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**AN ANALYSIS OF THE STRATEGIES IMPLEMENTED BY
MICROFINANCE INSTITUTIONS FOR SURVIVAL DURING
CORONA VIRUS DISEASE (COVID 19) ERA IN ZIMBABWE:
A CASE OF MICROFINANCE INSTITUTIONS 2019-2022**

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Abstract

The study analysed the strategies that implemented by microfinance institutions for survival during corona virus disease (Covid 19) era in Zimbabwe. The study employed the quantitative methodology. The participants were chosen using random sampling method. The research instrument was a structured questionnaire with the necessary information to satisfy the research objectives. This study found out that loss of revenue, outreach challenges, higher operating costs and client incapacitation were the major challenges that were faced by MFIs during Covid



19 era. Online business transactions and introduction of work shifts were critical in the survival of MFIs during pandemic period. The study also noted that the effects of Covid 19 are strongly associated with MFIs performance and operational strategies that were implemented by MFIs were of great importance to their survival.

Keywords: Covid 19, Micro Finance Institutions, Online, Strategies, Survival, Zimbabwe

INTRODUCTION

This study sought to analyse the strategies implemented by microfinance companies for survival during corona virus disease 2019 (COVID 19) pandemic to microfinance operations for the period 2019 - 2022. The purpose was to identify factors that affected Microfinance Institutions (MFIs), the effects and challenges faced by MFIs.

Background to the Study

In early December 2019, there was an outbreak of coronavirus disease (COVID-19) caused by a novel severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), occurred in Wuhan City, Hubei Province, China. On January 30, 2020 the World Health Organization (WHO) declared the outbreak as a Public Health Emergency of International Concern. As of February 14, 2020, 49,053 laboratory-confirmed and 1,381 deaths have been reported globally WHO (2020). Zimbabwe reported its first case on 20 March 2020 (Government of Zimbabwe), after that it announced a nationwide lockdown for 21 days effective 30 March 2020 as a measure to contain the COVID-19 crisis, which it declared a “national disaster” on 19 March 2020. The perceived risk of acquiring disease has led many governments including Zimbabwe to institute a variety of control measure. The lockdown has affected all the sectors of the economy including the micro finance sector. The micro-finance has come to represent a significant portion of both gross domestic product (GDP) and of total credit to the private sector in many countries across the globe (World Bank, 2021). The microfinance sector in Zimbabwe remained largely resilient amid challenges experienced in 2020. RBZ in 2020 reiterates that the sector continued to render vital financial services to various segments of the population and industry thereby contributing towards the achievement of the country’s economic growth and development targets, (Reserve Bank of Zimbabwe, 2020). The Covid-19 pandemic, which became a global phenomenon, affected the performance of industry, resulted in job losses and closure of some micro and small businesses that are the main clients of microfinance institutions (Nyamboga, 2020). The pandemic also retarded the progress that microfinance institutions

had made in terms of access to financial services and women empowerment in particular (Reserve Bank of Zimbabwe, 2020). Many researchers such as Olayode *et al.*, (2022), Paula, (2021) and Olayode *et al.*, (2022) have conducted detailed studies on factors, effects, and challenges and impact of COVID-19 on various industries in different sectors in different countries.

Globally most microfinance institutions were under increasing strain as the Covid-19 pandemic continued to curtail business opportunities for micro, small and medium enterprises (MSMEs). As such, they were forced to adapt in order to continue supporting their clients as effectively as possible. The Covid-19 pandemic is the latest in a series of crises that microfinance institutions (MFIs) worldwide have faced in recent decades, from the 2007 global financial crisis to preceding epidemics, political and economic upheavals (RBZ, 2020). Covid-19 is a challenge of unprecedented scale and one that is particularly affecting microfinance institutions of all sizes. The Covid-19 pandemic exerted a more radical and abrupt effect and spread rapidly causing severe and sustained market disruptions which presented many uncertainties. Many small businesses, including clients of MFIs, suspended, or closed down their economic activities, leaving the owners and workers without income and employment (RBZ, 2020). The situation strained microfinance institutions which themselves faced their own internal challenges to maintain their core activities during the government mandated lockdowns and World Health Organisation (W.H.O) protocols. Other challenges caused by the Covid-19 crisis included difficulties in disbursements, collection of reimbursements and meeting with clients face-to-face, and reorganizing internal systems and flow of work (RBZ, 2020). In general, microfinance institutions across the globe appeared to have survived the first impact of the pandemic relatively well, although some had to make significant adjustments to their internal operations and make some difficult decisions, like reducing their lending activities at the time when liquidity was needed most by the borrowers. Microfinance clients, on the other hand, do not appear to have fared equally well as many micro- and small businesses were forced to close, which consequently reduced their income generation capacity and their ability to meet loan repayment obligations. They were also subject to the indirect impacts from the disrupted supply chains and often inconsistent and insufficient public support during the pandemic. The impact depended not only on the location of MFIs in relation to the Covid-19 prevalence, but also on the types of services that MFIs provide and their internal operational systems. MFIs that collect savings and depend on deposits for granting loans, such as deposit-taking microfinance institutions in certain regions of Sub Saharan Africa were more adversely affected than MFIs in Europe which are not permitted to mobilise

deposits (Micro Finance Annual Report, 2020). MFIs that remained reliant on traditional methods of personal relations and physical contact with clients were severely affected by the mobility restrictions associated with the pandemic. The majority of MFIs reported deterioration of their loan portfolio quality and there were notable regional differences in the portfolio at risk, most of their loans were in arrears for a period exceeding 30 (RBZ Micro Finance Annual Report, 2020).

Statement of Problem

The study investigated the effects, impact and challenges that exist in the MFIs industry due to Covid 19 pandemic and strategies that were implemented by MFIs for survival. Most companies in Zimbabwe were arguably not adequately equipped to meet the challenges that are posed by this pandemic diseases. The outbreak of Covid 19 imposed circumstances that threatened the existence and sustainability of MFIs. Many companies operations were left vulnerable to an array of challenges which include: loss of employment, collapsing of firms, reduced salaries and loss of customers among other vulnerabilities. It is not yet known why some MFIs remained resilient to the effects, impact and challenges of the COVID-19, hence, the conduction of this study.

Aim and Research Objectives

The main objective of this research is to analyze the impacts of COVID-19 pandemic on the operations of MFIs. The sub research objectives of the research are as follows:

1. To identify factors that affected MFIs operations due to COVID-19.
2. To analyze the effects and challenges faced by MFIs over the past two years due to COVID-19.
3. To make recommendations to MFIs.

Research Questions

This research sought to answer the following main question: What are the strategies that were implemented by MFIs for survival during COVID-19 on MFIs: A case of FBC microfinance department. It has got the following sub research questions

1. What are the major factors that affected MFIs operations?
2. What were the effects and challenges faced by MFIs due to COVID-19 pandemic?
3. What were the strategies adopted in order to enhance the recovery of MFIs as result of COVID-19 pandemic?

Hypotheses

H_1 The effects of Covid 19 are associated with the Performance of Micro Finance Institutions

H_2 The strategies adopted were adopted by Micro Finance Institutions are associated with their survival

Scope of the Study

The scope of the study offers a time line for when and where the study takes place. In this case the study is limited to the FBC micro-plan employees and for the period of 2019 to 2022. It covered randomly selected employees from the selected branches around the country. The conceptual scope is on the effects, impact and challenges of COVID-19 on FBC microfinance and the strategies that were adopted.

LITERATURE REVIEW

This study looked into theories, factors that affects MFIs operations, challenges faced by MFIs during the covid 19 pandemic, strategies and the conceptual framework used in this study.

Theories that underpin this study

The Grameen bank model is the most successful model in microfinance industry which was developed by Yunus in (1983) in Bangladesh. Yunus postulated that credit is perceived as an essential instrument for moving the inequalities that restrict the poor to a poverty rotation and for emancipating the essential abilities in people. The Grameen has been applied in several countries and it was found to be very useful in the operations of microfinances. The International Institute for Sustainable Development (2018) found out that Grameen bank had successfully provided microfinance funding for artisanal small scale miners in Yale area in the Talensi-Nabdam District, Northern Ghana they recommended social collateralization of funding capital to groups than individuals and they noted that groups were likely to pay. The Grameen Model was also applied in Tanzania and there was relative success (The International Institute for Sustainable Development (2018)).

Prahalad and Hammond developed the theory in (2002) in London the Pyramid. They postulated that the base of the pyramid represents the population that lives and transacts in the informal market. Their perception relies on the theory of mutual value formation, this means that the grater the value formed for those living at the base of pyramid the greater the value formed from venture. The ventures will create acceptable economic and societal earnings to the

organisation participating in the undertaking and local community in which they work in. These two theories are of great important to the microfinance institutions since they allow access of funding to their operations.

Impact, Effects Challenges of Covid 19

National Level

The Zimbabwean economy is estimated to have contracted by 4.1% in 2020. The contraction was mainly attributable to negative effects of the Covid-19 pandemic, climate shocks and structural economic challenges. Sectors that experienced significant losses were agriculture (-0.2%), mining (-4.7%), manufacturing (-9.6%), and electricity & water (-7.9 %). 13 1.18 The ravages of Covid-19 were mainly felt in the distribution and other service sectors through either lockdowns, reduced investment inflows, lost production hours, closed borders, grounded distribution transport systems, broken supply chains and low demand (Zimbabwe National Budget, 2021). The WFP (2020) noted that over 7.7 million people faced food shortages in 2020 in Zimbabwe because the economy has a strong reliance on the informal sector.

FMs

Due to enforcement of lockdown, Quartz Africa (2020), noted that other small scale business operators, illegal money-changers in Zimbabwe were now conducting business at home, inviting customers who want to buy foreign currency to come over, this have limited customers who may want to seek funding from micro finance institutions since it will not allow them to move to micro finances offices looking for funding. A study by Yeboar *et al.*, (2021) in Ghana shows that MFIs has the following operational difficulties as a result of the crisis: inability to disburse new loans and collect loan repayments which is leading to increase in portfolios at risk, increased operational costs, and bottlenecks with non-financial service delivery.

A survey conducted by the Zimbabwe Association of Microfinance Institutions (ZAMFI), during the period 30 March 2020 to 31 July 2020, noted that the lockdown measures yielded a severe blow on collection efforts and disbursements of loans by microfinance institutions leading to a loss of profit and revenue. Some of the top issues of concern cited from the survey (RBZ, Micro Finance Annual Report, 2020) are depicted in Figure 1.



Figure 1: Impact of Lockdown Regulations

Source: RBZ Micro Finance Annual Report (2020)

Fig 1 shows some of the challenges that were faced by MFIs in Zimbabwe during the Covid 19 era. The RBZ Micro Finance Annual Report (2020) noted that the microfinance has the following challenges: high operating cost, client incapacitation, inability to disburse loans, cash flow constraints, outreach challenges, non-payment of loans and loss of revenue due to reduced lending. The micro finance business was perceived to be high risk and investors were less optimistic of prospects of profitability and hence being cautious with investing in the microfinance business. Shareholders cited negative returns from the business due to inflation and hence some have lost appetite for investment in the sector. Some of the microfinance institutions were lacking enough capital to give their customers because they lack collateral to secure loans from banking institutions (RBZ Micro Finance Annual Report 2020). In Indonesia, one of the sectors that was significantly affected by Covid 19 was Islamic microfinance institutions (IMFIs), based on data from the Ministry of Cooperatives and Small Medium Enterprises of Indonesia, in 2019 have Shariah-Compliant Cooperatives around 4,046 units or 3.29% of the 123,048 cooperative units. Of the 4 046, around 1,952 units or 48.25% of all Islamic cooperatives have effect to all of level of society in the IMFIs, they were all affected by Covid 19 (Hidayat et. all, 2020).

Foundation Grameen Credit Agricole (2020) noted that some of the impacts of COVID-19 Pandemic on MFIs include, physical distancing (or social distancing), provision of PPEs, lockdowns, closure of some MFIs, defaults by affected clients, loss of income and clients. Guidance on the resumption of activities in the workplace, for example, emphasizes the importance of natural ventilation, air filtration, and employees adhering to stringent hygiene protocols, as well as the cleaning and disinfection of workplaces. The impacts differ depending on demographics, country, region, profile or size, but some trends can be identified). In Zimbabwe, the Zimbabwe Association of Microfinance Institutions (ZAMFI), said “ MFIs should embrace digital services platforms associated with cost reduction, limited human interaction, efficiency in service delivery and high productivity, if MFIs are to recover from the effects of COVID-19 pandemic” Chronicle (2023).

Measures that were taken by Microfinance Sector for Survival

Chandra *et al.*, (2020) noted that in order to survive the uncertain conditions as a result of the impact of Covid19, MFIs in Indonesia has implemented several strategies to survive, grow, develop and sustain, these strategies include: Porters Generic Strategy approach which consists of cost, leadership, differentiation, focus cost and differentiation focus. Yeboar *et al.*, (2021) argued that reduction in lending and rescheduling of outstanding loan repayments, adoption of flexible working arrangements, and use of digital technologies are key response measures taken by the MFIs although the scale of implementation differed considerably by contextual factors. Fabeil *et al.*, (2020) noted that in order to ensure micro entrepreneurs to manage their business in a crisis situation, specifically in a less developed area, it is crucial to provide assistance and support facilities that are more relevant to them, especially in terms of knowledge and skills on crisis management methods. The business knowledge like online marketing techniques, product delivery procedures, new product development, costing and pricing strategy during crisis and customer database management could serve as a basis of crisis management plan for micro-enterprises (Fabeil *et al.*, 2020). The President of Zimbabwe unveiled a ZWL\$18 billion Economic Recovery and Stimulus Package aimed at reinvigorating the economy and providing relief to individuals, families, small businesses and industries impacted by the economic slowdown caused by the Coronavirus pandemic and the attendant response measures implemented by the government to control the health crisis (ZELA, 2020).

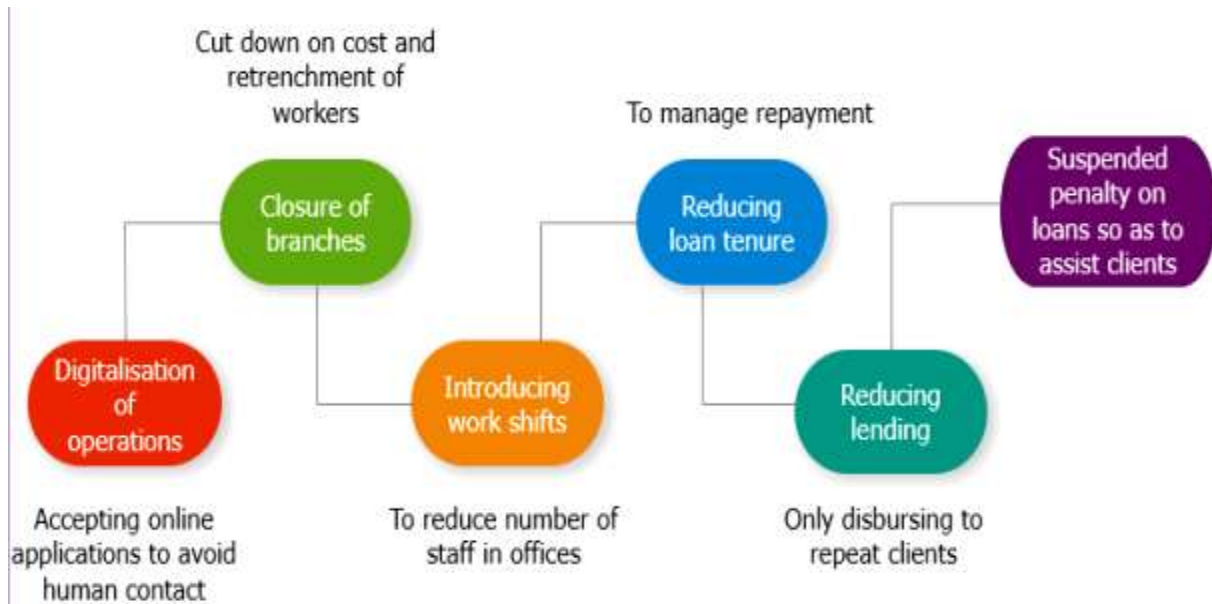


Figure 2: Strategies for MFIs for Survival

Source: RBZ Micro Finance Annual Report (2020)

Fig 2 shows some of the measures which were suggested by RBZ Micro Finance Annual Report (2020) to mitigate Covid 19 challenges these include: closure of branches, digitalization of operations, introducing work shifts, reducing loan tenure, reducing lending and suspended penalty on loans so as to assist clients.

Conceptual Framework

Asian Development Bank (2007) noted that microfinance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers and insurance to poor and low-income households and their microenterprises. It encompasses a number of financial services such as savings, insurance, money transfers, training, social engagements etcetera, over and above credit (Mago *et al.*, 2013). Microfinance evolved and expanded from the narrow field of microcredit (Helms, 2006). These operations of microfinances were heavily affected by Covid 19 for the period 2020-2022 in Zimbabwe. Therefore the conceptual framework was formulated in order to analyse the effects of Covid 19 on the operations of microfinances and strategies they implement for their survival. The association assumes that the effects of Covid 19 (Lock downs, social distance and online loan applications) has a significant effect to the operations of MFIs and the strategies that were implemented were significantly associated with their survival.

METHODOLOGY

The study employed the quantitative methodology. A survey research design was utilized in collecting the data, which referred to the period between 2019 and 2022. The stipulation of the time period (2019-2022) was necessary to ensure that data gathering involved only those MFIs that were in existence just before and during the Covid-19 pandemic. A sample of 357 participants was randomly selected from a pool of MFI senior managers, middle managers and low-level employees, based on the organizational composition. The research instrument was a structured questionnaire, which consisted of sub scales measuring the study variables namely; factors that affected MFIs operations, challenges faced by MFIs due to COVID-19 pandemic, and strategies adopted by MFIs to recover and remain resilient during the pandemic. The researchers specifically for the purpose of this study designed the scales of measurement. The instrument was administered through Google forms. A link to the questionnaire on Google forms was shared with all participants. This online platform enabled researchers to access participants in their convenience. Data collected was analyzed mainly using linear regression in SPSS version 23.

ANALYSIS

This section summarises findings from online questionnaire that was sent to MFIs employees. The main questions that were asked include (i) the effects of Covid 19 to the MFIs, (ii) the influence of Covid 19 effects on the performance of MFIs and (iii) the strategies for the survival of MFIs during Covid 19. The associations between the effects of Covid 19 and MFIs performance and the association between the strategies and the survival of MFIs were assessed.

The effects of Covid 19 to the MFIs

Table 1: The effects of Covid 19 to the MFIs

COVID19 EFFECTS	Responses		Percent of Cases
	N	Percent	
Lost revenue	98	28.7%	64.5%
High operating costs	46	13.5%	30.3%
Client incapacitation	56	16.4%	36.8%
Inability to disburse loans	11	3.2%	7.2%
Outreach challenges	64	18.8%	42.1%
Non-payment of loans	42	12.3%	27.6%
Cash flow constraints	24	7.0%	15.8%
Total	341	100.0%	224.3%

Table 1 shows the impact of Covid 19 on the elements of business operations of Micro Finance institutions. According to Dabrowska *et al.*, (2020) the effects of the pandemic on operations is undeniable, the most pervading one being loss of revenue. This is consistent with the findings of this research, out of the target population, 98 MFIs representing a formidable 64.5% cited loss of revenue as the most prevalent challenge they faced. The operations of MFIs are largely dependent upon going out in the field to access potential clients, however, the regulations put in place to halt the spread of Covid 19 largely limited movement. A total of 64 (42.1%) of the respondents cited outreach challenges as another effect of Covid 19. The effects of the pandemic were not limited MFIs if client incapacitation is anything to go by at 36.8%. The least cited effects include inability to disburse loans with a total of 11(7.2%) and cash flow constraints with a total of 24(15.8%). The availability of digital platforms linked to financial technology may have offered alternative ways to disburse funds hence the low percentage impact on loan disbursement.

The influence of Covid 19 effects on the performance of MFIs

Table 2: The influence of Covid 19 effects on the performance of MFIs

Influence of Covid 19 effects on the performance of MFIs	N	Minimum	Maximum	Mean	Std. Deviation
Productivity	153	1	5	3.78	1.363
Sales	153	1	5	3.82	1.264
Profitability	153	1	5	3.83	1.271
Overall business costs	153	2	5	3.77	1.067
Loan repayments	153	1	6	3.52	1.231
Client outreach	153	1	6	4.11	1.156
Operating time	153	1	5	3.58	1.249
Valid N (listwise)	153				

On the influence of Covid 19 on performance of MFIs, a mean close to 5 denotes a significant impact on the performance indicator under scrutiny. From Table 2, the range for the mean is 0.59. The minimum is 3.52 and the maximum is 4.11. This implies all the performance indicators have been significantly affected by the pandemic. The overall performance of the MFIs was checked due to the vagaries of Covid 19. The standard deviation for all the factors considered is non zero implying that there are other factors that affect performance but were not explored. The risk associated with the pandemic will cause fund providers to require higher lending rates. Zheng and Zhang, (2021) posit that higher funding rates imply higher costs of capital, which may undermine the MFI's financial performance. Beck (2020) weighs in by concluding that, because of the heightened uncertainty and loss of confidence in banks, depositors may withdraw their

deposits, and risk-averse investors may become extremely cautious about investing in MFIs. This makes it difficult for MFIs to attract funding during a pandemic, and restricted availability of funding will translate into less outreach to the poorest clients.

Strategies for the survival of MFIs during Covid 19

Table 3: Strategies for the survival

Strategies for the survival of MFIs during Covid 19	N	Minimum	Maximum	Mean	Std. Deviation
Online business transactions	153	1	5	3.92	1.300
Suspended penalty on loans so as to assist clients	153	1	5	2.69	1.237
Closure of branches	153	1	4	2.33	.967
Introducing work shifts	153	1	5	3.58	1.110
Reducing loan tenure	153	2	5	3.19	.901
Reducing lending	153	1	4	2.50	1.040
Limit customers sales	153	1	4	2.37	.901
Closure of other branches	153	1	5	2.95	1.351
Retrenchment of other workers	153	1	4	2.45	.980
Limit the outreach programmes	153	1	5	2.90	1.307
Valid N (listwise)	153				

Table 3 outlines the survival strategies that were employed by MFIs and their impact on the continued operations. Though all the strategies were effective, digitalisation that is the use of online platforms to conduct business seemed to have a major impact on survival chances with a significant mean of 3.92. The introduction of shifts was also a popular strategy with a mean of 3.58. Reducing loan tenure also made sense and the mean sat at 3.19 which is also substantial. However, all the factors within the study also had an effect on the performance of MFIs as indicated by the resultant standard deviation which clustered around 1. In a study by Sangwan et al., (2021) MFIs may be compelled to make a decision to suspend operations temporarily as a coping measure during a pandemic. Sangwan et al., (2021) argue that the MFIs have two unpopular options available to them if they are to survive either (i) to increase the interest rates on lending or (ii) to reduce their current and fixed expenses which may include liquidation of assets, reducing salaries, or laying off employees.

The Relationship between effects of Covid 19 and the Performance of Micro Finance Institutions

Coefficient of determination

According to Table 4, a R^2 of 0.516 implies that 51.6% of the difference in the dependent variable is explained by the explanatory variables in the model applied.

Table 4: The R² or the coefficient of determination

Model	R	R Square	Std. Error of the Estimate	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
1	.718 ^a	.516	.69501	.516	22.097	7	145	.000

Goodness of fit of the model

Table 5: Goodness of the fit of the model

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	74.716	7	10.674	22.097	.000 ^b
	Residual	70.040	145	.483		
	Total	144.756	152			

Table 5 shows the goodness of fit model which is explained by p and the f value. The ANOVA F value of 22.097 indicates that there is a statistical significant difference between the means of the two variables that is the effects of Covid 19 and performance. The F value suggests that the means of the two variables are different rather than due to random chance. The P value of 0.000 implies that the model is significant since it is less than 0.05.

The Anova Results

Table 6: Anova Results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	3.481	.174		20.015	.000
Lost revenue	-.909	.172	-.448	-5.272	.000
High operating costs	.655	.270	.309	2.423	.017
Client incapacitation	-.060	.158	-.030	-.379	.705
Inability to disburse Loans	-1.986	.414	-.527	-4.794	.000
Outreach challenges	.702	.210	.356	3.337	.001
Non-payment of loans	1.266	.163	.581	7.762	.000
Cash flow constraints	1.279	.295	.478	4.339	.000

Table 6 shows the variables that were tested for the relationship between the effects of the pandemic and the performance of FMI's during Covid 19 era. All the other variables are significant in explaining the variation in the independent variable as indicated by their p-value of

less than 0.05 except client incapacitation which is an outlier with a p-value of 0.705 which is greater than 0.05. The regression equation from Table 6 is:

Performance of MFIs = 3.481 – 0.909 Loss of revenue + 0.655 High operating costs -0.060 Client incapacitation -1.986 Inability to disburse Loans +0.702 Outreach challenges +1.266 Non-payment of loans +1.279 Cash flow constraints

Assuming that explanatory variables are zero it means an output of 3.481 can be realised which is attributed to other factors outside the model. Loss of revenue with a coefficient of -0.909 is negatively associated with the performance of MFIs implying that a 1% change in the loss of revenue will lead to a -0.909 decrease in the performance of MFIs. The findings of Nyabeze and Chikoko (2021) also noted that the major economic impact of COVID-19 on the informal sector is poverty and decreased profits. High operating costs with a coefficient of 0.655 is positively associated with the performance of MFIs implying that a 1% increase in operating costs will result in a 0.655 increase in the performance of MFIs. Client incapacitation with a coefficient of -0.60 is negatively associated with the performance of MFIs, implying that a 1% change in the client incapacitation will result in a -0.60 decrease in the performance of the MFIs. Inability to disburse loans with a coefficient of -1.986 is negatively associated with the performance of the MFIs implying that a 1% change in the inability to disburse loans will result in a -1.986 decrease in the performance of the MFIs. These findings are similar with the findings of Grameen Crédit Agricole Foundation Surveys (2021) which were conducted in 2020 which revealed the following the major Covid 19 difficulties: the impossibility of meeting clients in person, difficulties in collecting repayments and complications in disbursing loans. The following factors: outreach challenges with a coefficient of 0.7.2, non-payment of loans with a coefficient with a coefficient of 1.266 Cash flow constraints with a coefficient of 1.279 were all positively associated with the performance of MFIs implying that a 1% change in then will result in the increase in the performance of the MFIs with their respective coefficients. Outreach challenges' positive association with MFIs performance may be due to the fact that since the firm may not be doing outreach problems, they may be less capital expenditure in funding these programs.

The Relationship Between strategies adopted by Micro Finance

Institutions and their Survival

Coefficient of determination

Table 7 shows the coefficient of determination (R^2). A R^2 of 0.731 implies that 73.1% of the difference in the dependent variable is explained by the explanatory variables in the model applied.

Table 7: The R² or the coefficient of determination

Model	R	R Square	Std. Error of the Estimate	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
1	.855 ^a	.731	.43445	.731	38.601	10	142	.000

Goodness of fit of the Model

Table 8: Goodness of the fit of the model

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	72.857	10	7.286	38.601	.000 ^b
Residual	26.802	142	.189		
Total	99.659	152			

Table 8 shows the goodness of fit model which is explained by p and the f value. The ANOVA F value of 38.601 indicates that there is a significant difference between the means of the two variables that is the effects of Covid 19 and performance. The F value suggests that the means of the two variables are different rather than due to random chance. The P value of 0.000 implies that the model is significant since it is less than 0.05.

The Anova Results

Table 9: The Anova Results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.714	.168		10.224	.000
Reduction in loan amounts	.816	.259	.225	3.154	.002
Introduction of work shifts	.321	.135	.198	2.376	.019
Reducing loan tenure	-.751	.130	-.465	-5.775	.000
Temporary closure of company/branch	-.675	.118	-.415	-5.704	.000
Suspended penalty on loans to assist clients	1.020	.231	.526	4.424	.000
Reduced lending (total outlay)	.062	.149	.037	.417	.677
Delay in payment of suppliers on time	-.748	.167	-.381	-4.469	.000
Online business	1.708	.161	.915	10.621	.000
Laid off employees	.287	.121	.146	2.377	.019
Reduced sales	3.378	.306	.985	11.046	.000

Table 9 shows the variables that were tested for the relationship between the strategies that were implemented by MFIs and their survival during Covid 19 era. All the other variables are significant in explaining the variation in the independent variable as indicated by their p-values of less than 0.05 except reduced lending which has a p-value of 0.667 which is greater than 0.05. The regression equation is as follows:

Survival of MFIs = 1.714 + 0.816 Reduction in loan amounts + 0.321 Introduction of work shifts - 0.751 Introduction of work shifts – 0.675 Temporary closure of company/branch + 1.02 Suspended penalty on loans to assist clients + 0.62 Reduced lending (total outlay)-0.748 Delay in payment of suppliers on time + 1.708 Online business +0.287 Laid off employees + 3.378 Reduced sales

Assuming that explanatory variables are zero it means an output of 1.714 can be realised which is attributed to other factors outside the model. Online business with a coefficient of 1.708 is positively associated with the survival of MFIs implying that a 1% change in online transactions will lead to a 1.708 increase in the chances of MFI survival. MFIs during the pandemic employed various ways to continue reaching and servicing clients such as Skype, Zoom, WhatsApp or Viber, and made the loan application process possible online or via mobile phones (Dabrowska *et al.*, 2020). On the contrary reducing loan tenure seems to have a negative effect on the survival chances of MFIs. From Table 9, reducing loan tenure with a coefficient of - 0.751 is negatively associated with the continued sustainability of the MFIs a 1% increase in the loan tenure will lead to a -0.751 decrease in the survival chances of the MFIs. The reduction in loan tenure obviously reduced demand as clients were struggling to keep their businesses afloat due to the effects of the same pandemic. The following factors: suspended penalty on loans to assist clients with a coefficient of 1.02, reduced lending (total outlay) with a coefficient of 0.62 and laid off employees with a coefficient of 0.287 are positively associated with survival of MFIs implying that a 1% change in employing them, it will result in higher chances of the MFIs survival during the pandemics. However findings from other studies on the survival of microfinance include education of borrowers, Murshid and Murshid (2022) argued that there is need for creating awareness about COVID-19, providing information, maintaining daily contact with their borrowers and providing food supplies. The need for training of borrowers to be able to do business and able to pay their loans during Covid 19 was also seconded by Prince *et al.* (2021) who argued that it was proven that training on micro-credit helps borrowers to improve their performance in capital creation through their businesses, training helps them increase their desire for efficient performance, sense of entrepreneurship, pride, satisfaction and happiness associated with their business.

CONCLUSIONS

The study assessed the effects of Covid 19 to the MFIs in Zimbabwe and strategies that were adopted the micro finance firms for survival. In conclusion, this study noted that loss of revenue, outreach challenges, higher operating costs and client incapacitation were the major challenges that were faced by MFIs. Online business transactions and introduction of work shifts are critical in for the survival of MFIs during pandemic period. The study also noted that the effects of Covid 19 are strongly associated with their performance and operational strategies that were implemented were of great importance to their survival.

AREAS FOR FURTHER STUDY

The strategies that were implemented by MFIs were mainly of short term bases, there is need for another research which will study the long term solutions for pandemic such as this one. Around 1918 to 1919, there Spanish flu was a pandemic the solutions that were implemented during that period seems to be similar with those that were used during Covid 19 these include social distance, the use masks and lockdowns and these seems to cause global financial losses therefore there is need to come up with long term solutions which will minimise losses and promote business operations. Other firms in the communication/IT industry seems to have make some profits since most companies used online methods in doing their business therefore future studies should investigate the profits that were done by these companies

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