**Microfinancing Services to Income Steadiness as Perceived by Mini Grocery Store Owners**

**Abstract**

The new normal set up for everyone due to CoViD - 19 has been more challenging in terms of surviving the family living, job security, personal and emotional stress and for businesses, their income steadiness or its existence itself. Many has changed because of this pandemic. Many businesses were affected especially micro businesses. However, the development of micro businesses around the world has been drastically improved with the help of assistance of the government, technology and globalization, and most especially the influence of microfinancing. This study was conducted to oversee the microfinance services and its perceived effect to the income steadiness of the said business, using structured questionnaire to 150 mini grocery stores that has an existing or history of availed services from microfinance establishment, using convenient sampling around San Pablo City. Researchers found out that there is a strong correlation between the micro financing services and income steadiness of the mini grocery stores. It is recommended that further research will be made to a larger locale and in different type of businesses, also, the continuous assistance in monitoring of government in microfinancing services to loan beneficiaries is highly recommended.

**Keywords:** Microfinancing, Income, Stores, Business, COVID – 19, Financial

1. **Introduction**

The development of micro, small, and medium firms, whether through e-commerce or the establishment of physical storefronts, is believed to be dramatically enhanced in today's new normal set up. It is tremendously beneficial to both enterprises and the economy in terms of generating revenue. The governments of most countries throughout the world continue to encourage individuals to start their own enterprises. They give support, seminars, and trainings for ambitious business people, but this isn't enough for them; they require private sector aid, as well as help from family and friends, to cover capital costs and operational costs. Microfinancing is a great benefit to them since it allows them to provide money to micro, small, and medium-sized businesses to help them fund their operations. There are two types of loans: informal and formal. Formal loans are offered by legal institutions such as banks and lending businesses, and they come with specific conditions. Informal loans, on the other hand, have a simpler application process and borrowing plan. Individuals with higher interest rates provide this. According to Hannig (2010), the interaction of various institutions and markets within the financial system has an impact on financial stability or income stability. Financial inclusion alters the financial system's makeup in terms of transactions, clients, services, and access points. These developments either create new risks or shocks that tend to cause financial stability, as the collective failure of microfinance institutions has a considerable impact on the framework's stability.

At one point, Researchers believed that all effective organizations had been brought into the real world. They began as small, straightforward groups with limited resources and a small number of representatives. In today's society, an ever-increasing number of people are involved in business. Business visionaries are persons who, rather than being representatives, establish and manage their own businesses. These are the persons who manage, supervise, and anticipate the risks and rewards of a commercial initiative. The growth of small businesses is tremendously beneficial to our economy in terms of producing jobs. As a result, even the government encourages people to get involved in the economic world. It offers workshops to teach people how to start and manage a simple business.

However, in the case of private ventures, having excellent management skills isn't enough. Businesspeople should also have enough assistance to keep the cause of their independent companies' mission alive. Microfinance institutions play an important role in funding private enterprises' capital needs and operating expenditures. A micro finance institution (MFI) is a type of money-related foundation that can aid in the reduction of poverty in a country. Microfinance includes lending, investing, and providing protection in both urban and rural areas where people cannot access these services through the traditional financial system. Microfinance's goal is to help update existing traditional and formal money-related organizations by extending loans to underserved segments of society. Small-scale company visionaries with the potential aptitudes and character to start excellent business ideas and plans in the market and make the appropriate decisions for the benefit of the firm are the target of MFIs. MFIs are more likely to grow loans that are available right now or have an installment term of less than a year, with reimbursements occurring weekly, monthly, or even quarterly. MFIs profit is repaid by the borrower when they make cash loans. The purpose of microcredit is to provide borrowers with credit administrations. MFIs frequently claim that they help people because they are in need. However, some people have the opposite viewpoint, claiming that MFIs do not assist borrowers in becoming successful. Rather, they become one of the factors that makes the poor further destitute.

This study aims to explore the micro-financing activities and its relationship to the income steadiness of Mini – Grocery Owners. Researchers would like to make this paper a gate way for future extension programs to render by the College of Business Management Accountancy focusing on Financial Literacy, Income management, Credit and Inventory Management to Start – up or Low-income Businesses owners in the locale.

1. **Literature Review**

Even before the COVID-19 epidemic broke out in early 2020, medium and small microfinance providers—often referred to as Tier 2 and Tier 3 providers—struggled to generate consistent positive financial returns on assets (MicroRate and Luminis 2013). Since the outbreak of the pandemic, CGAP has hosted meetings with development finance institutions (DFIs), microfinance investment vehicles (MIVs), policymakers and regulators, and microfinance providers to explore the pandemic's impact on the industry. While worries of a microfinance liquidity crisis have yet to materialize, the pandemic has put enormous strain on many microfinance providers and their consumers, and it continues to do so. The continued stress on microfinance clients, as well as the lack of transparency surrounding the credit quality of microcredit portfolios, suggest that a solvency crisis is on the horizon. Now is the time for the industry to start preparing for that scenario.

In the last few decades, people have seen a development in the microfinance landscape. What once began off as microcredit, a straightforward administration offering miniaturized scale credits to the world’s unbanked populaces, has developed into complex microfinance markets operated by thousands of MFIs and MVIs. Their products and services offerings aim to give low-income individuals with tools to meet acknowledge and saving needs and in addition oversee hazard and proficiently execute exchanges. This development is frequently called financial inclusion.

Microfinance is often characterized as providing disadvantaged populations, such as low-income people, with affordable access to financial services (Bhanot, Bapat, & Bera, 2012). According to recent estimates, the microfinance industry has reached around 139 million low-income and underprivileged consumers, with loans totaling $114 billion (Microfinance Barometer, 2018). Academics have taken notice of the expanding relevance of microfinance, resulting in a slew of empirical studies. According to some authors (e.g., Helms, 2006), microfinance began in the 15th century, when the Catholic Church established pawnshops as a substitute for usurious moneylenders (Helms, 2006). According to Armendariz de Aghion and Morduch (2010), the microfinance concept dates back to the 18th century, when it took the form of informal and cooperative lending. It was not until economics professor Muhammad Yunus began giving small loans to underprivileged residents of Bangladesh villages that it took on its current form. Grameen Bank, often known as "the poor's bank," was founded in the 1970s due to this initiative's enormous success. Its mission is to combat poverty in rural regions.

Researchers have been paying more attention to the microfinance sector since the founding of Grameen Bank, especially with publishing several conceptual articles in the 2000s (e.g., Morduch, 1999a; 1999b; 2000). This focus grew when Yunus was awarded the Nobel Peace Prize in 2006. Microfinance services quickly spread to economies that were very different from the ones to which they were first applied (e.g., Bhatt & Tang, 2001; Bruhn-Leon, Eriksson, & Kraemer-Eis, 2012). Although the microfinance business is frequently referred to as a specific tool, it is essentially a field of intervention (Vaessen et al., 2009) aimed at alleviating poverty, promoting employment, improving economic growth and social inclusion, and so contributing to economic development (de Koker & Jentzsch, 2013). Furthermore, because of its ability to generate self-employment and, in developed nations, build microenterprises, microfinance has significant growth potential. Microfinance was once only linked with microcredit, but it has now expanded to cover a broader range of services, including microsavings, microinsurance, micro remittances, and micro guarantees—all in an effort to build on the success of microcredit (Armendariz de Aghion & Morduch, 2010). Microfinance, in a broad sense, is the provision of financial services to economically active poor people who do not have access to traditional financial services (Armendariz de Aghion & Morduch, 2010; Ledgerwood, Earne, & Nelson, 2013); it is one of the world's most significant development policy innovations (QudratI Elahi & Rahman, 2006).

Although commercial banks are showing an increasing interest in microfinance, most microfinance services are provided by nongovernmental organizations (NGOs) and governments (Gonzalez & Rosenberg, 2006). As a result, several studies focus on the performance of microfinance institutions (MFIs) in order to justify government assistance. On the other hand, microfinance's reliance on government subsidies is a contentious issue, prompting researchers to assess it in terms of social, economic, and financial benefits. Despite these significant contributions, few previous studies review or categorize current research on the subject, leaving us with a limited understanding of microfinance's worth.

Morgan and Pontines (2014) used SME credits as a measure of financial inclusion and bank scores and NPLs as indicators of financial stability in a study that confirmed the link between financial inclusion and financial stability. According to their research, the two are mutually reinforcing. Their findings suggest that increasing the share of SMEs in total bank lending improves financial stability, owing to a drop in nonperforming loans (NPLs) and a lower risk of financial institutions defaulting. A study conducted by Gine and Ramos (2014) expressed that the Philippine Government has long recognized the critical role of microfinance in its poverty alleviation efforts. A key advancement is the detailing in 2015 of the National Strategy for Microfinance, which listed the following standards as the establishments of the government's microfinance policy: (a) An empowering approach environment that encourages the expanded interest of the private segment in microfinance, (b) market-oriented and credit arrangements, (c) nonparticipation of The National Strategy for Microfinance, published in 2015, outlined the following standards as the foundations of the government's microfinance policy: (a) an empowering approach environment that encourages the private sector's increased interest in microfinance, (b) market-oriented and credit arrangements, (c) nonparticipation of government line offices in the use of credit/guarantee programs, and (d) a larger role for the private sector. Government line offices within the usage of credit/guarantee programs, and (d) greater role of the private sector/MFIs in the provision of financial services. These start guards served as a guidepost for consequent policies and controls that were put in a place to assist microfinance industry players accomplish their twin objectives of outreach and financial sustainability. In the study of Micu (2010), the Philippines has been recognized for giving a commerce environment within which microfinance thrive. For example, the Consultative Group to Assist the Poor (CGAP) proclaimed that country's microfinance industry as “the best in executing microfinance programs to diminish poverty” during the International Year of Microcredit 2005, a special occasion of the United Nations held in New York City. Wanja (2013) Stated that the objective of microfinance institutions as developing organization is to benefit the financial needs and undeserved showcase as methods for meeting improvements targets. It is evident that access to microcredit finance has a significant influence on financial performance of SMEs. Financing of economic growth and medium scale enterprises is essentially for making employment and economic process. Microfinance credit is vital for growth and development of SMEs.

Numerous microfinance organizations have set out on an improvement way towards becoming through financial intermediaries; Offering credits, as well as a full scope of keeping money administrations including investment funds, checking and other non-money installment administrations. Managing with the fluctuating interest for credits as well as with inconsistent deposit varieties makes the errand of liquidity management very mind boggling and requires deliberate arranging. Liquidity in this manner is a noteworthy worry of each microfinance organization. Liquidity is of real significance to both the interior and outside analyst' a direct result of its close relationship with everyday activities of a business. A feeble liquidity position represents a risk to the solvency as well as profitability of a firm and makes it hazardous in unsound (Niresh 2012). Studies of Gine and Jakiela (2009) expressed that explore the impact of microfinance on business enterprise discover generally modest impacts. Numerous of the impediments of microcredit as a tool to fund business are probably to be the result of the inflexibility of microcredit, including of the lack of grace periods, frequent payments, and joint liability that may prevent risk taking.

Sheldon (2013) said that If you think about it from a management perspective, we figured out a business model that can be profitable, have scale, and assume impact because people are coming back for more loans. They’re repaying them. I think microfinance is mostly looked to as the succeed story that sustainable energy, healthcare, education, all of the newer realms of social enterprise aspire towards. But to me it is additionally a caution sign of what happens when you’re so-called successful. However, Credit isn’t the foremost compelling one. It features a parcel of drawbacks; it creates a part of pointless complexities for them. You’ll be able say, perhaps it’s the best device and we ought to keep on using it (Canales 2013). In fact, it seems that microfinance usually ends up making poverty worse. Most microfinance loans are utilized to support utilization- to help individuals’ but the essential necessities they were given to survive. As a result, borrowers don’t generate any income that they can use to repay their loans so they end up taking out new loans to repay the old ones, wrapping themselves in layers of debt (Hickel, 2015). Hence, in recent years more MFIs have failed in serving their obligation (Abrams and Trant 2009) or recorded by and large default (Aijazuddin and Iravantchi 2015). Some microfinance divisions have been in crisis with similar features characterizing turmoil in traditional banking sectors (Chen et al. 2010, CGAP 2010). In some nations, e.g. Morocco (IFC 2014), microfinance emergencies have activated bail-out interventions by the public sector closely resembling those observed in crises confronting the traditional banking sector (Laeven and Valencia 2013).

In Asia and the Pacific, rural women, low-income households, and the frequently small companies they run are all too often deprived of financial resources. Because the transactions are generally tiny and the clients are in difficult-to-reach places, most traditional financial institutions regard them as high risk and high expense.

## These hurdles can be broken down through microfinance. It assists low-income families in stabilizing their revenue streams and saving for future needs. Microfinance helps families and small companies succeed in good times, and it can also help them cope and rebuild in bad times. Supporting microfinance institutions to ensure funds for low-income borrowers. Microfinance institutions (MFIs) in Asia and the Pacific have a hard time obtaining commercial capital to provide financial services to their customers. To assist MFIs, the ADB collaborates with international and domestic financial institutions. The ADB's Microfinance Risk Participation and Guarantee Program helps the microfinance sector lend in local currency. Since 2010, the program has aided 35 MFIs in Bangladesh, Cambodia, India, Indonesia, and Myanmar, who have offered microfinance services to nearly six million borrowers. The program's size has been expanded as part of ADB's COVID-19 pandemic relief and recovery response to help support microfinance in tough conditions. Women's empowerment through micro, small, and medium-sized business funding. Because many micro, small, and medium-sized firms (MSMEs) are headed and controlled by women, improving their financial alternatives will benefit women's livelihoods and incomes. MSMEs account for more than 90% of all businesses in Pakistan. The Asian Development Bank (ADB) has partnered with one of the country's leading microfinance service providers to enhance lending operations, particularly for women borrowers. The help would provide Pakistani women and women-led MSMEs with much-needed long-term funding to help them improve their livelihoods and incomes.

## Microfinancing, according to Nina et al. (2012), has helped the impoverished establish self-esteem and self-reliance. Shylendra (2009) discovered that SHGs can mobilize significant sums through tiny savings to meet their members' rising credit needs. According to Rajasekhar (2000), microfinance has a positive impact on savings, credit availability, and income production.

## At the household, business, and societal levels, According to Rashidul and Abdusalam (2006), after becoming active in income-generating activities, 76% of the members were able to better their economic situation, 84% of the members acquired respect in their family, and 72% of the borrowers had a good attitude toward family planning. Todd (2006) described the influence of microfinance on improving living conditions and releasing people from the grips of predatory money lenders. Pitt and Khandker (2016) found that borrowing from the group has an impact on a variety of household and intra-household outcomes, including school enrollment of boys and girls, labor supply of women and men, asset building of women, recent fertility and contraceptive use, consumption, and children's anthropometrics status.

## Puhazhendhi (2010) discovered a considerable shift in total socioeconomic status members' financial situation in terms of higher income, improved literacy, improved living amenities, and increased food security. According to NABARD (2000), clients of the microfinance program have increased their household assets and improved their housing conditions. According to Aswathi et al. (2001), self-help groups (SHGs) have a positive impact on developing leadership, literacy, health and hygiene awareness, and skill formation among group members. According to Singh (2001), the members of the family's assets increased by 17%, and their average household income increased by 28% program of microfinance SHGs, as an institutional arrangement, could favorably contribute to the poor's economic and social empowerment, according to Puhazhendhi and Satyasai (2012).

## Battilana and Dorado (2010)'s study explores how new types of hybrid organizations create and sustain their hybridity, explicitly focusing on MFIs. It is the most cited article in the business category (589 citations). MFIs were "considered a not-for-profit endeavor performed primarily by NGOs and relied on contributions for finance" when they were established (Battilana & Dorado 2010, p. 1422). However, the paradigm is shifting, with new MFIs stating that "lending to the poor may be handled as a self-sustaining endeavor by charging interest rates sufficiently high to pay the cost of a loan" (Battilana & Dorado 2010, p. 1422). Battilana and Dorado (2010) stress the significance of striking a balance between the two approaches to ensure MFIs' long-term viability while remaining true to their initial mission. The second-most-cited article (236 citations) is research by Khandker (2005), which examines the effects of microfinance on poverty using panel data from Bangladesh. The findings "indicate that access to microfinance aids in poverty reduction, particularly among female participants" (Khandker, 2005, p. 263). The third-most-cited document (with 234 citations) is Jonathan Morduch (2000), which discusses the "microfinance schism." Morduch (2000, p. 617) believes that "recognizing the constraints to the win-win proposition is a key step toward establishing a more constructive conversation between microfinance proponents who prioritize financial development and those who prioritize social consequences," as Battilana and Dorado (2010) do. Finally, Karlan and Valdivia (2011) argue that a substantial portion of the microfinance industry has focused solely on the availability of financial services, presuming that microentrepreneurs already possess the essential human capital.

## On the other hand, self-employed impoverished employees rarely have the required abilities (e.g., education, business experience) to create and maintain viable entrepreneurial enterprises (especially in developing countries). As a result, providing financial services and developing programs to teach and encourage entrepreneurial skills are critical. These writers point out that an increasing number of microfinance institutions (MFIs) are seeking to build microentrepreneurs' abilities (human capital) to improve the life of microfinance borrowers and achieve the purpose of poverty reduction (Karlan & Valdivia, 2011).

## Because it increases credit risk and costs, information asymmetry is one of the most significant challenges traditional financial institutions confront when lending to disadvantaged borrowers. Poor people are frequently classified as financially illiterate, with little collateral and no official credit histories; they are commonly found in rural areas, exacerbating adverse selection and moral hazard issues (Khavul, 2010). The microfinance industry offers new contract designs for lending money to the poor (Kar & Rahman, 2018). Joint liability group financing, for example, is prevalent in less developed nations since it increases outreach while lowering lender risks. This approach (1) avoids adverse selection by borrowers self-selecting into groups based on local information about peers' reliability, and (2) mitigates moral hazard issues by utilizing peer monitoring and lowering the relationship-lending charges levied on loan contracts. As a result, MFIs play a vital role in promoting financial inclusion by providing financial services to people who have been left out of the traditional banking system.

 **2.1 Theoretical Framework**

 **2.1.1 Individual Model**

Individual Model is a straightforward lending model where the borrowers directly received their micro loans. It is said well because this model do not constitute the information of the groups or generating peer pressure to guarantee repayment.

 **2.1.2 Grameen Model**

Grameen model was conceptualized by Muhammad Yunus in the year of 1976. It is a community development bank started in Bangladesh. It helps the poor in the way of providing them small loans (known as microcredit or “Grameen credit”). Its terminology came from the word “gram” which means “of the village”. Grameen model arise from the poor based grassroots institutions. The Primary objective of this model is to extend the credits to those poor people to assist them in providing their basic necessities, to prevent to be abused by some money lenders, to generate opportunities for their self-employment and to become the high-income earner.

**2.2 Materials and Methods**

This paper is descriptive research and used convenient sampling technique and was limited to Registered Mini Grocery Stores in San Pablo City and a beneficiary of a loan from a Microfinancing Establishments. Researchers chose 200 loan holders and mini grocery owners along San Pablo City. They distributed the questionnaires by asking different barangay officials to help them visit different mini – grocery stores in their locale. Structured survey questionnaires were made, validated and distributed to the respondents and retrieved only 150 of them. The said questionnaire consists of three parts, Part 1 was designated to demographic profile of the respondents while Part II of the survey questionnaire was intended to measure the perception of the respondents to the Microfinancing Services offered with 5 – Strongly Agree; 4 – Agree; 3- Disagree; 2 – Strongly Disagree and 1 – Not sure. On the other hand, the part III of the questionnaire was used to determine the income steadiness of the Mini grocery Stores using the same Point Likert Scale. Frequency count was used to determine the profile of the respondents. Mean was used to measure the perceptions of the respondents as to the microfinancing services and their income steadiness. Pearson - r was the tool that was executed in computing the relationship between microfinancing services to the income steadiness of Mini Grocery Stores.

1. **Result and Discussion**

**3.1 Result**

**3. 1. 1 Profile of the Respondents**

Most of the respondents were female with a population of 112 out from 150. Majority of the respondent’s Mini grocery stores were operating for 5 to 10 years with 58% or 87 owners of the population. 17% with 1 to 4 years of operation and the remaining 25% of the respondents have been operating for 11 years and above. 100% of them were a microfinance beneficiary covering all the offered services.

**3. 1. 2 Perception of the Respondents as to the Micro Financing Services**

**Table 3.1 Microfinance Services as to Accessibility**

|  |  |  |
| --- | --- | --- |
| **LOAN / INSURANCE SERVICES OFFERED were accessible** | **MEAN** | **INTERPRETATION** |
| 1. Individual Loan | 4.50 | Strongly agree |
| 2. Energy loan | 4.34 | Strongly agree |
| 3. Business Loan | 4.70 | Strongly agree |
| 4. Personal Insurance | 3.90 | Agree |
| 5. Business Insurance | 4.10 | Agree |
| Over - all mean | 4.31 | Strongly agree |

The Perception of the Respondents as to the Micro Financing Services in terms of Accessibility, personal insurance got the lowest mean of 3.90 with the interpretation of strongly agree, which signifies those respondents are not unto this service when it comes to the microfinance services offered. While business loan got the highest mean of 4.70 with the interpretation of strongly agree, which simply interprets that more respondents are much interested in the business loan service of the microfinance establishments.

 According to Wydick & Kevan (2010), the provision of credit to the poor serves two reasons. First, when borrowed capital is invested in small businesses, it frequently leads to a considerable boost in household spending and welfare in the short term. Second, microenterprise financing promotes economic growth in the informal sector by increasing business capitalization, creating jobs, and increasing long-term income growth. In general, one of the motors of economic development is the availability of good financial services; the establishment and extension of financial services are also instruments for breaking the poverty cycle (Yehuala, 2012). Several studies have shown that microfinance provides financial assistance to small businesses, poor people, and low-income groups; and that microfinance can also be used to combat poverty. However, the main findings show that only a tiny percentage of small businesses and poor people use microfinance.

**Table 3.2 Terms and Conditions of Micro financing**

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| --- | --- | --- |
| **TERMS AND CONDITION** | **MEAN** | **INTERPRETATION** |
| 1. Payment Scheme offered were flexible. | 4.34 | Strongly agree |
| 2. The length of repayment is doable. | 4.29 | Strongly agree |
| 3. Loans and Insurance offered were manageable for the business. | 4.09 | Agree |
| 4. Conditions were not hard to attain. | 4.12 | Agree |
| 5. Penalties were not a big burden to the business. | 4.07 | Agree |
| Over - all mean | 4.18 | Agree |

Table 3.2 depicts the perception of the respondents as to the Micro Financing Services in terms of Terms and Conditions of Micro Financing, question 5 which stated penalties were not a big burden to the business got the lowest mean of 4.07, while question 1got the highest mean of 4.34 which stated payment scheme offered were flexible. It is evidently saying that microfinance is not giving highest interest rates to the clients, giving the flexible payment terms so that the clients loan will not be a burden to them. With this terms and condition of microfinance it simply shows and follow the microfinance vision and mission, which is to help and lessen poverty.

Financial inclusion is a long-term objective pursued by both the national government and financial institutions. Financial inclusion, the World Bank asserts, is the critical enabler of poverty reduction and shared prosperity. Additionally, it enables seven of the United Nations (UN) 17 Sustainable Development Goals (SDGs), which are "a global cry to action and eradicate poverty" safeguard the planet, and ensure that all people experience peace and prosperity." Financial inclusion places a premium on delivering excellent and inexpensive financial products and services to vulnerable populations, such as low-income families and microentrepreneurs who lack access to conventional banks in developing countries like India and the Philippines. This contrast explains why microfinance organizations have maintained their popularity in underdeveloped countries. According to data from the Bangko Sentral ng Pilipinas (BSP) from 2015, the Philippines has around 170 microfinance organizations that serve over 1.47 million borrowers (BSP).

**Table 3.3 Customer Service of Micro Financing**

|  |  |  |
| --- | --- | --- |
| **CUSTOMER SERVICE** | **MEAN** | **INTERPRETATION** |
| 1. Requirements for the availment of the loan is easy to comply. | 4.36 | Strongly agree |
| 2. Terms and conditions are well discussed. | 4.65 | Strongly agree |
| 3. Electronic Payments were available. | 4.22 | Strongly agree |
| 4. Contact numbers of the establishment is active and easy to call on. | 4.12 | Agree |
| 5. Employees were accommodating before, during and after the process. | 4.14 | Agree |
| Over - all mean | 4.30 | Strongly agree |

Table 4.1.5 explains the Micro Financing Services in terms of Customer Service as perceived by the mini grocery owners, in question 2 got the highest mean of 4.65 which stated, terms and conditions are well discussed. It simply shows that microfinance make sure that every client that being cater their services is well informed of the institutions policy. Question 4 got the lowest mean of 4.12 which stated, contact number of the establishment is active and easy to call on. It implies that some of microfinance establishments are not that reachable.

 It is essential that service rendered companies measure and monitor service delivery practice and customer satisfaction to influence the behavioral intention of their customers (Saha and Theingi, 2014). Unsatisfactory customer service results in decreased customer satisfaction and a lack of readiness to suggest this establishment to other situations. This is particularly true in Micro Finance Institutions (MFIs), where clients often contact those who hold the highest stake in ensuring the organization exceeds its competitors and outshine in the service it provides. In winning this competition, it was evident that customer satisfaction is a critical issue as it is significantly associated with service quality offered by competing organizations (Zegeye, 2013). (Zegeye, 2013). Currently, service quality and customer satisfaction are the mirror image targets of microfinance institutions in getting significant customers for such institutions (Lafourcadeetal., 2005). (Lafourcadeetal., 2010).

**4.3. Income Steadiness of the Mini Grocery Stores**

**4. 3. 1 Profitability**

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| --- | --- | --- |
| **PROFITABILITY** | **MEAN** | **INTERPRETATION** |
| 1. It helps the business to convert sales into cash. | 4.70 | Strongly agree |
| 2. It contributes to overall efficiency of managing assets. | 4.50 | Strongly agree |
| 3. It aids profit generated after consideration of cost of product sold. | 4.63 | Strongly agree |
| 4. It aids profit generated after consideration of operating costs. | 4.67 | Strongly agree |
| 5. It supports the probability of current assets invested. | 4.73 | Strongly agree |
| Over – all mean | 4.65 | Strongly Agree |

 Income Steadiness of the Mini Grocery Store in terms of Profitability, question 5 got the highest mean of 4.73 which stated it supports the probability of current assets invested, with the interpretation of strongly agree. It implies that there is a high probability of the business profit. Question 2 got the lowest mean of 4.50 which stated it contributes to overall efficiency of managing assets with the interpretation of strongly agree.

 The pecking order theory (POT) describes the relationship between corporate profitability and capital structure can be characterized by the pecking order theory (POT), which maintains that firms prefer internal financing over external financing. The order of preference is from least sensitive (and riskiest) to most sensitive (and scariest), which occurs as a result of the asymmetry of knowledge between company insiders and less educated market players (Myers, 2015). By this token, profitable enterprises with retained earnings can rely on them rather than external sources (debt). According to Murinde et al. (2004), retentions are the primary source of finance. Titman and Wessels (2014) and Barton et al. (2010) concur that enterprises with large profit margins will keep significantly lower debt ratios. All other factors are equal because they can create such cash internally.

**4. 3. 2 Liquidity**

|  |  |  |
| --- | --- | --- |
| **LIQUIDITY** | **MEAN** | **INTERPRETATION** |
| 1. It maximizes the use of their current funds. | 4.77 | Strongly agree |
| 2. It helps to increase the working capital. | 4.77 | Strongly agree |
| 3. It enables to have an even flow of business due to stability. | 4.87 | Strongly agree |
| 4. it can help the business to be out of solvency. | 4.70 | Strongly agree |
| 5. The business can manage efficiency of business inventories. | 4.60 | Strongly agree |
| Over - all mean | 4.74 | Strongly agree |

Income Steadiness of the Mini Grocery Store in terms of Liquidity, question 3 got the highest mean of 4.87 with the interpretation of strongly agree and with a statement of: It enables to have an even flow of business due to stability. It implies that business owners have a strong courage that their business will fly high.

 Grocery stores' current assets may be more easily converted to cash than those of Several other industries, like manufacturing and wholesaling, which also carry similar items. Grocery stores have a very high inventory turnover due to daily retail sales, generating ongoing revenue inflows. As a result, grocery businesses typically maintain a modest level of current assets and do not set aside a significant amount of cash. Any accrued liabilities can be satisfied through continuous sales. As a result, a food store's liquidity ratio is relatively low.

**4. 4. Relationship between the Micro Financing Services and Income Steadiness of Mini Grocery Stores**

**4.4.1 Micro - Finance Services Vs Income Steadiness in terms of Profitability**

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| --- | --- | --- |
| **MICRO - FINANCE SERVICES vs INCOME STEADINESS in terms of PROFITABILITY** | **p - value** | **INTERPRETATION** |
| Accessibility | 0.019 | Significant |
| Terms and Conditions | 0.037 | Significant |
| Customer Service | 0.010 | Significant |

Accessibility got the p-value of 0.019, Terms and Conditions got 0.037 and Customer Service got 0.010 with the interpretation of significant.

 By offering a diverse array of financial services such as loans, deposits, payment services, money transfer, and insurance, microfinance institutions established themselves as an alternative source of financing and a vital instrument for poverty reduction among relatively poor people (Robinson, 2003; ADB, 2010). Microfinance organizations have initially been wholly funded by grants, low-interest loans, and donor subsidies (Zeller & Mayer, 2012) and supplied financial services at a cheap cost to ensure that the poor could use them.

 The profitability of MFIs, particularly in Asian nations, is less well recognized, partly owing to a lack of data (Honohan 2014b). However, why is profitability critical for MFIs? Profitability is a good tool for ensuring the microfinance industry's long-term profitability and sustainability. Profitability is a necessary condition for a competitive microfinance business and the cheapest source of financing; without it, no firm will attract external capital (Gitman, 2017:65). Profits from MFIs can also be a significant source of equity if they are reinvested, contributing to financial stability.

**4.4. 2 Micro - Finance Services vs Income Steadiness in terms of Liquidity**

|  |  |  |
| --- | --- | --- |
| **MICRO - FINANCE SERVICES vs INCOME STEADINESS in terms of LIQUIDITY** | **p - value** | **INTERPRETATION** |
| Accessibility | 0.496 | Not Significant |
| Terms and Conditions | 0.049 | Significant |
| Customer Service | 0.017 | Significant |

Computed p-value of 0.496, with the interpretation of not significant in Accessibility while Terms and Conditions got 0.049 and Customer Service got 0.017 with the interpretation of significant.

* 1. **Discussion**

 The danger of a financial institution would lack sufficient liquid assets to meet the demand for cash outflows such as savings withdrawals, loan disbursements, and operating expenses. A lack of liquidity can put an end to a financial institution's efforts to mobilize deposits and, in the worst-case scenario, cause the institution to collapse or close. Deposit mobilization requires clients to have confidence in their ability to access their funds whenever they want or need them. A financial institution spends considerable time and resources developing this trust with its clients, but a liquidity crisis can quickly erode.

1. **Findings and Conclusion**

**Conclusion and Recommendation**

 **4.1 Conclusion**

After a careful analysis of the responses provided by the Mini – Grocery Owners, there is an indeed strong positive relationship between the micro finance services and income steadiness of the Business owners. The services such as loans and insurance were certainly accessible to the clients and the terms and conditions of the loans and repayment were flexible to them. In addition, the employees of the micro finance institutions’ customer service were appreciated by the business owners, they are accommodating and MFIs offers electronic payment transactions to limit their face-to-face contact with the clients. The requirements needed for a certain service offered is not a burden and easy to comply. Moreover, the business owners affirmed that microfinance services allow their business to gain profit and liquidity. MFIs services allows their business to manage their funds, costs and assets. They helped business owners to continue survive their business regardless of the pandemic.

 **4.2 Recommendations**

Micro financing services are truly a great help to micro business owners hence these people have ups and downs in their businesses just to survive the cost of living of the family and the business. The government has been supportive in micro financing institutions in uplifting the lives of the poor as well as start – up business. For deeper discoveries in the micro financing activities towards entrepreneurs, researchers recommend to have a larger scope of respondents concerning different services offered and clients. They believed that in overcoming the downfall of businesses due to COVID – 19, further assistance from the government and improved longer payment schemes, lower interest rates and good customer service of MFIs are necessary. Moreover, in Micro Financing Institutions, continuous training and planning for loans to be offered to the clients are vital as they work hand in hand with the government to assist poor and start – up businesses. In addition, government may provide income management, financial literacy, credit and inventory management seminars and training to business owners.

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