“The role of microfinance institutions in enhancing the sustainability of women-owned SMMES”

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THE ROLE OF MICROFINANCE INSTITUTIONS IN ENHANCING THE SUSTAINABILITY OF WOMEN-OWNED SMMEs

Abstract

Microfinance plays a catalytic role in the sustainability of small, micro, and medium enterprises (SMMEs). Given the prevailing failure rate of SMMEs in South Africa, a holistic view of microfinance institutions (MFIs) regarding microfinance is essential. This paper explores how MFIs enhance women-owned SMMEs' sustainability in the Gqeberha area focusing on three MFIs subsidized by the South African government in Nelson Mandela Bay municipality. Systems theory was used to explore areas that MFIs should focus on to enhance the sustainability of women-owned SMMEs. A qualitative case study using semi-structured interviews and open-ended questionnaires was employed. The research sample was drawn from three public MFIs in Gqeberha and 21 women-owned SMMEs who are beneficiaries of the MFIs. Coding and thematic analysis were used for data analysis. MFIs encounter challenges in adequately servicing women-owned SMMEs. A mismatch was identified in the provision and demand of microfinance services due to limited funding for MFIs. The non-financial support essential to keeping SMMEs afloat does not meet the needs of women-owned businesses. The microfinance services provided by MFIs play a significant role in supporting SMMEs to achieve sustainability. However, there is a need for a complementary service that should offer sector-specific business support because current services provided by the MFIs are generic, and SMMEs need sector-specific assistance.

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INTRODUCTION

The importance of microfinance in contributing to economic activities cannot be ignored, especially in developing countries (Otekunrin et al., 2022). Microfinance institutions (MFI) are critical in enabling access to financial resources for women-owned SMMEs (Modisagae & Ackermann, 2018). Some women in developing countries have been excluded from economic activities due to unpaid gender roles, lack of funds, and historical gender imbalances (Bongomin et al., 2020; Mashavira & Chipunza, 2021). In addition, some women-owned SMMEs do not have access to funding due to a lack of surety to secure financing from commercial banks (Bongomin et al., 2020). Therefore, microfinance is a means to provide female small business owners who cannot access financial resources from major financial institutions. Microfinance provides women with access to finance needed for businesses so that they can actively participate in the economy (Norwood, 2018).

Microfinance loans are issued through MFIs to disburse funds to start-up businesses. Moreover, they also provide technical skills to add value to the SMMEs as they expect a good return on investments (ROI) (Colombo & Murtinu, 2017). Most MFI clients are women, as these in-

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stitutions aim to close the financial access gaps because female clients tend to repay their loans on time (Modisagae & Ackermann, 2018). The Microfinance Barometer (2019) reported that 80% of loans were disbursed to women in 2018, of which around 65% were female borrowers who live in poor provinces like the Eastern Cape. However, research reveals that information about the services of MFIs is not well advertised and only disseminated in areas deemed conducive to the MFIs' operations (Mashigo, 2014; Otekunrin, 2022).

The lack of SMME sustainability impacts MFIs' ROI (Alibade & Kayundi, 2017). Galea (2017) describes sustainability as a strategy that prioritizes the long-term survival of a business. This study adopted a similar definition where sustainability is the ability to indefinitely support a defined level of economic production (Pilot, 2014). The high failure rate implies a missing factor in enabling South African SMMEs to be sustainable. Some SMMEs started with microfinance funds (Mustafa et al., 2021), but the question remains whether MFIs are executing their duties in their entirety to promote sustainable SMMEs. There is limited research on how MFIs support the sustainability of women-owned businesses in areas near the metros in the Eastern Cape.

1. LITERATURE REVIEW

Microfinance is a development service used predominantly in developing economies by SMMEs, especially women-owned, without access to other sources of financial assistance (Mustafa et al., 2021). Makorere (2014) stated that although the role of microfinance as a determinant of successful entrepreneurial activity might appear to be obvious based on a partial analysis, the dynamics in the entrepreneurial processes make this role less obvious. The analysis of an entrepreneurial activity shows that microfinance does not create economic opportunities. However, entrepreneurial people identify opportunities to generate income from situations, skills, contact, or other push factors (Makorere, 2014). It is in this context that the role of microfinance should be seen. In the last decade, the definition of MFIs has centred on what MFIs are and how they should operate. The United Nations (UNOSAA, 2013) defines MFIs according to their services. Benard et al. (2016) view microfinance as a "loan of not more than R50 000, repayable over a short period at high interest." From a South African perspective, MFIs are organizations that offer financial services to low-income populations while aiming to improve SMMEs' performance by making microfinance services available (Mkhize, 2017). Balkenhol (2018) asserts that MFI services should be holistic (maximalist model) by providing financial and non-financial services. Lensik et al. (2018, p. 2386) mention that MFIs providing strictly financial services use a minimalist model. The minimalist model avoids the provision of non-financial services to clients because of the need to commercialize microfinance and promote the MFIs financial stability. However, an increasing conclusion is being reached that microfinance alone is not sufficient, therefore need for a maximalist model (Lensik et al., 2018, p. 2386).

SMMEs contribute to economic growth. They stimulate the national Gross Domestic Product (GDP) and are the key employment sector in industrialized and emerging economies (Shanthi & Schneider, 2018). According to the International Finance Corporation (IFC, 2018), SMMEs in South Africa contribute 36% to the country's GDP, which might give the impression that SMMEs in South Africa are performing well because of their significant contribution to the economy in terms of GDP and employment creation. However, when viewed against the international norm, the opposite is true. Research shows that the South African SMME's failure rate has been cited frequently as one of the highest in the world (Malgas & Zondi, 2020). The failure rate of SMMEs is attributable to the lack of finance, the topmost stumbling block for start-up survival and development (Kumar, 2017).

The growth phenomenon of SMMEs has been analyzed widely within entrepreneurship. The growth of the SMME sector has several challenges. One reason is that most fail to expand during their life span (Malgas & Zondi, 2020). There is a myriad of factors that pose challenges to SMME growth that some authors have highlighted. Mashigo (2014) has cited a lack of training on business skills for SMME owners as an inhibitor to growth. Attesting to this, Alibade and Kayundi (2017) state that some SMME owners do not want to perform management functions such as leading and controlling that are necessary for the business. As a result, they have limited leadership and managerial skills, which sometimes limits their risk propensity and growth prospects (Mashavira & Chipunza, 2021).

Operating a successful business entails proper problem identification to address problems appropriately. Generally, women entrepreneurs require pre-entrepreneurial training to successfully plan an organized business venture, as they tend to lack business and managerial skills (Fatoki, 2012; Mashavira & Chipunza, 2021). Some researchers believe that vague marketing strategies and the lack of knowledge about, and access to, information technology were important micro-economic factors that directly affected SMME sustainability (Kadocsa & Francsovics, 2011). Furthermore, technology is argued to be a primary driver of innovation; hence, successful innovation leads to sustainable business growth (Mashavira & Chipunza, 2021). Thus, there is a need for SMMEs to acquire new technology to create a competitive advantage. Chimucheka and Mandipaka (2015) added that integrating e-commerce into SMMEs could also increase their market size and that marketing through social media has the potential to reach a larger audience. Finances pose a challenge as well. Marini et al. (2017) opine that a contributor to SMMEs' sustainability issues is the lack of access to formal financial institutions because of not having collateral. In addition, MFI beneficiaries have limitations, such as a lack of understanding of MFI services and how MFIs disseminate information (Mashigo, 2014). Limited access to MFI information affects how SMMEs consume MFI services. However, awareness of issues related to the survival and growth of SMMEs has increased over the years (Mukwarami et al., 2020).

Finally, the gender gap in SMME financing is worth noting, given the inequalities in most developing countries. Zhang et al. (2020) have noted that women entrepreneurs fail to secure formal and informal financing due to gender biases. Such biases variate the challenges of access to financing and sustaining businesses. Various studies have shown that SMMEs owned by women tend to be different compared to those owned by men (Mashavira & Chipunza, 2021). The difference is sometimes in size and success levels, but female SMME owners experience more challenges than male SMME owners (Mustafa et al., 2021). Johnson and Schaltegger (2016) argue that when assessing women-owned SMMEs, it is vital to understand which of their challenges are gender-specific and why and which challenges are faced by all business owners regardless of gender. This knowledge is needed because these SMME owners face a broad spectrum of challenges that have been documented in numerous studies and reports, some of which include legislative, economic, and technological challenges (Johnson & Schaltegger, 2016; Scheba & Turok, 2019). Women entrepreneurs have less business experience before starting their businesses, their growth aspirations are far more modest than their male counterparts, and their businesses tend to be smaller (Piacentini, 2013). Keeping their businesses small can be attributed to the need to balance business and home responsibility (Mustafa et al., 2020). In most developing countries, gender inequalities perpetuated by cultural norms impose challenges for women entrepreneurs (Mustafa et al., 2021).

Another belief is that women owners of SMMEs rely on informal sources of financing for their enterprises and are more likely to be financially excluded than their male counterparts (Leitch et al., 2018). These observations are critical in understanding why women owners of SMMEs struggle to obtain finance and why their enterprises are often unsustainable. Although women are likely to be excluded from receiving microfinance in other parts of the world (Ukanwa et al., 2018), this is not the case in South Africa. Therefore, the slow growth rate of women-owned SMMEs cannot be attributed only to a lack of finance, especially for countries advocating for microfinancing of women-owned businesses (Modisagae & Ackermann, 2018). Investigation of other factors is crucial.

Sustainable businesses can adapt quickly to change and usually create long-term financial value. Klarin (2018) viewed sustainability as the capacity to maintain something over time. Kemp et al. (2015) added that strong predictors of small business survival were found to be: the presence

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of a business plan, which is updated regularly, regular analysis of competitors, and the ease of venturing into a new business. Leitch et al. (2018) also state that sustainability is a multi-dimensional, socially constructed factor. Thus, a collaborative approach is necessary when providing services that an organization does not have. According to Mahembe (2011), there were different types of agencies, such as the Department of Trade and Industry (DTI), Small Enterprise Development Agency (SEDA), Small Enterprise Finance Agency (SEFA), Department of Social Development, and the Nelson Mandela Business School, responsible for developing and supporting SMMEs in South Africa and overseeing the growth and contributions of SMMEs to the strength of the economy.

The impact of microfinance in financing SMMEs has been analyzed at various levels, but there are mixed findings (Duru & Ogbe, 2013; Kumar, 2017). These findings illustrate that the influence of microfinance on the financing of SMMEs differs across sectors and countries. For instance, Worku and Muchie's (2019) study conducted in selected African countries concluded that MFIs positively affect SMME development despite their challenges. MFIs have assisted SMMEs in their start-up businesses and reduced poverty in countries such as Ethiopia, Kenya, Nigeria, and South Africa (Worku & Muchie, 2019). MFIs might contribute to enabling economic activities, but more needs to be done. Otekunrin et al. (2022) suggest that microfinance has not successfully reduced poverty, unemployment, and quality of life in Nigeria. Their study cites inefficiencies in the provisioning of microfinance to rural communities by MFIs, thus calling for a more inclusive approach to lending (Otekunrin et al., 2019).

MFIs experience challenges with servicing the financially excluded. Some of the noted shortcomings of MFIs include a lack of understanding their clients/potential clients, providing services that are not culturally tailored for recipients, strengthening monitoring of borrowers, and ensuring accountability (Worku & Muchie, 2022; Zainuddin et al., 2020). Inadequacies in human resources that are well equipped was another challenge (Quao, 2018). Staff issues were also linked to weak supervision within MFIs, which needed strengthening (Quao, 2018; Zainuddin et al., 2020). These institutions also have to be sustainable, so their interest rates should factor in growth aspects (Zainuddin et al., 2020), which in turn may affect microfinance beneficiaries. Zainuddin et al. (2020) suggest that the sustainability of MFIs can only be achieved if they stop relying on donor funders like governments and non-governmental organizations.

Systems theory suggests that all parts of an entity contribute to a functioning system (Dominici & Levanti; Kaine & Cowan, 2011). It allows exploration of the minimalist and maximalist factors in microfinance that MFIs consider in administering microfinance to SMMEs. This study used systems theory to test different elements of the MFI lending model that support the sustainability of women-owned SMMEs. For the system to function, all units should interact and work towards the success of the whole system (Muzerengi et al., 2021). Therefore, systems theory can help understand how MFIs incorporate various elements, decisions, and components when administering microfinance to help small business enterprises become sustainable.

The literature findings above have confirmed a high failure of SMMEs in South Africa and the establishment of MFIs to support businesses. However, there is limited research on the sustainability of women-owned SMMEs in South Africa. To fill the gap as mentioned earlier, this paper aims to explore the extent to which MFIs are assisting in enhancing women-owned SMMEs' sustainability in the Gqeberha area.

2. METHODS

An exploratory research design was used to explore the extent to which MFIs are assisting in enhancing women-owned SMME sustainability in the Gqeberha area. The study adopted a case study design, and multiple case studies were used (Creswell & Creswell, 2017). Three institutions were used as research sites for accessing MFI managers and obtaining data from women-owned SMMEs funded by these institutions. The use of multiple cases in this study was to show different institutional perspectives and increase the research's validity. The qualitative research approach adopted for this study enabled the researchers to interact with the management of the MFIs to obtain their assessment based on their knowledge of the role of microfinance in SMMEs' sustainability (Rubin & Babbie, 2012). In addition to the interviews conducted with the management of MFIs, self-administered questionnaires were distributed to women SMME owners who are MFI beneficiaries. Gqeberha houses five formal MFIs, namely, Nelson Mandela Bay Business Chambers (NMBBC), National Youth Development Agency (NYDA), Eastern Cape Development Corporation (ECDC), and Small Enterprise Finance Agency (SEFA), and Small Enterprise Development Agency (SEDA). Due to the unavailability of institutions, the two cases researched included ECDC and NYDA.

Using purposive sampling (Rubin & Babbie, 2012), MFI managers who had between three and 26 years of experience in management positions and the field of microfinance were recruited for interviews. Three officials were available for the study, two from ECDC and one from NYDA. Given that the available MFIs were only three out of the five servicing the area, the data collection was extended to their beneficiaries. Purposive sampling was also used to recruit women SMME owners from the MFI's databases. The women SMME owners had to be beneficiaries of microfinance and must have been in operation between 2010 and 2020. In total, 21 SMMEs participated in the study as the other SMMEs provided on the database were unavailable as they either had contact details that were not working, a wrong physical address, or they did not respond to the request to participate. The data collection process was also guided by the saturation rule, which the study could reach in MFIs and women-owned businesses (Fusch & Ness, 2015).

Data were collected using semi-structured interviews to gather individual accounts and experiences of MFI managers, and self-administered questionnaires were used to gather their experiences of women-owned SMMEs with microfinance, its administration, and impact on SMME sustainability (McGrath et al., 2019). An interview guide was used to aid in the consistency of interviews, making it easier to compare responses obtained from the interviews. The interviews were recorded using a voice recorder to ensure accurate data were used in the analysis. Consent was obtained from participants before recording. The focus of the questions in both data collection instruments was to ascertain whether interviewees performed maximalist microfinance in their everyday practice, assess microfinance's practice concerning its intended purposes, and determine whether it was adding value and creating an entrepreneurship culture.

Thematic analysis and coding were used to analyze the data from the interviews and the questionnaires. The analysis followed Braun and Clarke's (2006) six phases of thematic analysis, namely, becoming familiar with the text, 2) identifying codes, 3) sorting codes into themes, 4) refining themes, 5) providing evidence of the themes, and 6) coding. Also, open, axial, and selective coding processes were used, guided by the process to reveal theoretical possibilities in the data to generate conceptual categories (Punch, 2014). The researcher then did Axial coding, whereby connections between categories that emerged in the open coding were made (de Vos et al., 2012). Lastly, selective coding was implemented to select the core category and its relations to other categories to validate the relationships (de Vos et al., 2012).

3. RESULTS

Gaps were identified within the provision of minimalist and maximalist microfinance, which were in line with the four themes emerging from the study. These themes were: understanding microfinance, the MFIs' capacity to administer microfinance, the experience of microfinance beneficiaries, and business sustainability.

3.1. Understanding microfinance

Evidence of the sub-themes related to MFI managers and the women-owned SMMEs' understanding of microfinance are reported in Table 1.

The study's findings revealed that there is no universally accepted definition of microfinance among MFIs. As illustrated in Table 1, each MFI had a definition. While the NYDA used monetary value to define microfinance, the NMBBC considers it a bridging finance or start-up capital. The ECDC reported that the loan amount differs according to the market as the market determines the amount given. It was established that amounts given for microfinance seem to depend on the organization, and they indicate that there are no standard rates that determine how much

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Table 1. Participants understanding microfinance

Sub-themes	MFI Manager's views	SMME Owners views
1.1 The definition of microfinance	"A loan of under R50 000." – NYDA	"A loan." – 45 % of SMME owners
	"Loan value differs according to the market as the market determines the amount given." – ECDC	"Money to assist me with my business." – 55% of SMME owners
	"Repayable over a short time at a high interest rate." – ECDC	
1.2 Compatibility of microfinance products and SMMEs	"The supply does not meet demand." – ECDC	"At times, what is taught does not address our challenges." – 40% of SMME owners
	"Some microfinance products are not compatible with SMMEs." – NYDA	"It is too much focused on running large businesses." – 22% of SMME owners
	"Microfinance products should be designed according to market research." – ECDC	

SMMEs should receive. Results also revealed incompatibility of the microfinance products with the needs of the SMMEs. The business training offered by the MFIs was not always compatible with the SMME needs. The mismatch was due to differences between the expressed and actual needs of SMMEs, which resulted in MFIs and support institutions making incorrect diagnoses of the services that the SMMEs required. SMMEs expressed a need for market assistance, risk management, and managing finances. Although parts of these needs were addressed in training offered by the MFIs, the SMMEs note that the training received was too generic and not specific to their sectorial needs.

3.2. MFI's capacity to administer microfinance

Evidence of the sub-themes related to MFIs' capacity to administer microfinance are reported in Table 2.

Table 2. MFIs' capacity to administer microfinance

Sub-themes	MFI Manager's views	SMME Owners views
2.1 Organization's capacity to administer microfinance	"Under-staffed, staff client ratio is overwhelming." – NYDA	"The support is enough although very costly and not well advertised as many people do not know about the packages offered." – 45% of SMME owners
	"We cannot complain about funding; we are well funded, just a bit under-staffed, but we are managing." – ECDC	"Not enough is being done; there is room for improvement." – 38% of SMME owners
	"We are also underfunded. The fiscus is shrinking." – ECDC	
2.2 Support programs for SMMEs	"We expose our clients to markets; we market them in The Herald Newspaper for free." – ECDC.	"I am learning many things I never knew about business." – 60% of SMME owners
	"We offer one-week business training before the business starts." – NYDA	"Enabled me to meet other SMME owners during the sessions." – 22% of SMME owners
	"We do not operate like banks; when a client fails to pay back a loan, we do not hand them over but give them assistance by assigning them a mentor." – ECDC	
	"The challenge is that clients do not want to ask for help as they are afraid to be seen as failing." – ECDC	
2.3 Monitoring and evaluation processes of SMMEs	"It is continuous: monthly for high-risk businesses, quarterly for those doing well, and weekly for those at very high risk." – NYDA	"After every month." – 10% of SMME owners
	"Monitor and visit the business to make sure they still exist because paying back the loan does not mean that they are operational." – ECDC	"Every quarter." – 15% of SMME owners
	"We create a portfolio and measure the business deliverables." – ECDC	"As and when the need arises." – 40% of SMME owners
		"For me, I look at the financials." – 24% of SMME owners
		"I look at growth." – 6% of SMME owners
		"For me, it is to check if we are still operating according to the plan." – 5% of SMME owners

MFIs experienced problems with the provisioning of microfinance due to the constraints they encounter in their organizations, such as having limited funds to disburse and having a high staff-to-client ratio. Despite these problems, the MFIs could still implement support programs to assist the SMMEs. For example, the NYDA offered one week of business training before the entrepreneur started a business. The ECDC also reported that they help SMMEs with marketing in terms of advertising their businesses in the local newspapers. The MFIs have also identified non-financial support as vital for SMMEs. They, therefore, assist SMMEs with forecasting strategies to enable them to reach more clients. They also help the SMMEs with management and leadership techniques as SMMEs struggle to plan, forecast, and even network with other businesses.

Another support measure to detect bad business practices implemented by MFIs was to undertake monitoring and evaluation practices to assess the performance of the SMME according to the business plan. The ECDC mentioned that they do not operate as banks. Thus, when SMMEs fail to pay back a loan, they do not hand them over but assist them by assigning them a mentor to coach and guide them. Monitoring was reported to be conducted monthly for high-risk businesses, quarterly for those performing well, and weekly for those extremely risky. Monitoring was also identified as important in ensuring that SMMEs are growing, jobs are created, and they still have a market. With this kind of assistance being offered, the concern becomes whether the support intervention and systems are executed effectively to yield the desired results. Perhaps, the real need is for the ability of SMME owners to apply the theory gained from training sessions in their businesses to see the desired results.

3.3. SMME owners' experience with microfinance

Evidence of the sub-themes related to SMMEs' owners experience with microfinance is reported in Table 3.

SMME owners have varied opinions regarding their experience with microfinance. Though most SMMEs noted that they had a positive experience with microfinance, the pertinent issue of microfinance services not suiting their needs re-surfaced. The study identified that the MFI and the SMME owners have different views of the support required for SMMEs. MFIs identified market access, problem identification, and appropriate and efficient use of technology, while SMMEs identified financial resources, business experience, and networking. MFIs and SMMEs both acknowledged that SMMEs require assistance with gaining market access. SMMEs find it difficult to penetrate markets, especially in Gqeberha, where large enterprises dominate the market. SMMEs also felt that some of the services offered by the MFIs were not well advertised as they were unaware of all the services offered by MFIs. The challenge in accessing markets led to the failure rate pegged at 60% among the SMMEs in Gqeberha. Large enterprises have more financial muscle to market their products and more significant networks to rely on for distributing their services.

Table 3. SMME owners' experience with microfinance

Sub-themes	MFI Manager's views	SMME Owners views
3.1 Support required by SMMEs	"Proper problem identification." – ECDC	"Financial resources." –55 % of SMME owners
	"Extensive education on business management." – ECDC	"Access to markets." – 25% of SMME owners
	"Technology, they need to know how to digitalize the business." – ECDC	"Business experience." – 5% of SMME owners
		"Networking." – 15% of SMME owners
3.2 Success and failure rate of SMMEs	"The failure rate is high; it is about 60 %." – ECDC	"Failure is also caused by the lack of appropriate industry research; businesses lack understanding of the industry in which they operate." – 25% of SMME owners
	"In the past, SMMEs failed because of us; we did not match their needs." – ECDC	"Many of us have a low-risk appetite because we do not have enough knowledge on how to mitigate risks." – 15 % of SMME owners
	"Most businesses are short term because they are tender based, therefore no growth in Gqeberha." – NYDA	"Competition also leads to business failure; some cannot keep up." – 30% of SMME owners

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Table 4. Business sustainability

Sub-themes	MFI Manager's views	SMME Owners views
4.1 Sustainability definition	"Long-term return on investments." – ECDC	"Ability to plan and lead."– 20% of SMME owners
	"Aware of competition and knowledge of client base." – NYDA.	"Profit generation for growth and development." – 30% of SMME owners
	"Sustainability is subjective." – ECDC	"Good marketing and forecasting." – 8% of SMME owners
4.2 Sustainability measures	"Income, profitability, and break-even point." – ECDC	"Financial resources."– 60% of SMME owners
	"Market availability." – ECDC	"Access to markets." – 12% of SMME owners
	"Availability of a growth plan." – NYDA	"Experience of the owner which leads to good management and leadership."– 28% of SMME owners
	"Is the owner business ready?" – NYDA	
4.3 Stakeholders necessary for SMME sustainability	"SEDA." – NYDA	"There is a need for synergy among SMME practitioners by merging finances, skills, technical expertise, ideas, and other resources to provide a much-needed, robust, resource base, which was critically lacking among SMMEs."– 12% of SMME owners
	"SEFA." – ECDC	
	"Department of Social Development." – ECDC	

3.4. Business sustainability

Evidence of the sub-themes related to MFI managers and the women-owned SMMEs' understanding of business sustainability are reported in Table 4.

All efforts by these MFIs are directed at SMME sustainability. Owing to the subjective nature of sustainability as understood by the MFIs, each MFI had different measures for sustainability. The MFIs identified sustainability indicators to be income, profitability, and break-even point of the business, market availability, a business plan's availability, and the business owner's readiness. MFIs alone cannot improve SMME sustainability as they do not have all the required resources. Therefore, they should make use of a collaborative approach in assisting SMMEs. The collaboration highlights the systems theory as a relevant construct as MFIs should incorporate many different elements, decisions, and components to achieve sustainability in small businesses. As such, MFIs in Gqeberha should harness the capacity of government departments to support SMME development and the critical role they play in the sustainability of many SMMEs. The MFIs collaborate with SEDA, SEFA, the Department of Small Businesses Development, and the Department of Social Development. The MFIs were also collaborating with Nelson Mandela University for training needs. SMME sustainability includes finances, business and management training, marketing skills, ICT skills, and market linkages. While MFIs can provide some of the identified support areas, they may not be able to provide them all in-house. Hence the need to collaborate with other organizations to enhance women-owned SMMEs' sustainability.

4. DISCUSSION

Olubenga and Mashigo (2017) state that microfinance has multiple definitions and that some people understand the meaning of microfinance though they cannot articulate it. A similar trend was observed in this study, where there were different enunciations of microfinance by women-owned SMMEs. Although all explanations were backed by literature, there was no uniform definition. Benard et al. (2016) attest that microfinance is a loan of not more than R50 000, repayable over a short period at high interest, thus correlating with the study's findings. Additionally, it is the bridging finance or start-up capital used to buy assets and stock. MFIs not only have the sole responsibility of providing finance but should also provide training for SMMEs to assist them in business. MFIs in this study provided training, although it was deemed irrelevant by the SMMEs; Mashavira and Chipunza (2021) noted this. The researchers opine that it is imperative that business training should be designed after conducting market research so that it can address the actual needs of the beneficiaries. Marketing and technology were identified as micro-economic factors that affect SMMEs (Kadocsa & Francsovics, 2011; Mashavira & Chipunza, 2021). This gap in needs and services is a concern. The non-tailored support (Otekunrin et al., 2019) is confirmed by the MFIs' who report that the SMME failure rate is at 60% in the Gqeberha area.

MFIs did not only experience problems in providing relevant training but also experienced problems with the provisioning of microfinance due to the constraints they encounter in their organizations, such as having limited funds to disburse. The issue of limited finances echoes the sentiments of Zainuddin et al. (2020) that MFIs need to cater to their sustainability by ensuring they do not rely on donors for funds. MFIs are reported to be understaffed, thus having a high staff-to-client ratio, thus supporting human resource issues cited by Quao (2018). Despite experiencing internal problems (Worku & Muchie, 2019), the MFIs could still implement support programs to assist the SMMEs for example, the NYDA offered one-week business training before an entrepreneur started a business. The impact of business training, the platform through which most of the support is given to SMMEs by the MFIs, cannot be ignored as most of the SMME owners in this study did not have business experience before owning businesses (Fatoki, 2012). Thus, they managed their businesses based on the information received from these training sessions. Mashavira and Chipunza (2021) support the idea of SMME growth through training and confirm the importance of training women on entrepreneurial skills to boost ROI. SMMEs also felt that some of the services offered by the MFIs were not well advertised as they were unaware of all the services offered by MFIs. This finding echoes the sentiments of Mashigo (2014), who noted that information about the services of MFIs was not disseminated effectively but was disseminated in areas deemed more conducive for their operations.

All efforts by these MFIs are directed at SMME sustainability. Owing to the subjective nature of sustainability as understood by the MFIs, each MFI had different measures for sustainability, agreeing with Leitch et al.'s (2018) view that sustainability is multi-dimensional. MFIs alone cannot improve SMME sustainability as they do not have all the required resources; therefore, they must make use of a collaborative approach to assisting SMMEs. This approach highlights the systems theory as a relevant construct as MFIs need to incorporate many different elements, decisions, and components to achieve sustainability of small businesses. Kaine and Cowan (2011) attest to this by stating that the systems theory views that a sum of components, when linked together, serves well and yields better results than individual components. (Dominici & Levanti, 2011). However, MFIs need to collaborate with other institutions that can assist them with other non-financial services noting the one mentioned earlier by Mahembe (2011). The relevant units building up the system (Muzerengi et al., 2021) must support women-owned businesses effectively.

Above this, it is essential to note that to realize sustainability, SMME owners need the ability to adjust their business models to adapt to changing economic circumstances, as this is entrepreneurial conduct that ultimately dictates survival in an increasingly competitive economic environment (Kemp et al., 2015).

CONCLUSION

This study was undertaken to explore the extent to which MFIs assist in enhancing women-owned SMME sustainability in the Gqeberha area. The microfinance services provided by MFIs were reported to play an essential role in supporting SMMEs to achieve sustainability. The provision of services by the three MFIs investigated was addressing both the maximalist and minimalist needs of beneficiaries. However, the beneficiaries indicated that more customized services are required to enhance their businesses' sustainability. Implications of these findings to policymakers and practitioners are that the purpose of microfinance is universally similar, though the definition of what it entails tends to differ, especially in the financial value and scope of other support they should provide to their clients. A multi-

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modal approach to issues affecting the sustainability of women-owned SMMEs is required, since some of those challenges are not related to the primary business of MFIs. A multimodal approach is crucial when noting that the target for micro-lending is vast and could range from households, unemployed women seeking economic activities, business groups, and small businesses.

This paper further contributes to the body of knowledge by adding to the academic conversations on intricate issues related to microfinancing by highlighting how it influences the sustainability of women-owned businesses. Furthermore, applying systems theory utilizing units like finance, business and management training, marketing skills, ICT skills, and market linkages in addressing sustainability may assist in reviewing policies that support SMMEs and MFIs. To enhance the adequate support of women-owned SMMEs, MFIs should have an implementation. The model should be designed to assist and guide MFIs in making informed and justifiable decisions on how to render non-financial services that are needed for sustainability. Further, this model should focus on the identified units that would build a sustainable microfinancing system. The limitations of this study are based on the lack of coverage of the entire MFI sector in Gqeberha, especially the privately-owned ones. Future studies could conduct gender aggregated countrywide surveys using comprehensive research methods that will explore the effects of microfinance on SMME sustainability.

AUTHOR CONTRIBUTIONS

Conceptualization: Kundai Koti.
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Formal analysis: Kundai Koti.
Investigation: Kundai Koti.
Methodology: Kundai Koti.
Project Admin: Kundai Koti.
Validation: Florah Sewela Modiba.
Supervision: Florah Sewela Modiba.
Writing – original draft: Kundai Koti.
Writing – review & editing: Kundai Koti, Florah Sewela Modiba.

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APPENDIX A. PROFILES OF MFIS IN GQHEBERA

Organization	Used in the study
ECDC	YES
NYDA	YES
SEFA	YES
SEDA	NO
NMMBC	NO

EASTERN CAPE DEVELOPMENT CORPORATION (ECDC)

Background information

ECDC was formed in 1996 by an Act of the Eastern Cape Legislature to plan, finance, co-ordinate, market, promote and implement the development of the Eastern Cape Province and all its people in the fields of industry, commerce, agriculture, transport, and finance. The vision is to be a leader in facilitating inclusive sustainable economic growth and the mission to promote and coordinate inclusive economic development through innovative finance and investment solutions.

ECDC is the official economic development and investment agency for the Eastern Cape province of South Africa. ECDC is wholly-owned by the Eastern Cape Government. Among other things, the intention is to facilitate start-up businesses and building existing businesses, growing, and sustaining existing markets and developing new markets, improving access to enterprise finance, and ensuring that skills, infrastructure, and policies support business development.

Microfinance provisions

In the ECDC, microfinance is provided through the Development Finance and Business Support unit, which aims to create sustainable SMME. The Development Finance & Business Support unit aims to assist SMME's to attain a level of self-sustainability. This unit consists of two programs such as funding and lending and business support. In funding and lending, the aim is to provide financial services for innovative enterprise development and leveraging of resources, strategic alliances, investment, and partnerships and SMME development to boost an inclusive provincial economy. In business support, the ECDC offers support through mentorship, marketing, market access, as well as business and financial management and many training programs for SMMEs.

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NATIONAL YOUTH DEVELOPMENT AGENCY (NYDA)

Background information

The NYDA is a South African-based agency established primarily to address challenges faced by the nation's youth. The Agency was established by an Act of Parliament (Act 54 of 2008). The institution was established to be a single, unitary structure addressing youth development issues at the National, Provincial and Local Government level. The Agency should be seen within the broad context of South Africa's development dynamics. The vision is to be a credible, capable, and activist development agency that is responsive to the plight of South Africa's youth and the mission to facilitate youth development with all sectors of society.

The strategy of the NYDA can be summarized as to facilitate economic development through youth entrepreneurship, to create decent employment through jobs program, to foster social cohesion and a pathway for economic emancipation and to monitor and evaluate the integrated youth development strategy.

Microfinance provisions

The NYDA has an Entrepreneurship Development Programme aimed at creating a conducive environment for young entrepreneurs to access relevant entrepreneurship skills, knowledge, values, and attitudes for their businesses. The Business Management Training courses are designed to support young entrepreneurs in the following stages of businesses: pre-start Up/Idea generation, survivalist, start up, early development and growth and expansion.

The Business Management Training courses on offer are approved and accredited by ILO, The International Labour Organisation. These training courses are offered as a 3-6-day training course depending on the specific needs of the young person and the level of the business.

SMALL ENTERPRISE FINANCING AGENCY (SEFA)

Background information

The vision of SEFA is to be the leading catalyst for the development of sustainable SMMEs and cooperatives through the provision of finance, while the mission is to provide access to finance in an efficient and sustainable manner to SMMEs and cooperatives throughout South Africa**.**

Microfinance provisions

SEFA provides development finance to SMMEs and Co-operatives that are not able to attract commercial credit. SEFA is committed to providing these entities with the best service and expertise and strives to do so in innovative and creative ways. SEFA provides financial products and services to qualifying SMMEs and cooperatives through a hybrid of wholesale and direct lending channels in a sustainable manner. This is done by supporting the institutional strengthening of financial intermediaries, so that they can effectively assist SMMEs and cooperatives and creating strategic partnerships with a range of institutions for sustainable SMME development and support. Creating partnerships is an important element of the sustainable development strategy. It is a means to provide numerous SMMEs throughout the country with both the financial and business support required to either establish new enterprises or grow existing businesses, and, in doing so, contribute towards sustainable job creation. The core function is to foster the establishment, development, and growth of SMME, and to contribute to poverty alleviation, job creation and economic growth.