BUSINESS OPERATIONS OF SELECTED MICROFINANCE INSTITUTIONS IN NUEVA ECIJA AMIDST COVID 19 PANDEMIC: BASIS FOR DEVELOPMENT OF BUSINESS CONTINUITY PLAN

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ABSTRACT

This study was entitled "Assessment of the Business Operations of Selected Microfinance Institutions in Nueva Ecija amidst Covid 19 Pandemic: Basis for Development of Business Continuity Plan". It specifically investigated the business operations and performances of MFIs amidst the Covid-19 Pandemic, as well as the relationships of the respondents to their stakeholders, and problems encountered of the microfinance institutions in Nueva Ecija, Philippines. The descriptive-evaluative approach was used in this study. The respondents of this study were the managers/ operation' heads of the selected MFIs. Frequency, Percentage, Weighted Mean, and Thematic Analysis using Colaizzi's 7 steps method was used to analyze the data. This study presented that the MFIs operation was partially affected by the COVID-19 pandemic. The challenges also appeared to weaken the primary section of the MFIs which is the financial segment. As per the results, the responses in the questions illustrated a majority of negative answers, which means that the COVID -19 pandemic affected the MFIs business

operation. Lastly, a business continuity plan was crafted to help the operations of the MFIs amidst Covid 19 Pandemic.

Keywords: Business Operations, Microfinance Institutions, Covid-19 Pandemic, Business Continuity Plan

INTRODUCTION

According to De Jesus et.al. (2021), the outbreak of coronavirus disease (COVID-19) has had remarkable global ramifications. This has developed into the most difficult obstacle that everyone faces. Whether you are wealthy or impoverished, young or old, or of any other socioeconomic status, this has been one of the most memorable situations for every individual and organization in the modern era.

Unlike previous downturns, the current crisis is being spread by an invisible virus that is difficult to govern and control. Not only does the virus harm businesses and commerce, but it also kills a large number of people, and kills a large number of businesses. It causes social upheaval and fundamentally alters our way of life.

Due to an increase in COVID-19 cases in the country, President Rodrigo R. Duterte of the Philippines issued an Executive Order on March 16, 2020, quarantining the entire island of Luzon. This resulted in a state of emergency in several cities and municipalities throughout Luzon, including those with Microfinance Institutions. Numerous businesses, government offices, and other private institutions were forced to close their doors for an extended period. Individuals were not permitted to use public transportation, were forbidden to leave their homes and were required to practice home quarantine.

This crisis had a profound effect on the entire community, but particularly on microentrepreneurs who relied on microfinance institutions. The global coronavirus outbreak, as well as the subsequent government-ordered lockdown, have undoubtedly had a profound effect on the global economy. However, what has not been adequately demonstrated to this point is the gravity of the situation for those most vulnerable to the downturn. Lower-income groups, in particular, face the possibility of abject poverty in many circumstances, as well as the possibility that their financial institutions will be unable to assist them in navigating these trying times.

Microfinance, a sector that provides small business loans, savings accounts, and non-financial assistance to lower-income communities to promote financial inclusion and entrepreneurship, is a critical component of such systems. Microfinance institutions (MFIs) have received a lot of attention in the last 15 years or so for reaching out to populations that have been largely ignored by the traditional banking system and focusing on financially empowering women. Microfinance encompasses a diverse range of financial services, the popularity of which varies by geography. However, several reports in recent weeks indicate that MFIs are under increasing pressure as the COVID-19 pandemic continues to limit business opportunities for micro, small, and medium-sized businesses (MSMEs). As a result, they've had to adapt to provide the best possible service to their clients (International Banker, 2020).

However, the Consultative Group to Assist the Poor (CGAP) (2020), an independent think tank for financial inclusion that includes more than 30 major development groups, for instance, recently discovered that its Portfolio At Risk measure of loans in debt for more than 30 days increased by 41% at the start of the crisis compared to a pre-pandemic June 2019 baseline. In the Philippines, the majority of businesses, including MFIs, have also been temporarily closed during the period of Enhanced Community Quarantine, which runs from March to June 2020. As a result, some businesses, including the MFIs, were forced to reduce their operations, lay off employees, borrow additional capital to stay afloat, or were forced to permanently close.

In this light, the researchers conducted this study to assess the impact of the Covid 19 Pandemic in the business operations of selected Microfinance Institutions in Nueva Ecija. Specifically, it sought to answer the following:

1. How may the business profile of the respondents be analyzed using the survey template of the International Labour Organizations in terms of:

   1.1 Operation Status;
   1.2 Cash flow;
   1.3 Revenues;
   1.4 Loan Application; and
   1.5 Workforce?

2. How may the business operations of selected Microfinance Institutions in Nueva Ecija amidst Covid 19 Pandemic be assessed using the performance indicators of MFI in terms of:

   2.1 Portfolio Quality;

   2.2 Efficiency and Productivity;

   2.3 Financial Management; and

   2.4 Profitability?

3. How may the Microfinance Institutions respond to the following stakeholders:

   3.1 Clients;

   3.2 Employees;

   3.3 Donors;

   3.4 Owners;

   3.5 Creditors; and

   3.6 Government?

4. What are the problems encountered of the respondents during the Covid 19 pandemic that affects their business operations?
5. What business continuity plan may be proposed to improve the operation of the Microfinance Institutions?

Lastly, the researchers conducted this study to helped the MFIs to increase their profitability and prevail longevity in the market.

Microfinance Institutions

According to Estevez E. (2020), microfinance had this primary social aim for many years. Microfinance's function in economic development was to assist low-income individuals and communities in gaining access to financial services and thereby escaping poverty. Microfinance companies were generally charity or government-run entities that tried to assist the needy at the time. Profit has never been a goal for microfinance institutions.

In addition, Internationale Nederlanden Groep (ING) (2020), a global financial institution with a strong European base stated that microfinance aims to help people who are "often excluded from traditional banking channels due to their poor, irregular, and unpredictable income." In other words, microfinance aims to assist low-income households and entrepreneurs in obtaining affordable financial services so that they can finance income-generating activities, save for future needs, and protect themselves against everyday risks such as illness, death, theft, and natural disasters.

Covid-19 Pandemic and its Effect to the Microfinance Industry

According to Dabrowska, Koryński, and Pytkowska (2020), MFIs faced several issues as a result of the COVID-19 crisis, including difficulty with disbursements, reimbursement collection, face-to-face meetings with clients, and reorganizing internal systems and workflow. As a result, portfolio performance for many MFIs has declined, though at varying rates in different areas of the world. Because the COVID virus spread unevenly over the world, it's not surprising that the crisis has had various effects on MFIs in different parts of the world. The influence is determined not just by MFIs' location in respect to COVID prevalence, but also by the services they provide and their internal operational procedures. Most businesses had to change their way of working during a state of emergency even those deemed vital economic activities had to adhere to new physical distance procedures and heightened sanitary requirements.

However, International Banker (2020) discussed that several reports have emerged in recent weeks to suggest that MFIs are under increasing strain as the COVID-19 pandemic continues to curtail business opportunities for micro, small and medium enterprises (MSMEs). Followed by the statement of, The Consultative Group to Assist the Poor (CGAP) which said that the 30 major development groups, recently discovered that its PAR30 measure of loans in debt for more than 30 days increased by 41% at the start of the crisis compared to a pre-pandemic June 2019 baseline.

The study of ADA (2020), also assessed the impact of the COVID-19 crisis on microfinance institutions. Surveys done throughout 2020 revealed three key challenges: meeting clients in person is impossible, collecting repayments is onerous, and disbursing loans is complicated. The operational constraints that were encountered unavoidably resulted in considerable cost consequences. Almost all MFIs have two significant consequences: an increase in the portfolio at risk (PAR) due to reduced repayments and a reduction in outstanding loans due to lower disbursements. Other issues have sprung up from time to time, such as a temporary lack of liquidity, the impact of falling local currencies, and a delay in donor disbursements.

Performance Indicators

The COVID-19 pandemic is having profound effects across nearly all economic sectors and geographic zones. After physical safety, lost revenue is generally the greatest concerning effect for employees. Executives, managers, and supervisors are being forced to update practically every aspect of their KPIs as a result of health and economic problems (Forbes, 2020).

A performance indicator is a measurable value that demonstrates how well a company achieves important business objectives. KPIs are used by organizations at various levels to assess their progress toward their objectives. Low-level KPIs might be concerned with procedures in departments like sales, marketing, HR, and support, whereas high-level KPIs might be concerned with the company's overall success (Klipfolio, 2020).

MATERIALS AND METHODS

Research Design

This study used a quantitative research design. The researchers employed a descriptive research technique in the quantitative research design, which is a systematic endeavor to describe, explain, or validate any form of hypothesis or objective in the context of a specific group of people (McNeill, 2018). Specifically, the researchers used the survey method, which is defined as the collection of data from a group of people by their responses to questions (Check & Schutt, 2012).

It is a fact-finding investigation with a thorough and correct evaluation of the results. The percentage and frequency distribution tools, as well as the weighted mean, were employed to interpret the data in this study.

Study Locale

Nueva Ecija is the largest province on the eastern rim of Central Luzon and the center of agricultural research and production in the Philippines. It is known as the "Rice Bowl of the

Philippines" with rice, corn, and onion as its main agricultural products. The province is also building a reputation in ecotourism, agri-tourism, and cultural tourism (Reyes, 2013).

Participant Selection

The respondents of this study were the selected manager/ operation's head of microfinance institutions, they were chosen as the subject in this study because they are more knowledgeable in this field and that they can provide accurate information that can be useful in this study. Those challenging experiences by the organization were expected to provide recommendations to improve the business operation during this pandemic period.

This study used total enumeration as a method of gathering data. Based on the Australian Bureau of Statistics (2013), total enumeration is a study of every unit, everyone or everything, in a given population. It is also known as complete enumeration, which means a complete count. The researchers used this sampling method as the total number of respondents was feasible for the researchers to get accurate data and information.

Data Collection

The findings of this study were conducted through an online survey form, with a database that can collect and store data, it also provides statistical software analysis of the findings. Survey research is the most fundamental tool for all quantitative outcome research methodologies and studies.

After the approval of the research topic entitled "Business Operations of Selected Microfinance Institutions in Nueva Ecija amidst Covid 19 Pandemic: Basis for Development of Business Continuity Plan", the researchers proceeded to the gathering of data and information from related researches, articles, and the internet. The questionnaire was formulated through the gathered information and was checked by the research mentor. The reliability coefficient of the instrument has a good internal consistency with a .960 result. The validity of the research instrument was established by presenting the developed research instrument for the comments of the expert who together rated the instrument with a 4.64 weighted mean with a verbal interpretation of "very good".

Before the distribution, the researchers got approval from the management of microfinance institutions, through the request letters signed by the researchers, by his adviser. After the distribution, the answered questionnaires were retrieved and the data were tallied for interpretation.

Data Analysis

The data gathered in the area was encoded, tallied, and evaluated. Statistical tools like percentage, frequency distribution, weighted mean, and thematic analysis using Colaizzi's 7 steps method were used to analyze the data. The data were interpreted using a 4-point Likert scale.

The researchers assess the business operation using the performance indicators in the respondents who were managing the operation of microfinance institutions using a 4-point Likert scale. The researchers aim to determine the impact of Covid-19 on the business operation of the Microfinance Industry using performance indicators that are being totally present, present, not present, and not present in the institution.

RESULTS AND DISCUSSION

Business profile of the microfinance institutions

Operation status:

Table 1 shows the business profile of the respondents in terms of operation status.

Table 1. Operation Status

Operation Status	Frequency	Percentage
Operations are still running	7	100%
Temporarily Stopped	0	-
Stopped Operations but currently Running Again	0	-
Permanently Stopped	0	-
Total	7	100%

The majority of the respondents' operation statuses are still running wherein the choice number 1 which is the operation is still running got the frequency of seven (7) and a percentage of 100% are the significant results under table 1.

This table shows the respondents' business profiles based on their operation status. The firms are still operating, according to all seven (7) respondents. Despite the pandemic, microfinance institutions manage to keep their businesses running to make a profit and survive. The MFIs also recognize the circumstances of those in need of financial support during the epidemic, which is why they can keep their operations functioning to aid those people.

According to Zamore et al., (2019), since MFIs serve hundreds of millions of poor and vulnerable borrowers, they play a pivotal role in alleviating poverty in developing countries. Apart from their social mission, MFIs have a profit nature. Financial viability is a major concern for the microfinance industry; thus, MFIs behave like other profit-driven firms, aiming to be profitable or at least break even.

Cash flow:
Table 2 shows the business profile of the respondents in terms of cash flow.

Table 2. Cash Flow

Cash Flow	Frequency	Percentage
Shortage	4	57%
Surplus	1	14%
No effect	2	29%
Total	7	100%

The table above shows that most of the respondents' cash flows are experiencing a shortage obtaining a frequency of 4 and a percentage of 57%. On the other hand, only 1 respondent has experienced Surplus.

The table represents the business profile of the respondents according to their cash flow. The COVID-19 pandemic brought different effects in every business including the cash flow. Due to the said pandemic, the demand of the clients increases however, the cash return decreases because clients were not able to pay their debt on time, this condition caused a shortage in cash flow. The pandemic also carried unnecessary impact among the workers or employees, some of the clients' loss their job which made it them difficult to pay their debts on time. Though they are still paying it due to the delay of payment, the allotted assistance on other parts of business operation became affected.

MFI may experience a deterioration in performance as small and medium-sized businesses (SMEs) and vulnerable households, which are among the most exposed to the COVID-19, have been struggling to meet their debt obligations. Businesses are likely to generate insufficient cash flow to service their debt owing to factory shutdowns, supply chain disruption, and a sudden fall in demand for goods and services during the pandemic. Also, a strong decline in economic activity usually translates to an increase in the unemployment rate (Skoufias, 2003).

According to Dabrowska et al., (2020), some MFIs which ran into liquidity shortages had difficulty receiving funding under already negotiated and signed contracts with the investors which were reluctant to disburse cash during the pandemic. At the same time, some microfinance investors had developed a special liquidity product for MFIs which provided short-term cash relief for the microfinance institutions. Some MFIs which ran into liquidity shortages had difficulty receiving funding under already negotiated and signed contracts with the investors which were reluctant to disburse cash during the pandemic. At the same time, some microfinance investors had developed a special liquidity product for MFIs which provided short-term cash relief for the microfinance institutions.

Revenues:

Table 3 shows the business profile of the respondents in terms of revenues.

The table below presents that most of the respondents are experiencing a minor decrease in revenues obtaining a frequency of 5 and a percentage of 72%. However, no one experienced a major decrease and an increase in revenue amidst the pandemic.

According to the results, the existence of the COVID-19 pandemic contributed to a reduction in revenue. According to the respondents, this happened because nowadays, many are experiencing loss of jobs. Clients who do not have a source of income these days will most likely find it difficult to pay their debts, which is why they have chosen to temporarily stop receiving cash support. Because the pandemic has harmed the business's clients, the scenario has resulted in a partial loss in revenue.

Table 3. Revenues

Revenues	Frequency	Percentage
No Effect	1	14%
Decrease by 1% to 25%	5	72%
Decrease by 26% to 50%	0	-
Decrease by 51% to 100%	1	14%
Increase	0	-
Total	7	100%

According to Zheng and Zhang, (2020), when workers lose their income due to the mass layoffs, they tend to cut back on spending or reduce their 'postpone-able' social consumption (e.g., restaurants, movie theatres, pubs, and clubs, travel, and tourism). Firms may also delay their investments owing to heightened uncertainty associated with COVID-19.

The previous literature suggests that a pandemic-induced economic downturn will put pressure on banks' loan portfolios and can lead to a large withdrawal of deposits, particularly in poor and developing countries. In line with this view, we expect that the socioeconomic damage caused by COVID-19 should deliver a negative effect on MFI financial performance. First, MFI may experience a deterioration in performance as small and medium-sized businesses (SMEs) and vulnerable households, which are among the most exposed to the COVID-19, have been struggling to meet their debt obligations (Beck, 2020; Lagoarde-Segot & Leoni, 2013).

Loan Applications:

Table 4 shows the business profile of the respondents in terms of loan applications.

The majority of the respondents experienced a slight decrease in loan application obtaining a frequency of 4 and a percentage of 57%. Diversely, no-one experienced a major decrease in the application of loans.

The clients who lose their jobs as a result of the epidemic, tend to put a stop to their loan applications for fear of not being able to compensate. When some customers are unable to pay their debts, their desire to borrow money drops as well. However, though the rate of loan applications is decreasing marginally, this does not suggest that all people who are unable to pay their obligations are no longer seeking loans. Because of today's difficult environment, as well as the current COVID-19 pandemic, many individuals are taking risks to survive the current challenges that the entire world is facing.

Table 4. Loan Application

Loan Applications	Frequency	Percentage
No Effect	0	-
Decrease by 1% to 25%	4	57%
Decrease by 26% to 50%	1	14%
Decrease by 51% to 100%	0	-
Increase	2	29%
Total	7	100%

Not surprisingly, the demand for loans, in general, has decreased, especially at the beginning of the pandemic when the situation was quite unclear about the future and there was little appetite on the part of the clients to draw more credit. The situation however varies from MFI to MFI and country to country. Some MFIs have experienced a significant decrease in loan applications during the pandemic period, and they do not see a reversal of that trend. The loan disbursement of new loans decreased substantially by 60% and more for some MFIs in comparison with the pre-pandemic period and similar periods the previous year (Dabrowska et al., 2020).

According to Beck, (2020), mass layoffs and closures undermine MFI performance because the laid-off workers are financially fragile, and they may not be able to make mortgage payments on time owing to income shortfalls, thus, increasing the likelihood of non-performing loans. Second, the excessive build-up of non-performing loans arising from the COVID-19 shock will affect sentiment negatively, so a wider decline in confidence in banks by depositors may result in large-scale withdrawals of deposits.**1.5**

Workforce:

Table 5 shows the business profile of the respondents in terms of workforce.

Table 5. Workforce

Workforce	Frequency	Percentage
No Effect	1	14%
Decrease by 1% to 25%	5	72%
Decrease by 26% to 50%	1	14%
Decrease by 51% to 100%	0	-
Increase	0	-
Total	7	100%

The table shows that the respondents are experiencing a minor decrease in the number of their workforce obtaining a frequency of 5 and a percentage of 72%. On the other hand, no one experienced a major decrease and increase in the workforce in the middle of the crisis.

The workforce of microfinance organizations has shrunk marginally. According to the respondents, it happens because some areas are particularly vulnerable to COVID-19. As the number of instances of the virus rises, so do the hazards, and as a result, some microfinance institutions that are affected by the rising risks are being forced to make modifications and adhere to strict safety standards, including social distance. MFIs have implemented work from home and smaller teams rotating through the office as a result of this, all of which have necessitated considerable modifications in processes and communication channels. On the other hand, some employees are unaware of and unable of adapting to the changes, particularly the use of technology, which is why the institution's staff continues to decline.

According to Praveen D. (2020) due to Covid, 19 many had been subjected to a health crisis that resulted in tight safety measures of social distancing. That led to losses, especially on customer-provider interactions. Thus, making the workplaces were forced to cut down their expenditures and recheck their workforce to maintain social distance, which resulted in increased workload.

Assessment of the business operations using the performance indicators of MFIs

Portfolio Quality:

Table 6 visualizes the business operation of the respondents in terms of portfolio quality.

Table 6. Portfolio Quality

Portfolio Quality	**W.M.**	**V.I**	**RANK**	**V.D.**
Portfolio at Risks increases.	2.86	Agree	1	Present in the institution
Portfolio Size increases.	2.71	Agree	2.5	Present in the institution
Conducted adjustments of the features and eligibility criteria of their Loan Services.	2.57	Agree	4.5	Present in the institution
Write-offs and Provision expenses increase.	2.57	Agree	4.5	Present in the institution
Maintain a good repayment rate.	2.71	Agree	2.5	Present in the institution
Average Weighted Mean	**2.68**	**Agree**		**Present in the institution**

The table above shows that the microfinance' portfolio at risks increases obtained a weighted mean of 2.86 with a verbal interpretation of Agree. However, conducted adjustments of the features and eligibility criteria of their loan services and the increase in write-offs and provision expenses gained the lowest weighted mean of 2.57 and a verbal interpretation of Agree.

Because of the dangers linked with the COVID-19, the data reveals that the quality of loans they obtained during the pandemic was relatively bad. According to the respondents, loans under pandemic relief programs were allowed to be rescheduled, and these rescheduled loans were allowed to be incorporated in the regular portfolio, making them performable loans. However, because these loans may not be performing, the accessible statistics on portfolios at risk offered by MFIs may not adequately reflect the underlying quality of their portfolios, even if they are accurate and created under regulatory criteria.

To contain the spread of the Covid-19 pandemic, the mandated social distancing and restricted market activities have adversely affected the employment and earnings of the poor who are considered the targeted beneficiaries of the Microfinance Institutions (MFIs). The MFI operation and more specifically fresh lending are under serious threat as the mode of operations primarily involve physical interaction while distributing credits at the clients' doorsteps, conducting periodic group meetings, and carrying out regular collections (Sangwan et al., 2020).

Efficiency and Productivity:

Table 7 visualizes the business operation of the respondents in terms of portfolio quality.

Table 7. Efficiency and Productivity

Efficiency and Productivity	**W.M.**	**V.I**	**RANK**	**V.D.**
Maintain lower rates compared to other financial institutions.	3.14	Strongly Agree	1	Totally present in the institution
Operating Expenses increase	2.71	Agree	4	Present in the institution
Personnel Officers (Office staff) Productivity have decrease	2.57	Agree	5	Present in the institution
Loan Officers Productivity have an increase	2.86	Agree	2.5	Present in the institution
Costs per borrower increase	2.86	Agree	2.5	Present in the institution
Average Weighted Mean	**2.83**	**Agree**		**Present in the institution**

The table above shows that the "Maintain lower rates compared to other financial institutions" contributes greatly to the efficiency and productivity of the business which obtained a weighted mean of 3.14 and verbally interpreted as Strongly Agree. Diversely, personnel officers' (office staff) productivity has decreased gained the lowest weighted mean of 2.57 and verbal interpretation of Agree.

The findings show that, for microfinance institutions to adjust to the current environment in which COVID-19 is present, they must maintain lower rates for their businesses to remain effective and productive in the face of the pandemic. According to the respondents, because of market pressures and environmental conditions created by the epidemic, the cost per borrower rises despite their lower rates. Despite the situation, it was also demonstrated that loan officers' productivity increases. This is because they are motivated by the business's goal and their desire to work and earn money to meet their daily needs during the pandemic.

MFIs did not change their product offer although they may have adjusted some of their features and eligibility criteria, for example by offering interest-free periods for the first three months of the loan. Some MFIs introduced new products that were specifically designed for and motivated by the current crisis. These were mostly short-term liquidity products to help the clients overcome short-term cash shortages and short-term business needs. This was the case when the national governments and development agencies introduced special emergency lending programs for small businesses during the pandemic. In some cases, MFIs were eligible for funding from such programs (Dabrowska et al., 2020).

Financial Management:

Table 8 visualizes the business operation of the respondents in terms of financial management.

Table 8. Financial Management

Financial Management	**W.M.**	**V.I**	**RANK**	**V.D.**
Requested/ Borrowed additional fund/ capital in other financial Institution	2.71	Agree	3	Present in the institution
Reduce Operational Cost to save money	3.29	Strongly Agree	1	Totally present in the institution
Maintain and manage to pay the Company's loan/debt amortization	2.86	Agree	2	Present in the institution
Uses the company's contingent fund for emergency	2.43	Agree	4.5	Present in the institution

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Decreased the amount of effort and costs dedicated to non-strategic activities.	2.43	Agree	4.5	Present in the institution
Average Weighted Mean	**2.74**	**Agree**		**Present in the Institution**

In terms of financial management of MFIs amidst pandemic, reducing operational cost to save money obtained a weighted mean of 3.29 and verbally interpreted as Strongly Agree. However, the uses the company's contingent fund for emergencies and decreased the amount of effort and costs dedicated to non-strategic activities both gained the lowest weighted mean of 2.43 and a verbal interpretation of Agree.

The majority of respondents claimed that to survive the crisis and retain a healthy financial position, companies had to minimize their operational costs. They cut costs like training and professional development, lowered wage levels, and postponed key investments until the pandemic calmed down. Because of the newly enforced safety measures that everyone should follow, the current pandemic has added additional expenses at every institution. MFI supplies personnel and clients with alcohol, face masks, and other personal protective equipment when they visit their facility.

Asian Development Bank (2020) Amid the large-scale economic disruption following the outbreak, the lower tolerance of risk and the threat of diminishing funding sources tend to impact microfinance institutions significantly. The operational challenges arising from difficult circumstances mean that standards can become compromised but they can also provide the opportunity for change and improvement, such as instilling fair lending practices.

Most MFIs decided to adjust and modify their risk management to take into account the new risk related to the exposure to COVID-19. Additionally, the most business had to change their way of working during a state of emergency, even those which were declared essential business activities needed to adjust to the new physical distancing procedures and increased sanitary requirements. (Dabrowska et al., 2020).

Profitability:

Table 9 visualizes the business operation of the respondents in terms of profitability.

The table below shows that the "Decrease in cash interests earning" in MFIs profitability obtained a weighted mean of 3.29 and verbal interpretation of Strongly Agree. On the other hand, a decrease in profit and adjusted return on assets due to pandemic both gained the lowest weighted mean of 2.57 and a verbal interpretation of Agree.

Table 9. Profitability

Profitability	W.M.	V.I	RANK	V.D.
Decrease in Profit due to Pandemic	2.57	Agree	3.5	Present in the institution
Adjusted return on asset due to Pandemic	2.57	Agree	3.5	Present in the institution
Decrease in Cash Interests earning	3.29	Strongly Agree	1	Totally present in the institution
ROI slowed down	2.86	Agree	2.5	Present in the institution
Overall profitability was affected by the pandemic.	2.86	Agree	2.5	Present in the institution
Average Weighted Mean	**2.83**	**Agree**		**Present in the institution**

The MFIs reduced their cash interest earnings throughout the epidemic. Table 7 (efficiency and productivity) shows that by adapting to the current environment, MFIs retain lower rates than other financial institutions. Furthermore, some people have lost their jobs as a result of the crisis and are having difficulty repaying their obligations. As a result of these circumstances, the institutions' cash interest profits have decreased.

According to Beck, (2020), mass layoffs and closures undermine MFI performance because the laid-off workers are financially fragile, and they may not be able to make mortgage payments on time owing to income shortfalls, thus, increasing the likelihood of non-performing loans. Second, the excessive build-up of non-performing loans arising from the COVID-19 shock will affect sentiment negatively, so a wider decline in confidence in banks by depositors may result in large-scale withdrawals of deposits.

According to Zheng and Zhang, (2020), when workers lose their income due to the mass layoffs, they tend to cut back on spending or reduce their 'postpone-able' social consumption (e.g., restaurants, movie theatres, pubs and clubs, travel and tourism). Firms may also delay their investments owing to heightened uncertainty associated with COVID-19.

Mass layoffs and closures undermine MFI performance because the laid-off workers are financially fragile, and they may not be able to make mortgage payments on time owing to income shortfalls, thus, increasing the likelihood of non-performing loans. (Beck, 2020).

Response of microfinance industries to the stakeholders

Clients:

Table 10 shows the response of microfinance institutions to the clients.

Table 10 shows that the item "Provides relevant information on the support programs offered by the company" obtained a weighted mean of 3.29 and verbally interpreted as Strongly Agree. Diversely, offers mentoring and coaching services also provided training and support gained the lowest weighted mean of 2.71 and a verbal interpretation of Agree.

Table 10. Clients

Clients	W.M.	V.I	RANK	V.D.
Offers mentoring and coaching services also provided training and support	2.71	Agree	5	Present in the institution
Provides relevant information on the support programs offered by the company.	3.29	Strongly Agree	1	Totally present in the institution
Loan officers contacted their clients to assess their situation during the crisis	3.27	Strongly Agree	2	Totally present in the institution
Administered client surveys about their challenges and how to gauge the scale of the problems.	3.14	Strongly Agree	3.5	Totally present in the institution
Provide financial discounts for the clients.	3.14	Strongly Agree	3.5	Totally present in the institution

Average Weighted Mean	**3.11**	**Strongly Agree**	**Totally present in the institution**

Despite the pandemic, the majority of respondents claimed that they are still reaching out to their clients by providing pertinent information and delivering initiatives to help them. According to the respondents, because businesses want to be profitable, they maintain in touch with their customers and are still assessing their condition amid the pandemic so that they may create a more appealing offer based on the information obtained from them.

Personal relationships and onsite interaction with clients - the hallmark of microfinance that separated MFIs from fintech's - have been dealt a major blow during the crisis. The communication may have remained personal and intimate, but it had to be changed to virtual channels using technology. Most MFIs approach clients by staying connected to them. Loan officers contacted their clients to assess their situation during the crisis. In most cases, all clients were contacted at least once, and often the loan officers maintained regular contact with their clients throughout the crisis period. In addition, many MFIs provided the relevant information on funding opportunities and other support programs offered by the national and local governments to make sure that clients take advantage of such assistance. (Dabrowska et al., 2020).

Employees:

Table 11shows the response of microfinance institutions to the employees.

It shows that the item provides a safe working environment for the employees obtained a weighted mean of 3.48 and verbally interpreted as Strongly Agree. On the other hand, providing financial assistance to the employees who became infected with the virus obtained the lowest weighted mean of 3.00 and a verbal interpretation of Strongly Agree.

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Table 11. Employees

Employees	**W.M.**	**V.I**	**RANK**	**V.D.**
Provides Job Security for the employees during the Pandemic	**3.43**	Strongly Agree	2	Totally present in the institution
Provides information with daily updates throughout the crisis	**3.14**	Strongly Agree	3	Totally present in the institution
Provides a safe working environment for the employees	**3.48**	Strongly Agree	1	Totally present in the institution
Provides financial assistance to the employees who became infected by the virus.	**3.00**	Strongly Agree	4	Totally present in the institution
Average Weighted Mean	**3.26**	**Strongly Agree**		**Totally present in the institution**

The findings show that MFI secures the employment and health security of its employees in the event of a pandemic. According to the respondents, they offer personal protective equipment within their organization, which not only counts in expenses but also in ensuring a safe environment for their personnel, as indicated in table 8 (Financial Management). MFIs have also introduced work from home and work in smaller teams that circulate across the office, according to table 5 (Workforce). It means that, despite the pandemic, MFI treats its employees with respect and appreciation when they work from home. As a result, MFIs ensure that their staff does not lose their jobs.

According to Dabrowska et al., (2020), MFIs moved to virtual work by mandating staff to work from home and use technology to communicate and collaborate. Even with the easing of restrictions on movement and social distancing, most MFIs continue to work virtually although some declare to slowly return to the personal face-to-face contacts with clients. Moreover, most of the businesses had to change their way of working during a state of emergency, even those which were declared essential business activities needed to adjust to the new physical distancing procedures and increased sanitary requirements. Thus, new health safety procedures were implemented by all MFIs, which included rules on social distancing, hygiene, and collaboration.

Donors:

Table 12 shows the response of microfinance institutions to donors.

Table 12 shows that the items "Provides up to date information on the company's performance progress" and "provides information on the practices of the company amidst pandemic thru technical assistance" both attained a weighted mean of 3.43 and verbally interpreted as Strongly Agree. However, asking the donors for their expertise on how to make good strategic decisions obtained the lowest weighted mean of 2.86 and a verbal interpretation of Agree.

Table 12. Donors

Donors	W.M.	V.I	RANK	V.D.
Provides up to date information on the company's performance progress	**3.43**	**Strongly Agree**	**1.5**	Totally present in the institution
Provides information on the practices of the company amidst pandemic thru technical assistance.	**3.43**	**Strongly Agree**	**1.5**	Totally present in the institution
Ask the donors for their expertise on how to make good strategic decisions.	**2.86**	**Agree**	**3**	Present in the institution
Average Weighted Mean	**3.24**	**Strongly Agree**		Totally present in the institution

The result presents that, the information about the institution was regularly disseminated so that everyone, especially donors, was kept up to date. According to the respondents, even though the social connection was limited during the pandemic, the MFI was nevertheless able to spread information through the use of various social media platforms. Furthermore, the information acquired by donors might alert them to the position of the institutions, prompting them to take action that will aid the MFIs' operations in a variety of ways.

Donors are the entities that have an explicit mission to support development goals and examine what part of the financial system needs donor support, how donors can support the attainment of full financial inclusion, and the tools they have to do this. Donor funding instruments can include technical assistance, grants, guarantees, equity and quasi-equity, and loans to governments (El-Zoghbi and Gähwiler, 2013).

According to Zheng and Zhang (2021), MFIs rely primarily on donors, subsidies from charitable or governmental agencies. Microfinance providers (MFPs)—microfinance institutions and other regulated providers from banks to non-government organizations (NGOs)—face threats to their existence. (Consultative Group to Assess the Poor, 2002).

Transparency concerning social performance should embrace, at the very least, information on the poverty levels of MFI clients. Some donors will also want information on the specific techniques used to target poor clients. Credible "impact" information that quantifies client benefits attributable to financial services is expensive to produce and should not be required as a part of normal periodic reporting. Additionally, the right information helps MFI managers to identify areas for improvement and make better decisions. Freely available information also allows managers to compare themselves to industry benchmarks and peers, giving them strong incentives to boost their performance. Thus, accurate and standardized information lets donors and other investors understand the performance of an MFI and make informed funding decisions. They can then track financial and social indicators to determine whether expected results are forthcoming (Consultative Group to Assess the Poor, 2002).

Owners:

Table 13 shows the response of microfinance institutions to the owners.

Table 13. Owners

Owners	**W.M.**	**V.I**	**RANK**	**V.D.**
Involvement of the owners in the decision process about the operations of the business.	3.29	Strongly Agree	3.5	Totally present in the institution
Providing updated financial and non-financial reports of the business performance.	3.46	Strongly Agree	1	Totally present in the institution
Involvement of the owners in technical assistance for the clients.	3.43	Strongly Agree	2	Totally present in the institution

Close monitoring in management and operations.	3.29	Strongly Agree	3.5	Totally present in the institution
Average Weighted Mean	**3.37**	**Strongly Agree**		Totally present in the institution

It shows that "Providing updated financial and non-financial report of the business performance" obtained a weighted mean of 3.46 and a verbal interpretation of Strongly Agree. Diversely, the involvement of the owners in the decision process about the operations of the business and close monitoring in management and operations both attained the lowest weighted mean of 3.29 and a verbal interpretation of Strongly Agree.

The institution provides the owners with timely and appropriate information about the business, whether it is a financial or non-financial report so that they are aware of the present situation and may plan and make decisions based on the information they receive. Furthermore, as the owners of MFIs, they are also involved in providing technical assistance to their clients, which implies that their role in the business has become even more important in the wake of the pandemic.

According to Consultative Group to Assess the Poor, (2002), owners often want to track how their business operates. Because money is fungible, such reporting is less meaningful than reporting on the performance of the institution as a whole. Reports for owners often leave out the key institutional indicators needed to manage an MFI, to judge its performance, and to compare it with others. The owner reporting process can be a powerful tool to improve MFI performance and transparency when it includes presentation—and credible independent confirmation—of core indicators such as loan collection (e.g., portfolio at risk), financial sustainability (e.g. adjusted return on assets), and client poverty levels.

Creditors:

Table 14 shows the response of microfinance institutions to the creditors.

Table 14 shows that the item "Request for the new rules for risk management and loan risk classification of the company" obtained a weighted mean of 3.43 and was verbally interpreted as Strongly Agree. On the other hand, the request for an additional loan to be used as a working fund attained the lowest weighted mean of 2.57 and a verbal interpretation of Agree.

Table 14. Creditors

Creditors	W.M.	V.I	RANK	V.D.
Request for temporary moratoria on loan repayment.	3.14	Strongly Agree	3	Totally present in the institution
Request for the new rules for risk management and loan risk classification of the company	3.43	Strongly Agree	1	Totally present in the institution
Request for an additional loan to be used as a working fund.	2.57	Agree	4	Present in the institution
Providing financial and non-financial reports as the basis of the creditors for loan credit line	3.29	Strongly Agree	2	Totally present in the institution
Average Weighted Mean	**3.10**	**Strongly Agree**		Totally present in the institution

The majority of respondents cited the provision of information on financial and non-financial reports as the basis for creditors granting a loan credit line. During the pandemic, the information supplied became increasingly critical. Creditors utilize this data to make an appraisal of the current circumstances, in which loan credit line planning was extremely involved. In addition, because the business climate is always changing, MFIs are requesting new risk management and loan risk classification standards so that they and other stakeholders can adequately adjust to the situation.

According to Dabrowska et al., (2020), New lending slowed down during the crisis, both because clients demanded less credit and because MFIs constrained the credit supply due to the emerging and still little understood risks. Yet some new loans were made, and old loans had to be managed continuously which challenged many MFIs to change their lending procedures and cash management systems. The most common adjustments done by MFIs in respect to lending are online loan applications and loan approval. Most MFIs had online application options, but the crisis eliminated any possibility of submitting a loan application other than in electronic form. The crisis has forced the institutions and the clients to use the online and mobile systems which were in place but not sufficiently used.

Consultative Group to Assess the Poor, (2002) stated that when it involves presentation and credible independent validation of core indicators, the creditor reporting process about financial and non-financial reports as the basis of the creditors for loan credit line can be a significant tool to improve MFI performance and transparency.

Government:

Table 15 shows the response of microfinance institutions to the government.

It shows that "Involvement in the implementation of government memorandum orders, and new regulations" and "provide an updated report of the business status as well as the employees' health status" both attained a weighted mean of 3.29 and verbally interpreted as Strongly Agree. Diversely, request for postponement of payment of tax and permits obtained the lowest weighted mean of 2.86 and a verbal interpretation of Agree.

Table 15. Government

Government	**W.M.**	**V.I**	**RANK**	**V.D.**
Request for postponement of payment of Tax and permits.	2.86	Agree	4	Present in the institution
Involvement in the implementation of government memorandum orders, and new regulations.	3.29	Strongly Agree	2	Totally present in the institution
Request for the company and/or employees' subsidy	3.14	Strongly Agree	3	Totally present in the institution
Provide an updated report of the business status as well as the employees' health status	3.43	Strongly Agree	1	Totally present in the institution
Average Weighted Mean	**3.18**	**Strongly Agree**		Totally present in the institution

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The COVID-19 pandemic, as indicated in prior conversations, generated dread and changes to the environment. According to the respondents, to protect its citizens, the government enacted regulations and safety measures throughout the country. Amid the epidemic, businesses, including microfinance, are expected to meet the new norms and regulations. The majority of respondents are involved in implementing government memorandum directives and new regulations to avoid problems that may develop during the operation of the business and to protect the individuals who are involved in it. MFIs also provide relevant and up-to-date reports on the state of the business as well as the health of the employees to inform the government's decision-making and planning on what is best for everyone.

Governments in each country have undertaken various measures to protect the population from spreading the virus and create safe conditions for living and working. At the same time, governments offered support and relief to support businesses to continue operating. Most MFIs decided to adjust and modify their risk management to take into account the new risk related to the exposure to COVID-19. Additionally, most business had to change their way of working during a state of emergency, even those which were declared essential business activities needed to adjust to the new physical distancing procedures and increased sanitary requirements. (Dabrowska et al., 2020).

Problems encountered by the respondents during the COVID 19 pandemic that affects their business operation:

Table 16 visualizes the problems encountered by the MFIs amidst COVID 19 pandemic.

In the problems encountered by the MFIs during the COVID 19 pandemic that affects the business operation, the company's profitability decreases obtained the highest frequency of 3 and a percentage of 43. This indicates that these challenges came from the MFIs are still operational.

Table 16. Problems encountered

Problems encountered by the MFIs during the covid 19 pandemic that affects their business operations	**Frequency**	**Percentage**

Portfolio Quality is at risk	1	14%
Limited business activities	1	14%
Low and inadequate financial resources	2	29%
Company's profitability decreases	3	43%
TOTAL	**7**	**100%**

The outcome indicates that the portfolio's quality exceeds expectations, resulting in a lower actual rate of return on the investor's portfolio. Many MFIs' clients were unable to pay their dues as a result of the epidemic, this became the key reason for the MFIs' portfolio quality deteriorating. MFIs experienced a deterioration in performance as small and medium-sized businesses (SMEs) and vulnerable households, which are among the most exposed to the COVID-19, have been struggling to meet their debt obligations. According to responses, because the bulk of their clients ceased operations due to the spread of the Covid 19 Virus, they were unable to pay their dues. Portfolio at Risk has a specified number of overdue days; the more overdue days, the riskier the portfolio becomes. As added, Businesses are likely to generate insufficient cash flow to service their debt owing to factory shutdowns, supply chain disruption, and a sudden fall in demand for goods and services during the pandemic.

The previous literature suggests that a pandemic-induced economic downturn will put pressure on loan portfolios and can lead to a large withdrawal of deposits, particularly in poor and developing countries (Beck, 2020; Lagoarde-Segot & Leoni, 2013). In line with this view, it is expected that the socioeconomic damage caused by COVID-19 should deliver a negative effect on MFI financial performance.

Based on the respondents, the effect of pandemic disbursement was being slowed down and expenses went up, making this a challenge for them. There were gathered information about the impact data of covid 19 obtained from Asian Development Bank which shows that the Gross Domestic Product(GDP) and employment impact due to Covid 19 reduces the MFIs financial efficiency while the economy slows down MFIs financial performance. This is influenced by both the lending and funding rate which also played a role between the impact of covid 19 and MFIs efficiency. (Zheng & Zhang, 2020)

By continuing, we can see in the table above, that the "company's profitability decreases" has the highest frequency of 3 or a percentage of 43 in the problems encountered by the MFIs. This indicates that these challenges came from the MFIs that are still operational. Based on the respondents, the effect of pandemic disbursement was being slowed down and expenses went up, making this a challenge for them. There were gathered information about the impact data of covid 19 obtained from the Asian Development Bank, which shows that the Gross Domestic Product(GDP) and employment impact due to covid 19 reduces the MFIs financial efficiency while the economy slows down MFIs financial performance. This is influenced by both the lending and funding rate which also played a role between the impact of covid 19 and MFIs efficiency (Zheng & Zhang, 2020).

Additionally, based on the table, it can be seen that the " low and inadequate financial resources have the frequency of 2 and the percentage of 29 in the problems encountered by the MFIs. Based on the respondents, there is a decrease in cash inflows due to the limited movement in the area and payment difficulties of clients, making this a challenge for them. Zheng & Zhnag (2020) stated that MFIs may experience deterioration because of those SMEs and households that have been struggling to meet their debt obligations which may cause low return on financial resources. Because some workers are financially fragile it might hindrance their capability of paying or making payments which increases the chance of nonperforming loans.

Lastly, the table also presents that the efficiency and productivity of the MFIs are severely affected by the pandemic " is the rank 3 in a tie with "portfolio quality is at risk" with both frequency of 1 and percentage of 14%, this is because of granular lockdowns implemented, collections and area mobilization limitations for efficiency and productivity. A high number of labor had been reduced resulting in a decline in production and hindering the productivity in the economy (Zheng & Zhang, 2020). According to Sotiriou (2020) loans in credit for over 30 days are the most common indicator of how an MFIs portfolio is performing and the increase in it is continuously showing. Which because of the pandemic that happens due to the clients who are having difficulties financially making them not able to pay on the due time.

Proposed business continuity plan to improve the operation of the Microfinance Institution

Based on the data gathered, a business continuity plan was crafted to improve the operation of the MFIs. The content of the development plan was based on the actual problems encountered by respondents. The respondents were also asked different interventions on how they could solve those problems. With the interventions provided by the respondents, the researchers came up with a continuity plan that can be used to solve their problems. (See appendices for the attached table -the Proposed Development Plan).

CONCLUSION AND RECOMMENDATIONS

With the data given from the discussions, it can be concluded that the majority of the respondents' business operations are still running. Most of them are experiencing a shortage, partially decrease in cash flow, revenues, loan application, and workforce.

With regards to the assessment of the business operation using performance indicators, the majority of the respondents are challenged due to the impact of COVID-19 on their business operation. The increasing risks in the portfolio and the decrease in cash interests' earnings were encountered by most of the respondents. Thus, to continue their business operation, the respondents maintain lower rates compared to other financial institutions and reduce operational costs to save money.

With the above conclusion, the researchers recommend that During the COVID-19 pandemic, the microfinance industry should strengthen the use of their procedures and embrace additional best practices to replace their unsuccessful actions. In this way, despite the pandemic, the microfinance industry might attain a more productive field.

It is also recommended to the MFIs to Strengthen their knowledge management, education, and learning to ensure that MFIs can learn from the current events and build their capacities based on the best practices emerging from the crisis.

Governments should extend current credit guarantees and other financial support instruments to MFIs and their clients; ensure equitable access to information, services, and money for MFIs and their clients throughout the crisis that is available to other segments of the business community; and they should provide operational assistance to MFIs to assist them in adapting to the increasing demands of the digital and virtual environment.

Lastly, it is recommended to use the crafted business continuity plan to amend the risk framework for their business operations to allow them to increase their profitability and prevail longevity in the post-crisis situation.

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Appendix Table 17 . Proposed Business Continuity Plan

Issues/Problems/Concerns	Objective/s	Solutions/Strategic Initiatives/Project	Brief Description of the Strategy/Project	Players/Agencies Involve	Budget	Time Frame
Portfolio quality is at risk	To provide a portfolio risk management for the business which will aid in the reduction of revenue losses.	Create a Portfolio Quality Analysis (PQA) to analyze and assess the most relevant trends and issues affecting the entire loan portfolio or a specific sub-segment of interest.	This strategy will assist the company in analyzing its loan portfolio quality, as well as its capital structure, cost of capital, credit risk management, and client base quality, and their impact on loan portfolio quality.	Owners,BOD, Finance Department, Operations Department	Php. 00 (If there will be cost incurred)	4-7 months after the approval of this strategy.
Limited business activities	To ensure that the company's operations continue to grow steadily.	Expand the way how business operates virtually through prioritizing authentic, transparent communication with clients, employees, and other stakeholders	This plan will improve the business' efficiency and productivity by introducing a new venture for the stakeholders, which will contribute to a more efficient and productive operation.	Owners,BOD, Production department and MFI stakeholders	Php. 20,000-50,000 , it depends from the required costs in virtual expansion	3-5 months after the approval of this strategy.
Low and inadequate financial resources	To have a sufficient financing and To look for new additional capital venture that will help in the expansion and growth of the business	Look for a financial organization that can offer additional fund for the business operation	This strategy will serve as an additional intervention in the expansion of operation and success as well.	Owners, BOD, Finance Department, audit deaprtment and Financial Institutions	Php.0 Based from the required additional capital of the business	4-7 months after the approval of this strategy

Company’s profitability decreases	To assist the organization in avoiding losses due to a decrease in profitability.	Improve the operation's strategy, particularly in terms of sales, by engaging in various forms of promotion and reaching out to prospects.	This strategy will help decrease the sales of the business by providing marketing activities that can be used in the operations.	Owners, BOD, Finance Department, and audit department	Php. 15%-34% of the equivalent requirements for the promotions and other marketing activities.	3-5 months after the approval of this strategy