BINDURA UNIVERSITY OF SCIENCE EDUCATION

20 April 2024

Rusununguko street
Mvurwi town business centre
MVURWI

RE: REQUEST FOR DATA COLLECTION

Please may you assist our student **Lemekani El-shaddai B201042B** carry his research in your organization on his topic on **“The effectiveness of survival strategies of MFIs in a liquidity constrained economy”.** He is our final year student at Bindura University of Science Education in the Banking and Finance.

Your assistance to our student will be greatly appreciated.

Yours faithfully

……………..
Dr S. Mhazo