

Microfinance As an Enterprise: Its Practices, Opportunities and Challenges

GINA L. BATAYOLA¹, DR. ERLY M. MARTIR²

^{1,2}Guimaras State University, McLain, Buenavista, Guimaras, Philippines

Abstract- *This study explored the practices, opportunities, and challenges of microfinance enterprises in the Province of Iloilo, Philippines for 2023. Data was collected from microfinance managers and employees across Iloilo through purposive sampling. The findings revealed a youthful, predominantly female workforce with high educational attainment, mainly in rank-and-file positions. Microfinance practices were highly regarded across demographics, with significant differences noted based on age, civil status, educational attainment, and professional positions. Opportunities were perceived positively, especially by younger respondents, while challenges were more pronounced among those with higher education and managerial roles. Statistical analyses highlighted significant demographic variations in microfinance practices, opportunities, and challenges, with strong positive correlations among these aspects. The study concludes that addressing specific challenges and capitalizing on opportunities through targeted strategies is essential for the sustained success of microfinance enterprises. To enhance microfinance in Iloilo, stakeholders and policymakers should develop targeted training programs, promote diversity and inclusion, and design support mechanisms for specific challenges. Continuous monitoring and evaluation should be implemented to adapt strategies. Encouraging collaboration among institutions and professionals, advocating for flexible policies, and allocating funding for research and innovation are also crucial. Extending educational outreach programs to promote awareness and establishing networking platforms for knowledge-sharing can further enhance the sector. Finally, integrating adaptive technologies is essential to improve efficiency and resilience in microfinance operations. These actions will provide practical guidance for informed decisions and interventions in the evolving microfinance landscape.*

Indexed Terms- *Practices, Opportunities, Challenges, Microfinance*

I. INTRODUCTION

Background of the Study

During challenging times and financial hardships, microfinance institutions serve as a crucial lifeline for small businesses and low-income individuals. Microfinance has emerged as a powerful tool for economic development, fostering entrepreneurship, and alleviating poverty. It provides microloans, savings, insurance, and other financial products specifically tailored to meet the needs of the underserved, enabling them to build sustainable livelihoods and contribute to economic growth.

Microfinance has played a crucial role in overcoming this barrier by offering financial services to underserved, marginalized, and vulnerable groups in poor and developing regions (Coronel-Pangol et al., 2023). Microfinance institutions have long been linked to poverty reduction (Zaman et al., 2020). Their economic benefits in underdeveloped countries are clear, as are their potential impacts on development. Microfinance improves the quality of life for microentrepreneurs in less developed nations by stabilizing their economic activities. This stability allows individuals to manage their spending better, leading to savings and improved standards in housing, nutrition, health, and education for their families. Additionally, access to banking services and improved security foster a sense of entrepreneurship, boosting self-esteem and reputation. Even a small loan can help integrate businesses into formal economic networks, promoting long-term community development (AL-Maamari et al., 2022).

In the Philippines, the microfinance sector is a vital contributor to economic development and financial inclusion. By March 2022, the industry had expanded

to a loan portfolio of PhP406 billion (Bangko Sentral ng Pilipinas, 2022). In a 2022 speech addressed to the Microfinance Council of the Philippines, former BSP Governor Felipe M. Medalla highlighted the critical role of microfinance in acting as last-mile providers, effectively bridging the gap between the informal and formal economies (Bangko Sentral Ng Pilipinas Media and Research - Speeches, 2022). Despite their importance, microfinance institutions (MFIs) encounter numerous challenges that, if not properly managed, can lead to their closure and dissolution. This has been particularly evident in Iloilo's five congressional districts, where several MFIs have struggled, according to the researcher. This study aims to explore the practices, opportunities, and challenges of microfinance enterprises in Iloilo from the perspective of microfinance entrepreneurs. The insights gained could have a significant impact on the management and strategic decision-making of microfinance institutions in the province.

Statement of the Problem

This study determined the practices, opportunities, and challenges of microfinance as an enterprise in the Province of Iloilo, Philippines, for the year 2023.

Specifically, this study sought to answer the following questions:

1. What is the profile of the respondents in terms of age, sex, civil status, educational attainment, length of service, position, and place of business?
2. What are the practices of microfinance as an enterprise as assessed by the respondents as a whole and when classified according to age, sex, civil status, educational attainment, length of service, position, and place of business?
3. What are the opportunities of microfinance as an enterprise as assessed by the respondents when taken as a whole and when classified according to age, sex, civil status, educational attainment, length of service, position, and place of business?
4. What are the challenges of microfinance as an enterprise as assessed by the respondents when taken as a whole and when classified according to age, sex, civil status, educational attainment, length of service, position, and place of business?
5. Are there significant differences in the practices of microfinance as an enterprise as assessed by the respondents when classified according to age, sex,

civil status, educational attainment, length of service, position, and place of business?

6. Are there significant differences in the opportunities of microfinance as an enterprise as assessed by the respondents when classified according to age, sex, civil status, educational attainment, length of service, position, and place of business?
7. Are there significant differences in the challenges of microfinance as an enterprise as assessed by the respondents when classified according to age, sex, civil status, educational attainment, length of service, position, and place of business?
8. Are there significant relationships among the practices, opportunities, and challenges of microfinance as an enterprise?

Hypotheses:

The following hypotheses are advanced in this study:

1. There are no significant differences in the practices of microfinance as an enterprise as assessed by the respondents when classified according to age, sex, civil status, educational attainment, length of service, position, and place of business.
2. There are no significant differences in the opportunities of microfinance as an enterprise as assessed by the respondents when classified according to age, sex, civil status, educational attainment, length of service, position, and place of business.
3. There are no significant differences in the challenges of microfinance as an enterprise as assessed by the respondents when classified according to age, sex, civil status, educational attainment, length of service, position, and place of business.
4. There is no significant relationship among the practices, opportunities, and challenges of microfinance entrepreneurship.

Theoretical Framework

For the practices of microfinance as an enterprise, this study was anchored on Republic Act 10693 (Microfinance NGO Act) which identifies a microfinance non-government organization as a non-stock, non-profit organization duly registered with the Securities and Exchange Commission (SEC) with the primary purpose of implementing a microenterprise development strategy and providing microfinance

programs, products, and services, such as microcredit and microsavings, for the poor and low-income clients.

This applied theory is useful as it has the following purpose for the respondents: it is beneficial to all the microfinance members and people in the community in providing the poor direct access to reasonable and affordable credit and related programs and services; it also helps with business development opportunities such as entrepreneurial training and seminars.

For the challenges of microfinance entrepreneurship, this study used the theory of organizational researchers Michael T. Hannan and John Freeman (1984) who used the concept of organizational ecology to argue that organizational effectiveness depends on the environment in which the organization operates. An organization that delivers adequate performance in a challenging environment may be more effective than one that performs well without encountering problems. A natural measure of the effectiveness of an organization is how well it achieves its goals, as indicated by measuring performance. (1) constraints; that is, a company faces constraints from internal and external factors. (2) adaptation: According to Hannan and Freeman, one of the ways effective organizations deal with constraints that prevent them from reaching their goals is to adapt to their ecology. (3) Inertia-Hannan and Freeman identify "organizational inertia" as the obstacle preventing organizations from adapting. (4) Selection: According to the ecology concept, the most effective organizations are those that can adapt to constraints by performing well under challenging conditions.

This theory is applicable to microfinance as an enterprise that eventually experiences challenges. These theories suggest how the organization would successfully adapt to the difficulties and crises in order to survive.

For the opportunities in microfinance entrepreneurship, this study was linked to the actualization theory of Entrepreneurial opportunities. The actualization theory of entrepreneurial opportunities, introduced by Ramoglou and Tsang (2016), is intended to bridge the gap between discovery and creation theories of entrepreneurial

opportunity. The discovery perspective views entrepreneurial opportunities as existing out there in objective reality, waiting to be found and exploited by entrepreneurs. This implies that if an opportunity does not exist, then no amount of effort to exploit it will be fruitful.

This theory is necessary for the present study as it suggests that the entrepreneur would have succeeded in the microfinance entrepreneurial endeavor if he had given efforts. Thus, entrepreneurs come around to find out how to support and ensure that all personnel and members receive adequate help in order for them to render their best services for the company's success.

Conceptual Framework

This study determined the practices, opportunities, and challenges of microfinance as an enterprise in the Province of Iloilo, Philippines, for the year 2023.

The independent variables were the respondents' demographic profile such as age, sex, civil status, educational attainment, length of service, position, and place of business. On the other hand, dependent variables were practices, challenges, and opportunities.

As to age, it was assumed that the assessment of the practices, challenges, and opportunities may depend upon the age of the respondents. Microfinance entrepreneurs who were old may consider themselves to have done a lot of best practices and encountered more challenges compared to the younger bracket of age; however, these challenges were converted into greater opportunities as they were very knowledgeable compared to the younger ones.

As to sex, the researcher presumed that male and female respondents may have had different assessments of the dependent variables under study. The female respondents had very high practices compared to males in microfinance entrepreneurship. Also, the female respondents were more resilient in all challenges and were able to acquire greater opportunities in microfinance.

As to civil status, respondents were grouped as to "single" or "married". It was assumed that the married respondents had very high microentrepreneurship

practices and encountered fewer challenges as they were very knowledgeable compared to single respondents. Also, married respondents were given more opportunities compared to single respondents.

As to educational attainment, respondents were categorized into “Bachelors Degree”, “Masters Degree”, and “Doctorate Degree” holders. It was presumed that the higher the educational attainment, the higher the chance of the entrepreneurs determining practices, getting better opportunities in business, and being wiser in facing challenges.

As to length of service, respondents were categorized into “less than 1 year”, “1-5 years”, and “more than 5 years”. The researcher presumed that respondents with longer lengths of service had a better assessment of the practices, opportunities, and challenges than the newer employees.

As to position, respondents were categorized as to “managerial” or “rank-and-file employees”. It was assumed that those who were holding a higher position had a better assessment of the practices, opportunities, and challenges faced by microfinance as an enterprise compared to those who belonged to the rank-and-file position.

As to place of business, it was assumed that respondents’ assessments may vary according to which congressional district the microfinance was located in.

Finally, the researcher assumed that when respondents had micro-entrepreneurship best practices, they would encounter the least dominant challenges, and these challenges would be converted into the most dominant or greater opportunities. Thus, it was assumed that the micro-entrepreneurship practices greatly correlate to the opportunities and challenges encountered.

These concepts are illustrated in Figure 1.

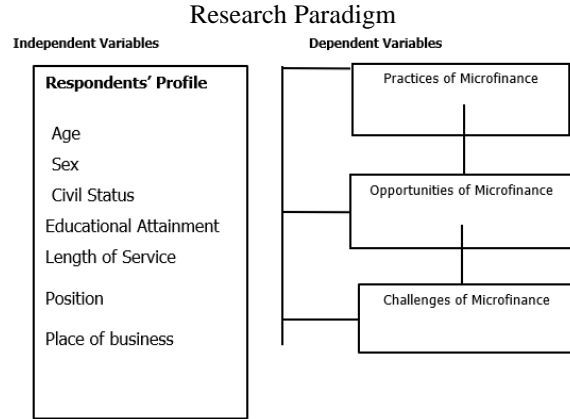


Figure 1. Schematic Diagram Showing the Relationship between the Independent and Dependent Variables of the Study

Significance of the Study

The results of this study would be of importance to the following:

Management of different microfinance enterprises. This would be helpful in providing information on how to identify challenges and opportunities in microfinance as an enterprise and find solutions on how to minimize those challenges.

Entrepreneurs. The results of the study would benefit entrepreneurs, as this would allow them to determine business practices, opportunities, and challenges in doing business, and they may get some ideas from the results of this study that can also be implemented in their respective organizations.

Local government units. The government plays a vital role in helping microfinance institutions by creating a good legal framework, adequate information, and supportive regulations.

Personnel. This study would be beneficial to all the personnel of microfinance, as they are vital to the organization as they serve the people. Whatever trainings, seminars, or development provided by the management could greatly affect how they serve people in the community.

Clients. The clients would benefit from the best practices and opportunities that would be provided by the microfinance enterprise.

Researcher. The results of the study could be used as a tool for knowledge development and learning facilitation. It would help people comprehend problems and raise awareness of them. It would encourage a love of reading, writing, analyzing, and sharing useful information, as well as confidence in doing so. It's a way to locate, evaluate, and seize chances for the researcher.

Future Researchers. The results of the study would serve as a reference for future researchers conducting related or further studies about the topic being investigated. The study would likewise contribute to the wide collection of literature and scholarly works in the fields of microfinance and entrepreneurship.

Definition of Terms

To better understand the terms used in the study, the following are defined conceptually and operationally:

Challenges. Difficult Job (the situation of being faced with) something that needs great mental or physical effort in order to be one successfully and therefore tests a person's ability (Cambridge, 2021).

In this study, challenges refer to the problems and difficulties encountered or faced by managers and employees in microfinance enterprises. The respondents answered "5-Strongly Agree", "4-Agree," "3-Uncertain", "2-Disagree", "1-Strongly Disagree" for every statement provided in the questionnaire.

Enterprise – a unit of economic organization or business organization (Merriam Webster, 2023).

This study refers to a business organization or microfinance enterprise located in the province of Iloilo.

Microfinance. also called microcredit- a type of banking service provided to low-income individuals or groups who otherwise wouldn't have access to financial services (Investopedia, 2023).

In this study, it refers to a financial institution called a microfinance enterprise that provides financial services to the low-income community in the province of Iloilo.

Opportunities. It refers to a good chance for advancement or progress (Merriam Webster, 2023).

In this study, the term opportunities refers to the probabilities for improvement that await entrepreneurs in microfinance as an enterprise. The respondents answered "5-Strongly Agree", "4-Agree," "3-Uncertain", "2-Disagree", "1-Strongly Disagree" for every statement provided in the questionnaire.

Practices. to do or perform often, customarily, or habitually (Merriam Webster, 2023).

In this study, the term practices refers to the systems, actions, guidelines, and strategies that microfinance follows in pursuit of its objectives as an enterprise. The respondents answered "5-Strongly Agree", "4-Agree," "3-Uncertain", "2-Disagree", "1-Strongly Disagree" for every statement provided in the questionnaire.

Scope and Limitations of the Study

This descriptive correlational research was to determine the practices, challenges, and opportunities of microfinance as an enterprise in the Province of Iloilo, Philippines, for the year 2023.

The researcher gathered responses from 200 microfinance managers and employees from Iloilo's different congressional districts. To obtain the sample, the researcher used purposive sampling. According to Arikunto (2010), purposive sampling is the process of selecting a sample by taking a subject that is not based on the level or area but is taken based on the specific purpose.

The independent variables were the respondents profiles, such as age and sex, civil status, educational attainment, length of service, position, and place of business. To gather the required data, a researcher-made instrument was used. The instrument has four parts: the first part is the profile sheet intended to gather personal data of the respondents; the second part consists of questions to determine the practices of microfinance as an enterprise; the third part to determine the opportunities; and the fourth part to determine the challenges faced by microfinance as an enterprise. Content validity was determined by requesting experts in the field validate the research instrument using the Good and Scates criteria. All

suggestions for improvement or amendment were taken into account while creating the final document, and copies were made for use in administration. The reliability of the questionnaire was pilot tested with 30 employees of a microfinance company in Iloilo City. In order to interpret the gathered data, the statistical tools used were frequency count, percentage analysis, mean, Kruskal-Wallis H-test, Mann-Whitney U test, and Spearman's rho correlations. All statistical computations were processed using the Statistical Package for the Social Sciences (SPSS) software. The margin of error was set at .05

II. REVIEW OF RELATED LITERATURE AND STUDIES

This chapter presents the literature, studies, concepts, and research relevant to the study.

On Practices of Microfinance as An Enterprise
Microfinance institutions are designed to provide small businesses and entrepreneurs' access to capital. That is, it is a platform that businesses and individuals can use to source financing for their recapitalization. Also, it can be a vehicle that can be tailor-made to suit poorly economically active people (Gassner et al. 2019). Islamic microfinance is distinguished from formal conventional banking by several variables: the degree of formality and collateral; shari'a concepts; and target groups (Ismail, 2018).

Microfinance has become an essential tool for poverty reduction in many parts of the world and is found among the institutions that provide different financial services to the poor who are out of the conventional banking system, particularly in developing countries (Bent 2019).

Armendariz and Morduch (2010) explained that microfinance presents a series of exciting possibilities for extending markets, reducing poverty, and fostering social change. On the contrary, it also presents a series of puzzles, many of which have not yet been widely discussed. Debates around this concern include whether the poorest are best served by loans or by better ways to save, whether subsidies are a help or a hindrance, whether providing credit without training and other complements is enough, and which aspects of lending mechanisms have driven successful performances. Many of the insights from the

microfinance experience can be seen fruitfully through the lens of recent innovations in economics (especially the economics of information, contract theory, and behavioral economics). Other microfinance insights point to areas where new research is needed, especially around possibilities and constraints for saving the poor and estimating social impacts.

Republic Act 10693 (Microfinance NGO Act) which identifies a Microfinance Non-Government Organizations as a non-stock, non-profit organization duly registered with the Securities and Exchange Commission (SEC) with the primary purpose of implementing a microenterprise development strategy and providing microfinance programs, products and services, such as microcredit and microsavings, for the poor and low-income clients. This NGO shall have the following features and an purpose: a) provide the poor direct access to reasonable and affordable credit and related, programs and services; b) provide business development opportunities such as leadership training and entrepreneurial skills and enhancement; c) provide human development services to help the poor achieve a level of sustainability and empowerment, and adopts measures to promote a spirit of generosity and selfless giving among individuals and institutions that shall help support programs directly involved in poverty eradication; d) collect compulsory savings or capital build-up (CBU) only from their clients for purposes of maintaining the compensating balance in relation to the same client's loan; e) prohibited from directly engaging in insurance business; f) charge responsible interest and collect such necessary fees and charges incidental to their microfinance operations; g) borrow money or incur such obligations for the purpose of relending to microfinance borrowers; h) accept donations or grants in accordance with existing laws and regulations; i) invest their funds in sound, non-speculative enterprises and instruments, subject to rules and regulations of the relevant government regulatory agency; j) maintain a transparent and comprehensive management information system; and k) publish and disclose audited accounts at the end of every fiscal year. (Securities and Exchange Commission, 2019)

Microfinance institutions (MFIs) have adapted diversely to address diverse market challenges, offering a broad array of financial services and

employing various lending technologies to reach poor and marginalized groups. Consequently, certain MFIs demonstrate greater operational efficiency compared to others (Baltas & Liñares-Zegarra, 2024).

Microfinance institutions typically define their practices by the range of products and services they offer. These can be broadly categorized into financial products—such as loans, savings, leasing, insurance, fund transfers, and pension remittances—and non-financial services, including capacity building for entrepreneurs, management and vocational training, consulting, marketing support, information technology development and transfer, and facilitation of business linkages. Additionally, they provide social services such as literacy and numeracy training, nutrition education, self-esteem workshops, public health initiatives, civic education, and support for individuals affected by HIV/AIDS and victims of disasters. Microlending services remain a hallmark of microfinance (Microfinance Institutions| Economic and Political Weekly, 2024). These practices are typically evaluated for their social and financial impact through three primary frameworks: Universal Standards for Social and Environmental Performance Management (USPM), Client Protection Standards (CPS), and Social Outcome Indicators (SOI) (Sierra et al., 2024).

On the Opportunities of Microfinance As An Enterprise

Financial inclusion and poverty alleviation represent pivotal opportunities for microfinance. This sector continues to broaden access to financial services among marginalized populations, particularly in developing nations, empowering individuals who lack access to traditional banking to establish enterprises, accumulate assets, and enhance their economic well-being (Kumar et al., 2023). Moreover, with only 5% of the current microcredit demand being met, the microfinance industry is poised for substantial growth in the coming years (AL-Maamari et al., 2022).

Digital transformation stands as another significant opportunity for microfinance. The emergence of digital technologies has revolutionized the sector, enhancing the accessibility and efficiency of financial services (Fersi et al., 2023). Mobile banking, digital payments, and online lending platforms have

expanded the reach of microfinance institutions (MFIs), enabling quicker transactions and reducing operational costs. Additionally, the integration of artificial intelligence (AI) and machine learning holds promise for further accelerating microfinance growth (Pattnaik et al., 2023).

Entrepreneurship, which is invariably understood as the creation of growth-oriented organizations to exploit economic opportunities, is of utmost importance for every type of innovation-driven economy, such as that of the USA, Japan, and most European countries; they all benefit from new jobs courtesy of entrepreneurship (Kuckertz, Hinderer and Rohm, 2019).

Global Entrepreneurship Monitor (GEM) (2018) in its Annual Report that an important global trend that has been observed during the last few decades is that entrepreneurship activities continue to grow all over the world. In many countries where the decision to start a new business was traditionally triggered by necessity, an increasing share of entrepreneurship is now triggered by opportunity.

The aims of microfinance institutions as advanced organizations are to facilitate the financial needs of underserved markets as a means of meeting development objectives such as generating employment, reducing poverty, supporting current businesses or expanding their activities, empowering women or other disadvantaged population groups, and inspiring the development of new businesses (Morgan, Elijah, and Christopher, 2019).

Nigerian women are in great numbers, delving into entrepreneurship for succor in this time of economic hardship (Umemezia and Osifo, 2018).

Takaruva (2016) theoretically illustrated that poverty alleviation involves improving the living conditions of already poor people. Given the diversity of causes and effects linked to poverty and its alleviation, the current study wishes to test if microfinance institution loans impact poverty reduction in Zimbabwe.

Addae-Korankye (2020) explained that access to food and income-generating projects could make poor people self-sufficient. Access to land and inputs may

improve people's food security. Microfinance evolved from an informal saving system beginning in the eighteenth and nineteenth centuries, when the theorist Lysander wrote about the benefits of small credits to entrepreneurs and farmers to alleviate people out of poverty.

Entire societies prosper from entrepreneurs' innovations, creative problem solving, and identifying new industries. Still, entrepreneurship among women remains meagre, with women commonly being less likely to start a business than their male counterparts (Riinvest, 2017).

Pham and Huynh (2020) document that the availability of credit aids enterprises in purchasing superior technologies, employing competent workers, and applying new production methods to expand their business activities. With Africa's ever-increasing youth population projected to double by 2050, the need for innovative and sustainable ways to support youth employment grows in importance. While the challenge is daunting, it has also inspired many of Africa's creative and diligent young people to take charge of their own futures, coming up with innovative solutions to keep themselves employed and actively engaged.

Oshora et al. (2021) who argue that a well-functioning and sustainable financial system that provides financing to SMEs helps eradicate poverty. In summary, the growth of microfinance loans directly increases poverty levels, while the growth of SMEs and agriculture output alleviates poverty in Zimbabwe in the long run.

Matzana et al. (2022) to gain a better understanding of the causal relationship among the variables. The Granger causality Wald test was estimated to determine the direction of the causal relationship between microfinance loan growth and poverty reduction.

In the long run, MFI loan growth was found to increase poverty. Theoretically, the growth of lending should reduce poverty levels in an economy since more access to finance enables SMEs to resuscitate and employ the poor, decreasing poverty. This study found conclusive evidence that MFIs are unstopable,

registering enormous profits (Bank Supervision Department 2018).

On the Challenges of Microfinance As An Enterprise One of the primary challenges facing microfinance institutions (MFIs) is sustainability. While historically resilient and adaptable, the current global financial landscape presents unprecedented challenges that strain the resilience of MFIs (Dokulilová et al., 2020). Issues such as over-indebtedness, loan defaults, ethical dilemmas, managerial capacity, legal constraints, and unforeseen contingencies compound the sustainability challenge within the sector (Kayembe, et al., 2021; Ussif et.al., 2020).

This synthesis underscores the critical opportunities and challenges shaping the microfinance landscape, highlighting the need for innovative strategies and robust governance frameworks to sustain its positive impact on global financial inclusion and poverty reduction (Tay et.al, 2022).

According to Shresta (2021) there are nine critical challenges faced by microfinance institutions; 1) The expense of outreach, 2) Growth of the Self-Help-Groups (SHGs), 3) Higher Rate of Interest Compared to Mainstream Banks, 4) Lack of Investment validation; 5) Missing of targets; 6) Loan default; 7) Geographical factors 8) Over-dependence of the banking system for the fund; 9) Low knowledge of financial services

The solutions are; proper regulation – when microfinance was in its emergent stage and individual establishments were liberated to usher in innovative, operational models, a restrictive surrounding requirement wasn't a big concern. However, now the institution needs restrictions that protect the interests of stakeholders and promote growth. Field superintendence – In addition to correct regulation of the microfinance sector, field visits can be accepted as a medium for monitoring the conditions on the ground and initiating corrective action if needed. This can keep an eye on the performance of ground employees at MFIs and their loan recovery practices. Focus on the rural poor – Instead of reducing the initial cost at places where there are MFIs, these institutions could start targeting the rural poor and establish new branches in those areas. Complete variety of product –

MFIs ought to offer a complete variety of products together with credit, savings, remittance, financial advice, and many more; this will help in diverting the dependency of people from commercial banks. Transparency of interest rates – The MFIs should abide by an actual interest rate on the products and amounts, which should be mentioned to the customers. Technology to scale back overhead – MFIs ought to use new technologies and IT tools & applications to scale back their operational costs. Microfinance institutions should be encouraged to adopt cost-cutting measures in order to reduce their operating costs. Different sources of fund – In the absence of adequate funds, the expansion and reach of MFIs become restricted, and to overcome this downside, MFIs could hunt for alternative sources for funding their loan portfolios (Shresta 2021).

In several instances, the funds of depositors have been used to open new branches and make other enormous capital expenses (costly rents, furniture and decorations). Little did they consider that opening branches meant an increase in expenditure on utilities, salaries, and other overhead expenses. Thus, there are no clear guidelines and policies for MFI operations (Amofa, 2018).

Poor rate of recovery, inadequate capital for sustainability, inadequate credit delivery and management, inability to reach the most vulnerable and marginalized, regulation and supervision challenges, as well as high turnover of staff at MFI, are some of the challenges plaguing microfinance in Ghana (Boateng et al., 2015). Also, too much concentration of managerial authority among owners, along with the absence of best practices like shareholder ownership and independence of board, remain some of the primary reasons for MFIs failure (Amofa, 2018).

Related Studies

Foreign Studies

The study of Saleh and Ahmad (2023) examined the issues, challenges, and opportunities within India's microfinance sector. Their findings revealed several obstacles, including the high cost of outreach, lack of accessibility, unhealthy competition, seasonal migration, political unawareness, exclusion of vulnerable groups, loan defaults, threats to financial

discipline, resource constraints, low levels of knowledge among microfinance institutions (MFIs), and a lack of innovative and diversified products. However, the persistent poverty in India, combined with emerging opportunities, is creating substantial market potential for microfinance. This sector offers numerous opportunities, such as stimulating economic growth, empowering women, increasing volume, accessibility, and outreach, and benefiting from economies of scope.

Ali and Ali (2020) explored the challenges and opportunities within Sudan's microfinance system in its effort to achieve pro-poor financing aimed at fostering more inclusive growth. The study examined access to microfinance in Sudan, evaluated demand and supply, and identified key constraints and opportunities for the future. Using a structured survey to collect primary data, the study found that the top opportunities for mobile banking included providing an efficient electronic channel for cross-selling, reducing operational costs, increasing customer outreach, and, most importantly, achieving financial inclusion for the poor. The challenges identified were internal technological constraints, inadequate staff capabilities, and complex regulations. These findings strongly suggest that policy makers and microfinance providers need to intensify their efforts to adopt mobile microfinance, thereby enhancing financial inclusion and alleviating poverty.

Lamichhane and Lama (2023) explored the challenges and prospects of the microfinance program in Nepal, utilizing a descriptive research design. The study identified several challenges in the microfinance sector, including overcrowding in certain regions, multiple banking issues, deterioration in group liability, unhealthy competition, mission drift, high member dropout rates, high employee turnover, increasing loan overdue trends, poor employee efficiency, high interest rates, insufficient focus on client protection and entrepreneurship development, lack of funds, governance issues, the impact of COVID-19 on microfinance, and a lack of reliable credit information leading to multiple lending problems. On the other hand, the study also highlighted various opportunities such as women's empowerment, poverty reduction, resource mobilization, professional management development,

increased financial access, a favorable legal environment, employment opportunities, entrepreneurship development, significant potential for agricultural finance, gender and development initiatives, and the efficiency and sustainability of microfinance institutions (MFIs).

Milana and Ashta (2020) explored the prospects and hurdles associated with microfinance and financial inclusion. They highlighted obstacles, including interest rate restrictions, technological constraints, regulatory limitations, and ethical concerns. Conversely, they pointed out opportunities for leveraging technological advancements like blockchain and mobile banking to enhance financial inclusion by lowering expenses and broadening access.

Sharma et al. (2021) examined the potential and obstacles of microfinance as a strategy for poverty alleviation. Their findings revealed that challenges such as inadequate regulations, intense competition, diversification of products, financial sustainability, operational stability of microfinance institutions, insufficient donor capital, borrower default risks, and limited borrower awareness about microfinance programs are significant. Despite these challenges, microfinance plays a crucial role in promoting inclusive economic growth and improving living standards among the poor through increased access to financial services.

Addae-Korankye (2021) investigated the multifaceted challenges confronting microfinance institutions (MFIs) in Ghana. The study identified several critical issues: Elevated levels of loan defaults erode profitability and curtail access to financing for potential borrowers. Moreover, operational expenses, including salaries, utilities, and travel costs for remote client engagements, impose significant financial burdens. Instances of staff misconduct, coupled with inadequate training and supervision, exacerbate concerns about fraud and subpar service delivery. Furthermore, the sector grapples with a shortage of skilled personnel and infrastructural deficiencies, particularly in rural areas, which hinder service expansion and competitiveness. Ambiguities in operational delineations and insufficient funding sources further hinder the sector's growth and

operational efficacy. Regulatory complexities and the imperative for improved data management compound challenges in the microfinance landscape, affecting overall governance and strategic client outreach efforts.

Saparila and Wisanupong (2019) in their work "Microfinance Repayment Performance of SMEs in Indonesia" explored factors that promote loan repayment. This study examines the influence of social capital (i.e., the ties between lenders and borrowers) and loan credit terms (i.e., interest rates, loan size and repayment time) on the microfinance repayment performance of small and medium enterprises (SMEs) in Indonesia. Findings suggest that social capital could serve to establish mutual trust between lenders and borrowers, which could help reduce loan delinquency.

Umemezia and Osifo (2018) in their study of microfinance and female entrepreneurship in Nigeria, opined that obstacles that prevent female entrepreneurs from accessing microcredits include gender discrimination, subjugation of women through the patriarchal system, and societal norms. And also, other challenges are illiteracy and a lack of business skills. They recommended that women in entrepreneurial pursuits require essentially microfinance services that encompass microcredits and entrepreneurship training in confidence building, which in most cases they cannot get from commercial banks.

Kasali (2020) analysed the impact of microfinance loans on poverty alleviation in Southwest Nigeria using primary research. The study adopted a stratified sampling technique to collect cross-sectional data through a structured questionnaire. The Propensity Score Matching (PSM) methodology was utilised to analyse the results. The study revealed that microfinance loans have favourable contributions to poverty alleviation in the study area, but there is still a need for government aid. Governments should provide MFIs with funds that will be disbursed at concessionary interest rates. The availability of more infrastructural facilities and a more enabling environment would effectively spur the establishment of more MFIs in rural areas.

Mhlanga et al. (2020) used simple regression analysis where financial inclusion was the basis to find out if smallholders were getting funding and access to financial institutions and credit facilities. The results showed that if farmers are financially included, there is a positive impact on poverty reduction. The study was based on smallholder farmers' values and level of financial inclusion. The study discovered that, to tackle poverty, especially among smallholder farmers, it is vital to ensure that farmers participate in the financial sector through saving, borrowing, and taking out insurance, among other services. Even though the study notes an increase in financial inclusion, there is tenacious growth in poverty in Zimbabwe. The current study should incorporate the lending issue through MFIs to assess its impact on poverty eradication.

Mensah, David. (2023) examined the challenges and prospects of women in microfinance operations in Ghana. The study also explored whether microfinance was having an impact on poverty reduction among Ghanaian women, using Elubo in the Western Region of Ghana as a study area. The study provides an insight as to how microfinance has changed the destiny of women entrepreneurs and the challenges they face in the course of their operations.

The study of Ussif (2019), entitled “impact of financial regulations on the microfinance institutions sustainability in Ghana”. It comprises five related articles, and the entire thesis is structured into nine chapters. The first article focused on the impact of regulations and policies on microfinance sector development. The results revealed that regulations and policies have negative & positive impacts on the sector. They contributed immensely to the development of the institution through training and capacity building, protecting depositors, ensuring financial soundness, and financial inclusion. Article two examined the factors that determine the sustainability of microfinance institutions. The results show that the factors are positively and significantly driven by minimum capital requirements, credit defaults, policies, and capital structure. The third article assessed the challenges facing microfinance institutions and financial regulation operations. The results of the paper demonstrated microfinance challenges such as not complying with regulatory guidelines, improper risk management, poor

technology, high transactional costs, and a lack of government support. While examining the challenges facing financial regulations as cost of regulations, political influence, inadequate staff, and poor information dissemination. In article four, the role of microfinance in poverty reduction, employment creation, and income-generating-activities was elaborated. The result indicate microfinance has impacted positively and significantly on customers through employment creation, reducing poverty, income generations, and households' well-being. The final article discussed the effects of microfinance institutions programs on SMEs financing, concluding that: microfinance has a positive effect on SMEs financing and is the major financial institution that supports SMEs with credit in Ghana.

The microfinance programs are a great way for low-income people in rural areas to start their own income-generating activities and make ends meet. Since borrowing itself is a big challenge, there will always be a challenge in everything you do with that money. Borrowing for agricultural and non-agricultural activities ultimate objective is to make at least an income that meets the repayment of the borrowed capital without any additional credit. Gestational period payments, complications in the sale of products due to the competition of branded products, limitations in the area of marketing due to a lack of storage and transportation, losses due to technical inefficiency and underutilization of capacity, etc. are the main challenges faced by agricultural and non-agricultural microfinance borrowers (T, Athira & Idicula, Ebby, 2023).

Hamdan, Nur, & Kassim, Salina. (2022) examine the influences of Islamic microfinance, human capital development, and information and communication technology (ICT) usage on the performance of Malaysian women microentrepreneurs funded by an Islamic microfinance institution (IMFI). It considers Amanah Ikhtiar Malaysia (AIM) as the study setting and adopts a quantitative approach involving 120 women microentrepreneurs. The questionnaire was distributed to women microentrepreneurs in Selangor State, employing a convenience sampling method. The model was analysed using the partial least squares structural equation model (PLS-SEM). The findings indicate that Islamic microfinance, human capital, and

ICT usage positively influence the performance of women microentrepreneurs. The empirical findings improve the literature by extending the resource-based view (RBV), a soft theory in the organisational theory literature, and incorporating Islamic microfinancing in the context. It is hoped the study will assist IMFIs and governments in strengthening infrastructure, developing comprehensive business strategies, and educating women microentrepreneurs about the possibilities of the digital economy for long-term business sustainability and development.

Entrepreneurship has continually been a tenacious tool in responding to global poverty. The last few decades have recorded tremendous activities by women entrepreneurs. Funding is a critical challenge for present and prospective women entrepreneurs. Microfinance constitutes a principal source of easy access to funds. Microfinance comprises financial and non-financial services, which could possibly be a driving force for women's entrepreneurship and empowerment. However, the presence of microfinance is visible, but there is a lack of necessary investigation revealing the impact of microfinance on entrepreneurial activities among women. Also, repayment problems pose threats to continuity for both microcredit institutions and entrepreneurs. A number of repayment strategies exist, but there is a lack of necessary investigation showing the influence of these repayment strategies on entrepreneurship growth among women. The focus of this study was to evaluate how microfinance has influenced entrepreneurship growth among women. This study adopted a survey research design and convenience sampling technique. The study concluded that microfinance has a significant impact on entrepreneurial growth among women in Ogun State, Nigeria. Moreover, the developed model would serve as a useful and inspiring construct for researchers (Adeoti and Siyanbola, Tunji and Adegbe, Folajimi and Adekola, 2021).

Rajeevan and Shanmugavel (2020), developed an alternative microfinancing process developed via a crowdfunding platform for young Sri Lankan youth entrepreneurs and assessed the suitability and usability of the proposed model among CMA students who have passed operational, managerial, and strategic level examinations in May 2019. 350 questionnaires were circulated among CMA students who have

passed the operational, managerial, and strategic level examinations in the May 2019 examination. Questionnaires were circulated to all passed-out students of the above levels and requested that those who were willing to partake in the survey fill out the electronically shared questionnaires. Out of the responses received, only 18% were usable. The concerns of the existing microfinancing model and the characteristics preferred by the proposed model were assessed via a questionnaire, and frequency statistics were applied to examine suitability as well as the demographic characteristics of the respondents. It was found that the majority of the respondents agreed that the existing microfinance model is bureaucratic, difficult to understand, and cumbersome with documentary proof. The respondents have agreed that the new model will definitely enhance the existing model of microfinance. The insights of this study would be beneficial for policymakers, implementers, and industrialists in microfinance to enhance the existing microfinance model. This study contributes to the existing literature by providing an alternative method of microfinancing empowered by crowdfunding technologies. It is also pertinent note that this research study is limited to certain constraints and the results should be interpreted upon considering such limitations. This study also proposes a model for crowdfunding by examining some selected characteristics and a selected study sample. Future researchers can design and develop the crowdfunding microfinancing model and further assess the functionality and operational superiority of the proposed crowdfunding microfinancing model.

The new normal set up for everyone due to COVID – 19 has been more challenging in terms of surviving family life, job security, personal and emotional stress, and for businesses, their income steadiness or their existence itself. Many things have changed because of this pandemic. Many businesses were affected, especially microbusinesses. However, the development of microbusinesses around the world has drastically improved with the assistance of the government, technology, globalization, and most especially the influence of microfinance. This study was conducted to oversee the microfinance services and their perceived effect on the income steadiness of the said business, using a structured questionnaire to 150 mini grocery stores that have an existing or history

of availed services from microfinance establishments and purposive sampling around San Pablo City. Researchers found out that there is a strong correlation between the microfinance services and the income steadiness of the mini grocery stores. It is recommended that further research be conducted in a larger locale and in different types of businesses; also, continuous assistance in monitoring government microfinance services to loan beneficiaries is highly recommended (Apat, Elaine Joy & Bawica, Ismaela, 2022).

Microfinance is a fund-sourcing opportunity for small startups with few to no assets. It includes financial services provided by non-traditional financial institutions, such as loans and insurance. For economic development, microfinance opportunities are important in countries such as Uganda. They are even more important in rural Uganda, where a major segment of the population is poor. This paper explores the impact of microfinance on poverty reduction and on supporting entrepreneurship in Uganda. Using data from 1999 to 2019, it is found that microfinancing activities in rural Uganda, as measured by 'gross loan portfolio', 'number of borrowers', and 'number of outstanding loans', have significantly exceeded microfinancing activities in urban Uganda. The paper concludes with some policy recommendations and a set of 'best practices' for the future success of microfinance in the country (Mccarthy, Vikkie & Nyonna, Dong and Heard, Matthew., 2022).

Ribeiro, Duarte, and Gama (2022) conduct a scientometric analysis and systematic literature review to identify the trends in microfinance outcomes from the perspective of their recipients, specifically more vulnerable people, while also focusing on the demand side. Applying the keywords "co-occurrence networks" and "citation networks," we examined 524 studies indexed on the ISI Web of Science database between 2012 and March 2021. The subsequent content analysis of bibliometric-coupled articles concerns the main research topics in this field: the socioeconomic outcomes of microfinance, the dichotomy between social performance and the mission drift of microfinance institutions, and how entrepreneurship and financial innovation, specifically through crowdfunding, mitigate poverty and empower the more vulnerable. The findings reinforce the idea

that microfinance constitutes a distinct field of development thinking and indicate that a more holistic approach should be adopted to boost microfinance outcomes through a better understanding of their beneficiaries. The trends in this field will help policymakers, regulators, and academics examine the nuts and bolts of microfinance and identify the most relevant areas of intervention.

Microfinance has been targeted as a tool to address poverty through the provision of credit to the poor and marginalized economic functions. However, the main objective upon which these institutions are founded has yet to manifest, primarily in developing economies. This study examined the role of microfinance in poverty alleviation by employing a vector error correction model on quarterly time-series data. The results reveal a significant long-run relationship among the variables poverty, microfinancing, SMEs, and agricultural growth. Contrary to expectations, microfinance was found to increase poverty in the long run. Long-term, SMEs and agricultural development were found to reduce poverty. In the short run, regression results reveal that SMEs' growth alleviates poverty, and poverty increases the growth of microfinance loans in the country. The increase in SMEs is a tool for alleviating poverty, and the growth in microfinance institutions is also driven by poverty. This suggests that continued improper microfinancing can escalate poverty levels to undesired heights. The findings imply that the growth of microfinance loans is not being put to its intended and efficient use. These findings bring to the fore that it is not only the provision of funds that matters (Chikwira, Collin, Edson Vengesai, and Petronella Mandude, 2022).

The 2008 financial crisis hit economic growth, particularly in the banking sector. The impacts also not spared to Microfinance Institutions' (MFIs) since MFIs nowadays become integral part in financial system. This paper aims to evaluate the financial efficiency of the MFIs in the period of pre- and post-financial crises. Next, examine the impact of firm characteristics and economic determinants on financial efficiency within a similar period. A total of 166 MFIs from four ASEAN countries were selected, which include Vietnam, Cambodia, Indonesia, and the Philippines, between the pre-crisis years 2000-2007

and the post-crisis years 2010-2017. Using data envelope analysis, the first stage of analysis estimates the level of financial efficiency of MFIs. In the second stage, the application of multivariate panel regression analysis evaluates the effects of firm characteristics and economic determinants on the financial efficiency level of the MFIs. The results of the first stage revealed that the post-crisis efficiency score was higher than the pre-crisis efficiency score, which implies that the financial crisis has not financially affected the MFIs and hence appears to be sustainable in the long-run. The findings in the next stage reveal firm characteristics and economic determinants that were mostly found insignificant for the post-crisis period while significant in the pre-crisis period. The insignificant outcomes prove the crisis has resulted in some variables being unable to explain the variation in financial efficiency of the MFIs. Generally, the microfinance industry will benefit from this study as an input for any concurrent crisis in the future. This is vital since MFIs are the only financial institutions that provide financial access to the poor (Zainal, Nurazilah & Bakri, Mohammed & Sanusi, Zuraidah & Abdul razak, Nurshuhaida & Roslan, Sarah & Agus, D., 2022).

Local Studies

Layaoen and Takahashi (2022) examine whether microfinance lending increases or decreases the likelihood and amount of credit that households demand from informal lenders. Multivariate profit and seemingly unrelated regression models are applied using nationally representative data collected in the Philippines. The estimation results indicate that microfinance 'crowds out' informal lending from both moneylenders and relatives and friends. Moreover, households with microfinance loans are less likely to borrow from other formal financial institutions. These results highlight the importance of developing a well-tailored microfinance scheme that reaches the entire population in order to achieve financial inclusion.

The role of microfinance in alleviating poverty and poor health is significant. Its health programs have been shown to improve healthcare utilization and strengthen the healthcare system. In the Philippines, microfinance's widespread presence is seen as instrumental in achieving the objectives of Healthy Philippines 2022, particularly in reducing poverty-

driven healthcare costs. However, little is known about how microfinance can reduce the cost of healthcare services and treatments. Furthermore, few studies have examined the practice of integrated microfinance and health programs in the Philippines. Secondary data was used to explore the structure and function of microfinance and health initiatives and their influence on mitigating healthcare costs. A review criterion was developed to examine the data using the three key elements identified in Ruducha and Jadhav's framework: organizational arrangement, health products, and health outcomes. Findings revealed that most health initiatives are delivered through partnerships and collaboration, which could favor a reduction in healthcare costs and protection from out-of-pocket health expenditures. They are designed to operate in three structures: subsidized or outreach, microinsurance and health loans, and patronage refunds. The cooperative's business venture providing pharmaceuticals facilitated access to affordable medicine and offered its members financial viability. Health loans and microinsurance also offered healthcare cost reductions; however, uptakes are low. The study found no data to assess the output of the completed health initiatives. More studies that will evaluate the integrated MFI health initiatives are recommended to further identify gaps, outcomes, or impacts of the program (Liboon, Khanam, and Rahman, Mohammad and Nghiem, Son, 2020).

The backbone of the economy of a developing country like the Philippines is its small and medium enterprises, which rely on soft loans provided by microfinance institutions. To assess the level of satisfaction of microfinance borrowers with the services of microfinance institutions and their services, as well as their impact on business, personal, and financial status, it is necessary for the continued operation of this industry. The objective of this study is to measure the customer level of satisfaction with the services of a microfinance institution in the Philippines and determine its impacts on the customers' small-scale businesses. The study used a mix of qualitative and quantitative research methods to gather data and analyze it. The study found that the microfinance institution is giving its borrowers quality services, as manifested by a very satisfied rating for the four services provided. It was also described that the institution is positively affecting its borrowers'

business, personal, & financial status, as manifested by a high and very high impact on the two variables. The study finally revealed that the profile of the customers has a significant relationship with the level of satisfaction and impact on the business of its borrowers, while some areas of services have to be revisited to prevent customer dissatisfaction as there are signs showing a low level of satisfaction (Gabriel, and Suyu, and Fronda, and Ramos, 2021).

Agbola, Acupan, and Mahmood (2017) focus on understanding the impact of microfinance on poverty reduction and wellbeing measures of health, education, and living standards in northeastern Mindanao, the Philippines. We employ a mixed-methods approach involving a survey of 211 microfinance client and non-client households. We find that little over one in five households is multidimensionally poor, with non-client households being poorer than microfinance client households. Our results show that microfinance has had a mildly positive impact on poverty reduction, with the incomes and savings of microfinance client households being higher than those of non-client households. Based on the impact of microfinance on poverty reduction, we argue that it is important that policymakers implement strategies for promoting and creating greater access to microfinance, as this has the capacity to reduce poverty and improve the well-being of the poor and marginalised in the Philippines.

Almase (2021) investigates microfinance institutions (MFIs) interventions in poverty alleviation for households in the locality of Lopez, Quezon Province, Philippines. It focuses on five specific objectives: determining the personal profile of MFI household members, their membership profile, examining the goal congruence between MFIs and households, investigating the circumstances during MFI intervention, and finally finding out threats to availing loans from MFIs. This paper adopts a quantitative type of research, primarily the descriptive question survey, where 117 were considered the representative sample of MFIs in the municipality. Likewise, purposive sampling was used in the determination of samples and the survey form for data collection. This study utilized SPSS to generate the frequency distribution and weighted mean. It was revealed in the analysis that microfinance interventions that offer both savings and

loans contributed to a higher standard of living for households. More so, the results show that microfinance institutions provide supplemental income for families, which may adhere to basic family needs, health, education, and lessen debts to specific persons. Therefore, it was found out that both microfinance savings and microfinance credit appreciably and undoubtedly changed the conditions of every household after availing of the MFI services. The study recommends that MFIs should continuously pay closer attention to their interventions that will provide assistance that is favorable to the welfare of every member and to society as a whole.

Relevance of Related Literature and Studies

The conceptual literature that was listed served as significant study guides. This offered details and supported the conclusions of other studies. The abundance of material also helped the researcher become more aware of the various ideas involved in determining the practices, challenges, and opportunities of microfinance as an enterprise.

The researcher's theoretical framework for the study was provided by a review of related studies. It made it easier for the researcher to choose studies that were closely related to the suggested topic. The following works of literature gave the researcher ideas for how to use these ideas in this study.

The foreign and local studies cited herein exposed the different challenges and opportunities of the microfinance sector in different countries. The literature presented different findings in different businesses in foreign countries and in our local areas to gain ideas about the existing research and debate any relevance to a particular topic or study of Gabriel and Suyu, Fronda, and Ramos (2021), and Liboon, Khanam, and Rahman, Mohammad and Nghiem, and Son (2020).

Furthermore, it also provided a better understanding of the research findings on this particular discipline presented and discussed. These findings were comparative to the present study, as it would also measure the practices, challenges, and opportunities of microfinance as an enterprise. Sufficient background information helped the researcher determine and understand deeply the problem being investigated,

which promoted confidence in the overall quality of the findings and analysis.

III. RESEARCH METHODOLOGY

This chapter provided and discussed details about the research design, respondents of the study, data gathering instruments, validity and reliability of the instruments, data gathering procedures, and statistical tools to be used.

Research Design

This study determined the practices, challenges, and opportunities of microfinance as an enterprise.

The quantitative method of research was applied in this study, employing descriptive – correlational research design. Quantitative research is characterized by deductive approaches to the research process aimed at proving, disproving, or lending credence to existing theories. This type of research involves measuring variables and testing relationships between variables to reveal patterns, correlations, or causal relationships. The values underlying quantitative research include neutrality, objectivity, and the acquisition of a sizeable scope of knowledge (e.g., a statistical overview from a large sample). This approach is generally appropriate when the primary purpose is to explain or evaluate (Leavy, 2017).

According to Saunders, Lewis, and Thornhill (2019), the purpose of descriptive research is to gain an accurate profile of events, persons, or situations. Descriptive research can be an extension of exploratory research or a forerunner to explanatory research. Prior to data collection, it is necessary to have a clear picture of the phenomenon on which you wish to collect data. This design is appropriate for this study since the study wanted to determine the challenges and opportunities of microfinance and consider it an enterprise using questionnaires to collect data from a large number of respondents in the microfinance industry.

Respondents of the Study

The respondents of this study were the 200 managers and employees of microfinance companies in the different congressional districts of Iloilo, which include the 1st, 2nd, 3rd, 4th, and 5th districts. Each of the 40 respondents was purposefully chosen and was

involved in the operations of each microfinance enterprise. Their names were obtained from the Human Resources Office. The distribution of respondents is shown in Table 1.

Table 1. The Distribution of Respondents

Congressional Districts	N	%
1 st	40	20
2 nd	40	20
3 rd	40	20
4 th	40	20
5 th	40	20
Total	200	100

Data Gathering Instruments

The data in this study were gathered using the researcher-made questionnaire, which was composed of three parts.

Part I was designed to gather data on the profile of the respondents. Part II was designed to gather data about the practices of microfinance as an enterprise. Part III was designed to assess the opportunities of microfinance as an enterprise, and Part IV was designed to gather data on determining the challenges encountered by microfinance as an enterprise.

After completing the entire data-gathering procedure, the data were analyzed, tabulated, and interpreted, and conclusions were drawn based on the results. To interpret the data, the following numerical scales and descriptions were used:

The respondents were requested to answer the questionnaires using a specific numerical scale as a reference. The scale included the following weights and descriptions: 5 for "Strongly agree," 4 for "Agree," 3 for "Uncertain," 2 for "Disagree," and 1 for "Strongly disagree." *Strongly agreeing* means that the respondent agreed to a great extent with the idea or situation conveyed by the item.

Agreeing means that the respondent conforms to the idea or situation conveyed by the item.

Uncertainty means that the respondent neither agreed nor disagreed with the statement or situation conveyed by the item.

Disagreement means that the respondent disapproves of the idea or situation conveyed by the item.

Strongly disagreeing means that the respondent dissented to a great extent with the idea or situation conveyed by the item.

The researcher constructed a Likert scale instrument to measure the practices, opportunities, and challenges of microfinance as an enterprise in the Province of Iloilo. Representation of the respondents' perceptions was measured using a five-point Likert scale with numerical values, statistical boundaries, and corresponding verbal descriptions. This instrument gauged the microfinance practices, ranging from Very Highly Practiced, Highly Practiced, Moderately Practiced, Poorly Practiced and Not Practiced at all, while for Opportunity, Greatest Opportunity, "Great Opportunity", "Moderate Opportunity", "Less Opportunity", and "No Opportunity", and for encountered challenges were perceived, ranging from "Greatest Challenged", "Great Challenged", "Moderate Challenged", "Less Challenged", and "Not A Challenge".

To interpret the scores, the researcher used the following scales of means and interpretations:

Practices of Microfinance as An Enterprise

Scale of Means	Descriptive Rating	Interpretation
5.00 – 4.21	Very Highly Practiced	All microfinance perform and follow the systems, actions, guidelines and strategies in achieving its objectives as an enterprise.
4.20 – 3.41	Highly Practiced	Most of the microfinance perform and follow the systems, actions, guidelines and strategies in achieving its objectives as an enterprise.
3.40 – 2.61	Moderately Practiced	Some of the microfinance perform and follow the systems, actions, guidelines

2.60 – 1.81	Poorly Practiced	and strategies in achieving its objectives as an enterprise. Few of the microfinance perform and follow the systems, actions, guidelines and strategies in achieving its objectives as an enterprise.
1.80 – 1.00	Not Practiced at all	None of the microfinance perform and follow the systems, actions, guidelines and strategies in achieving its objectives as an enterprise.

Opportunities of Microfinance as An Enterprise

Scale of Means	Descriptive Rating	Interpretation
5.00 – 4.21	Greatest Opportunity	All of the microfinance enterprise in the province of Iloilo have greatest chance for advancement or progress.
4.20 – 3.41	Great Opportunity	Most of the microfinance enterprise in the province of Iloilo have great chance for advancement or progress.
3.40 – 2.61	Moderate Opportunity	Some of the of the microfinance enterprise in the province of Iloilo have moderate chance for advancement or progress.
2.60 – 1.81	Less Opportunity	Few of the microfinance enterprise in the province of Iloilo have less chance for advancement or progress.
1.80 – 1.00	No Opportunity	None of the microfinance enterprise in the province of Iloilo have chance for advancement or progress.

Challenges of Microfinance as An Enterprise

Scale of Means	Descriptive Rating	Interpretation
5.00 – 4.21	Greatest Challenged	All microfinance are faced with difficulty which require great effort

		and determination to sustain the business operation.
4.20 – 3.41	Great Challenged	Most microfinance are faced with difficulty which require great effort and determination to sustain the business operation. Some of the microfinance are faced with difficulty which require great effort and determination to sustain the business operation.
3.40 – 2.61	Moderate Challenged	Few of the microfinance are faced with difficulty which require great effort and determination to sustain the business operation.
2.60 – 1.81	Less Challenged	None of the microfinance are faced with difficulty which require great effort and determination to sustain the business operation.
1.80 – 1.00	Not Challenged	

business operation.

Validity of the Research Instrument

The instrument used for gathering data on microfinance as an enterprise: its practices, opportunities, and challenges was a modified researcher-made questionnaire that was submitted for validation with the assistance of research experts and statisticians. To check whether the questions were appropriate, clear, reasonable, non-superficial, non-ephemeral, typical, and sufficiently inclusive, the Good and Scates Criteria of Validation were employed. To finally make sure that the questionnaire was valid, suggestions and corrections from the validators were incorporated into the final copy. Panel validation was used to establish the validity of the questionnaire. Five (5) panels of experts in the subject matter being studied validated the questions. Each question was analyzed to determine whether the item was appropriate or needed revision. The comments, suggestions, and recommendations of the panels were solicited and collated into the questionnaire.

Reliability of the Research Instrument

In determining the reliability of the instrument, it was pilot-tested with 30 managers and rank and file employees of microfinance in Iloilo City who were not part of the actual respondents but, however, possessed similar attributes to the actual respondents. In order to make the questionnaires easier to complete during the real survey and to record the data, a pilot test was conducted. The data were tallied and subjected to a reliability test using Cronbach’s alpha. For the instrument to be considered reliable, the coefficient must be 0.70 or higher.

After the reliability testing was done and processed, the results were 0.885 for practices, 0.940 for opportunities, and 0.858 for challenges. The coefficients were to be considered reliable.

Data Gathering Procedure

The pre-investigation, investigation, and post-investigation phases were all used by the researcher to conduct the study. The researcher created a table of specifications taking into account the study's factors

during the pre-investigation stage. The table of specifications served as the foundation for the questionnaire. The validity of the questionnaire was checked by the expert panel. The management or owner of the microfinance gave the researcher permission to use their personnel as the respondents to the study.

In the investigation phase, the researcher administered the questionnaires to the respondents and explained each item on the questionnaire to ensure that essential data were properly collected. The results of the data gathering were kept appropriately to ensure confidentiality. Then, the researchers would consider the results of the 3 variables to consider microfinance as an enterprise.

The respondent's names was not mentioned in any aspect of the research, and they would never be emotionally or physically damaged while serving as a respondent for the study. This was done to ensure that the research was conducted ethically. To prevent copyright infringement or plagiarism, the dates and materials used in the study were accurately and properly sourced in documents. The individuals who contributed to the validity and verification of the questionnaire's questions received a letter of communication. It was to make sure that the questionnaires issued were well-organized and upheld all ethical standards.

In the post-investigation phase, the data were collected, encoded, and processed using the Microsoft Excel application and the Statistical Package for Social Science (SPSS) software.

Statistical Tools Used

The study utilized several statistical tools to analyze the data collected on microfinance practices, opportunities, and challenges among respondents. These statistical tools are frequency count, percentages, means, Kruskal-Wallis H-test, and Spearman rho.

Frequency Count. This tool was used to identify and tally the number of respondents falling into different categories based on variables such as age, sex, civil status, educational attainment, length of service, position, and place of business. This helped in

understanding the distribution and demographic profile of the respondents.

Percentage. Percentages were calculated to express the distribution of respondents in relation to the variables such as age, sex, civil status, educational attainment, length of service, position, and place of business. This facilitated a clearer understanding of the composition of the sample.

Mean. The mean or average was computed to assess the overall responses related to the practices, challenges, and opportunities of microfinance as an enterprise when taken as a whole and in terms of age, sex, civil status, educational attainment, length of service, position, and place of business. The average of the responses for each item was taken and interpreted based on the scale of means.

Mann-Whitney U Test. The Mann-Whitney U Test was used to compare differences between two groups. In this study, this tool was used to determine significant differences in the practices, challenges, and opportunities of microfinance as an enterprise when classified according to age, sex, civil status, educational attainment, and position.

Kruskal-Wallis H-test. This non-parametric test was employed to determine if there were statistically significant differences in the practices, challenges, and opportunities among microfinance enterprises in terms of length of service and place of business.

Spearman's Rho. This correlation coefficient measured the strength and direction of the association between two ranked variables. It was used to examine relationships among the practices, challenges, and opportunities of microfinance entrepreneurs.

IV. PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

This chapter presents, analyzes, and interprets the data to determine the practices, opportunities, and challenges of microfinance as an enterprise in the Province of Iloilo, Philippines, for the year 2023.

Profile of the Respondents

Table 2 provides a comprehensive overview of respondents' demographic and professional profiles, detailing variables such as age, sex, civil status, educational attainment, length of service, position, and place of business. This detailed profiling offers insights into their backgrounds and work contexts, aiding in understanding the diverse characteristics of the study participants.

In terms of age distribution, majority of respondents (88.0%) were under 40 years old, while 12.0% were 40 years or older. In terms of sex, results revealed that 28.0% of respondents were male and 72.0% were female. Regarding civil status, 45.0% were single and 55.0% were married. Educational attainment showed that 99.0% held a Bachelor's Degree, with only 1.0% possessing a Master's Degree. In terms of professional positions, 19.0% were in managerial roles, while 81.0% were rank-and-file employees. Length of service was varied, with 49.0% having 1-3 years, 45.0% having 4-10 years, and 6.0% reporting over 10 years of service. The geographical distribution was evenly spread across the five congressional districts, each representing 20.0% of the respondents.

Overall, the table offers a detailed snapshot of the respondents' age, gender, civil status, education, professional roles, length of service, and geographic distribution.

Table 2. Profile of the Respondents

Variables	Frequency	Percent
Age		
Below 40 years old	88	88.00
40 years and above	12	12.00
Sex		
Male	28	28.00
Female	72	72.00
Civil Status		
Single	45	45.00
Married	55	55.00
Educational Attainment		
Master's Degree	1	1.00
Bachelor's Degree	99	99.00
Position		
Managerial	19	19.00
Rank and File	81	81.00
Length of Service		

1-3 years	49	49.00
4-10 years	45	45.00
more than 10 years	6	6.00
Congressional District		
1st District	20	20.00
2nd District	20	20.00
3rd District	20	20.00
4th District	20	20.00
5th District	20	20.00
Total	100	100.00

Practices of Microfinance as an Enterprise as Assessed by the Respondents when Taken as a Whole

Table 3 illustrates the practices of microfinance as assessed by the respondents. These practices were rated as "very highly practiced," reflected by a mean score of 4.66. This rating indicates that respondents view the implementation of these practices within microfinance enterprises as extremely effective and prevalent. The high mean score suggests a strong consensus among respondents regarding the thorough adoption and execution of these practices, highlighting their significance in the operational framework of microfinance.

The respondents assessed various microfinance practices, identifying the highest-rated one, with a mean score of 5.00, as providing direct access to reasonable and affordable credit and related services. This signified that respondents overwhelmingly perceived this aspect of microfinance as "very highly practiced," indicating that microfinance institutions excelled in making financial services accessible to the poor. Following closely, with a mean score of 4.95, was the expansion of microfinance beyond loans to include savings, insurance, healthcare, and education, demonstrating a comprehensive approach to addressing broader financial and social needs. This expansion was also rated as "very highly practiced." Business development opportunities such as leadership training and entrepreneurial skills enhancement received a mean score of 4.91, emphasizing the role of microfinance in fostering economic empowerment and sustainable livelihoods among its beneficiaries. Human development services, aimed at achieving sustainability and empowerment, garnered a mean score of 4.82, further highlighting microfinance institutions' efforts in promoting holistic

development beyond financial support. Measures to promote generosity and support for poverty eradication programs received a mean score of 4.75, indicating a strong commitment to social responsibility and community engagement among microfinance practitioners.

Compulsory savings or capital build-up (CBU) from clients, charged with responsible interest and incidental fees (4.67 and 4.65 respectively), demonstrated prudent financial management practices essential for maintaining operational sustainability and client trust. Other practices, such as borrowing for relending (4.52), adhering to regulatory frameworks for donations and investments (4.46), and maintaining transparent management systems (4.51), underlined the integrity and accountability upheld within microfinance operations. Outreach programs (4.43), prioritization of vulnerable groups like women, senior citizens, and persons with disabilities (4.41), and community engagement through local government activities (4.48) and donations (4.50) showcased a comprehensive approach to inclusive development and social impact.

The consistently high mean score of 4.65 across all practices indicated a universal acceptance and effective implementation of microfinance principles among respondents. This widespread endorsement underscored the role of microfinance as a vital tool in poverty alleviation and economic development, operating successfully across diverse demographic, professional, and geographic contexts. The findings suggested that microfinance institutions were not only performing well in adhering to established guidelines and strategies, but were also making significant strides in achieving their objectives as enterprises dedicated to social and financial inclusion.

Microfinance institutions typically define their practices by the range of products and services they offer. These can be broadly categorized into financial products—such as loans, savings, leasing, insurance, fund transfers, and pension remittances—and non-financial services, including capacity building for entrepreneurs, management and vocational training, consulting, marketing support, information technology development and transfer, and facilitation of business linkages. Additionally, they provide social

services such as literacy and numeracy training, nutrition education, self-esteem workshops, public health initiatives, civic education, and support for individuals affected by HIV/AIDS and victims of disasters. Microlending services remain a hallmark of microfinance (Microfinance Institutions|Economic and Political Weekly, 2024).

Table 3. Practices of Microfinance as an Enterprise as Assessed by the Respondents when Taken as a Whole

Items	Mean	Description
Provide the poor direct access to reasonable and affordable credit and related, programs and services	5.00	VHP
It has progressed from only giving loans to now including offering savings, insurance, healthcare, and education	4.95	VHP
Provide business development opportunities such as leadership training and entrepreneurial skills and enhancement	4.91	VHP
Provide human development services to help the poor achieve a level of sustainability and empowerment	4.82	VHP
Adopts measures to promote a spirit of generosity and selfless giving among individuals and institutions that shall help support programs directly involved in poverty eradication	4.75	VHP
Collect compulsory savings or capital build-up (CBU) only from their clients for purposes of maintaining the compensating balance in relation to the same client's loan	4.67	VHP
Charge responsible interest and collect such necessary	4.65	VHP

fees and charges incidental to their microfinance operations			
Borrow money or incur such obligations for the purpose of relending to microfinance borrowers	4.52	VHP	
Accept donations or grants in accordance with existing laws and regulations	4.32	VHP	
Invest funds in sound, non-speculative enterprises and instruments, subject to rules and regulations of the relevant government regulatory agency	4.46	VHP	
Maintain a transparent and comprehensive management information system	4.51	VHP	
Conduct outreach programs to all microfinance borrowers and entrepreneurs	4.43	VHP	
Give priority to women senior citizen, and PWD entrepreneurs.	4.41	VHP	
Participate in the activities of the Local Government Unit and provides donations in cash/kind.	4.48	VHP	
Provide goods to selected residence in the barangay or municipality during anniversaries or holidays.	4.50	VHP	
Overall Mean	4.65	VHP	

Legend: 5.00-4.21 Very Highly Practiced (VHP), 4.20-3.41 Highly Practiced (HP), 3.40-2.61 Moderately Practiced (MP), 2.60-1.81 Poorly Practiced (PP), and 1.80-1.00 Not at all Practiced (NAP).

Practices of Microfinance as an Enterprise as Assessed by the Respondents when Classified According to Age, Sex, Civil Status, Educational Attainment, Length of Service, Position and Place of Business

Table 4 displays the evaluation of microfinance practices by respondents, who collectively rated these practices with a mean score of 4.65, categorized as "very highly practiced." This high mean score signifies that, overall, respondents perceived the microfinance

practices as being exceptionally well-implemented and integral to the operations of microfinance institutions. The rating reflects a strong agreement among respondents on the effectiveness and thorough integration of these practices, underscoring their critical role in the success and efficiency of microfinance activities.

When categorized by age, respondents in both categories rated practices as "very highly practiced" (VHP), with mean scores of 4.63 and 4.77. In terms of gender, both male and female respondents also rated practices as "very highly practiced," with mean scores of 4.63 and 4.65, respectively.

Civil status was rated similarly, with singles scoring a mean of 4.60 and married respondents scoring 4.69, both indicating "very highly practiced" levels. Educational attainment ratings showed that those with a Master's Degree scored a mean of 4.93, while those with a Bachelor's Degree scored 4.64, both categorized as "very highly practiced."

Regarding professional positions, respondents in managerial roles scored a mean of 4.81, and those in rank and file positions scored 4.61, both rated as "very highly practiced." Length of service also played a role, with those having 1-3 years of service scoring 4.57, those with 4-10 years scoring 4.73, and those with more than 10 years scoring 4.69, all rated as "very highly practiced."

As for congressional districts, respondents rated the 1st District (M=4.60), 2nd District (M=4.60), 3rd District (M=4.69), 4th District (M=4.75), and 5th District (M=4.59) as "very highly practiced."

The results in Table 3 indicated widespread and robust adoption of microfinance practices among the surveyed population. High mean scores across different demographics and professional categories, such as age, gender, education, position, and length of service, highlighted a universal acceptance of microfinance principles. Notably, respondents with higher education levels, particularly those with Master's Degrees, showed a stronger implementation of microfinance strategies. The consistently very high scores across congressional districts suggested broad regional acceptance. These findings implied that

microfinance was well-established and effective across diverse contexts, indicating that all microfinance organizations performed and followed the systems, actions, guidelines, and strategies for achieving their objectives as enterprises.

Microfinance institutions typically define their practices by the range of products and services they offer. These can be broadly categorized into financial products—such as loans, savings, leasing, insurance, fund transfers, and pension remittances—and non-financial services, including capacity building for entrepreneurs, management and vocational training, consulting, marketing support, information technology development and transfer, and facilitation of business linkages. Additionally, they provide social services such as literacy and numeracy training, nutrition education, self-esteem workshops, public health initiatives, civic education, and support for individuals affected by HIV/AIDS and victims of disasters. Microlending services remain a hallmark of microfinance (Microfinance Institutions|Economic and Political Weekly, 2024).

Table 4. Practices of Microfinance as an Enterprise as Assessed by the Respondents when Classified According to Age, Sex, Civil Status, Educational Attainment, Length of Service, Position, and Place of Business.

Variables	Mean	Description
Age		
Below 40 years old	4.63	VHP
40 years and above	4.77	VHP
Sex		
Male	4.63	VHP
Female	4.65	VHP
Civil Status		
Single	4.60	VHP
Married	4.69	VHP
Educational Attainment		
Master's Degree	4.93	VHP
Bachelor's Degree	4.64	VHP
Position		
Managerial	4.81	VHP
Rank and File	4.61	VHP
Length of Service		
1-3 years	4.57	VHP

4-10 years	4.73	VHP
more than 10 years	4.69	VHP
Congressional District		
1st District	4.60	VHP
2nd District	4.60	VHP
3rd District	4.69	VHP
4th District	4.75	VHP
5th District	4.59	VHP
Overall Mean	4.65	VHP

Legend: 5.00-4.21 Very Highly Practiced (VHP), 4.20-3.41 Highly Practiced (HP), 3.40-2.61 Moderately Practiced (MP), 2.60-1.81 Poorly Practiced (PP), and 1.80-1.00 Not at all practiced (NAP).

Opportunities of Microfinance as an Enterprise as Assessed by the respondents, when Taken as a Whole

Table 5 presents the assessment of microfinance opportunities as perceived by the respondents. The overall rating, with a mean score of 4.66, was classified as "greatest opportunity." This high mean score indicated that respondents view the potential for growth and development within the microfinance sector as exceptionally promising. The designation of "greatest opportunity" reflected a strong consensus among respondents on the significant and favorable prospects for microfinance enterprises. This rating highlighted the perceived potential for substantial benefits and advancements within the field, underscoring the optimistic outlook on the opportunities available for microfinance.

When categorized into individual items, the highest mean score of 5.00, indicating a "greatest opportunity," was attributed to the country's endeavors towards industrialization, which led to an increasing interest in privatization, self-employment, and business-oriented employment. The policy of the Philippine government was to pursue a program of poverty eradication, encouraging poor Filipino families to undertake entrepreneurial activities (M=4.97). Respondents also considered entrepreneurs as an important source of economic growth and social cohesion (M=4.93). In pursuing entrepreneurial activities, there was a necessity for financing to start, sustain, and grow the business (M=4.85). Technology, which propelled the new global economy forward via innovation and entrepreneurial initiatives (M=4.80).

Bringing the concept of microfinancing closer to clients, along with correct regulation of the microfinance sector (M=4.59). This included field visits as a medium for monitoring conditions on the ground and initiating corrective actions as needed, which could help monitor the performance of ground employees of MFIs and their loan recovery practices. The focus was on the rural poor, targeting these areas by establishing new branches (M=4.69). Microfinance, offering a variety of products, including credit, savings, remittance, financial advice, and more, was rated with a mean score of (M=4.56). Transparency of interest rates: ensuring MFIs abided by actual interest rates on products and amounts communicated to customers (M=4.52). Obtaining different sources of funds to avoid restrictions on the expansion and reach of MFIs (M=4.51). The strategy of the government was to encourage private sector participation, including tax incentives for microfinance non-government organizations (M=4.44). The law was passed by the government to address poverty by supporting and working in partnership with qualified NGOs to promote inclusive and pro-poor financial and credit services (M=4.46). Opportunities for citizen involvement in activities and programs operated by MFIs (M=4.51). Free-hand to introduce and implement income-generating programs and activities to increase annual income was rated with a mean score of 4.52 (GO). Having an efficient financial planning and management system that allowed for careful control and tracking of MFI revenues and expenditures (M=4.57). Finally, the country's endeavors towards industrialization, with an increasing interest in privatization, self-employment, and business-oriented employment (M=4.66) all were rated with "greatest opportunity".

The results indicated widespread recognition of the opportunities presented by microfinance. High mean scores across different items highlighted a broad acknowledgment of the critical role microfinance could play in economic development and poverty alleviation. The findings suggested that microfinance was seen as a key enabler of entrepreneurial activities, financial inclusion, and overall economic growth in the Philippines.

This study adheres to a corporate viewpoint; these formal and informal skill development resources are

critical for capitalizing on opportunities and potential (Adom & Asare-Yeboah, 2016; Sallah & Caesar, 2020). Technology creates new possibilities in today's globalizing world by propelling the new global economy forward via innovation and entrepreneurial initiatives founded on novel concepts, perspectives, and business strategies (Ong et al., 2020). This scenario is reinforced by the country's endeavors towards industrialization, which in turn leads to an increasing interest in privatization in addition to self-employment and business-oriented employment (Ismail, 2018).

Table 5. Opportunities of Microfinance as an Enterprise as Assessed by the respondents, when Taken as a Whole

Items	Mean	Description
The country's endeavors towards industrialization, which in turn leads to an increasing interest in privatization, in addition to self-employment and business-oriented employment	5.00	GO
The policy of the Philippine government to pursue a program of poverty eradication to that poor Filipino families shall be encouraged to undertake entrepreneurial activities	4.97	GO
Entrepreneurs are considered as important source of economic growth and social cohesion	4.93	GO
In pursuing entrepreneurial activities, financing is needed to start, sustain and grow the business.	4.85	GO
Technology that creates new possibilities in today's globalizing world by propelling the new global economy forward via innovation and	4.80	GO

entrepreneurial initiatives founded on novel concepts, perspectives, and business strategies.

Bringing closer the concept of microfinancing to the clients in addition to correct regulation of the microfinance sector, field visits can be accepted as a medium for monitoring the conditions on the ground and initiating corrective action if needed. This can in turn keep an eye on the performance of ground employees of MFIs and their loan recovery practices.

Focus on rural poor, since instead of reducing the initial cost at places where there are MFIs, these institutions could start targeting the rural poor and establish new branches over the areas.

Microfinance can offer a complete variety of products together with credit, savings, remittance, financial advice and many more; this will help in diverting the dependency of people from the commercial banks.

There is transparency of interest rates since MFIs should abide by an actual Interest rate on the products and amounts which should be mentioned to the customers.

It can obtain different sources of funds since in the absence of adequate funds, the expansion and the reach of MFIs become restricted and to beat this

downside, MFIs could hunt for alternative sources for funding their loan portfolio.

The strategy of the government to encourage private sector participation thereby pass a law that provides tax incentives to microfinance non-government organizations The law passed by the government to address poverty by supporting and working in partnership with qualified NGOs in promoting financial inclusive and pro-poor financial and credit services.

Opportunities for Citizens involvement during activities and programs operated by MFI's

Free-hand to introduce and implement income-generating programs and activities to increase annual income.

Have efficient financial planning and management system that allow for careful control and tracking of MFI revenues an expenditure.

The country's endeavors towards industrialization, which in turn leads to an increasing interest in privatization, in addition to self-employment and business-oriented employment

Overall Mean 4.66 GO

Legend: 5.00-4.21 Greatest Opportunity (GO), 4.20-3.41 Great Opportunity (GRO), 3.40-2.61 Moderate Opportunity (MO), 2.60-1.81 Less Opportunity (LO), and 1.80.1.00 No Opportunity (NO)

Opportunities of Microfinance as an Enterprise as Assessed by

the Respondents in Terms of Age, Sex, Civil Status, Educational Attainment, Length of Service, Position and Place of Business

Table 5 presents the opportunities within microfinance as an enterprise, both collectively and when categorized by various demographic and professional factors. The mean scores and associated descriptions reveal a prevailing sentiment of optimism across all assessed dimensions.

Respondents below 40 years old rated opportunities as “Greatest Opportunity,” with a mean score of (M=4.65), while those aged 40 and above expressed an even higher level of dominance, scoring (M=4.71), also classified as “Greatest Opportunity.”

Similar patterns were observed in gender, civil status, educational attainment, position, length of service, and congressional district classifications, with mean scores ranging from (M=4.63 to 4.87), all falling under the “Greatest Opportunity” category.

Particularly noteworthy was the perception of Master's Degree holders (M=4.87), signifying a remarkably “Greatest Opportunity” outlook on microfinance opportunities. This suggested a consistently “Greatest Opportunity” perception of opportunities within the microfinance sector, emphasizing a widespread belief in the prominence and viability of such prospects.

These findings provided valuable insights for stakeholders seeking to leverage the perceived dominance of microfinance opportunities for strategic planning and development initiatives. It indicated that all of the microfinance enterprises in the province of Iloilo had the greatest chance for advancement or progress.

This study adheres to a corporate viewpoint; these formal and informal skill development resources are critical for capitalizing on opportunities and potential (Adom & Asare-Yeboah, 2016; Sallah & Caesar, 2020). Technology creates new possibilities in today’s globalizing world by propelling the new global economy forward via innovation and entrepreneurial initiatives founded on novel concepts, perspectives, and business strategies (Ong et al., 2020). This scenario is reinforced by the country’s endeavors

towards industrialization, which in turn leads to an increasing interest in privatization in addition to self-employment and business-oriented employment (Ismail, 2018).

Table 5. Opportunities of Microfinance as an Enterprise as Assessed by the Respondents in Terms of Age, Sex, Civil Status, Educational Attainment, Length of Service, Position and Place of Business

Variables	Mean	Description
Age		
Below 40 years old	4.65	Greatest Opportunity
40 years and above	4.71	Greatest Opportunity
Sex		
Male	4.66	Greatest Opportunity
Female	4.66	Greatest Opportunity
Civil Status		
Single	4.63	Greatest Opportunity
Married	4.68	Greatest Opportunity
Educational Attainment		
Master's Degree	4.87	Greatest Opportunity
Bachelor's Degree	4.66	Greatest Opportunity
Position		
Managerial	4.79	Greatest Opportunity
Rank and File	4.63	Greatest Opportunity
Length of Service		
1-3 years	4.59	Greatest Opportunity
4-10 years	4.74	Greatest Opportunity
more than 10 years	4.64	Greatest Opportunity
Congressional District		
1st District	4.60	Greatest Opportunity

2nd District	4.65	Greatest Opportunity
3rd District	4.71	Greatest Opportunity
4th District	4.71	Greatest Opportunity
5th District	4.62	Greatest Opportunity
Overall Mean	4.66	Greatest Opportunity

Legend: 5.00-4.21 Greatest Opportunity (GO), 4.20-3.41 Great Opportunity (GRO), 3.40-2.61 Moderate Opportunity (MO), 2.60-1.81 Less Opportunity (LO), and 1.80-1.00 No Opportunity (NO).

Challenges of Microfinance as an Enterprise as Assessed by the Respondents when Taken as a Whole

Table 6 presents the challenges faced by microfinance enterprises as rated by the respondents. With a mean score of 4.68, these institutions are labeled as "greatest challenged." This high score indicates that respondents view these difficulties as very significant and serious. The "greatest challenged" label emphasizes that addressing these issues requires substantial focus and resources.

When categorized into individual items, the highest mean scores of (M=4.99), indicating "greatest challenged," were attributed to the service of small ticket loans to the urban poor and underbanked in remote hinterlands resulting in margin erosion, and the need for digitization and process automation. Respondents noted that with the government's involvement in promoting self-help groups, the fast growth of these groups had brought stress to microfinance institutions, adversely affecting their sustainability in the long run (M=4.88). Microfinance institutions faced the challenge of low transaction volume while incurring high fixed costs for those transactions (M=4.79). Investment valuation was crucial for the healthy functioning of MFIs, but limited market activity in evolving and developed markets posed a challenge for access to information for valuation purposes (M=4.75). Lack of a good business plan was identified as a challenge (M=4.51), as was the need to provide detailed plans predicting expenditure and risk mitigation strategies (M=4.50). The neglect of the urban poor, as the focus tended to

be on the rural poor, was noted (M=4.62). Dealing with clients in remote areas and the impact of geographical factors were highlighted as significant challenges (M=4.60). Targeting the rural poor often involved attempting to reach areas below the poverty line (BPL), but a lack of infrastructure made it difficult (M=4.53). Clients not making timely payments and the lack of knowledge among citizens about the basic concepts of microfinance were rated with mean scores of (M=4.55) and (M=4.54) respectively. The inefficiency and ineffectiveness in the implementation of new equipment and facilities for delivering basic services were noted (M=4.60). Microfinance institutions also faced challenges in human capital management, including staffing, training, development, and reward systems (M=4.61). Local public utilities and services not meeting constituency needs (M=4.68) all were rated with "greatest challenged."

These highlighted significant challenges faced by microfinance institutions across various aspects, indicating that these challenges are widely recognized and impactful on their operations.

This study, according to Mensah, David. (2023) examined the challenges and prospects of women in microfinance operations in Ghana. The study also explored whether microfinance was having an impact on poverty reduction among Ghanaian women, using Elubo in the Western Region of Ghana as a study area. The study provides an insight as to how microfinance has changed the destiny of women entrepreneurs and the challenges they face in the course of their operations.

Table 6. Challenges of Microfinance as an Enterprise as Assessed by the Respondents when Taken as a Whole

Items	Mean	Description
Microfinance institutions, by virtue of the model, service small ticket loans to the urban poor and underbanked in remote hinterlands resulting to margin erosion;	4.99	GC

Digitization and process automation.	4.99	GC	for them to reach the customers due to lack of infrastructure.		
With the government's involvement in promoting the self-help groups, the groups have experienced fast growth, which has brought in stress for the microfinance institutions. This puts adverse effects on the sustainability of the MFIs in the long run.	4.88	GC	Clients do not make timely payments.	4.55	GC
Microfinance institutions have low transaction volume, however, the cost of those transactions are fixed and are high; this causes a significant challenge to all the institutions.	4.79	GC	Lack of knowledge among the citizens about the basic fundamental concepts of microfinancing.	4.54	GC
Investment valuation may be a crucial capability for the healthy functioning of an MFI. The evolving and developed markets within which MFIs operate have limited activity. That's why it becomes tough for MFI to realize access to information for valuation purposes.	4.75	GC	The new equipment and facilities introduced to improve delivery of basic services were not implemented efficiently and effectively	4.6	GC
Lack of a Good Business Plan	4.51	GC	The MFI find it hard in the management of Human Capital and personnel staffing , training and development, merits and rewards systems.	4.61	GC
Provide a detailed plan that predicts expenditure and risk mitigation strategies	4.5	GC	Local public utilities and services do not meet constituency needs	4.68	GC
Neglect of the urban poor since the focus is on the rural poor.	4.62	GC	Overall Mean	4.68	GC
It is difficult to work and deal with clients in far-flung areas, and hence geographical factors play an essential role in creating up challenges for the MFIs.	4.6	GC	<i>Legend: 5.00-4.21 Greatest Challenged (GC), 4.20-3.41 Great Challenged (GRC), 3.40-2.61 Moderate Challenged (MC), 2.60-1.81 Less Challenged (LC), and 1.80.-1.00 Not Challenged (NC).</i>		
Targeting the rural poor, microfinance institutions often try to get into the BPL area, but it becomes difficult	4.53	GC	Challenges of Microfinance as an Enterprise as Assessed by the Respondents in Terms of Age, Sex, Civil Status, Educational Attainment, Length of Service, Position and Place of Business		
			Table 7 presents an analysis of the challenges faced by microfinance enterprises, based on assessments by respondents across various demographic and professional categories, including age, sex, civil status, educational attainment, length of service, position, and place of business. The overall mean score of 4.68 signifies that these challenges are categorized as “greatest challenged.” This high score reflects the respondents' perception of these difficulties as exceptionally significant, highlighting the need for targeted strategies and substantial resources to address them effectively.		

When looking at age, respondents both under 40 and 40 years and older rated the challenges of microfinance with a mean score of 4.68. This score indicates that both groups view these challenges as very serious and requiring significant effort to address. For gender, both male and female respondents gave a mean score of 4.68, showing that everyone sees these challenges as major and in need of strong efforts to overcome.

In terms of civil status, single respondents rated the challenges at 4.66, while married respondents rated them slightly higher at 4.69. Both scores fall into the “Greatest Challenged” category, meaning that both groups find these challenges very demanding.

Educational attainment showed that those with a Master’s Degree rated the challenges higher at 4.86 compared to those with a Bachelor’s Degree, who rated them at 4.67. Both ratings suggest that people with higher education see the challenges as particularly tough.

Among different job positions, managers rated the challenges at 4.79, while rank-and-file employees rated them at 4.65. Both scores are in the “Greatest Challenged” category, indicating that people in all roles see these challenges as significant.

Length of service also mattered: respondents with 1-3 years of service rated the challenges at 4.63, those with 4-10 years rated them at 4.75, and those with over 10 years rated them at 4.54. All these ratings fall under the “Greatest Challenged” category, showing that the length of experience doesn’t change the perception of the challenges being very serious.

Finally, respondents from the 1st, 2nd, and 5th congressional districts rated the challenges at 4.65, while those from the 3rd and 4th districts rated them at 4.71. All ratings are in the “Greatest Challenged” range, indicating that people from all districts view the challenges as very significant.

Overall, the consistent high ratings across all categories suggest that microfinance enterprises face major challenges that require considerable effort and determination to handle. This widespread view

highlights the need for effective solutions to address these difficulties.

This study, according to Mensah, David. (2023) examined the challenges and prospects of women in microfinance operations in Ghana. The study also explored whether microfinance was having an impact on poverty reduction among Ghanaian women, using Elubo in the Western Region of Ghana as a study area. The study provides an insight as to how microfinance has changed the destiny of women entrepreneurs and the challenges they face in the course of their operations.

Table 7. Challenges of Microfinance as an Enterprise as Assessed by the Respondents in Terms of Age, Sex, Civil Status, Educational Attainment, Length of Service, Position and Place of Business

Variables	Mean	Description
Age		
Below 40 years old	4.68	GC
40 years and above	4.68	GC
Sex		
Male	4.68	GC
Female	4.68	GC
Civil Status		
Single	4.66	GC
Married	4.69	GC
Educational Attainment		
Master's Degree	4.86	GC
Bachelor's Degree	4.67	GC
Position		
Managerial	4.79	GC
Rank and File	4.65	GC
Length of Service		
1-3 years	4.63	GC
4-10 years	4.75	GC
more than 10 years	4.54	GC
Congressional District		
1st District	4.65	GC
2nd District	4.65	GC

3rd District	4.71	GC
4th District	4.71	GC
5th District	4.65	GC
Overall Mean	4.68	GC

Legend: 5.00-4.21 Greatest Challenged (GC), 4.20-3.41 Great Challenged (GRC), 3.40-2.61 Moderate Challenged (MC), 2.60-1.81 Less Challenged (LC), and 1.80-1.00 Not Challenged (NC).

Differences in the Practices of Microfinance as an Enterprise as Assessed by the Respondents when Classified According to Age, Sex, Civil Status, Educational Attainment, and Position

Table 8 presents the outcomes of statistical analyses investigating significant differences in the practices of microfinance as an enterprise, categorized by various demographic and professional factors. The variables examined include age, sex, civil status, educational attainment, and position.

Notably, practices of microfinance as an enterprise, as assessed by the respondents when classified according to age, showed a significant difference between respondents below 40 years old and those aged 40 and above, as indicated by mean ranks of 47.88 and 69.71, respectively (U=297.500, p=0.014). Therefore, the null hypothesis was rejected while indicating variations based on age. Therefore, it appeared that respondents' age may have influenced perceptions of the practices of microfinance as an enterprise.

In contrast, no significant differences emerged based on sex, with mean ranks of 50.39 for males and 50.54 for females (U=1005.000, p=0.981). Therefore, the null hypothesis was not rejected, and it appeared that respondents' sex did not influence the practices of microfinance as an enterprise.

However, practices did vary significantly between single and married respondents, with a mean rank of 43.50 for singles and 56.23 for married individuals (U=922.500, p=0.028). Therefore, the null hypothesis was rejected. It implied that respondents' assessments of the practices of microfinance as an enterprise varied based on their civil status.

The educational attainment comparison between Master's and Bachelor's Degree holders did not yield significant differences, as indicated by mean ranks of 95.50 and 50.05, respectively (U=4.500, p=0.116). Therefore, the null hypothesis was not rejected. It indicated that respondents' educational attainment did not influence the practices of microfinance as an enterprise.

Lastly, there was a significant distinction in microfinance practices between managerial and rank-and-file positions, with mean ranks of 75.97 and 44.52, respectively (U=285.500, p=.000). Therefore, the null hypothesis was rejected. It implied that respondents' assessments of the practices of microfinance as an enterprise varied based on their position.

The findings underscored significant variations in microfinance practices based on age, civil status, and position, while no such differences are observed in relation to sex or educational attainment. Mhlanga et al. (2020) used simple regression analysis where financial inclusion was the basis to find out if smallholders were getting funding and access to financial institutions and credit facilities. The results showed that if farmers are financially included, there is a positive impact on poverty reduction. The study was based on smallholder farmers' values and level of financial inclusion. The study discovered that, to tackle poverty, especially among smallholder farmers, it is vital to ensure that farmers participate in the financial sector through saving, borrowing, and taking out insurance, among other services. Even though the study notes an increase in financial inclusion, there is tenacious growth in poverty in Zimbabwe. The current study should incorporate the lending issue through MFIs to assess its impact on poverty eradication.

Table 8. Differences in the practices of microfinance as an enterprise as assessed by the respondents when classified according to age, sex, civil status, educational attainment, and position

Variables	Mean Rank	U-test	p-value	Remarks
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Age				
Below 40 years old	47.88	297.500	.014	Significant
40 years and above	69.71			
Sex				
Male	50.39	1005.000	.981	Not Significant
Female	50.54			
Civil Status				
Single	43.50	922.500	.028	Significant
Married	56.23			
Educational Attainment				
Master's Degree	95.50	4.500	.116	Not Significant
Bachelor's Degree	50.05			
Position				
Managerial Rank and File	75.97	285.500	.000	Significant

p< Differences in the practices of microfinance as an enterprise as assessed by the respondents when classified according to length of service and place of business

Table 9 shows the results of statistical analyses investigating significant differences in the practices of microfinance as an enterprise, focusing on the length of service and the place of business of the respondents. In the practices of microfinance as an enterprise as assessed by the respondents when classified according to length of service, a noteworthy distinction emerged, with a significant difference among respondents with 1-3 years of service compared to those with 4-10 years or more than 10 years of service. Therefore, the null

hypothesis was rejected. It means that respondents practices were significantly influenced by educational attainment. The mean ranks for these groups were 39.69, 61.04, and 59.67, respectively (H=13.535, p=0.001).

Regarding the place of business, no significant differences were observed in microfinance practices across various congressional districts, as indicated by mean ranks ranging from 44.13 to 44.88 and H-test statistics ranging from 7.294 to 0.121 (p-values > .05). Therefore, the null hypothesis was not rejected. It means that respondents practices were not significantly influenced by their ranks.

While significant variations existed based on the length of service, no such distinctions were evident when considering the different congressional districts. These findings provide valuable insights into the factors influencing microfinance practices among respondents with varying lengths of service. Therefore, the null hypothesis was rejected.

This study, agreed to by Simatele and Kabange (2022), also indicates that financial inclusion is key to fighting poverty. In model 2, where microfinance loan growth (D_MFIs) is a dependent variable, the negative and statistically significant reveals a long-run relationship among the variables; the ECT is (-0.0325), which implies that it will slowly adjust to equilibrium. Poverty, SMEs, and AGRIC current changes influence microfinance while the coefficient of the error correction term is low; therefore, they will take time to influence within the quarterly period. In models 3 and 4, the long-run equation is not statistically significant, implying that SMEs growth and agriculture are not influenced by poverty and microfinance in the long run.

Table 9. Differences in the practices of microfinance as an enterprise as assessed by the respondents when classified according to length of service and place of business

Variables	Mean Rank	H-test	p-value	Remarks
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Length of Service				
1-3 years	39.69	13.535	.001	Significant
4-10 years	61.04			
more than 10 years	59.67			
Congressional District				
1st District	44.13	7.294	.121	Not Significant
2nd District	44.40			
3rd District	55.73			
4th District	63.38			
5th District	44.88			

p<.05

Differences in the Opportunities of Microfinance as an Enterprise as Assessed by the Respondents when Classified According to Age, Sex, Civil Status, Educational Attainment, and Position

Table 10 presents the statistical analyses examining significant differences in the perceived opportunities within microfinance as an enterprise, categorized by respondents' age, sex, civil status, educational attainment, and position.

Differences in the opportunities of microfinance as an enterprise as assessed by the respondents when classified according to age: no significant differences in perceived opportunities were identified between respondents below 40 years old and those aged 40 and above, with mean ranks of 49.40 and 58.54, respectively (U=431.500, p=0.302). As a result, the null hypothesis was not rejected, indicating variations based on the age of the respondents. It indicated that respondents' age did not influence their perceptions of microfinance opportunities as an enterprise.

Similarly, no significant distinctions were found based on sex, as male and female respondents demonstrated mean ranks of 52.66 and 49.66, respectively

(U=947.500, p=0.640). As a result, the null hypothesis was not rejected, indicating variations based on the respondents' sex. It appeared that respondents' sex did not influence their perceptions of microfinance opportunities as an enterprise.

Civil status did not yield significant differences, with mean ranks of 46.66 for single and 53.65 for married respondents (U=1064.500, p=0.227). Therefore, the null hypothesis was not rejected, while indicating variations based on the civil status of the respondents. It is noted that opportunities for microfinance as an enterprise were not influenced by the respondents civil status.

Educational attainment also showed no significant differences, with mean ranks of 79.00 for Master's Degree holders and 50.21 for those with Bachelor's Degrees (U=21.000, p=0.320). Therefore, the null hypothesis was not rejected while indicating variations based on the educational attainment of the respondents. It indicated that respondents' educational attainment did not influence their perceptions of the opportunities of microfinance as an enterprise.

However, a noteworthy finding emerged in the comparison based on position, where managerial roles significantly differ from rank-and-file positions, as indicated by mean ranks of 68.79 and 46.21, respectively (U=422.000, p=0.002).

The perceived opportunities within microfinance exhibited significant differences based on the position of the respondents, particularly between managerial and rank-and-file roles, while no such distinctions are observed based on age, sex, civil status, or educational attainment. Therefore, the null hypothesis was not rejected.

This study agreed with the following research of Global Entrepreneurship Monitor GEM (2018) in its Annual Report mentioned that an important global trend that has been observed during the last few decades is that entrepreneurship activities continue to grow all over the world. In many countries where the decision to start a new business was traditionally triggered by necessity, an increasing share of entrepreneurship is now triggered by opportunity.

The aims of microfinance institutions as advanced organizations are to facilitate the financial needs of underserved markets as a means of meeting development objectives such as generating employment, reducing poverty, supporting current businesses or expanding their activities, empowering women or other disadvantaged population groups, and inspiring the development of new businesses (Morgan, Elijah, & Christopher, 2019).

Entire societies prosper from entrepreneurs' innovations, creative problem solving, and identifying new industries. Still, entrepreneurship among women remains meagre, with women commonly being less likely to start a business than their male counterparts (Riinvest, 2017).

Table 10. Differences in the opportunities of microfinance as an enterprise as assessed by the respondents when classified according to age, sex, civil status, educational attainment, and position

Variables	Mean Rank	U-test	p-value	Remarks
Age				
Below 40 years old	49.40	431.500	.302	Not Significant
40 years and above	58.54			
Sex				
Male	52.66	947.500	.640	Not Significant
Female	49.66			
Civil Status				
Single	46.66	1064.500	.227	Not Significant
Married	53.65			
Educational Attainment				

Master's Degree	79.00	21.000	.320	Not Significant
Bachelor's Degree	50.21			
Position				
Managerial Rank and File	68.79	422.000	.002	Significant
	46.21			

p<.05

Differences in the opportunities of microfinance as an enterprise as assessed by the respondents when classified according to length of service and place of business

Table 11 presents the statistical examinations investigating substantial variations in perceived opportunities within microfinance as an enterprise, considering the length of service and the congressional district of respondents' places of business.

Differences in the opportunities of microfinance as an enterprise as assessed by the respondents when classified according to length of service, a noteworthy disparity is observed, with significant differences in perceived opportunities among respondents with 1-3 years of service compared to those with 4-10 years or more than 10 years of service. Therefore, the null hypothesis was rejected while indicating variations based on the length of service of the respondents.

The mean ranks for these groups were 40.43, 61.47, and 50.50, respectively, with an (H=12.530, p0.002).

In contrary, no significant differences as assessed by respondents emerged based on the congressional district of the respondents' places of business. As a result, the null hypothesis was not rejected, indicating no variations based on the place of business.

The mean ranks for the 1st to 5th districts were 41.48, 51.30, 56.93, 57.48, and 45.33, respectively, with an (H=4.799, p=309).

The findings underscored significant variations in perceived opportunities within microfinance based on the length of service, particularly between respondents

with 1-3 years of service and those with 4-10 years or more than 10 years of service. However, no significant distinctions were evident based on the congressional district of the respondents' places of business. Therefore, the null hypothesis was not rejected.

This study agreed with the following research of Global Entrepreneurship Monitor GEM (2018) in its Annual Report mentioned that an important global trend that has been observed during the last few decades is that entrepreneurship activities continue to grow all over the world. In many countries where the decision to start a new business was traditionally triggered by necessity, an increasing share of entrepreneurship is now triggered by opportunity.

The aims of microfinance institutions as advanced organizations are to facilitate the financial needs of underserved markets as a means of meeting development objectives such as generating employment, reducing poverty, supporting current businesses or expanding their activities, empowering women or other disadvantaged population groups, and inspiring the development of new businesses (Morgan, Elijah, & Christopher, 2019).

Entire societies prosper from entrepreneurs' innovations, creative problem solving, and identifying new industries. Still, entrepreneurship among women remains meagre, with women commonly being less likely to start a business than their male counterparts (Riinvest, 2017).

Table 11. Differences in the opportunities of microfinance as an enterprise as assessed by the respondents when classified according to length of service and place of business

Variables	Mean Rank	H-test	P-value	Remarks
Length of Service				
1-3 years	40.43	12.530	.002	Significant
4-10 years	61.47			

Congressional District	more than 10 years	50.50			
1st District	41.48	4.799	.309	Not Significant	
2nd District	51.30				
3rd District	56.93				
4th District	57.48				
5th District	45.33				

p<.05

Differences in the challenges of microfinance as an enterprise as assessed by the respondents when classified according to age, sex, civil status, educational attainment, and position

Table 12 presents the findings from statistical analyses exploring significant differences in the perceived challenges within microfinance as an enterprise, categorized by respondents' age, sex, civil status, educational attainment, and position.

Regarding age, no significant differences in perceived challenges were identified between respondents below 40 years old and those aged 40 and above, with mean ranks of 49.72 and 56.25, respectively (U=459.000, p=0.458).

Similarly, no significant distinctions emerged based on sex, as male and female respondents demonstrated mean ranks of 52.20 and 49.84, respectively (U=960.500, p=0.711). Therefore, the null hypothesis was not rejected. It means that respondents challenges were not significantly influenced by age or sex.

Civil status did not yield significant differences, with mean ranks of 48.46 for single and 52.17 for married respondents (U=1145.500, p=0.518). Therefore, the null hypothesis was not rejected, while indicating no variations based on the respondents civil status'. Therefore, it appeared that respondents' civil status did not influence their perceptions of the challenges encountered by microfinance as an enterprise.

Educational attainment also showed no significant differences, with mean ranks of 87.50 for Master's Degree holders and 50.13 for those with Bachelor's Degrees (U=12.500, p=0.194). Therefore, the null hypothesis was not rejected. It means that respondents challenges were not significantly influenced by their educational attainment.

However, a notable finding emerged in the comparison based on position, where managerial roles significantly differ from rank-and-file positions, as indicated by mean ranks of 70.58 and 45.79, respectively (U=388.000, p=0.001). Therefore, the null hypothesis was rejected, while indicating variations based on the position of the respondents. Therefore, it appeared that respondents' positions influenced their perceptions of the challenges they encountered in microfinance as an enterprise.

The perceived challenges within microfinance exhibit significant differences based on the position of the respondents, particularly between managerial and rank-and-file roles, while no such distinctions were observed based on age, sex, civil status, or educational attainment. Therefore, the null hypothesis was not rejected.

This study adheres to Islamic microfinance is distinguished from formal conventional banking by several variables: the degree of formality and collateral; shari'a concepts; and target groups (Ismail, 2018). Millions more are teetering on the brink. Research has shown that poverty can only be destroyed if societies are equipped with the necessary resources to quickly jump-start their income-generating economic activities, such as small-scale farming, small businesses, and sole trading (Khan et al. 2020).

Takaruva (2016) theoretically illustrated that poverty alleviation involves improving the living conditions of already poor people. Given the diversity of causes and effects linked to poverty and its alleviation, the current study wishes to test if microfinance institution loans impact poverty reduction in Zimbabwe.

Table 12. Differences in the challenges of microfinance as an enterprise as assessed by the

respondents when classified according to age, sex, civil status, educational attainment, and position

Variables	Mea n Ran k	U-test	p- valu e	Remarks
Age				
Below 40 years old	49.72	459.00	.458	Not Significant
40 years and above	56.25			
Sex				
Male	52.20	960.50	.711	Not Significant
Female	49.84			
Civil Status				
Single	48.46	1145.500	.518	Not Significant
Married	52.17			
Educational Attainment				
Master's Degree	87.50	12.500	.194	Not Significant
Bachelor's Degree	50.13			
Position				
Managerial	70.58	388.00	.001	Significant
Rank and File	45.79			

p<.05

Differences in the challenges of microfinance as an enterprise as assessed by the respondents when classified according to length of service and place of business

Table 13 presents the findings from statistical analyses exploring significant differences in perceived challenges within microfinance as an enterprise,

considering respondents' length of service and the congressional district of their places of business.

The challenges of microfinance as an enterprise as assessed by the respondents when classified according to length of service: significant differences were observed among respondents with 1-3 years of service compared to those with 4-10 years of service or more than 10 years of service, with mean ranks of 41.63, 62.34, and 34.08, respectively ($H=14.404$, $p=0.001$). Therefore, the null hypothesis was rejected while indicating variations based on the educational attainment of the respondents. Therefore, it appeared that respondents' educational attainment influenced their perceptions of the challenges they encountered in microfinance.

However, no significant distinctions emerged based on the congressional district of respondents' places of business. The mean ranks for the 1st to 5th districts are 48.13, 49.40, 56.35, 52.23, and 46.40, respectively ($H = 1.488$, $p(H=1.488, p=0.829)$). Therefore, the null hypothesis was not rejected. It means that the challenges encountered by respondents were not significantly influenced by place of business.

The findings underscored significant variations in perceived challenges within microfinance based on the length of service, particularly between respondents with 1-3 years of service and those with 4-10 years or more than 10 years of service. However, no significant distinctions were evident based on the congressional district of the respondents' places of business. Therefore, the null hypothesis was not rejected.

This study agreed with the findings of Addae-Korankye (2020) explained that access to food and income-generating projects could make poor people self-sufficient. Access to land and inputs may improve people's food security. Microfinance evolved from an informal saving system beginning in the eighteenth and nineteenth centuries, when the theorist Lysander wrote about the benefits of small credits to entrepreneurs and farmers to alleviate people out of poverty.

Microfinance has become an essential tool for poverty reduction in many parts of the world and is found among the institutions that provide different financial

services to the poor who are out of the conventional banking system, particularly in developing countries (Bent 2019).

Table 13. Differences in the Challenges of Microfinance as an Enterprise as Assessed by the Respondents when Classified According to length of service and place of business

Variables	Mean Rank	H-test	P-value	Remarks
Length of Service				
1-3 years	41.63	14.404	.001	Significant
4-10 years	62.34			
more than 10 years	34.08			
Congressional District				
1st District	48.13	1.488	.829	Not Significant
2nd District	49.40			
3rd District	56.35			
4th District	52.23			
5th District	46.40			

$p < .05$

Significant Relationship among the practices, opportunities and challenges of microfinance as an enterprise

Table 14 presents the results of Spearman's rho correlations examining the significant relationships among the practices, opportunities, and challenges within microfinance as an enterprise. The analysis reveals strong positive correlations between these key aspects.

Firstly, a statistically significant positive correlation ($r = 0.720$, $p < 0.01$) existed between practices and

opportunities, indicating that improvements in microfinance practices tend to coincide with increased perceived opportunities.

Similarly, microfinance practices showed a strong and statistically significant positive correlation ($r = 0.679$, $p < 0.01$) with the perceived challenges, suggesting that as microfinance practices improve, the perceived challenges also tend to rise.

Additionally, a significant positive correlation ($r = 0.671$, $p < 0.01$) was observed between the perceived opportunities and challenges within microfinance, indicating that an increase in perceived opportunities is associated with a higher perception of challenges.

These findings highlighted the interconnected nature of practices, opportunities, and challenges in microfinance, providing valuable insights into the dynamics of this financial domain.

This study relates to the backbone of the economy of a developing country like the Philippines, which is its small and medium enterprises relying on soft loans provided by microfinance institutions. To assess the level of satisfaction of microfinance borrowers with the services of microfinance institutions and their services, as well as their impact on business, personal, and financial status, it is necessary for the continued operation of this industry. The objective of this study is to measure the customer level of satisfaction with the services of a microfinance institution in the Philippines and determine its impacts on the customers' small-scale businesses. The study used a mix of qualitative and quantitative research methods to gather data and analyze it. The study found that the microfinance institution is giving its borrowers quality services, as manifested by a very satisfied rating for the four services provided. It was also described that the institution is positively affecting its borrowers' business, personal, & financial status, as manifested by a high and very high impact on the two variables. The study finally revealed that the profile of the customers has a significant relationship with the level of satisfaction and impact on the business of its borrowers, while some areas of services have to be revisited to prevent customer dissatisfaction as there are signs showing a low level of satisfaction (Gabriel,

Arneil and Suyu, Jeff and Fronda, Jennifer and Ramos, Vilma, 2021).

Table 14. Significant Relationship among the Practices, Opportunities, and Challenges of Microfinance as an Enterprise

Spearman's Correlations	rho	practices	opportunities	challenges
practices	Correlation Coefficient		.720**	
	Sig. (2-tailed)		.000	
	N		100	
	<hr/>			
opportunities	Correlation Coefficient			.671**
	Sig. (2-tailed)			.000
	N			100
	<hr/>			
challenges	Correlation Coefficient	.679**		
	Sig. (2-tailed)	.000		
	N	100		
	<hr/>			

** The correlation is significant at the 0.01 level (2-tailed).

V. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents the summary, conclusions, and recommendations of the study to determine the practices, opportunities, and challenges of microfinance as an enterprise in the Province of Iloilo, Philippines, for the year 2023.

Specifically, this study seeks to answer the following questions:

1. What is the profile of the respondents in terms of age, sex, civil status, educational attainment, length of service, position, and place of business?
2. What are the practices of microfinance as an enterprise as assessed by the respondents as a whole and when classified according to age, sex, civil status, educational attainment, length of service, position, and place of business?
3. What are the opportunities of microfinance as an enterprise as assessed by the respondents when taken as a whole and when classified according to

- age, sex, civil status, educational attainment, length of service, position, and place of business?
4. What are the challenges of microfinance as an enterprise as assessed by the respondents when taken as a whole and when classified according to age, sex, civil status, educational attainment, length of service, position, and place of business?
 5. Are there significant differences in the practices of microfinance as an enterprise as assessed by the respondents when classified according to age, sex, civil status, educational attainment, length of service, position, and place of business?
 6. Are there significant differences in the opportunities of microfinance as an enterprise as assessed by the respondents when classified according to age, sex, civil status, educational attainment, length of service, position, and place of business?
 7. Are there significant differences in the challenges of microfinance as an enterprise as assessed by the respondents when classified according to age, sex, civil status, educational attainment, length of service, position, and place of business?
 8. Are there significant relationships among the practices, opportunities, and challenges of microfinance as an enterprise?

Summary

This descriptive correlational research was to determine the practices, challenges, and opportunities of microfinance as an enterprise in the Province of Iloilo, Philippines, for the year 2023.

The researcher gathered responses from the different managers and employees of microfinance in the different congressional districts of Iloilo. To obtain the sample, the researcher used purposive sampling. According to Arikunto (2010), purposive sampling is the process of selecting a sample by taking a subject that is not based on the level or area but is taken based on the specific purpose.

The independent variables were the respondents profiles, such as age and sex, civil status, educational attainment, length of service, position, and place of business. To gather the required data, a researcher-made instrument was used. The instrument has four parts: the first part is the profile sheet intended to gather personal data of the respondents; the second

part consists of questions to determine the practices of microfinance as an enterprise; the third part to determine the opportunities; and the fourth part to determine the challenges faced by microfinance as an enterprise. Content validity was determined by requesting experts in the field validate the research instrument using the Good and Scates criteria. All suggestions for improvement or amendment were taken into account while creating the final document, and copies were made for use in administration. The reliability of the questionnaire was pilot tested to 30 employees in a microfinance company in Iloilo City. In order to interpret the gathered data, the statistical tools used were frequency count, percentage analysis, mean, Kruskal-Wallis H-test, Mann-Whitney U test, and Spearman's rho. All statistical computations were processed using the Statistical Package for the Social Sciences (SPSS) software. The margin of error was set at .05 alpha.

The Findings of the Study

In this study, the findings were the following:

1. The demographic and professional profile revealed that the majority of respondents were below 40 years old (88.0%), with a gender distribution of 28.0% male and 72.0% female. Educational attainment was predominantly at the Bachelor's Degree level (99.0%), and 81.0% held rank and file positions. The length of service varied, with 49.0% lasting 1-3 years.
2. The findings indicate that microfinance practices are widely implemented and highly regarded. The most notable practice is providing direct access to credit and related services, which respondents view as exceptionally well-executed. Additionally, microfinance has expanded to offer savings, insurance, healthcare, and education services, demonstrating a comprehensive approach to addressing broader financial and social needs. Microfinance plays a crucial role in fostering economic empowerment and holistic development through opportunities for business development and human development services. Furthermore, microfinance institutions practice social responsibility, community engagement, and prudent financial management, including compulsory savings and transparent systems. The assessment across demographic factors

consistently shows strong support for microfinance practices, reinforcing their effectiveness and widespread acceptance in promoting financial inclusion, social responsibility, and sustainable development.

3. Microfinance is widely regarded as a significant opportunity for economic and social development. Key opportunities include the country's industrialization and privatization, which promote self-employment and business-oriented jobs, as well as government poverty eradication programs that encourage entrepreneurial activities among low-income families. Respondents acknowledge that entrepreneurs are critical for economic growth and social cohesion, necessitating financing to support and expand their businesses. The role of technology in driving innovation and entrepreneurial initiatives was also emphasized, as was the importance of effective regulation and monitoring of microfinance activities. Microfinance's focus on rural areas, diverse product offerings, transparent interest rates, alternative funding sources, and government strategies encouraging private sector and NGO partnerships were seen as significant opportunities. Additionally, the potential for citizen involvement in microfinance programs, the introduction of income-generating activities, and efficient financial management systems were highlighted. These opportunities were consistently recognized across various demographic and professional groups, indicating a widespread perception of microfinance as a substantial opportunity for economic and social development.
4. Microfinance institutions face significant challenges, which are widely recognized as major issues. Key challenges include providing small loans to underserved urban and remote areas, leading to thin profit margins; the urgent need for digitization and automation; and stress from the rapid growth of government-promoted self-help groups, affecting long-term sustainability. High fixed costs in relation to low transaction volumes, investment valuation difficulties, and inadequate business planning are also prominent concerns. Additionally, neglecting the urban poor, client payment delays, and inefficiencies in implementing new systems contribute to the challenges. Perceptions of these challenges vary

based on educational attainment, professional position, and length of service, suggesting that experience and knowledge significantly impact their recognition.

5. There are notable differences in microfinance practices based on age, marital status, and professional position. Older respondents (40 and above) exhibited distinct practices compared to younger respondents (below 40). Similarly, married individuals reported different practices than single respondents. However, there were no significant differences based on sex, educational level, or location of the business. Additionally, managerial positions displayed unique practices compared to non-managerial roles, and those with 4-10 years of experience showed variations in practices compared to those with less or more experience. No significant differences were observed across different congressional districts.
6. Perceptions of opportunities in microfinance do not significantly differ based on age, gender, marital status, or educational level. Respondents across these demographic groups exhibit similar views on the opportunities in the sector. However, significant differences emerge based on professional position, with managers perceiving more opportunities compared to non-managerial roles. Length of experience also influences perceptions, with those with 4-10 years of service identifying more opportunities than those with less or more experience. No notable differences are observed across different congressional districts.
7. There are no notable differences in perceived microfinance challenges based on age, gender, marital status, or education level, with similar perceptions across these demographic groups. However, significant variations emerged regarding professional positions, as managers reported more challenges compared to non-managerial roles. Experience level also influenced perceptions, with those with 4-10 years of service identifying more challenges than those with less or more experience. No significant differences were observed across congressional districts in terms of perceived challenges.
8. Improvements in microfinance practices are strongly associated with increased perceived opportunities and challenges. Additionally, there is a notable relationship between perceived

opportunities and challenges, indicating that as the perceived opportunities within microfinance increase, the perceived challenges tend to rise as well. This suggests that the expansion and development of microfinance services and initiatives are accompanied by a corresponding increase in the recognition of both the opportunities and the challenges faced by the sector. As microfinance grows and evolves, stakeholders become more aware of the potential benefits as well as the obstacles that must be addressed to fully realize the sector's transformative impact on financial inclusion and sustainable development.

Conclusions

1. The majority of the respondents were young and female, with an educational attainment of a bachelor's degree. It indicates that microfinance institutions in Iloilo are providing services to their clients professionally.
2. Microfinances perform and follow systems, actions, guidelines, and strategies in achieving their objectives, as indicated by a very highly practiced response from the respondents.
3. Opportunities for microfinance in the province of Iloilo have the greatest chance for advancement, as the results show that they have the greatest opportunities.
4. All microfinance enterprises face difficulties that require great effort and determination to sustain their business operations, as evident in the results, indicating a great challenge.
5. Microfinance has a varied perception of their practices in implementing their services, with great emphasis on managerial positions promoting more sustainable business dealings.
6. Opportunities for all categories vary with significant specification on professional positions, noting that their services can be handled rapidly by managerial positions in attaining microfinance improvement towards their clients.
7. Perceived challenges in microfinance are significantly influenced by professional position and length of service, with managers and those with mid-range experience reporting more challenges.
8. The practices of microfinance business are in order in terms of business operations. Opportunities to scale up and adhere to the current trend in financing are also significant and can compete with other microfinance establishments while dealing with the challenges of going digital, building concrete plans, and adhering to specific government policies.

Recommendations

Based on the findings of the study on microfinance, several recommendations can be made for stakeholders and policymakers in the field:

1. The Management of Microfinance may develop targeted training programs for microfinance professionals, taking into account the widespread proficiency while also addressing specific challenges identified. These programs can focus on improving skills related to identified challenges, especially among those with higher educational attainment and managerial roles.
2. The LGU officials must promote diversity and inclusion in the microfinance sector by actively encouraging participation from individuals across age groups and professional positions. This can foster a more varied and innovative workforce, enriching the sector with diverse perspectives.
3. The entrepreneurs must design support mechanisms and policies that specifically address the challenges identified in the study. For instance, tailored financial or mentoring support for individuals facing challenges, especially those with higher educational attainment, can contribute to overcoming obstacles.
4. Microfinance management may implement a system for continuous monitoring and evaluation of microfinance practices, opportunities, and challenges. Regular assessments will allow stakeholders to adapt strategies in response to evolving dynamics, ensuring long-term sustainability and growth.
5. The LGU officials may encourage collaboration between microfinance institutions, educational institutions, and industry professionals. This collaboration can facilitate knowledge exchange, mentorship programs, and joint initiatives to address challenges and leverage opportunities collectively.
6. Advocate for flexible policies that can adapt to the varying needs and characteristics of the microfinance workforce. Policymakers should

consider the nuanced differences identified in the study when formulating regulations to create an enabling environment for diverse participants.

7. Entrepreneurs may allocate funding for research and innovation in microfinance practices. This can support initiatives that explore new approaches, technologies, and methodologies, ensuring the sector remains dynamic and responsive to emerging challenges and opportunities.
8. The management of microfinance may extend educational outreach programs to promote awareness and understanding of microfinance opportunities among individuals across different demographic groups. This can encourage greater participation and engagement in the sector.
9. The entrepreneurs may establish networking platforms that facilitate interactions and knowledge-sharing among microfinance professionals. These platforms can enhance collaboration, provide mentorship opportunities, and contribute to a more cohesive and supportive microfinance community.
10. The personnel may embrace and integrate adaptive technologies to streamline microfinance operations. This can enhance efficiency, reduce operational challenges, and create a more resilient and technologically advanced microfinance ecosystem.

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