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EFFICIENCY AND SUSTAINABILITY OF LIFEBANK MICROFINANCING PROGRAM IN PANAY ISLAND

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ABSTRACT

Sustaining the role of microfinance in the development of the economy is vital in supplementing the needs of marginalized population. LifeBank Microfinance can help fund sustainable livelihood programs. The study was conducted to determine the level of efficiency and degree of sustainability of LifeBank Microfinancing program in Panay Island for the year 2023.Using descriptive-correlational research design, the study utilized 226 respondents employed at the institution as of August 2023. A validated and reliability tested researcher-made questionnaire was used to gather the needed data from randomly selected respondents. Statistical tools used to analyse and interpret the data were frequency count, percentage, mean, t-test, analysis of variance, and Pearson r. The findings of the study revealed that respondents themselves observed a high level of efficiency in terms of management technique, loan system, and marketing approaches. Likewise, the overall sustainability shows a high degree respectively in repayment rate, operating cost, and market interest rate. There was no significant difference found in the level of efficiency when respondents were grouped according to their age, sex, and employee category. In the degree of sustainability, no significant difference where found when the respondents were grouped according to age and employee category. However, significant difference was found when they were grouped according to sex. Generally, the level of efficiency and the degree of sustainability are mutually dependent. Thus, the higher the efficiency, the higher the degree of sustainability. This implies that it is not only the business world that is transforming, but the human resources as well. A culture of sustainability can influence how employees behave and can affect the sustainability of the business as whole. This also implies that employees' efficiency level in LifeBank Microfinancing Program in Panay Island is using efficient management techniques, implementing a well-structured loan system, and adopting strategic marketing approaches for the success and growth of the organization. Moreoever, it can be noted that LBRB can further ensure the long term sustainability of its operations by having a monitoring or careful examination on repayment rate by assessing the ability of borrowers to meet their financial obligations.

Keywords: *microfinancing program, efficiency, sustainability, LifeBank - A Rural Bank employees, descriptive-correlational research*

1. Introduction

Microfinance institutions are the bankers and lenders that provide microfinance services, such as microloans, deposits, payment services, insurance, and money transfers. Microfinance is significant because it provides highly needed financial services that can be accessed by poor or low-income households, growing businesses, and entrepreneurs (Teboom, 2019).

This phenomenon originated from a professor economist named Muhammad Yunus in 1976 together with his colleagues at Chittagong University, Bangladesh, who have been conscious with regard to the condition of poverty in their village. By doing proper counselling and providing approximate amounts of credit, they test if the poor in their rural areas can independently generate a productive income or be a self-employed individual. Due to the evident success repeated within a few years, Professor Yunus convinced the government of Bangladesh with regards to the potential findings of their experiment. Thereafter, Grameen Bank turned up as a formal Institution in 1983 (Wahid A. & Hsu M., 2000) and currently, it is a renowned MFI that offers micro-loans and provides opportunities to help the poor and the less-privileged.

Sustaining the role of microfinance in the development of the economy is vital in supplementing the needs of an economically marginalized population. Microfinance can help fund sustainable livelihood programs for the improvement of housing, access to health care insurance, additional capital and other needs of underserved populations. Microfinance continuously serves the people who have been denied access, particularly those poverty and near-poverty level individuals worldwide (Teeboom, 2019).

In the Philippines, LifeBank was first established in Maasin Iloilo, as a “Rural Bank of Maasin” in 1970. The two corporate arms called the LifeBank Microfinance Foundation Inc. (LifeBank MFI), and LifeBank - A Rural Bank (LBRB) have their own designated banking services and financing functions. In spite of that, they are both members and active participants in the National Microfinance Council. LBRB has 4 branches located in Western Visayas (Maasin, Roxas, Iloilo, and Sta. Barbara the main Office) and 55 branch- lite units (BLU) as of August 2023. LBRB is a bank licensed under the Bangko Sentral ng Pilipinas (BSP) and a member of the Philippine Deposit Insurance Corporation (PDIC) that offers services on loans, savings deposits, money transfers, and bill payments. The Foreign Currency Deposit Units (FCDU), Kids passbook accounts, and regular Philippine peso savings are covered by LBRB savings deposit, while loan services covers mortgage, agriculture, car, salary, teacher's salary loan, and micro-loan for Micro Small Medium Enterprise (MSME) called as Ikabuhi Entrepreneurial Program (IEP) and Ikabuhi Microfinance Program (IMP). LBRB are also process money transfers through Western Union, accept encashment (such as ecpay and gcash) and bills payments (credit cards, electric, water bill, etc.). On the other hand, LifeBank MFI offers the same products on savings and loans such as IEP, IMP, education, salary (exclusive for employees), and housing sanitation for poor people except for money transfers and bills payment.

LBRB in Panay Island is a prominent microfinance company and a valuable collaborator in social programs which empower its members, their families, communities, and society through an ethos of compassion and generosity. The researcher conducted this study to learn more about the current situation of Microfinancing Program of LBRB in Panay Island, its efficiency and its sustainability, since it visualizes itself, to be the number one micro financial institution and rural savings bank in the Philippines. This study aims to identify necessary changes to be adapted for product and services improvement and how to bring them closer to the community.

Literature Review

Efficiency in this study primarily refers to the ability of various Microfinance Institutions (MFIs) to perform in the best possible manner with the least wastage of resources. With the expansion of MFIs in the current situation, there is a lot of access to the poor around the globe, so it becomes vitally important to apprehend the dynamics of MFIs' efficiency to accommodate financial services to them (Nourani et al., 2021).

Moreover, the MFIs efficiency is examined based on the objectives and operational mechanism. When the technique of Network Data Envelopment Analysis (NDEA), unique production process and the different types of efficiencies of MFIs overall efficiency were utilized from 2013 to 2018, they have found out that MFIs overall efficiency was not enough based on the standard required and the results even worsened when efficiency of social outreach and financial standing were considered. After identifying the areas that needs to be addressed and measures were put in place, operational efficiency was approximately improved and highly maintained. On the other hand, it was noted that there are better opportunities for financial and social outreach among the unregulated MFIs. Results show that there are efficiency dissimilarities between regions, legal status and environment regulations. To be able to achieve efficiency, there should be a reduction in the input and expansion in the output simultaneously. (Nourani et al., 2021).

Likewise, MFI's efficiency in Cameroon in terms of management techniques, loan systems, and approaches is applied by both financial and social performances that come up with practitioner's skills, knowledge, and developing tools for reports and financial statements to have purposive analysis and strict monitoring in accordance to the International Financial Reporting Standards (IFRS). The decision-making and the data-driven guidance of managers are supported by financial and social performance and thus, three stages in the analysis framework were developed. The first implementation to measure the efficiency, identify good practices, and set targets for those MFIs that are less efficient is Data Envelopment Analysis (DEA). A second model identified paths to improve called DEA operating frontiers (DEA-OF) from short-term to long-term DEA objective and it practically provides notable guidance for efficient improvement process of managers. Next, three different and interrelated scorecards are used daily by managers to translate the results of DEA and DEA-OF to the indicators of financial and non-financial. From this third stage, results are exerted to identify banks for the next development phase aimed at financing projects in the community (Pilot-Lepetit & Nzongang, 2018).

Moreover, in a comparative analysis in Cameroon, trade-off and cooperation appear between the MFIs Financial and Social performance. This may be due to the differences in strategies employed by the two groups, in terms of their size and complexity, marketing approach by service offered, volume of transactions, status of profit, fund sources, design of contract, target client policies, loan system, ownership structure, and management techniques (Omenguele and Feudjo, 2020). It was analyzed that both networks are not efficient based on the average. However, those connected to Microcredit are performing better socially than the Cameroon Cooperative Credit Union League (CamCCUL), but those affiliated with CamCCUL perform better financially than Microcredit.

Furthermore, Mah, & Grimbald (2023) conducted a study in Yaounde on Bank Marketing and Its Effects on Customer Retention. Results of the study show that if the management desires to satisfy and retain customers, more efforts must be geared towards the improvement of customer service. Moreover, to be on a safe side and use all of their customer retention techniques efficiently, new strategies and methods must be implemented to improve marketing mix, market segmentation and technology in banking service. They all need to be upgraded to better suit the tastes of clients and management.

Considering the instances in Sierra Leone, an efficiency indicator is used to assess the percentage of operational expenses incurred to the amount of loans disbursed in order to determine the financial performance for the sustainability of MFIs. The ratio of expense improves as the size of the loan gets larger. However, efforts and procedures in hard loan collection should lead to the expansion of the loan portfolio (Duramany-Lakkoh, 2021). Businesses were sufficiently funded due to the high uptake and there have been a few new accounts with larger loan applications. The second important reason was the Financial Service Association could not be able to meet larger loan demands with the funds available due to the average increases in outstanding loans. The lack of collection effort, poor monitoring, as well as delayed disbursement of loans can cause inefficiencies throughout the economy. Emphasizing their sustainability, performance profitability, management efficiency, and productivity, application of the guidelines of other depository institutions suggested that the collection effort is insufficient to keep consistent with the expanding size of disbursement (Duramany-Lakkoh, 2021).

Showing similarity in Bangladesh, the study focuses on important variables. According to the study, the success of MFIs is significantly influenced by employee's motivation, the loan lending system, proper management, effective risk management technique, and the conformance of the MFI's performance to the framework of government as well as innovation and information technology (IT). Positive outcomes show up with MFIs' performance, but in contrast, there is a negative relationship on effective risk management. The implementation of a loan system is highly necessary in the MFIs performance. (Akhter, 2018).

The study of Kipesha (2012) uses a non-parametric approach to evaluate the effectiveness of 35 Microfinance providers in the five East African countries named; Tanzania, Uganda, Burundi, Rwanda, and Kenya. Where in 5 banks, 17 Non-Bank Financial Institutions (NBFIs), 9 Non-Government Organizations (NGOs) and 4 Cooperatives (Data Envelopment Analysis). The results indicate that banks and NBFIs are more effective than NGOs and cooperatives. Kenya and Rwanda have higher efficiency scores over three years under Financial Revenue and Gross Loan Portfolio, while Tanzania and Uganda have higher scores under Total Assets, Personnel, and Operating Expenses. The study highlighted how efficiency can be improved by better resource allocation and waste reduction. Majority of efficient Microfinance providers were Non-Bank Financial Institutions and banks hence it is a must for Non-Government Organizations and cooperatives to deal with competition should they want to survive.

However, in East Africa, management inefficiency and portfolio at risk have a detrimental and significant effect on financial sustainability. Breadths of communication and deposit mobilization are irrelevant determinants of financial sustainability. Most often MFIs try to face more challenges in terms of sustainability, which is caused by inadequate infrastructure, manpower, and those serving large populations with large volumes of transactions. The lack of balanced panel data collected from twenty-three MFIs in East Africa from the period 2004 to 2009 reveals that their financial sustainability is positively and importantly driven by loans size and intensity (Tehulu, 2013).

Also, in selected Microfinance Bank Nigeria, Laosebikan (2018) examined the performance efficiency of employees in their selected profile. Their study findings showed that both male and female employees surveyed participated in the study without any discrimination in various microfinance banks. The result also implied that most of the employees of the microfinance banks were aged between 26 to 30 years, hence it means that participants were matured enough to participate in the study. Additionally, with regards to their positions, occupation status level or employee category results revealed that the supervisors' leadership style, attitudes and education were enhancing factors and the problem-solving ability, competence, experience and support impacts an employee's commitment to work. The management was not top heavy probably because of cost implications. Most of the respondents had worked for 6-10 years with microfinance banks and therefore, were able to provide information on employee job satisfaction as it impacts an employee's job performance. The literature also stated that the microfinance banks studied placed premium on educational qualifications in the recruitment and selection of their workforce. The respondents too might have considered the need to have education degrees not only to acquire knowledge, but also to enhance their marketability and competence on the job. Moreover, the immediate supervisor of any employee was considered to be a factor in the job satisfaction in microfinance banks.

The conduct of the Efficiency and Sustainability Microfinance test accentuated the demand for financial intermediation process and provision of insight for the strategies in financial inclusion (Olasupo et al., 2014). Economic outreach was evaluated via technical efficiency and financial sustainability and due to increasing competition, banks entry for MFIs prompts implementation of management systems in advance.

Credit-scoring models and pricing systems are tools towards the efficiency of MFIs to improve their competencies and maintain an unrestricted scope. While the sustainability agenda has developed in a series of interrelated problems with regards to goals in economy, social, and environment, progress compelled in setting limits and goals. Previous research provide evidence that nation can regulate competition and cooperate better in attaining integrated sustainability indicators. Execution of techniques to maintain outcomes, ethics and values can enable effective sustainability (Paraiso, et. al, 2021).

Specifically, there are six (6) countries who studied about determinants of financial sustainability; namely, Bangladesh in the year 2014, Ghana 2015, India 2016, Bogor Indonesia 2019, Pakistan 2019, and the latest study was conducted in Zanzibar at year 2022.

Rahman and Mazlan (2014) conducted a study on the operational self-sufficiency of MFIs in Bangladesh. Through the use of multiple regressions for data analysis, they discovered that the size of MFIs, personal productivity ratio (PPR), and cost per borrower (CPB) were positively associated with financial sustainability as measured by operational self-sufficiency. On the other hand, the average loan balance per borrower, age of MFIs, number of active borrowers, debt-to-equity ratio and operating expense ratio have a negative effect on the Operational Self Sufficiency (OSS) of MFIs. According to them, in order to uphold sustainability and enhance financial performance, MFIs should streamline the distribution of loans, enhance personal productivity and yield on the gross loan portfolio, lower the operating expenses, decrease reliance on donor funds and maximize availability of financial resources.

While in Ghana, Long (2015) investigated on the main factors influencing the sustainability of Ghanaian MFIs. They emphasized the impact of MFIs in mitigating credit market failures caused by neglecting poor from traditional commercial banks. The findings from the econometric analysis indicated that sustainability of microfinance institutions is positively associated with the yield on administrative efficiency ratio and gross portfolio, while it is negatively associated with staff productivity. The negative correlation between staff productivity and financial sustainability demands further investigation to uncover the underlying reasons.

Whereas in India MFIs, Mahapatra and Dutta (2016) delved into the determinants of operational sustainability. Their results show that the operational sustainability of MFIs' is positively and significantly affected by the gross loan portfolio ratio to size and total asset. Management inefficiency as indicated by operating expenses, has a negative and important impact on the MFIs operational sustainability. Therefore, this study suggests that MFIs should focus or work on enhancing their economies of scale to lower the cost per borrower. The result suggests that the sustainability of MFIs is strongly influenced by the operating expenses ratio. The MFIs can enhance their profitability and achieve financial sustainability by minimizing operating expense while maintaining the same level of outstanding portfolio.

Anggriani et al., (2019) studied the agribusiness MFIs in Bogor Indonesia. In their rural areas, financial services are provided by these institutions. However, agribusiness MFIs encountered financial sustainability problems in terms of the cost-efficiency of their operations. Their study covered fifteen agribusiness MFIs qualified in year 2016-2017 around Bogor District. They found that the efficiency value of agribusiness MFIs was nearly 100%. This implies that the financial performance in Bogor District was highly efficient. Among the total cost, labor cost is the highly responsive variable. However, the labor cost of agribusiness MFIs' was low, which negatively affected the optimal performance of servicing customers and led to the unsustainability of agribusiness MFIs.

However, Pakistani MFIs are currently experiencing a decrease in profitability, and posing challenges to their sustainability. Naz et al. (2019) investigated the determinants affecting the profitability and sustainability of MFIs in Pakistan. Additionally, they aimed to determine whether achieving profitability and sustainability conflicts with the objective in serving the poorer strata. The findings indicate that the financial performance of MFIs' in Pakistan is influenced by the main factors such as loan size, portfolio at risk, cost efficiency, and yield on loan portfolio. The study did not found any evidence of mission drift, instead, it revealed that service to the poor contributes positively to financial performance. The result provides valuable insights to MFIs' managers, enabling them to identify the factors that may impact their financial performance and effectively pursue their primary objectives. By these findings, managers can gain a better understanding of how to achieve both goals simultaneously.

Primarily, sustainability of MFIs has been at the center of many studies including in Zanzibar, where they aim to achieve operational self-sufficiency, attain financial self-sufficiency of MFIs, and identify the factors impact both

operational and financial self-sufficiency. The research revealed that MFIs allocated with high administrative cost compared to financial and operating cost could potentially hinder their operational self-sufficiency, and lead to lower profits. Moreover, these institutions had a limited capital based on comparison with their operational duration, posing a threat to their long term viability. Return on assets played more crucial role in the MFIs revenue than return on equity and deposit mobilization. Number of active borrowers and loan portfolio were identified as key factors influencing the operational self-sufficiency of microfinance institutions in the study area. While the loan portfolio had negative impact on financial self-sufficiency, the interest rate charge on loans significantly affected the financial self-sufficiency of MFIs. The study recommended that MFIs should reduce operating and administrative expenses to safeguard their profits from high operational expenses. Additionally, diversifying into other profitable ventures was suggested as a strategy to boost revenue and increase capital base of MFIs (Masanyiwa, 2022).

Most importantly, sustainability could be threatened as a necessity if the trend continues since it would prevent a large write-off in the future. The objective is to assess financial performance and institutional sustainability and the risk of selected MFIs in providing loans to the rural poor by measuring the average workload of each loan officer. Sufficient initiative, and waste resource reduction especially with regards to size of employees and business operations are necessary. This is a way to reduce operational expenses by using a loan system and the latest technologies in operation such as mobile and computer processing to prevent physical labor. In spite of their ability, MFI’s may be able to deliver financial market resources but they are not likely to attain a high level of social impact and financial sustainability efficiency (Nourani et al., 2021).

Notwithstanding, sustainability needs to be maintained and market interest rates should be fairly competitive. Considering the funds of private investors allowed MFIs to step up since MFIs necessarily captivate these investors. Therefore, they are expected to generate profit and cover operation costs to gain and be sustainable (Hermundsdottir, 2021). Transparent financial reporting is important to manage effectively, evaluate, and incentivize performance improvement. Higher-developed communities are more suitable for MFI’s l sustainability goals due to their capability to increase repayment rates in loan (Fedorak, 2016). Consequently, sustainability rises due to management of the operational cost, proper monitoring of performance, and development of standardized reports and these are essentially proven factors for the success of MFIs. This literature reveals a positive connection in linking standardized reporting and systemized monitoring in performance. High loan default and over indebtedness are possible if MFIs provide larger loans and charge high interest rates to clients to attain high profits, but negatively impact an MFIs' sustainability (Kayembe et al., 2021). For a flexible management implementation process, both financial performance and social impacts must be financially developed in a sustainable way (Piot-Lepetit et al., 2021).

Furthermore, sustainability of MFIs could be possible to achieve if interest rate will be cut down and the size of borrowers will increase and this will even have a significant positive effect on the market interest rate globally (Tehulu, 2022). However, a significant inverse relationship is observed in depth outreach as shown by the loan size with market interest rates. Moreover, it highlights different factors that affects the productivity of MFIs. This reveal a fatal relation between the loan interest rate and productivity. Therefore, by expanding productivity, the lending interest rate can be reduced (McMillan, 2019).

On the contrary in Tanzania, the relation in terms of sustainability in repayment rate, has a negative impact on borrowers, creditors, and the macro economy caused by over-indebtedness since it is a context with specific aspect that lacks indicators in all countries. The aim of the recent study is to validate over-indebtedness indicators among MFIs in Tanzania with the view to examine this situation. MFIs should monitor the indebtedness level among borrowers by planning including rescheduling of repayment on past-due accounts (Tegambwage, 2021). It was clarified further in this study that in real situations, unexpected events happen positively and negatively to the borrower's family structure, health, household resources, and basic cost required. When the borrower’s income is not enough to sustain future obligation and current expenses, that is the sign of over-indebtedness and this issue has expanded globally.

The problem now is excessive finance, unlike before, that is limited access (Hiilamo, 2018; Wałęga & Wałęga, 2020). Since this is the problem in most countries, this is causing failure in borrowers' well-being in social and economic, leading to poverty. In this scenario, most Industry stakeholders are worried (Kasoga 2021). Thus, MFIs portfolio quality and PAR are escalated to investors. (Kappel et al., 2010). Unfortunately, the MFIs over indebtedness remains unexplored (Wałęga & Wałęga, 2020). The significant Indicators used in over-indebtedness are multiple borrowing of clients, delinquency and debt-to-income (Kasoga & Tegambwage, 2021). The study in Tanzania concludes that there is a substantial and positive effect in terms of age, marital status, gender, educational level, number of dependents, housing type, return on investment (ROI), and income volatility of the borrowers. However, in terms of employment status and health status, there is a negligible impact on over-indebtedness. It shows that they are not able to afford their basic needs because of their loan repayment.

Furthermore, Yamane and Kaneco (2021) study was focused on determining if the younger generation is a driving force in advocating for sustainability by analyzing variation in lifestyle and the job preferences among different generations. They found that younger generation is commonly perceived as being more forward-thinking in promoting sustainability and adopting a lifestyle aligned with sustainable development goal. Generational differences are not shown in most studies (Deal et al., 2010). MFIs in Busika, reported with regards to occupation and they found that there is a substantial relationship between employments. Stevens (2010) study concludes that if female were in more influential and decision-making roles, they could potentially accelerate progress towards sustainability in the social, economic and environmental aspects. Ganguli et al. (2017), aimed to highlight the strong community spirit and a high sense of social solidarity exhibited by women in their community. Genderbased social identity seems to play a substantial role in shaping women's behavior.

Also Qayyum (2018) examined the MFIs efficiency and sustainability operating in South Asian countries such as India, Bangladesh, and Pakistan. The analysis of these three countries revealed that there are two efficient MFIs under Constant Return to Scale (CRS) and five under Variable Return to Scale (VRS) assumption. The study identified further that the inefficiencies of MFIs in India, Pakistan, and Bangladesh are primarily in technical nature. The study findings have an important policy implication, suggest that in order to enhance the efficiency of the MFIs there is need to improve the managerial skills and technology. This can be achieved through proper training programs. Since Grameen Bank is the leading MFIs worldwide, its model can be adapted to meet the specific requirements of each country. Particularly, Pakistan and India are the lagging countries which require special training programs in the field of microfinance management. The efficiency of these MFIs on sustainable basis is crucial for persistent financial access of the poor segment of the society.

Accordingly, Elkington, a forward-thinker, had a strong belief that prioritizing the well-being of people could result to increased employee satisfaction, happier stakeholders, higher profits, and overall business success. In 2023, he proved the validity of his vision. Prior to this, Elkington introduced the Triple Bottom Line concept, wherein most companies only focused on their shareholders. As the importance of corporate responsibility and sustainability grew, businesses started recognizing the importance of creating value for a broader range of stakeholders, which included their employees. The business world is in the midst of a transformation, and it is not just businesses that have changed with the rise of sustainability, employees, too, have evolved for the better. A culture of sustainability can influence how employees behave.

In the Philippines, an MFI is considered sustainable when it has been operating for almost three decades. For years, it has offered financial products to low-income households. Mostly MFIs here are operated by private sector, mainly by rural banks, which are under the regulation of the central bank known as the "Bangko Sentral ng Pilipinas" (BSP). Cooperatives on the other hand are regulated by the Cooperative Development Authority (CDA); and NGOs, which are subject to less regulation, are monitored by the Securities and Exchange Commission (SEC). The evidence is seen clearly for MFIs growth and expansion nationwide and currently, MFIs cater to thousands of borrowers (Alinsunurin, 2014). It is important for MFIs is to fulfil their social obligations on top of company efficiency for the purpose of sustaining the financial needs and development of borrowers' microbusinesses.

Moreover, the Philippines is one of the developing countries actively engaged in MFIs. The BSP has been promoting proactively with regards to the development of MFIs since 2000, as a flagship program for poverty alleviation. The BSP has been recognized internationally for the significant step it has made in MFIs. The Economist Intelligence Unit's global survey on microfinance has rank consistently the Philippines as number one in the world in terms of policy and regulatory framework (Bangko Sentral ng Pilipinas, 2023).The Philippines has sought to establish successful MFIs capable of providing efficient and cost effective services, improving the policies and regulatory function of the 31 industry to assist poor. Results revealed that active borrowers in the country are hugely expanded and it provides many jobs. In addition, MFIs currently offer services on deposit savings and insurances that could help it to be more sustainable (Asakawa, 2013)

Furthermore, MFIs currently coordinate with Philippine Government by using electronic banking with mobile phones to lower the operational cost, and this may save time, transportation expense and the congestion of people rather than physically visiting. Moreover, as the number of borrowers' increase, the efforts sustained in the conduct of microfinance in market based principles is a priority for future purpose. This will increase the contribution for financing of microbusiness and the healthcare expansion thru microinsurances in the Philippines (Asakawa, 2013).

In present situation, there is an argument that the most possible reason why microfinance has not been successful in certain cases is that the demand-side of socio-economics tends to be overlooked. To illustrate, 32 there is an institutional overinvestment capacity in the areas of urban to achieve economies of scale and efficiency of service delivery but is facing an operationally disfigure growth and expansion due to unreal created demand. In University of Sto. Tomas literature, the findings imply that household willingness to avail does not necessarily connect with increased financial participation. Hence, important implications were laid out already as to why household willingness reflects socioeconomic conditions as determinants of mobile microfinance demand.

The studies reviewed were relevant to this study because they investigated or measured the level of efficiency for the purpose of enhancing employees' capability, to sustain and improve Microfinancing Programs. Majority of previous studies made use of a quantitative approach, however, it deviates from the present investigation in terms of respondents and settings of the study, research instruments used to collect data and statistical tools to analyze and interpret the data. The studies reviewed are different from this study in terms of the major variables and their indicators. Thus, there are no research studies that exhibit the same variables with similar components. Ultimately, there has been no study conducted in measuring the level of efficiency and degree of sustainability of Microfinance Program within Panay Island. The present study seeks to unravel the efficiency and sustainability of a microfinance program within the Panay Island, specifically of the LifeBank- A Rural Bank.

2. Method

This study utilized a descriptive-correlational design in treating the quantitative data. The total population of the respondents was determined from the total number of employees provided by LBRB Human Development Department as of August 2023. The participants of this study were the two hundred twenty-six (226) employees as the sample size out of Five Hundred Seventeen (517) population that was determined using Slovin's formula with a margin of error set at 0.05. Accordingly, convenient sampling (a non-probability sampling) was used because it based on availability of participants that are easiest to reach and contact as well as the proximity to the researcher. This is to ensure that the number of samples will be enough for the required sample size.

A researcher-made questionnaire was used in gathering the needed data. Part I of the questionnaire gathered information on the respondent's profile which include age, sex, and employee category. Part II gathered information about the level of efficiency which was divided into management technique, loan system, and marketing approaches. Part III contained statements on the degree of sustainability consist of 3 indicators namely; repayment rate, operating cost, and market interest rate. The instrument was subjected to validation by panel of experts. The validation involved suggestions and comments of content validator, english critique, and statistician and was pilot tested to thirty (30) LifeBank employees in Roxas City Branch (RCB) who were not participants in

the survey. The reliability coefficient of the research instrument was .922 suggested that all statements were reliable following that the data collection process has been started. The researcher personally administered the printed questionnaire, and send the Google form privately to the employees. The department heads also assist on the distribution of instrument by sending Google form to their respective staff via group chats (GC). The said research tools were provided to the participants within a week to answer in complete in their available time. The questionnaires were retrieved and the data gathered from google form was downloaded and tabulated in Microsoft Excel, processed using a licensed IBM Statistical Package for Social Science Software (SPSS) 28 version, score, and given corresponding verbal interpretation. The data were collected, processed, coded, and analyzed to ascertain the answer of the study. Inferential statistics like the ANOVA, t-test, and Pearson correlation were employed in conjunction with descriptive statistics like frequency, percentage, rank, and mean to analyze the research data.

3. Results and Discussion

Level of Efficiency of LifeBank Microfinancing Program as a Whole

The level of efficiency when all the 226 respondents were taken as a whole in terms of loan system, management technique and marketing approaches is disclosed in Table 1.

Table 1. Level of efficiency as a whole

Indicators	Mean	Verbal Interpretation
Loan System	4.35	Very High
Management Techniques	4.30	Very High
Marketing Approaches	4.24	Very High
Grand Mean	**4. 30**	**Very High**

Legend: 4.21- 5.00 = Very High; 3.41 – 4.20 = High; 2.61 – 3.40 = Average; 1.81 – 2.60 = Low; 1.0– 1.80 = Very Low/Absent

The level of efficiency of employees in LifeBank-A Rural Bank (LBRB) was “Very High”, which was shown by the grand mean of 4.30. This indicates that the respondents assessed that there is a high level of efficiency in loan system, management technique and marketing approaches. Results also show that the level of efficiency in loan system has the highest mean score of 4.35, followed by management technique which has a mean score of 4.30, and the marketing approaches has the lowest mean score of 4.24. All these mean scores have the verbal interpretation of “Very High”.

This implies that employees’ efficiency level in LifeBank Microfinancing Program in Panay Island is using efficient management techniques, implementing a well-structured loan system, and adopting strategic marketing approaches for the success and growth of the organization.

This study affirms the study of Kepesha (2012), who highlighted how better resource allocations and waste reduction can improve efficiency. Moreover, strategic leadership, positioning, technology integration and differentiation play pivotal roles in performance shaping factors of MFIs. Once a skill set source has been utilized, the time frame of the task tends to be reduced, hereby affecting the efficiency in the operations.

This result supports the findings of Nourani et al. (2021), who found that implementation of those practices can lead to enhance cash flow, better decision-making, and overall business growth since the continuous reduction in input and expansion in the output affects the operation efficiency.

Akhter (2018) also highlighted the necessity of implementation of a loan system that the use of technology in loan systems has resulted in increased productivity and cost reduction for banks. Furthermore, it is important for the management to apply entrepreneurial marketing techniques in order to drive growth and compete in a globalized and competitive economy.

The findings of this study however, contradict to Alimunsurin (2014) study, who analyzed using DEA efficiency, and revealed that there is no MFI that can achieve efficiency in all specified outputs. Certain MFIs are financially efficient but they need to utilize more of their resources to reach out to more potential clients. Only a few MFIs were efficient across several sets of inputs and outputs. It was also observed that output efficiency of financial

income was moderately high. What needs to be paid attention to for most MFIs based on the findings was the low efficiency in identifying and recruiting clients. Their finding suggest that just a few MFIs are very efficient in providing financial services to clients, namely women, who make up the vast majority of MFI clients in the Philippines. Contrary to the challenge of financial inclusion, Philippine-based MFIs must focus on client outreach to make microfinance work for poverty eradication.

Degree of Sustainability as a whole

The data on the degree of sustainability in terms of repayment rate, market interest rate and operating cost are shown in Table 2.

Table 2. Degree of sustainability as a whole

Indicators	Mean	Verbal Interpretation
Repayment Rate	4.39	Very High
Market Interest Rate	4.31	Very High
Operating Cost	4.22	Very High
Grand Mean	**4. 31**	**Very High**

Legend: 4.21- 5.00 = Very High; 3.41 – 4.20 = High; 2.61 – 3.40 = Average; 1.81 – 2.60 = Low; 1.0 – 1.80 = Very Low/Absent

This results have a grand mean score of 4.31 on the degree of sustainability of LB Microfinancing Program ın Panay Island as a whole. This indicates that the respondents observed that there is a "very high" degree of sustainability in LifeBank microfinancing program in terms of repayment rate, market interest rate and operating cost. According to the findings, repayment rate rank as the highest with the mean of 4.39, followed by the mean of 4.31 for market interest rate, and then the lowest is operating cost with the mean of 4.22. All these components in the degree of sustainability have a verbal interpretation of "Very High".

Through this findings, it can be implied that LBRB can ensure the long term sustainability of its operations by having a monitoring or careful examination on repayment rate by assessing the ability of borrowers to meet their financial obligations. Additionally, sustainability determined by evaluating market interest rate which was by charging a fair and competitive rate that comes in a win-win situation in both borrowers' affordability and profitability of organization. Furthermore, the analysis of operating cost allows the management to identify the areas to be optimized and the expenses to be reduced to enhance the overall sustainability.

According to Rahman and Mazlan (2014) in Bangladesh, they found that operating expense ratio on the operational self-sufficiency of MFIs have a negative effect. To maintain sustainability, MFIs should utilize the maximum available financial resources and reduce operating cost. Sufficient initiative, and waste resource reduction especially with regards to the size of employees and business operations are necessary.

Difference in the Level of Efficiency when Respondents are Grouped According to Selected Profile

The analysis of the level of efficiency on LB Microfinancing Program encountered by LBRB employees in Panay Island when respondents are grouped according to selected profile which includes the age, sex, and employee category is shown in Table 3.

Table 3. Difference in the level of efficiency according to selected profile.

Respondent's Profile	F/t Value	Significant Value	Probability
Age	0.168	0.846	ns
Sex	1.38	0.173	ns
Employee Category	1.704	0.184	ns

Legend: *p*-value > 0.05 = not significant

The t-test and ANOVA were used to see if there were differences in the respondent's level of efficiency based on their profiles. The significant values when respondents are grouped according to their age, sex, and employee category, revealed that the p-values were greater than 0.05 alpha. Based on the table presented, the results affirm that there were no significant differences on the level of efficiency among LifeBank employees when grouped according to age, sex and employee category.

The results imply that regardless of respondents' age, sex and employee category, their level of efficiency remains the same. It means similar or equal. Simply stated the males are as efficient as the females, the younger people are as efficient as those who are older in the service, the supervisors have the same level of efficiency when compared to the rank and file. Additionally, it affirms the study of Deal et al., (2010) that progression of efficiency and sustainability in the workplace does not reflect generational differences.
Thus, the null hypothesis stating that there is no significant difference in the level of efficiency when grouped according to age sex and employee category is accepted.

Difference in the Degree of Sustainability when Grouped According to Selected Profiles

The analysis and interpretation of data on difference in the degree of sustainability of LifeBank Microfinancing Program when respondents are grouped according to age, sex and employee category are shown on Table 4.

Table 4. Difference in the degree of sustainability according to selected profile.

Respondent's Profile	F/t Value	Significant Value	Probability
Age	0.198	0.82	ns
Sex	2.52	0.013	s
Employee Category	1.781	0.4559	ns

Legend: *p*-value > 0.05 = not significant

The t-test and ANOVA are used to see if there are differences in the degree of sustainability among LifeBank employees based on their profiles. The results show that there is no significant difference on the assessment of the respondent on the degree of sustainability of LifeBank Microfinancing Program when respondents are grouped according to age and employee category. However, there's a significant difference when sex is considered as shown by the significance value lower than alpha 0.05. This implies that regardless of age and employee category, respondents had the same perception on the degree of sustainability they encountered. However, in terms of sex, male and female differs. This means that female had a higher insight, assess or appreciation, in the sustainability of Micro financing program compared to male.

The study of Stevens (2010) conclude that if female were in more influential and decision-making roles, they could potentially accelerate progress and more assuredly towards sustainability in the economic, social and environmental sense. The failure to make significant advancement in sustainable development may be attributed to the lack of progress because sustainable development is about good governance.

Therefore, the null hypothesis which states that there is no significant difference on the degree of sustainability of LifeBank Microfinancing Program in Panay Island when respondents are grouped according to age and employee category is accepted, but rejected when respondents are grouped according to sex since the difference is significant.

Relationship Between the Level of Efficiency and Degree of Sustainability

The result of the computed Pearson-r for the relationship between employee's level of efficiency and degree of Sustainability of LifeBank Microfinancing Program in Panay Island are shown in Table 5.

Table 5. Relationship between the level of efficiency and degree of sustainability.

Variables	**N**	**Pearson- r Value**	**Degree of Relationship**	**pvalue**	**Probability**
Level of Efficiency Degree of	226	0.831	High to Very High Relationship	0.000	Significant

Sustainability

Legend: *p*-value < 0.05 = significant

The result shows that there is a significant relationship between the level of efficiency and degree of sustainability of LifeBank Microfinancing Program as indicated by its Pearson-r value. Because the Pearson-r value was 0.831, there was a high to very high correlation between the respondents' level of efficiency and the degree of Sustainability of LBRB. The p-value of 0.000 was less than 0.05 alpha, indicating that the relationship was significant. Therefore, the null hypothesis which states that there is no significant relationship between the efficiency and sustainability is rejected.

The foregoing result is in consonance with the study of Laosebikan (2018) that employees with very high level of efficiency in terms of loan system, management technique, and marketing approach positively impact a company's sustainability in terms of repayment rate, market interest rate, and operating cost. This can be attributed to the fact that the more efficient employees are, the higher chances of sustainability.

This was also related to the study of Olasopu et al., (2021) which accentuated the demand for financial intermediation process and provision of insight for the strategies in financial inclusion. The performance in the best possible manner with the least wastage of resources could contribute to the ability of the business to continue over time. Furthermore, it is not only the business world that is transforming, but the human resources as well. A culture of sustainability can influence how employees behave and can affect the sustainability of the business.

The study revealed that the respondents' level of efficiency affects or influenced by the degree of sustainability of LifeBank Microfinancing Program in Panay Island or vice versa.

4. Conclusion and Implications

Based on the findings of the study, it is concluded that the LifeBank Microfinancing Program in Panay Island is efficient in their management technique, loan system, and marketing approaches resulting to a well-managed microfinancing operations. LifeBank employees believe that their company is stable and sustainable. The employees' profile is not a factor that differentiate their perception of the efficiency of LifeBank Microfinancing Program. Sex is the only factor that differentiate employee perception on the sustainability of LifeBank Microfinancing Program. Female employees are more positive about LBRB as a sustainable financing institution. The level of efficiency and degree of sustainability of LifeBank Microfinancing Program in Panay Island are mutually dependent. The higher the efficiency of LifeBank Microfinancing Program, the higher the degree of sustainability.

Grounded on the summary of findings and conclusions of the study, it is recommended that to enhance report generation for monitoring and evaluation purposes. Since nowadays the trend is in the world of digitalization, LBRB may upgrade technology and improve loan system and processes. Trainings may be provided to employees to reduce processing time. To ensure sustainability, it is also suggested that employees may improve background investigation of clients and management may enhance online processing to reduce operating cost. Furthermore, LBRB may provide training sessions and programs aimed at improving employee digital awareness, leadership skills and marketing strategies. Management may also organize motivational training and seminars for male employees to boost their positive outlook towards work commitments. Therefore, LBRB may enrich employee skills to maintain work efficiency, provide opportunities to grow, and strengthen their commitment to the organization.

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