

# Resilience and Responsiveness: Exploring the Organizational Strategies of Micro-Financial Institutions in Nueva Ecija, Philippines

**Daniel R. Eugenio**

Department of Education, Schools Division of Nueva Ecija /Paitan Sur National High School

## **Abstract**

This research examined the micro financial institutions with emphasis on NGO's, non-government organizations, and cooperatives in Nueva Ecija, Philippines, to be able to develop strategies and create a function that adapts to changes due to economic crises and shifts. Using a quantitative-descriptive research design, it focuses on four strategic areas: internal operations and organizational capacity. Lending restructuring and loan services, and strategic client communication. Data was used from a structured survey questionnaire from a purposive sampling strategy with 50 community-based organizations. To achieve its thrust operational resilience of these micro institutions implemented well-balanced tactics that encompass operational plans along with efficient work arrangements and better process strategies. These micro institutions showed an exemplary management strategy in the management of loan accounts with a touch of digitalized function. These sectors demonstrated maximum functionality on lending, loan moratoriums, crisis-efficient products and services, and integrating financial literacy through an open communication with customers where trust and transparency meet.

Financial institutions in Nueva Ecija further demonstrated resilience and responsiveness through adaptive services with innovative touch and strong customer collaborations. The study demonstrates how brilliantly these locally based institutions sustain operational management during times of crisis.

**Keywords:** Resilience, Microfinance, Cooperatives, NGO

## **I. Introduction:**

Micro financial institutions like cooperatives and non-government organizations are significant in taking into consideration the financial inclusivity in many nearby nations, showcasing less developed countries struck by crisis. These institutions offer main services such as monetary assistance through lending, savings, and digital service payments in rural areas where farmers, small business owners, low low-income earners who serve as actors for their livelihood, focus on Nueva Ecija as the area where these institutions are evident. There is pressure on financial institutions and community investors to back MFI operations (Bull & Ogden, 2020).

For these services to reach out to these grassroots communities, resilience and responsiveness are now crucial qualities, with an emphasis on excellent, strategically aligned financial services enumerated. Additionally, these institutions catalyze change to improve the lives of rural people through advanced financial payment services and acceptable client communication using digitalized systems.

The strategies and approaches used by micro financial institutions in Nueva Ecija will efficiently operate to combat financial challenges and difficulties and at the same time adaptive to resilience in internal operations, organizational manpower, lending and borrowing services, offering of strategic soft loan windows for debt re-structuring, be continually updated with client communication as the main thrusts. Through these areas of study, the financial sector of this province's responsiveness and resilience will help local communities to live a better life ahead, despite the pre- and post-pandemic crisis. The post-pandemic crisis has caused a shift in market dynamics and a disruption in aligned strategies, forcing MFIs to reevaluate their goals and strategic positioning (Dabrowska et al., 2020).

In particular, this study aims to respond to the following queries:

1. Which organizational techniques and initiatives help local financial institutions in Nueva Ecija remain resilient and responsive, especially when it comes to:

1.1 Building organizational capability and overseeing internal operations?

1.2 Creating and putting into practice efficient financing procedures?

1.3 Dealing with debt restructuring and offering emergency loans in emergencies?

1.4. Keeping up efficient and transparent client communications?

## II. Methodology

### Research Design

The organizational mechanisms supporting the responsiveness and resilience of local financial institutions in Nueva Ecija were investigated in this study using a descriptive quantitative research design. Without changing variables or proving causation, this method works especially well for summarizing current institutional practices and situations (Swatzell & Jennings, 2007; Kramer, 1985).

Descriptive research is appropriate in cases where extensive quantitative modeling is limited by factors such as sample size or accessibility, yet a detailed understanding of patterns, practices, and institutional behaviors is required. In this context, the study focused on evaluating internal management practices, lending processes, debt restructuring mechanisms, emergency loan provisions, and client communication strategies among local financial service providers.

This design supported the collection and analysis of measurable data related to institutional performance across operational, financial, and strategic dimensions, aligning directly with the study's objective to examine how local financial institutions sustain operations and serve communities amid challenges.

### Research Sampling Procedures

Purposive sampling, a non-probability sampling technique, was used in the study to specifically choose respondents based on their subject-matter competence and relevance. This method made sure that information was gathered from those who were heavily involved in the strategic and operational management of regional financial institutions.

Two primary categories of neighborhood financial institutions in Nueva Ecija were used to choose the respondents:

Type of Institution	Number of Respondents
Non-Government Organizations	28
Credit Cooperatives	22
Total	50

The province's varied localized financial service delivery models are reflected in the inclusion of these two institutional types. Because they have a direct hand in formulating policies, making decisions, and carrying out operations, executives and senior staff were selected as respondents. The strategic and practical aspects of institutional resilience and responsiveness, particularly in responding to crises and changing client needs, were guaranteed to be reflected in the insights obtained by this sampling technique.

### III. Results and Discussions

#### 1. MICRO-FINANCE INSTITUTIONS OPERATIONS SUSTAINABILITY

##### 1.1. INTERNAL OPERATIONS

###### NGO

###### Cooperatives

2.1. Internal Operations	Mean	SD	Verbal Description	Mean	SD	Verbal Description
1. There is an implementation of a business continuity plan.	4.54	0.51	Strongly Agree	4.59	0.50	Strongly Agree
2. Work from home arrangements	4.29	0.46	Strongly Agree	4.32	0.48	Strongly Agree
3. There is a need to continue to work virtually with limited personal face-to-face.	4.14	0.76	Agree	4.32	0.48	Strongly Agree
4. There is an implementation of the new health safety procedures, which include rules on social distancing, hygiene, and collaboration.	4.54	0.51	Strongly Agree	4.41	0.50	Strongly Agree
5. There is a continuous review and optimization of the process to maximize efficiency.	4.46	0.51	Strongly Agree	4.36	0.49	Strongly Agree
<b>Overall Weighted Mean</b>	<b>4.39</b>	<b>0.43</b>	<b>Strongly Agree</b>	<b>4.40</b>	<b>0.42</b>	<b>Strongly Agree</b>

Table 1.1 shows the operational sustainability of micro-finance in Nueva Ecija. In terms of internal operations, NGOs obtained an overall weighted mean of 4.39 (SD=0.43), which was verbally described as "strongly agree." The item got the highest mean was "There is an implementation of a business continuity plan to plot the organization to new conditions and reassign work in varied ways," and "There is an implementation of the new health safety procedures which include rules on social distancing,

hygiene, and collaboration” with mean of 4.54 (SD=0.51) translated as "strongly agree," while the item got lowest mean is the “There is a need to continue to work virtually with limited personal face-to-face contacts with clients” with a mean of 4.14 (SD=0.76) which described as "agree." Studies, such as those by Smith et al. (2020) and Jones & Saad (2021), underscore the economic challenges organizations face during global crises, prompting a reevaluation of financial approaches. Efficient communication is crucial to guarantee that microfinance institutions conform to legislation and maintain compliance. In addition, it inhibits the utilization of insecure procedures, hence eliminating any potential for data breaches or losses

<b>1.2. Lending Process</b>	<b>Mean</b>	<b>SD</b>	<b>Verbal Description</b>	<b>Mean</b>	<b>SD</b>	<b>Verbal Description</b>
1. There is an adoption of online application options	3.75	1.29	Agree	4.14	0.83	Agree
2. There is an enforcement on the use of online and mobile systems among clients.	4.21	0.74	Strongly Agree	4.14	0.77	Agree
3. Disbursement of cash and acceptance of cash repayment of debts.	4.07	1.18	Agree	4.05	1.00	Agree
4. The use of technology or other online modalities to monitor clients and their ability to repay the loans.	3.96	1.04	Agree	4.14	0.83	Agree
5. Timely identification of delinquent loans and appropriate remedial actions.	4.57	0.50	Strongly Agree	4.36	0.49	Strongly Agree
<b>Overall Weighted Mean</b>	<b>4.11</b>	<b>0.77</b>	<b>Agree</b>	<b>4.16</b>	<b>0.70</b>	<b>Agree</b>

(Kobza, 2023).. Establishing enduring relationships with clients and offering business guidance are also essential for the success of MFIs (Daci, 2018).

All MFIs have established fresh safety procedures, involving guidelines for isolation, sanitization, and collaboration (Dabrowska et al., 2020).

## 1.2 Lending Process NGO Cooperatives

Table 1.2 shows the operation's sustainability of micro-finance in terms of the Lending Process in Nueva Ecija. NGOs obtained an overall weighted mean of 4.11 (SD=0.77), which was verbally described as "agree." The item got the highest mean was "Timely identification of delinquent loans and appropriate remedial actions,," with mean of 4.57 (SD=0.57) translated as "agree," while the item that got the lowest mean “There is an adoption of online application options which eliminated any possibility of submitting a loan application other than in electronic form.” with a mean of 3.75 (SD=1.29) which was verbally described as "agree." ICT has long been a favored area for investment in banking and monetary services. (Kauffman, R. J. et al. 2012).

Table 1.2 also shows the cooperatives' overall weighted mean of 4.16 (SD=0.70), which was in words

described as "agree." The item got the highest mean was "Timely identification of negligent loans and appropriate remedial actions, with a mean of 4.36 (SD=0.49) translated as "strongly agree," while the item that got the lowest mean. Release of cash for repayment of loans through online options using banks, mobile phones, or plastic cards, with a mean of 4.05 (SD=1.00), which was verbally described as "agree." Cooperative banks have detailed, explicit techniques for agricultural lending, extending a variety of commercial and special loans that foster agricultural programs (Łukaszuk, 2020).

**Table 1.3. Debt Reform and Urgent Situation Lending**  
**NGO** **Cooperatives**

<b>1.3. Debt Restructuring and Emergency Lending</b>	<b>Mean</b>	<b>SD</b>	<b>Verbal Description</b>	<b>Mean</b>	<b>SD</b>	<b>Verbal Description</b>
1. Offering of a loan moratorium to all clients.	4.54	0.51	Strongly Agree	4.59	0.50	Strongly Agree
2. Offering flexible loan terms.	4.54	0.51	Strongly Agree	4.64	0.49	Strongly Agree
3. Introduction of new and acceptable loan products	4.61	0.50	Strongly Agree	4.64	0.49	Strongly Agree
4. Conduct a risk assessment	4.64	0.49	Strongly Agree	4.64	0.49	Strongly Agree
5. Provide financial education and training to clients online	4.50	0.51	Strongly Agree	4.59	0.50	Strongly Agree
<b>Overall Weighted Mean</b>	4.56	0.39	Strongly Agree	4.62	0.40	Strongly Agree

Table 1.3 shows the operational sustainability of micro-finance in terms of Debt Restructuring and Emergency Lending in Nueva Ecija. NGOs obtained an overall weighted mean of 4.56 (SD=0.39), which was verbally described as "strongly agree." The item that got the highest mean was "Conduct of risk assessment to identify borrowers who may face financial difficulties for proactive measures," with a mean of 4.64 (SD=0.49), translated as "strongly agree." In contrast, the item that got the lowest mean was "Provide financial education and training to clients on managing finances," with a mean of 4.50 (SD=0.51), which was verbally described as "strongly agree. The effect of hi-tech results has been estimated within the enhanced framework for shareholders and industry handlers, remarkably in Financial Service jobs (Ghani, U et al., 2018). . Like, the settlement of credit accounts using online platforms in resolves the financial sustainability of the MFIs (Kombo et al., 2011).

Cooperatives obtained an overall weighted mean of 4.62 (SD=0.40), which was verbally described as "strongly agree." The items with the highest mean were "Offering flexible loan terms, including grace periods and loan extensions," "Introduction of loan products to support the clients with liquidity during the crisis," and "4. Conduct of risk assessment to identify borrowers who may face financial difficulties

for proactive measures" with a mean of 4.64 (SD=0.49) translated as "strongly agree," while the item that got the lowest mean "Provide financial education and training to clients on managing their finances" with a mean of 4.50 (SD=0.51) which was verbally described as "strongly agree." ). However, successful realization is subtle to many companies, mostly because they do not recognize that customer-related transactions require customer-fixated business process reengineering (Chen et al. 2003).

The data shows that a well-crafted risk management control system is significant for microfinance institutions (MFIs). Microfinance institutions (MFIs) confront unique strategies in considering missions with financial sustainability (Laher & Proffitt, 2020)

**Table 1.4 Communication with Clients**

**NGO**

**Cooperatives**

<b>1.4.Client Communication</b>	<b>Mean</b>	<b>SD</b>	<b>Verbal Description</b>	<b>Mean</b>	<b>SD</b>	<b>Verbal Description</b>
1. The loan officers maintain regular contact with their clients	4.36	0.68	Strongly Agree	4.41	0.50	Strongly Agree
2. The administration of client like surveys.	4.43	0.57	Strongly Agree	4.41	0.50	Strongly Agree
3. Maintain ongoing contact with clients experiencing repayment challenges.	4.39	0.69	Strongly Agree	4.41	0.50	Strongly Agree
4. Offer multiple communication channels that clients can easily access.	4.46	0.51	Strongly Agree	4.41	0.50	Strongly Agree
5. Keep clients informed about their accounts in MFI's	4.46	0.51	Strongly Agree	4.41	0.50	Strongly Agree
<b>Overall Weighted Mean</b>	<b>4.32</b>	<b>0.57</b>	<b>Strongly Agree</b>	<b>4.41</b>	<b>0.50</b>	<b>Strongly Agree</b>

Table 1.4 shows the operational sustainability of micro-finance in terms of Client Communication in Nueva Ecija. The highest mean was " Offer multiple communication channels that clients can easily access," and "Keep clients informed about their accounts, including loan balances, repayment schedules, and transaction history" with mean of 4.46 (SD=0.51) translated as "strongly agree," while the item that got the lowest mean "The loan officers maintain regular contact with their clients throughout the crisis period." with a mean of 4.36 (SD=0.68) which was verbally described as "strongly agree."

It also shows the cooperatives' overall weighted mean of 4.41 (SD=0.50), which was verbally described as "strongly agree."

Efficient communication is crucial to guarantee that microfinance institutions conform to legislation and maintain compliance. In addition, it inhibits the utilization of insecure procedures, hence eliminating any



potential for data breaches or losses (Kobza, 2023).. Establishing enduring relationships with clients and offering business guidance are also essential for the success of MFIs (Daci, 2018).

### **Conclusions:**

This study explored the organizational strategies that contribute to the resilience and responsiveness of local financial institutions in Nueva Ecija, focusing on four key areas. The findings provide the following conclusions:

#### **1. Internal Operations and Organizational Sustainability**

Effective internal processes have been put in place by local financial institutions, including cooperatives and NGOs, to assist company continuation. This includes tactical measures, including putting company continuity plans into place, upholding safety and health regulations, and permitting flexible work schedules. These actions demonstrate robust institutional capability and flexibility in responding to evolving operational requirements in times of crisis...

#### **2. Lending Process Design and Implementation**

Cooperatives and NGOs both showed a moderate to high level of adoption of digital lending practices. Although complete digital transformation (such as online application-only systems) is still being worked on, institutions have successfully put in place mechanisms to track repayment patterns and deal with delinquency. The prompt identification of past-due loans and the execution of suitable corrective measures received the best rating.

#### **3. Debt Restructuring and Emergency Lending Practices**

There was a broad consensus among financial institutions to implement flexible loan terms, grant loan moratoriums, and carry out proactive risk assessments. Their ability to address client needs in times of crisis is further demonstrated by the launch of crisis-sensitive loan products and the offering of financial education, which strengthens the institution's and its clients' financial resilience.

#### **4. Client Communication Strategies**

Institutions communicate openly and continuously with their clients, particularly those who are experiencing financial difficulties. Using many channels of communication, keeping in touch with clients on a frequent basis, and being transparent about account status are all examples of a client-centered approach. This boosts self-esteem and ensures continued involvement in stable and uncertain times.

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