

The effectiveness of growth strategies used by Zimbabwean microfinance institutions to improve company performance

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Abstract

Purpose: Growth strategies are essential for the survival of MFIs worldwide; however, this phenomenon has not been extensively researched, particularly in developed countries. Accordingly, this study aims to ascertain the effectiveness of the growth strategies used by Zimbabwean microfinance institutions to improve company performance.

Research Methodology: The study adopted a quantitative research approach using an explanatory research design. The target population was drawn from personnel at 10 registered microfinance institutions in Bulawayo, Zimbabwe, from accounting, finance, marketing, operations, and business development. The targeted population total was 250, and the sample size was 152, using Krejcie and Morgan's sample size determination model. The study employed a stratified sampling technique, and the data were analyzed using Spearman's correlation coefficient.

Results: Results showed that Digital innovation significantly affects the operational efficiency of MFIs. Funding diversification positively influences profitability. The results further show that an increased branch network positively affects the market share.

Limitations: The current study's investigation of ten registered microfinance institutions within Bulawayo, Zimbabwe, restricts the generalizability of the findings to other contexts.

Contributions: The findings of this study can influence policies and practices in Zimbabwe and other developing countries. The research will contribute massively to microfinance institutions, where they will be able to handle transactions, retain records, manage client databases, and enhance loan disbursement and repayment procedures.

Keywords: *Digital innovation, Funding diversification, Increased branch network, Operational efficiency, Market share, Profitability*

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1. Introduction

Microfinance institutions across the global community play a significant role in improving company performance by initiating various growth strategies (Nato & Gaiku, 2022). According to Rabinovych (2023), over 20% of microfinance institutions across Europe and Asia have been operating in the face of problems such as client over-indebtedness, market saturation, impact measurement regarding data metrics, and regulatory challenges posed by exchange rate fluctuations. Global participants in the microfinance sector have developed various tactics and policies to help them endure the ever-changing economic environment. Global microfinance institutions have employed various growth strategies, including diversifying financial products, integrating technology, reducing borrowing costs, fostering community engagement, and promoting financial literacy (Gopal & Schnabl, 2022). The landscape of

financial inclusion in Asia is undergoing a significant transformation fuelled by the remarkable growth of microfinance institutions (MFIs), which is undeniably a global leader in this space (Madan, 2020). This expansion is the result of the global microfinance sector's concentrated efforts to advance access to lending facilities as well as to healthcare, housing, education, energy, and agriculture. Microfinance institutions in Asia are experiencing robust growth, with both their number and reach expanding significantly. This growth promises to play a vital role in promoting financial inclusion and empowering individuals across the continent. Microfinance institutions (MFIs) are transforming the financial landscape across Africa by fostering financial inclusion and empowering individuals. According to Mordor Intelligence's 2021 market report, the African microfinance market is projected to reach USD 32.42 billion by 2026, reflecting a Compound Annual Growth Rate (CAGR) of 14.2%. This projected growth signifies an expanding footprint of MFIs in Africa. Tadele, Roberts, and Whiting (2022) report that the number of microfinance institutions in Africa increased by 45% between 2010 and 2018. Moreover, Moyi (2019) highlights that the total loan portfolio of MFIs in Africa experienced a staggering growth rate of 17% annually during the same period.

African microfinance institutions operating in countries such as Zambia, Tanzania, Kenya, Ghana, Nigeria, and South Africa have also been operating in the face of problems such as limited technological infrastructure, access to capital, uncontrolled economic factors in the general business environment, credit risk, and loan default (Mrindoko & Pastory, 2022). The growth strategies implemented by African microfinance institutions include flexible repayment plans for all lending, strategic partnerships, a focus on women's empowerment, and risk management practices (Suchandiko, Efni, & Rokhmawati, 2021). While academic research by Borodin, Sayabek, Islyam, and Panaedova (2020) and Aslam and Haron (2021) have explored various growth strategies, such as mergers and acquisitions, and the role of fintech in boosting profitability and performance for traditional banks, the same has not been adequately investigated for microfinance institutions. Similarly, regional studies like Ongore and Kusa (2013), Olasehinde, Solanke, Kukoyi, and Ogunsina (2023), Mugambi (2022), Okolie and Eze (2023) explored the efficacy of e-banking for financial growth and operational performance in African banks of Kenya and Nigeria and haven't addressed the microfinance context.

Numerous studies have explored the effectiveness of the growth strategies used by microfinance institutions to improve company performance. However, a knowledge gap remains in the Zimbabwean context. Moreover, existing research like Chikerema and Makanyeza (2021), Chikwira and Rawjee (2022) and Makanyeza and Dzvuke (2015), and explored the relationship between growth strategies and performance in Zimbabwe's banking sector and SME sector, a research gap remains in assessing the applicability of these strategies to Microfinance Institutions (MFIs). Specifically, previous studies lack empirical evidence to evaluate the feasibility and effectiveness of growth strategies within the unique context of MFIs and their impact on performance. Thus, this study bridges the knowledge gap left by past studies, as it will dwell on the effectiveness of growth strategies used by Zimbabwean microfinance institutions to improve company performance.

Following suit, Zimbabwe's microfinance industry, as documented in the Reserve Bank of Zimbabwe's Microfinance Industry Report (2021-2022), has demonstrated steady growth since 2021. The number of microfinance institutions has increased from 220 in 2021 to 241 by September 2022. Furthermore, loans extended to women experienced a significant 14.85% surge, climbing from \$2.63 billion on March 31, 2021, to \$3.02 billion on the same date in 2022. These data underline the burgeoning expansion and strength of Zimbabwe's micro-finance sector.

However, an alarming picture emerges in Zimbabwe's microfinance sector. The RBZ Microfinance Quarterly Industry Reports (2020 and 2022) paint a stark picture of a declining outreach. Active borrowers slumped by 11.57%, from 454,428 to 401,852, while loan disbursements plunged by 32%, from 576,980 to 386,039, in the quarter ending March 2020. The trend continued, with total deposits shrinking by 34.79% from ZW\$2.13 billion in March 2022 to \$1.37 billion by June 2022, and active loan clients dipping by 2.76% from 288,135 to 280,172. The blame primarily lies in the debilitating impact of COVID-19, particularly on small and medium businesses, including vendors, who form the

main client base for microfinance institutions in Zimbabwe. The ongoing struggle of these businesses to recover highlights the urgent need to re-evaluate and adapt growth strategies, specifically for the microfinance sector. This study aims to bridge this gap by examining the impact of growth strategies on the performance of microfinance institutions. By analyzing the Zimbabwean context in the shadow of COVID-19's devastation, it hopes to unveil strategies that can navigate these unprecedented challenges and pave the way for a resilient and thriving microfinance landscape.

1.1 Objectives

1. To determine the relationship between digital innovation and operational efficiency on the performance of microfinance institutions in Bulawayo.
2. To assess the relationship between funding diversification and profitability of Bulawayo microfinance institutions.
3. To determine the relationship between the increasing branch network and market share of microfinance institutions in Bulawayo.

2. Literature

2.1 Theoretical framework

The theory, as well as the model underpinning this study, include the Technological Acceptance Model (TAM) and the Technological Readiness Theory

2.1.1 Technological Acceptance Model (TAM)

Information systems theory, which simulates how people adopt and use technology, is called the technology acceptance model (Davis, Bagozzi, & Warshaw, 1989).

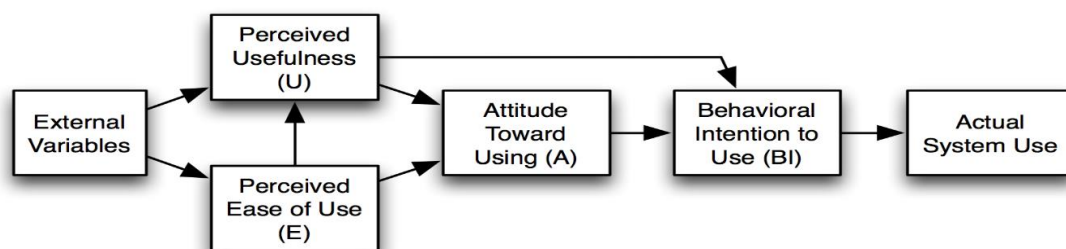


Figure 1. Technological Acceptance Model (Davis et al., 1989)

The point at which people use technology is when they use the system. A contributing aspect to the usage of technology is behavioral intention. The general perception of technology or attitude (A) shapes behavioral intention (BI). According to the model, when consumers are exposed to a new technology, several aspects impact their choice of how and when to utilize it, most notably:

1. Perceived usefulness (PU): Fred Davis defined this as an individual's level of belief that utilizing a specific method would improve their performance at work. It refers to whether a person believes that they can use that technology to accomplish their goals.
2. Perceived ease-of-use (PEOU): According to Davis, this refers to how much someone thinks that utilizing a specific system will need no work at all. The barrier is broken down if the technology is user friendly. If it is difficult to use and has a confusing interface, no one will be fond of it.

Social influence and other external factors play a significant role in determining an individual's mindset. People use technology with the aim and attitude that these things (TAM) have when they are in place. However, because each person is unique, opinions may vary based on factors such as gender and age (Bagozzi, 2007).

The Technology Acceptance Model (TAM) applies to Zimbabwean microfinance institutions (MFIs) through the notion that employee perceptions of technology's ease of use and perceived usefulness can

influence the adoption of growth strategies. Under the Technology Acceptance Model (TAM), MFI managers aim to address employee attitudes towards technology adoption, thereby promoting the effectiveness of growth strategies.

2.1.2 Technological Readiness Theory

Technological Readiness Theory states that an individual's ability to adopt and use technology is influenced by their skill capabilities, motivation, and experience. This theory is applicable in the context of Zimbabwean microfinance institutions because managers can have access to technology needed by employees and ensure that they help them with all the training needed to motivate them when they use technology. Managers can customize growth strategies to maximize the impact of technology adoption on corporate performance by knowing their employees' technical preparedness.

2.2.1 Digital innovation

Innovation entails the transformation of ideas into practical applications. This can manifest as entirely new offerings, be they goods or services, or as refined enhancements to existing ones. L. Yang, Zou, Shang, Ye, and Rani (2023) pointed out that digital innovation has a close connection with firms' sustainability. Kaczmarek, Benedict, and Susky (2020) added another layer, emphasizing the implementation of modern digital technologies to solve business problems. This includes process optimization, enhanced customer experiences, and the generation of innovative solutions and business models to drive efficiency.

2.2.2 Funding diversification

According to Nyabiba and Kimani (2023), funding diversification is the strategic pooling of investments across regions, industries, and asset classes. According to established investment principles, this approach is key to mitigating portfolio risks while maintaining anticipated returns. Therefore, diversifying the portfolio is crucial when securing funds for company operations. Carè, Trotta, and Rizzello (2018) highlight that this diversification can take the form of a debt-based, equity-based, or even a blended approach, combining both debt and equity.

2.2.3 Increasing Branch Network

Expanding a branch network, such as that of Aurnab, Choudhury, Ruhan, Rifaiya Abrar, and Hossain Rabbi (2023), involves establishing additional offices across various regions and countries. These new branches rely on a dedicated network infrastructure, often called a branch network or branch security network, to enable communication between employees and access to central resources. In the context of microfinance institutions, Hasan (2017) defined branch network expansion as the opening of new, fully functional microfinance bank branches. This network of geographically dispersed branches, stores, sites, and data centers facilitates the seamless exchange of information across the organization.

2.2 The Concept of Performance

According to Kori, Muathe, and Maina (2020), performance can be a combination of an organization's financial and non-financial components. These components show how a company is successfully carrying out its business strategy, and can be scrutinized to find development opportunities. There are various performance indicators in organizations, and for the purpose of study, they include operational efficiency, profitability, and market share.

2.2.1 Operational efficiency

Operational efficiency is defined by Khan, Piprani, and Yu (2022) how an organization can efficiently offer its products or services. Production, finances, labor, service delivery, logistics, inventories, and all other operations areas and operational expenses are all inclined to waste. Therefore, recognizing and eliminating any source of waste is the main goal of any organization that aims to achieve operational efficiency and effectiveness.

2.2.2 Profitability

Profitability is the amount by which a business's total revenue surpasses its total outlay over a specific period. Profitability is a concept of accounting that is occasionally referred to as net income or profit (Simon, 2021). According to Duho and Onumah (2021), profitability is the condition under which a company generates profit. When the total revenue surpasses the entire cost throughout the reporting period, profitability occurs.

2.2.3 Market Share

Chikerema and Makanyeza (2021) pointed out that market share is the percentage of sales in an industry held by a particular company. This is essentially the share of a company's total industry revenue from selling its products and services. Organizations with a larger market share are considered industry leaders and compete for small businesses. Bhattacharya, Morgan, and Rego (2022) argue that market share indicates a firm's size, which is a useful metric used to illustrate the dominance of a firm and its competitiveness in a specified field or industry.

2.3 The relationship between digital innovation and operational efficiency

Digital innovation helps businesses remain competitive and offers many advantages. These include cost savings, increased customer satisfaction, increased efficiency, and productivity. In the manufacturing sector, Shah, Zehri, Saraih, Abdelwahed, and Soomro (2024) discovered that adopting digital innovation resulted in appreciable increases in operational efficiency. The study demonstrated that digital innovation, including automation and robotics, reduces the expenses and time connected with industrial processes. Digital innovation can enhance operational effectiveness by helping businesses cut their expenses and simplify their operations. For businesses to boost productivity, the use of artificial intelligence (AI) and automation of tasks is important while simultaneously reducing the need for human labor (Nadkarni & Haider, 2022; Usai et al., 2021; Wamba-Taguimdje, Wamba, Kamdjoug, & Wanko, 2020).

Digital innovation has also been demonstrated to increase operational effectiveness in the health care sector. The adoption of digital technology, such as electronic health records, telemedicine, and remote monitoring of patients, led to better healthcare outcomes and lower costs, according to a study by Tan, Wong, Yap, and Tan (2024). According to a study by Kraus, Schiavone, Pluzhnikova, and Invernizzi (2021), digital innovation can enhance operational efficiency in the healthcare industry through the use of remote patient tracking and telemedicine, lowering the need for in-person visits and enhancing the quality of service.

According to M. Yang, Fu, and Zhang (2021), when digital innovations like artificially intelligent systems and blockchains are implemented there will be increased visibility into the supply chain and costs in the business will be cut. The study concludes that digital innovation can help businesses improve their supply chain efficiency and competitiveness (Sandhu & Arora, 2022). Electronic banking has expanded significantly as a means of innovation in finance and intermediary services. Kraus et al. (2021) also pointed out that digital innovation can enhance the experience of clients by offering more practical and individualised services.

2.4 The relationship between funding diversification and profitability

Nato and Gaiku (2022) examined the impact of funding diversification on the performance of businesses in the Middle Eastern and Northern African regions and found that financial diversification had a positive impact on business performance. Gu, Yang, and Strange (2018) also found similar results in Pakistani businesses that finance diversification increases corporate profitability.

Fang, Pan, and Lai (2023) studied the impact of funding diversity on the profitability of Chinese companies registered on the Hong Kong Stock Exchange. This study finds that financial diversification increases corporate profitability. This is similar to Olusola, Mengze, Chimezie, and Chinedum (2022) who also found that diversification increases the profitability of companies. Uniamikogbo, Okoye, and Amos (2021) confirm the impact of funding diversity on the financial health of businesses. Most studies

found a positive link between financial diversification and business profitability, including Mac-Ozigbo and Daniel (2020), Suchandiko et al. (2021), and Pak (2020).

Moreover, in the context of Zimbabwe Mbulawa (2020), while a moderate amount of debt can increase profitability, an overwhelming amount can hurt it. Similarly, Kajongwe, Munoneka, and Masamba (2022) assessed how corporate governance affected Zimbabwean businesses and found that strong procedures for corporate governance have been linked to increased profitability and improved financial performance. Dube, Nzimande, and Muzindutsi (2023) also discovered a link between improved financial performance and more profitable working capital management.

In addition, Gopal and Schnabl (2022) pointed out that having a variety of funding sources does not ensure the financial viability of businesses. Dirman (2020) also postulated that other factors impact the company's potential profit which include the expenses incurred and to avoid their earnings from being impacted by excessive operational expenses, it was recommended that microfinance institutions should reduce their administrative and operating costs. Microfinance institutions enhance their revenues and capital bases, and can also diversify into other profitable industries.

2.5 The relationship between increasing branch network and market share.

Onuorah, Oboro, and Okoh (2022) conducted a study on the relationship between branch networks and the growth of market share in several Chinese banks and found that there is a positive relationship, as it is beneficial to banks, especially those that invest in technology, to boost customer satisfaction. According to Mbithe (2021), it is better to integrate modern marketing methods to improve the performance of any organization. Mbithe (2021) is of the view that microfinance banks can frequently assign tasks as well as offer training and assistance to the workers of organizations to enhance the business's financial performance. Furthermore, innovation and incorporation of new technology help a business raise its market share, expand its network of clients, and provide products and services that are top-notch.

Itai, Binuyo, and Asikhia (2020) also conducted a study on the expansion of the branch network and found that it has a huge and positive impact on the growth of their market share and these findings are similar to Elumah (2023) found that growing the branch network is beneficial to the market share of Nigerian banks. Similarly, Uche (2021) discovered that although competition and the regulatory environment have a moderating effect on this relationship, branch network development has a positive effect on institutional market share. In Zimbabwe Mazikana (2022), customer relationships were found to increase the market share of Zimbabwean retail banking institutions. Chindudzi, Maradze, and Nyoni (2020) also confirmed the same through their results.

3. Research Methodology

This study adopts a quantitative approach. According to Apuke (2017), the quantitative approach involves the utilization and analysis of numerical data using specific statistical techniques to answer questions such as who, how much, what, where, when, how many, and how. This study adopted a quantitative approach because it also describes the methods of explaining an issue or phenomenon by gathering data in numerical form. Quantitative research also enables researchers to test objective theories by examining the relationships between variables (Creswell & Creswell, 2017). These variables, in turn, can be measured typically on instruments such that the numbered data can be analyzed using statistical procedures.

The research design used in this study is explanatory. Möttus et al. (2020) pointed out that an explanatory study sets out to explain and account for the descriptive information, whilst descriptive studies may ask 'what' kinds of questions, explanatory studies seek to ask 'why' and 'how' questions (Grey, 2024). The explanatory research design helped the researchers to identify the actual reasons a phenomenon occurs. Explanatory research looks for causes and reasons, and provides evidence to support or refute an explanation or prediction. It was conducted to discover and report relationships among different aspects of the phenomenon under study.

The target population was drawn from personnel at 10 registered microfinance institutions in Bulawayo, Zimbabwe. The accounting, finance, marketing, operations, and business development departments were the main areas of special concern. The targeted population had a total of 250, and the sample size was 152, making use of the Krejcie and Morgan sample size determination model.

This study used a stratified sampling technique. It divides the entire population into several non-overlapping classes or strata by drawing simple random samples from each of these strata and then combining all sample units (Saksena, n.d.). Researchers rely on stratified sampling when a population's characteristics are diverse and want to ensure that every characteristic is properly represented in the sample. This helps with the generalizability and validity of the study as well as avoiding research biases. The population was placed into strata or based on the departments of interest, accounting, finance, marketing, operations, and financial administration. Data were collected using a closed-ended questionnaire with a five-point Likert scale.

Spearman's correlation coefficient was used to analyze the data. This was used to summarize the strength and direction of the relationship between the two variables to determine whether it is positive or negative. The variables analyzed were growth strategies and the performance of microfinance institutions in Bulawayo.

4. Results and Discussions

Of the 152 surveys sent, 114 were completed, resulting in a response rate of 75 %. The majority of respondents were women (53%), and the majority of respondents (40 %) were between the ages of 26 and 35. Notably, 67% held non-managerial positions, and 56% held degrees.

4.1 Digitization innovation and operational efficiency

Table 1. Spearman's Correlations Digital innovation and operational efficiency

		Spearman's rho	P
Digital_ innovation	- Operational_ efficiency	0.747	< .001

Source: JASP (2023)

Digital innovation is a potent driver of operational efficiency, as evidenced by the strong positive correlation (Spearman's rho coefficient of 0.747) (Table 1). This confirms the findings of AlMulhim (2021), who observed that digital initiatives boosted a company's operational efficiency. Further support comes from Gupta (2022), who explains that digital innovation reduces costs, saves time, and minimizes expenses, ultimately leading to greater efficiency and happier customers. Nadkarni and Haider (2022) and Bejinaru and Balan (2020) echo these sentiments, emphasizing that digital innovation streamlines organizational operations, amplifies productivity, and reduces expenses, significantly enhancing operational efficiency.

4.2 Funding diversification and profitability.

Table 2. Spearman's Correlations Funding Diversification and Profitability

		Spearman's rho	P
Funding_ diversification	- Profitability	0.901	< .001

Source: JASP (2023)

The findings in Table 2 show a strong positive correlation between funding diversity and profitability. This correlation was statistically significant with a Spearman's rho coefficient of 0.901. These findings support those of Gu et al. (2018), Suchandiko et al. (2021), and Olusola et al. (2022), who find that funding diversification positively affects profitability. Githaiga (2022) further supports these findings by explaining that a diversified funding base reduces reliance on any single source of capital, enabling organizations to achieve higher profitability.

4.2 Increased branch network and market share

Table 3. Spearman's Correlations Increased branch network and market share

		Spearman's rho	P
Increased_branch_network	- Market_share	0.855	< .001

Source: JASP (2023)

Table 3 shows a statistically significant relationship between increased branch networks and market share. This was shown by a strong positive Spearman's rho correlation coefficient of 0.855. This echoes prior research, such as Itai et al. (2020) and Elumah (2023), who highlighted that increased branch networks allow organizations to tap into new customer segments, ultimately boosting market share. Onuorah et al. (2022), Mbithe (2021), and Mveku, Mutero, Nyamwanza, Chagwasha, and Bhibhi (2023) have similar observations, emphasizing that growth in branch networks translates to growth in market share for banks and microfinance institutions.

5. Conclusions

In conclusion, the study has demonstrated that the growth strategies utilized by Zimbabwean Microfinance institutions can improve company performance if they are utilized wisely. However, the players in the Zimbabwe Microfinance sector must adapt to strategies to remain competitive in the ever-changing business environment and adapt to the dynamic financial market. One of the key findings demonstrated that digital innovation is a potent driver of operational efficiency and is also a panacea for improving growth strategies that may be legged. By investing in digitalization, it is easy for Zimbabwean Microfinance to eliminate geographic boundaries related to client reach-out, offer 24/7 services to clients, achieve sustainable growth, and improve convenience.

This study examines the limited and inconclusive empirical evidence regarding the feasibility and effectiveness of growth strategies in the unique context of Microfinance Institutions (MFIs) and their impact on performance, specifically in developing countries such as Zimbabwe. Conducting this study is crucial to expanding the understanding of how growth strategies affect the performance of MFIs. The findings of this study can contribute to the successful implementation of growth strategies to enhance the performance of MFIs. Therefore, the primary objective of this study was to establish the relationship between digital innovation and operational efficiency, funding diversification and profitability, and the expansion of branch networks and the market share of microfinance institutions in the Bulawayo province of Zimbabwe. The findings of this study have implications for the theory, practice, and future research in this field.

5.1 Theoretical implications

The results show that digital innovation positively affects operational efficiency. This implies that digital innovation improves the effectiveness and efficiency of an organization's processes, leading to enhanced operational efficiency. This finding strengthens the existing body of knowledge that digital innovation reduces costs, saves time, and minimizes expenses, ultimately leading to greater efficiency and happier customers (Gupta, 2022). Syahnur (2024) and Nadkarni and Haider (2022) echo these sentiments, emphasizing that digital innovation streamlines organizational operations, amplifies productivity, and reduces expenses, significantly enhancing operational efficiency.

This study validates the existence of a strong positive correlation between funding diversity and profitability. This implies that funding diversity enables microfinance organizations to be flexible, as

they will not rely on one source of income from the funders. Githaiga (2022) supports these findings by explaining that a diversified funding base reduces reliance on any single source of capital, enabling organizations to achieve higher profitability. It was found that an increased branch network positively affected market share. The implication of this is that an increased branch network enables the organization to enter new markets, thereby reaching more clients. This corroborates the views of Hossain, Akter, and Muzareba (2024), who highlighted that increased branch networks allow organizations to tap into new customer segments, ultimately boosting market share.

5.2 Practical implications

The findings of this study can influence policies and practices in Zimbabwe and other developing countries. Microfinance institutions are advised to invest more in robust digital infrastructure to improve their operational efficiency. By investing in digital technologies, they can handle transactions, retain records, manage client databases, and enhance loan disbursement and repayment procedures.

The operational efficiency of microfinance institutions can also be enhanced through the adoption of mobile banking applications that allow clients to easily access their accounts, conduct transactions, and keep track of their loan payback schedules anywhere. Therefore, it is recommended that managers of microfinance institutions invest more in a robust digital infrastructure to improve operational efficiency. Apart from investing in digital infrastructure, they should also adopt mobile banking applications that enable clients to access their accounts anywhere. MFIs can also manage connections with lenders by being attentive, and they should be proactive by anticipating future difficulties, communicating any challenges or dangers, and cooperating to find solutions. In addition, MFIs should be flexible.

This is because the demands and interests of lenders are subject to change; therefore, lenders should be able to respond to these developments and modify their operations and strategies to satisfy the changing demands of their funders. To better meet the goals and priorities of funders, this may entail changing their product offerings, corporate strategy, or geographic scope. MFIs can increase the number of branches by forming strategic alliances with other microfinance organizations, as this will be beneficial because they will be able to utilize each other's resources and strengths. Commercial banks are another possible alliance type for MFIs. Banks can benefit from the experience of microfinance institutions working with marginalized populations by cooperating with them and using their vast network of branches and clients. MFIs can also collaborate with non-profit organizations for them to be able to increase their branch network. NGO's frequently operate in remote locations with little access to traditional banks and have ties to the local population; therefore, collaborating with NGO's will enable MFIs to extend their branch networks and reach more clients.

5.3 Implications for future research

This study offers valuable insights; however, its generalizability is limited by two key methodological aspects. First, the sample exclusively comprised microfinance institutions (MFIs) operating in Zimbabwe. To enhance the external validity of our findings, future research should incorporate a broader sample encompassing MFIs from a wider range of developing countries. Second, the cross-sectional design provides a snapshot of a single point in time. Given that the phenomena influencing firm performance may evolve, longitudinal studies tracking these MFIs would be beneficial in elucidating how growth strategies impact performance dynamics.

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