Organizational Capabilities that Can Improve Profitability of Micro-Finance Institutions in Periods of Economic Crisis. Experiences from the Zimbabwe

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***Abstract*: The main purpose of the study was to explore organizational capabilities that may improve the performance and competitiveness of Micro Finance Institutions (MFIs) operating in economic crisis business environment. The study was conducted using a sample of 43 MFIs in Harare. An explanatory research design was used. A survey in form of a questionnaire was used to collect data. Regression analysis was used to analyze the data. The main findings of the study are that innovative, leaning and strategic capabilities were commonly used by MFIs during the economic crisis. The study noted that the performance of MFIs used in this study was improved mainly by innovative, learning and strategic capabilities. Marketing and integrative capabilities had a weak influence on the profitability of MFIs. The study concluded that by innovative, learning and strategic capabilities are effective for MFIs during periods of economic crisis. It was also noted that MFIs that adopted the right organizational capabilities were useful in reducing poverty among females as well as well as acting as an accessible source of income during the COVID-18 period. This study therefore recommends that efforts be made by the MFIs to invest in the development of innovative, learning and strategic organizational capabilities. The study also recommends that the Government through the central banks take deliberate to efforts to assist MFIs to develop organizational capabilities such as by innovative, learning and strategic capabilities. This can be done by providing financial and technical support for the development of such organizational capabilities.**

Type of Paper: Empirical

***Keywords*: Micro-finance institutions, organisational capabilities**

I. INTRODUCTION

1.1 background of the study

Micro-finance is globally referred to as the process of providing a broad range of financial services such as deposits, loans, payment services, money transfers and insurance to the poor and low income households and Small to Medium Business Enterprises (Hudon, Labie, & Szafarz, 2019). Micro financing delivers financial services to poor and low-income households with limited access to formal financial institutions. The main goal of offering such financial services includes helping the poor and low-income clients them raise their income, thereby improving their standard of living. It is therefore a banking model that targets for the underprivileged members of the society (Lopatta & Tchikov 2016).

Globally, Micro Finance Institutions (MFIs) have supplied banking services to supposedly poor families and micro enterprises. The model of Micro finance lending started long back around the 1700s in Ireland. The breakthrough in the significance of the MFIs may also be traced back to 2006, when the Muhammad Yunus and Grameen bank were awarded Nobel Peace Prize for their contribution in reducing poverty through MFIs (Hudon, Labie & Szafarz 2019). The models were used to as an effective strategy in poverty reduction, inclusive growth and income equalities. After realising the significance of Micro finance most counties adopted the model as a way of promoting financial inclusion, reducing poverty, promoting the growth of Small to Medium Enterprises and achieving economic growth Hasan, T., & Ahmed, S. (2009. Countries realised that MFIs were capable of stimulating production, acts as a source of creating employment in other sector of the economy and promoting growth of most sectors of the economy. The United Nations (UN) has also since then supported the growth of MFIs as a model to reduce poverty and promote income equalities.

According to Hartungi (2007) MFIs develop saving habits among poor people. The financial resources generated through savings and micro credit obtained from banks are utilized to provide loans and advances to the members of the Self-Help Groups (SHGs). Thus, microfinance institutions help in mobilization of savings and using the same for the welfare of its members. Loans from the normal banking system require a lot of collaterals security which poor people cannot offer and therefore, cannot get loan. Microfinance finance institutions however ensures access to financial resources to the poor who cannot afford the collateral or counter guarantee from banks and high interest rates and procedural and documentation formalities required by formal banks (Mohammed &Wobe (2019). They allow lower income members of the population to get loans at cheaper rates. These services allow businesses on a small scale to grow, grow, help them get out of poverty and be independent and self-sufficient. The MFIs therefore create long-term financial independence among the poorer sections of the society and therefore, promotes self-sufficiency among them.

Developing countries have adopted the Micro-Finance model to increase greater access to credit, savings, insurance, transfer remittances and other financial services for poor and low-income households (Blavy, Basu & Yülek 2004). This model has been mainly used to enhance a more secure livelihoods and prosperous futures for the marginalised members of the society. The creation of Microfinance banks to enhance access to loans and savings services for the underprivileged is presently being encouraged as an essential development strategy to facilitate poverty eradication and economic development (Allaire, Ashta, and Attuel-Mendes & Krishnaswamy 2009).

In developing countries such as Africa with higher levels of poverty and financial exclusion, MFIs model has been used to address Africa's challenges of poverty, income inequalities and hunger (Mersland & Strøm 2009). Micro Finance Institutions MFIs have been used to contribute to social and economic development of the nations in several ways. They have been used provide the poor and the economically marginalized sections of the society a wide range of financial services which helps them to improve their social and economic conditions (Helms2008). One of the most critical roles of the micro finance institutions in developing countries has been to facilitate poverty reduction. The focus to reduce poverty has shifted to funding of MFIs in view of their capacity to assist the poorer sections of the society by providing credit to help people to pull themselves above the poverty line. The credit facility offered through MFIs create economic power that leads to social power, economic power thereby lifting the poor out of poverty (Mbogo & Ashika 2011). However, despite the critical role of MFIs in enhancing poverty reduction, stimulating economic growth, achieving social and economic development, most MFIs in Africa gave struggled to survive and most of them have closed.

In Zimbabwe the prolonged period of economic crisis has led to poor performance, bankruptcy and closure of many MFIs. In the 1980s Zimbabwe had a thriving vibrant financial sector and microfinance sector which helped to enhance financial inclusion by ensuring access to financial capital for many low-income members of the country. The prolonged periods of economic crisis, financial crisis, collapse of industries generated several challenges to the MFIs sector which led to massive closures and bankruptcy of most MFIs. The prolonged period of harsh economic led to limited capital for lending which crippled the major core function of the MFIs. High defaulting rates and caps on interest rates made most of the MFIs financially unviable, as their capital was wiped out. While several MFIs succumbed to prolonged periods of economic crisis, liquidity crisis and de-industrialisation, some MFIs have shown resilience and have contained to operate at above 60% capacity utilisation. Other MFIs have also managed to survive the harsh economic challenges and are still operational though at depressed capacity utilisation of less than 35%. The surviving MFIs shows that they could be possessing internal capabilities that have helped them to overcome the harsh macro-economic challenges. The outbreak of the COVID-19 has also generated another devastating impact on the resilience of the remaining MFIs and has crippled their capacity to alleviate poverty and enhance income equalities in most developing countries. This paper therefore seeks to explore organisational capabilities that have led to survival of some MFIs during the prolonged economic crisis and the current CIVID 19 pandemic. Despite the growing informal economies in Zimbabwe, the viability of MFIs has been declining partly because of macro-economic environmental factors and internal organization factors. This means that there is need to examine the internal organizational capabilities that MFIs must develop to ensure that they don't only survive from the current economic crisis but will remain viable and competitive during and after economic crisis.

Despite playing a critical role in promoting sustainable economic development among the poor and helping nations move towards the Sustainable Development Goal number one, MFIS mostly in developing countries have faced several challenges which have threatened their viability and sustainability. The major problems facing Micro finance institutions in the context of developing countries include poor risk analysis, weak environmental adjustment, poor customization of methodology and weak guarantees and poor customer support.

II. LITERATURE REVIEW

This section reviews theoretical and empirical literature in order to indicates the contribution of this study to the existing body of knowledge on organizational capabilities of MFIs. According to Mohammed &Wobe (2019) and Lopatta & Tchikov (2016) the main objective of microfinance is facilitating access to financial services to the poor and marginalized sections of the community. Microfinance targets those members of the community that would ordinarily not be able to open a bank account or access loan facilities in the mainstream banking sector because of stringent requirements.

Hudon, Labie & Szafarz (2019) states that microfinance institutions play three key roles in the development agenda of countries. They help very poor households meet basic needs and protects against various economic and social risks. Micro Finance institutions help to improve household economic welfare and to empower women by supporting women's economic participation in various economic and trading activities. This implies that MFI model nat be used by countries to promote gender equity. Ouma & Kilika (2018) indicated that microfinance is a critical economic and financial model that may assist countries achieve their Sustainable Development Goals number 1, 2, 5 and 8 by deliver social and economic benefits to the marginalized members of the society on an ongoing, permanent basis and on a large scale.

2.1 Theoretical review of literature

(a) Organizational capabilities and profitability

The concept of organizational capabilities and their influence on profitability is derived from Resource Based Theory. The theory argues that the development of internal organization capabilities which are unique and difficulty to imitate leads competitiveness of organization in any business environment (Wilden, Gudergan, and Nielsen & Lings 2013). According to the theory, success of organizations in any business environment is not based on external variables but depends mainly on the development of unique, rare and competitive capabilities (Barreto 2010). The Resource-Based (RB) Theory, therefore, adopts an "inside-out" approach to performance improvement by indicating that success of organization depends on well development unique organizational capabilities. The resource-based approach sees firms with superior systems and structures being profitable. The essence of the RBV lies in the emphasis of resources and capabilities as the genesis of competitive advantage. Organizational capabilities enable firms to be competitive and survive even periods of economic crisis. According to the RBV, organizational that develop strong capabilities that are difficult to duplicate are more competitive and will be more successful in any business environment. RBV argues that performance differences across firms are due to differences arising from unique capabilities developed by each firm that cannot be easily imitated or substituted (Peteraf 1993; Wernerfelt 1984; Amit & Schoemaker 1993; Barney 1991). Competitive advantage, therefore, rests on distinctive processes, skills, operations, management approaches developed by each firm.

Teece & Pisano (1994) and Dixon, Meyer & Day (2014) indicated that existing literature suggests that sustainable profitability of organisations depends must on the nature, scope and depth of organisational capabilities. Organisational capabilities enable organisations to obtain, integrate, and reconfigure its resources to respond to the growing demands of its customers and the market. According to Teece, Pisano & Shuen (1997) differences in performance of organisational are mainly a result of variations in the organisational capabilities. Organisations that possess superior and relevant set of capabilities experience sustainable positive profitability in the short and long run in any business environment.

Gong, Law, Chang, & Xin (2009) and Zott (2003) indicates that organisations that accumulates more and diverse capabilities can experience greater competitiveness in terms of profit margins. This shows that some organisational capabilities are more effective than other. This creates a research gap to determine the nature and scope of organisational capabilities that are critical to the economic in the MFIs sector. Literature however also indicates that failure to develop relevant and diverse ca\abilities lead to poor profitability and performance (Fandel, Backes-Gellner, Schlüter, & Staufenbiel, 2004; Levinthal & Wu, 2010; Richey). This means that the identification of effective capabilities for MFIs in this study will be useful in guiding the success of MFIs.

In view of this views, the question that this paper addresses is which capabilities may help MFIS operating in economic crisis environments to be profitable, competitive and successful. The reviewed literature shows that there are diverse organisational capabilities useful in economic crisis. However, the effectiveness of the organisational may vary with the nature of the business environment in which MFIs are operating. There is also no agreement on which organisational capabilities may be effective in periods of economic crisis. In addition, there is limited literature on the organisational capabilities that MFIs operating in Organisational capabilities that MFIs may use to be competitive. These are the key gaps that this study filled up. MFIs that can create and develop appropriate organisational capabilities to their operating environment are able to survive growth and be sustainable in the long run.

According to Kostopoulos, Papalexandris, Papachroni & Ioannou (2011), coordination/integration capability describes the firm's ability to assess the value of existing resources and integrate them to shape new competences. Moreover, the implementation of new configurations of functional competences lies in the effective coordination of a variety of tasks and resources and the synchronization of different activities (Dixon, Meyer & Day 2014). Coordination processes connect and interface single routines through communication, scheduling, task assignment and other related activities. This leads to a sense of direction and effective planning which all translates to competitiveness and profitability. Coordination leads to efficiency in all operations which implies that resources are used optimally leading to profitable operations (Bustinza, Gomes, Vendrell-Herrero & Baines (2019).

Learning capability can be conceived of as a principal means of attaining strategic renewal. Renewal requires that organizations explore and learn new ways while at the same time exploit what they have already learned (Kihara, Ngugi & Ogollah 2016). Teece et al. (1997) argue that learning is a very important process which through experimentation and repetition leads to the better and quicker resolution of specific problems and at the same time enables firms to identify new opportunities. Exploitation of new opportunities leads to competitiveness and profitability of organization.

Krzakiewicz & Cyfert (2017) indicated that strategic competitive response capability allows organization to be more responsive to the exogenous changes as well as the creation of new markets, needs and customer value. This capability can be conceptualized as the ability of the firm to scan the environment, identify new opportunities, asses its competitive position and respond to competitive strategic moves. This leads to proftbalse opettions through identification and maximisation of opportunities.

(b) Empirical review of literature

Several research study on organisational capabilities among MFIs have shown that marketing capabilities which include the abilities for identifying potential clients, approaching them, promoting their needs and expectations leads to success among MFIs. The capability led to success because it involves capacity to retain profitable customers in the long run. The ability to market services and capturing new customers will enhance the competitiveness of the organization. It also involves making use of the latest technological approaches to marketing (Herrero & Baines 2019). This leads to expansion into new areas, capturing new needs and hence leading to profitability of operations.

Another empirical study showed that integrative capabilities allow organisation to coordinate in a complementary way the internal processes and hence promotes quality and efficiencies. Blending different technical competencies developed in various company departments leads to efficiency and quality services which all met make operations profitable (Victor Muithya1 and Stephen Muathe 2020)

Kihara, Ngugi & Ogollah (2016) showed that that innovation capability can be viewed as the most significant capabilities in periods of economic crisis. These capabilities that allows organisation to shape the future by consistently bringing new high-quality products to the market faster, more frequently and at a lower cost than competitors. The capability also enables the organisation to display attributes such as quality, efficiency, speed and flexibility. Ouma, & Kilika (2018) argued that organisations with well-developed innovation capabilities can continuously improve their services and thereby creating value to customers. Organisations with innovative capabilities are creative, forward looking, highly responsive and analytical and are always identifying and creating new value for customers. These attributes lead to profitability and success even in turbulent business environments.

(c) Overview of the literature review

The theoretical and empirical review of literature shows that there are several organisational capabilities that MFI may use to be competitive and survive in periods of economic crisis. However, the effectiveness of these capabilities varies with the nature and scope of economic crisis as well as the nature and status of the MFIs. In view of limited literature on organisational capabilities relevant to MFIs operating on economic crisis in the context of developing countries, this finding of this study constitutes a significant contribution to the literature on MFIs which is the most effective model for poverty reduction. In addition, most of empirical studies have focused more on the challenges affecting MFIs but this study has taken a new dimension through a focus on the internal capabilities of MFIs which can enhance resilience in the face of continuous economic and pandemics crisis affecting businesses. A focus on the internal capabilities as a strategy to survival of MFIs is a significant contribution to the studies done to date.

III. RESEARCH METHODOLOGY

The study was guided by the positivism research philosophy. The justification for the adoption of this philosophy was based on its ability to generate reliable findings which can be generalised to another same context. In addition, a positivist research philosophy allowed the collection of structured responses from a structured questionnaire that led to a scientific and statistical analysis of the data. This led to objective findings which are not affected by subjectivity. Data was collected from MFIs using a survey method in which a structured questionnaire was used as the data collection tool. The study was explanatory in design. This design was relevant as it allowed the study to examine the relationship between organisational capabilities and performance indicators of MFIs. The sample of the study was selected using a stratified sampling technique in view of its ability to generate a more representative sample which promotes generalisation of findings.

IV. ETHICAL CONSIDERATIONS

The ethical issues considered for this research included informed consent, confidentiality, permission, integrity and respect for people's rights and nobility: While conducting this research, the researcher was aware of respondent's basic human rights and right to express themselves in the most naturalistic way

V. POPULATION OF THE STUDY

The population of study consisted of all MFIs which are operational and based on Harare. The total population was 160 workers in the MFIs sector and a sample of 90 was selected using the stratified sampling approach. The use of stratified sampling enhanced a more representative sample.

VI. DATA ANALYSIS FRAMEWORK

Regression and correlational analysis were used to evaluate the relationship between various organisational capabilities and competitiveness. This model of analysis was relevant in that it allows the study to determine the most effective organisational capability that has contributed to the survival of MFIs in the current business environment.

VII. RESULTS AND DISCUSSIONS

7.1 Reliability test

Cronbach's alpha was used to test whether the instrument had internal consistency.

Table 1: Reliability test values

Variable	Corbach alpha
Innovative capabilities	0.654
Intergartive capabilitiues	0.732
Strategic capabilities	0.667
Marketing capabilities	0.557
Learning capabilities	0.763

The Cronbach's alpha for the variables ranged from 0.557 to 0.763 which indicates that there is internal consistence for questions within each variable. It also shows that the instruments measured the constructs in a consistent way given that the values are greater than 0.5.

7.2 Profile of organizational capabilities possessed by MFIs

Table 2: Profile of innovative capabilities possessed by MFIs

Variable	% of MFIs with capability
Innovative capabilities	35%
Intergrative capabilitiues	20%
Strategic capabilities	20%
Marketing capabilities	5%
Learning capabilities	20%

Results in Table 2 shows that the most dominantly developed capabilities by the MFIs during the period of the economic crisis were the innovative, integrative, strategic and learning. This indicates that the MFIs were able to respond well to the needs of an economic crisis business environment which calls for innovativeness, strategic, learning and integrative capabilities.

7.3 The relationship between organisational capabilities possessed by MFIs and profitability in periods of economic crisis

7.3.1 The relationship between innovative capabilities and profitability of MFIs during the economic crisis period

Table 3: Correlation and regression results for the innovative capabilities and profitably of MFIs

		Innovative capabilities	Organisational profitability
Innovative capabilities	Pearson Correlation	1	.819**
	Sig. (2-tailed)		.000
	N	90	90
Organisational competitiveness	Pearson Correlation	.819**	1
	Sig. (2-tailed)	.000	
	N	90	90
**. Correlation is significant at the 0.01 level (2-tailed).			

According to the correlation results presented in Table 3, the research found that there was also a very strong positive correlation between innovative capabilities and organisational profitability because r=0.819. In addition, the result in the table shows that innovative capabilities had a positive relationship with organisational profitability during the period of the economic crisis because p=0.000<0.05. This shows that MFIs that were innovative were able to be competitive in terms of being profitable.

7.3.2 The relationship between integrative capabilities and profitability of MFIs during the economic crisis period

Table 4: Correlation and regression results for the relationship between integrative capabilities and organisational comparativeness during the period of the economic crisis

		Integrative capabilities	Profitability
Transformational Leadership	Pearson Correlation	1	.456**
	Sig. (2-tailed)		.0231
	N	90	90
Employee Productivity	Pearson Correlation	.456**	1
	Sig. (2-tailed)	.0231	
	N	90	90
**. Correlation is significant at the 0.01 level (2-tailed).			

Table 4 results shows that there was a weak correlation between the integrative capabilities and profitability of MFIs during the period of the economic crisis because r=0.456. In addition, the results shows that there was a weak but positive relationship between integrative capabilities and the profitability of MFIs because p=0.231>0.05. This means that the integrative capabilities such as did not contribute much to the profitability of MFIs during the period of the economic crisis. This finding indicates that some organisational capabilities may not be useful and effectively contribute to profitability in periods of economic crisis. This may be because of the nature of the economy crisis, the size if the organisation and the level of development of the integrative capabilities.

7.3.3 The relationship between strategic capabilities and profitability of MFIs during the economic crisis period

Table 3: Correlation and regression results for the relationship between strategic capabilities and profitability during the period of the economic crisis

		Strategic capabilities	Profitability
Transformational Leadership	Pearson Correlation	1	.561**
	Sig. (2-tailed)		.000
	N	90	90
Employee Loyalty	Pearson Correlation	.561**	1
	Sig. (2-tailed)	.000	
	N	90	90
**. Correlation is significant at the 0.01 level (2-tailed).			

According to the correlation statistics indicated in Table 3, there was a moderate and positive correlation between strategic capabilities and profitability of MFIs during the period of the economic crisis because r=0.561. In addition, the result shows positive and significant relationship between strategic capabilities and profitability of MFIs during the period of the economic crisis because p=.000<0.05). It can be inferred that strategic capabilities are relevant but may not be effective in sustaining profitability of MFIs during the period of the economic crisis given their positive but moderate influence on profitability of MFIs.

7.3.4 The relationship between marketing capabilities and profitability of MFIs during the economic crisis period

Table 4: Correlation and regression results for the relationship between marketing capabilities and profitability during the period of the economic crisis

		Marketing capabilities	Profitability
Transformational Leadership	Pearson Correlation	1	-.754**
	Sig. (2-tailed)		.000
	N	90	90
Employee commitment	Pearson Correlation	-.754**	1
	Sig. (2-tailed)	.000	
	N	90	90
**. Correlation is significant at the 0.01 level (2-tailed).			

Results in Table 4 shows that there was a weak and negative correlation between marketing capabilities and profitability of MFIs during the period of the economic crisis because r=-0.754. In addition, regression result shows that the negative relationship was significant because p=0.000<0.05. It can therefore be inferred that investing more in the development of marketing capabilities is not beneficial in periods of economic crisis. This could be attributed to higher costs of marketing which may be a waste of resources in periods of economic crisis. Marketing is generally a cost to organisations and in periods of economic depression with low demand for services, the cost may have a significant negative influence on the profit margins of organisations.

7.3.5 The relationship between learning capabilities and profitability of MFIs during the economic crisis period

Table 5: Correlation and regression results for the relationship between learning capabilities and profitability during the period of the economic crisis

		Learning capabilities	Profitability
Transformational Leadership	Pearson Correlation	1	.959**
	Sig. (2-tailed)		.000
	N	90	90
Employee Motivation	Pearson Correlation	.959**	1
	Sig. (2-tailed)	.000	
	N	90	90
**. Correlation is significant at the 0.01 level (2-tailed).			

According to the correlation table above, there is a strong positive correlation between the learning capabilities and profitability of MFIs during the periods of the economic crisis because r=0.959. In addition, there is also a strong positive and significant relationship between the learning capabilities and profitability of MFIs during the periods of the economic crisis because p=0.000<0.05. It can therefore be inferred that learning capabilities are relevant and effective

VIII. DISCUSSION

This paper examined organizations capabilities possessed by MFIs operating in Zimbabwe. In addition, the paper examined the influence of each organizational capability on the profitability of MFIs during the period of the economic crisis. The focus was thus to determine the most effective organizational capabilities that may enhance the profitability of MFIs in period of economic crisis. The study focused on the influence of five organizational capabilities namely innovative, learning, integrative, marketing and strategic. The findings if the study indicates that MFIs respondent to the economic crisis by investing more in the development of innovative, strategic, integrative and learning capabilities. This was indeed relevant to the needs of an economic crisis business environment. The MFI that used the relevant organizational capabilities were competitive and profitable during the period of the economic crisis and hence contributed significantly to the reduction in poverty by offering easily accessible financial resources. In addition, such MFIs were helpful in providing funding to the large number of the informal sector business during the COVID-19 pandemic. The MFIs helped most SMEs to be resilient to the challenges bought by the COVID-19 pandemic. This finding supports views by Dixon et al (2014) who indicated that success in performance requires that firms develop innovative, adaptive and learning capabilities. The study noted that different capabilities had different influence on the profitability of MFIs during the period of the study and this finding is in line with the views raised by Szalavetz (2015) and Kihara, et al (2016) who indicated that performance variations of organizations have different effects on the performance of organizations.

This finding on the positive influence of innovative capabilities on profitability supports existing literature which argues that innovative capabilities lead to sustainability by allowing organisations to take opportunities that emerge from the business environment (Torres et al 2018).

The study noted that integrative capabilities are not effective in making MFIs competitive in periods of economic crisis. This finding however contradicts existing literature by Kihara, et al (2016) who suggest that organisation that have well developed integrative capabilities are likely to be more competitive. It can be however inferred that the influence of the integrative capabilities on profitability in periods of economic crisis of is moderated by other factors.

The influence of strategic capabilities on profitability was positive and this is in line with views in the existing literature where it is argued that strategic capabilities positively influence profitability of organisations (Torres et al 2018).

The study noted that marketing capabilities did not have a significant influence on profitability of MFIs. This finding however contradicts the views in the existing literature where it is argued that aggressive marketing of services leads to positive profit margins due to increased sales and revenue (Fink et al 2018). These results may be showing that the influence of marketing capabilities on the profit margins of MFIs operating in economic crisis may be moderated by other factors such as consumer income levels, the level and scope of the economic crisis. This may therefore require further study.

The study noted that learning capabilities are relevant and effective in improving the profitability of MFIs in periods of economic crisis. This means that learning capabilities enable MFIs to be competitive in view of their positive and significant influence on profit margin in periods of economic crisis. It shows that MFIs that develop learning capabilities can survive and remain competitive during economic crisis. This finding concurs with Gathungu & Mwangi (2012) who indicated that learning capabilities enable organisations to take opportunities as they emerge from the business environment and hence remain viable and successful in any business environment.

IX. CONCLUSIONS

The main conclusion that emerged from this study is that survival of MFIs in periods of economic crisis and even in the current COVID-19 pandemic requires several integrated organizational capabilities that must complement each other to enhance competitiveness. This the study concludes that the adoption of leaning and innovative organizational capabilities as an integrated unit is the key to success in periods of uncertainty.

X. POLICY AND ORGANIZATIONAL RECOMMENDATIONS

In view of these results, it is recommended that MFI invest more resources in the development of strong and intense learning, and innovative capabilities given their positive influence on the profit margins. Leaning and innovative capabilities will therefore help the MFIs to develop competitive strategies that in turn will enhance profitability and viability in the current economic crisis environment. These capabilities help the MFIs to reach the operational efficacy, offer quality financial services and competitiveness. The study also recommends that the Government must provide resources to capacitate MFIs in terms of developing the learning right learning and innovative organizational capabilities especially in periods of uncertainty and economic crisis. Deliberate programs by Central Banks to inculcate the relevant organizational capabilities are requires given the limited financial resources of most MFIs and their value to financial inclusion.

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