DISCUSSION OF FINDINGS OF RESEARCH INTO RESILIENCE IN MICRO-FINANCE BANKS

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ABSTRACT

This paper discusses the findings of my Research on Organisational Resilience in Microfinance Banking at the University of Hertfordshire, England. There were different lenses to frame the discussion, some of which include the Stakeholder theory, Institutional Theory, Organizational theory and WEF. I chose to use WEF as the dominant frame for this discussion as it is simple and aligns with my experience chairing the largest Micro finance Bank in Nigeria. Secondly, WEF (components of robustness, redundancy, resourcefulness, response and recovery) in some way captures majorly the content of other frameworks. The result of the study indicates that a bank that operationalizes the WEF approach in managing the organization's Risk Profile is very likely to survive and recover from most adversities, particularly when it implicates implementation of very strict Prudential Guidelines, Agility,Adaptability and related coping mechanisms.

KEY WORDS: WEF, Themes, Findings, Microfinance, Resilience, Adversity, Prudential, Guidelines, Adaptability,Sustainability

1. Introduction:

'Resilience' came out of English verb 'resile'. Resile is rooted in the Latin word 'resilire'. Resile, in English, means to recover to original state (MSB, 2013). Resilience as a concept was used extensively in the 1800s to define what helped Japan to recover from devastating earthquake (Alexander,2013).

The word took incremental importance in recent times because of failures of businesses, and the desire to stem same (Emokpae, 2020).

Ilmola et al define resilient organisation as one that has capabilities typified as four A's: awareness, adaptation, agility and active learning (Ilmola et. al, 2013), where Resilience is perceived as the capacity to overcome adversity and bouncing back (Emokpae, 2020).

Resilience is not only about 'bouncing back', but more importantly, bouncing forward. The Resilience Profile of organisations usually consists of four main dimensions; operations, structure, planning, and resources (Ilmola et. al, 2013).

There are two principle ways to approach resilience measurement; either to try to collect information about as many functions as possible in an organization or to use an indicator that will reflect how an organization is going to manage an unexpected events (Ilmola, 2022).

Ilmola (2022) indicates that there are additional key measures to identify a resilient organization, assess its capacity to withstand and adapt to disruptions while maintaining core functions and long-term viability. They include its Institutions, leadership, a clear understanding of the operating environment, robust risk management, and the ability to adapt to rapid change. Also, he recommends a culture that fosters transparency, diversity, teamwork, and continuous learning (Ilmola, 2022).

Measuring organizational resilience is a unique undertaking that requires full organizational transparency, and a thorough understanding of existing operational structure and continuity planning (Ilmola, 2022).

The outcome of my study into organisational resilience indicates that there are primary underlying drivers of organisational resilience and of organisational failures. There are also secondary ones or precipitants that are often a symptoms of deeper underlying conditions. Capital, governance, managerial skills, credit administration, Non-Performing Loans, Portfolio At Risk (PAR) and Operational Self Sufficiency/Financial Self Sufficiency; which are some of the precipitants or perceived secondary causes. The research findings suggest that underlying these precipitants are a number of issues. They are mainly the human behaviours/activities in MFBs, Organisational culture, adopted business model, critical incidents and motives in the lives of the workers in the organisations and their leaders.

An example of a critical incident in the Nigerian MFB industry is the COVID-19 pandemic which triggered lockdown orders by government, thereby disrupting businesses and economic activities. Consequently, MFBs in Lagos and Nigeria in general suspended loan issuance to customers for about five months from April to August 2020, until the lockdown order was lifted and businesses resumed. This was to avoid inevitable losses from loan defaults, since most of the MFBs customers are the SMEs which suffered the effect of the lockdown the most.

This paper is NOT focused on the findings, but a discussion of the findings of my doctoral research, whether primary and secondary, using primarily WEF; and complementing same with some key themes from the literature review. At this point, it is useful to invoke the overarching aim of the study, to set the context for the discussion. The research explored the issues surrounding the resilience of MFBs in Lagos with a view to making a contribution to the understanding of organisational resilience among MFBs domiciled in Lagos Nigeria.

The objective was not to develop a theory of organisational resilience which is outside the scope of this study, as that would have implicated very large size sample size and random sampling in the research methodology. The study was exploratory to bring some understanding to Organisational resilience phenomenon which other researchers could build upon. In specific terms, the research sought to answer the research question: ‘How and why have 69% MFBs survived while 31% have not in Lagos in the last nine years (2010-2018)?”

The emergent themes in the literature review, were considered relevant to complement WEF in analysing and discussing the findings. Such themes were drawn into the discussion as WEF components were systematically applied, one after the other.

2. Deployment of WEF as strategic tool box for Discussion of Findings

WEF five components of resilience (Riskviews, 2013) I considered as the most appropriate lens for discussing the findings, particularly in linking the literature with findings, with a view to drawing out lessons for theory and practice. This is because the five components capture the essence of most of the other theories and models espoused in the literature review, and the emergent themes from there from. Because of difference of WEF's emphasis from other theories, themes from stakeholder theory, particularly as they relate to fraudulence among organisational stakeholders, and Institutional theory were employed to complement WEF to discuss the findings of this research. That approach was adopted in analysing the data and discussing the findings because they resonate with the researcher's experience in the industry as an insider researcher, as has been indicated earlier in this article. For instance, the five key stakeholders in MFBs (shareholders, customers, regulatory authority, depositors/donors and staff) share a common desire for banks to remain alive and to be able to meet the needs of their customers and depositors, on an on-going basis. Regrettably, it was from these same stakeholders that most challenges confronting MFBs arose; anchored primarily in fraudulent tendencies, behaviour and practices.

The implication is that in using the WEF framework for the discussion, other relevant concepts in Organisational culture, Critical incidents, Stakeholder and Institutional theories and organisational resilience are implicated. Furthermore, WEF seemed to offer a balanced scorecard (Kaplan and Norton, 1996) in viewing the core dimensions of organisational resilience. And that the causes and cure for resilient challenges seem to be captured in WEF (Riskview, 2013); and hence their adoption by Japanese and some European organisations to evaluate their organisational capacity and readiness to withstand adversity and shocks.

Consequently, the following section contextualises the discussion of findings based on these five components of resilience which are: "robustness, redundancy, resourcefulness, response and recovery" (Riskviews, 2013). These components provide lenses to serve as analytical tools to evaluate, discuss and explain resilience in MFBs in Lagos, because as stated earlier, the five components seem rooted in a resource-based view of the firm as well as in stakeholder concept and agency. Furthermore, they resonate with institutional theory and institutions, as well. That is not all. They relate to organisational resources and capabilities as well as to organisational practices and routines that have been developed over time. Key here is bringing findings and the literature together, to identify convergence as well as gaps in the literature to be filled by the findings; thereby making contribution to the understanding of MFB resilience.

This study was carried out within the field of organisational resilience and enterprise development. Coping with, adapting to and overcoming adversity, and even when adversity

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strikes an organisation, it is able to rise over it, bouncing back and sometimes bouncing forward (to a better state). These are the hallmarks of resilient organisations. The literature and research itself suggest that resilient managers with challenging life experiences tend to populate resilient organisations, and that life experiences and value formation tend to impact corporate governance practices. Furthermore, the behaviour of the founders / directors of MFBs has relationship with their values, which are often transmitted as attributes of their organisations.

Organisations build resilience capabilities through their practices, the choices they make and how decisions are made, as well as how they are governed. Whereas robustness and redundancy in organisations may lead to organisational resilience in a linear manner, and resilience is rooted strongly in the resourcefulness of founders / leaders and organisational culture; resilience and redundancy have a dynamic relationship. The implication is that robustness indicates a cause and effect relationship with organisational resilience. Furthermore, whereas resilience manifests itself in good corporate governance, capital adequacy and strong managerial skills, these variables also contribute to making a MFB resilient - thereby making it a two-way flow.

2.1. Robustness:

Robustness is the ability of an organisation, and in this case MFB, to exercise reliability. This refers to the capacity to absorb disturbances and cope with crisis. Underlying this position are considerations that where and when failure confronts an organisation, insulations embedded into its critical networks and processes come to the rescue. Robustness defines a critical part of organisational capabilities as well as core competences. Most times such capabilities are expected to be dynamic, where context flexibility is exercised. It also refers to the organisation's decision-making processes in response to changing circumstances, often a consequence of the governance practices and internal institutions in the organisation. In such circumstances, an imminent challenge to an aspect of the MFB may not disrupt other aspects of its operation.

An example of the attribute of robustness includes regularly monitoring the quality of the parts, with the intention of ensuring reliability. Another example is embedding mechanisms organised in a manner to stem unexpected shocks in one part of a system from spreading to other parts. Here, the proactive and reactive themes in the literature find relevance in the way

MFBs deal with adversity in inadequate Portfolio At Risk (PAR), Non Performing Loans (NPLs) and pilferage. In this way, the mechanisms can localise their impact. Another example in the banking industry is embedding performance monitoring and measurement mechanism in a banking ecosystem. This might take place in one bank and / or in the industry as a whole. It is also about avoiding the occurrence of the crisis of panic withdrawal that accompanied IMFB"s collapse between 2009 and 2010 which led to the death of several other MFBs, like Ojokoro and Akute MFBs in Lagos. ACCION, Grooming and LAPO were not adversely affected by the contagion, partly because of their robustness. Such robustness is linked to robust governance practices and redundant back up capital. Another example within one MFB is the death and resignation of some critical staff in LAPO early in 2000. This did not significantly affect the operations of the MFB. The outcome was that the robustness of the organisation orchestrated organisational reliability in such stressful situation.

The major changes to the regulatory framework in 2005 were however significant in the banking ecosystem, primarily because of the sharp increase in capitalisation and the very comprehensive prudential guidelines. Those with robust capital reserves and management benefited. Many of those with lean resources, and reactive tendencies closed down.

Robustness is also about adaptive decision-making and it is related to the theme of chosen business model. This attempts to demonstrate how managerial structure and the decision-making process could be designed to facilitate an organisation to become very flexible in a way that captures the capability of a unit of the company to function seamlessly, irrespective of the condition of other parts. An example, as already highlighted above, is when LAPO lost its key staffers in the finance and executive teams in 2000. This did not disrupt its credit and savings products, and most importantly its capacity to effectively function as an on-going concern, primarily because of its organisational robustness. When its head of operations died, it was able to weather the storm due to both organisational robustness, resourcefulness and institutionalization. Resourcefulness in this case was the ability to improvise and be agile when in danger and this is discussed extensively later in this section. In the MFB space in Lagos, Nigeria, robustness, as a resilience theme can be linked to some other themes and to at least three of the findings of my research namely governance, capital and managerial skills. I will treat each in turn.

Governance, irrespective of whether it is driven by shareholdership or stakeholdership paradigm, can build solidity in MFB, with critical robustness, making the organisation reliable under stress, like Grooming MFB and LAPO MFB. Governance ensured transparency in governing the MFBs, implementing prudential guidelines to mitigate both financial and reputational risks, and in the process eliminated insider borrowing and its consequence of high NPLs and failing organisation. In this way, they were able to overcome moral hazards and adverse selection. It enhanced the capacity of its sub-systems to operate seamlessly in the face of adversity when confronting a part of the system. Weak governance ultimately leads to robustness deficits like moral hazards, which encouraged insider trading, institutional corruption and outright theft; a phenomenon very evident in Integrated and Ojokoro MFBs before they collapsed. Weak governance led to poor board oversight, partly based on adverse selection, which in turn led to the failure of MFBs to observe the CBN's prudential guidelines.

This breached the single obligor regulation, and gaming the contracting system. This resulted in over-invoicing, that sapped the liquidity and profitability. The firms stopped hiring. They also stopped developing and motivating staff with the right skill-set for micro-finance banking. All of this, combined with poor credit vetting, a diminished capacity to recover loans, and financial haemorrhaging of the MFBs, precipitated financial condition that seriously jeopardised the capacity to continue to operate as on-going concern. It even weakened their capacity to mobilise savings and tenured deposits and meet obligations to depositors. Ojokoro MFB exemplified this picture prior to its liquidation. Lack of robustness in governance took its toll.

Poor corporate governance also contributed to related insider borrowing / lending beyond the statutorily permitted threshold in contravention of CBN guidelines. Poor governance created an environment for funds diversion as in the cases of IC MFB, IMFB and Ada MFB. Poor governance precipitated nepotism, corruption in hiring, in giving credit and even in the utilisation of grants and tenured loans that ought to have been utilised for extending credit to the customers of the bank. It was also poor corporate governance that created the environment for Mission Drift (MD), where managers, in the process of trying to generate income for the bank with less effort lost focus of extending small loans to women and micro-enterprises, favouring individual loans to the middle class and SMEs in an environment where no credit bureaus existed, and poor repayment culture was entrenched. The net result was that the failure

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of these individual loans (ILs) customers to repay their loans increased. Portfolio At Risk (PAR) of the bank went beyond regulatory thresholds, depreciated the banks‟ capital base and liquidity; and ultimately led to inability to operate due to a lack of cash, which is the lifeblood of MFBs. Had there been a robustness in approaching MFB governance, the story may have been different. The findings on the role of governance are amply supported by the literature (CBN, 2005), which identified poor corporate governance as a critical variable in MFB failures in Nigeria (CBN, 2005, Sanusi, 2010, Agusto & Co., 2015; Nwanyanwu, 2011; Irobi, 2008). Here, convergence can be identified between the research findings and the literature that underpinned the study.

In the repayment of foreign loans denominated in dollars and €uros, the resilient and robust MFBs had a policy of hedging. The findings here can also be analysed using themes from adopted business model and organisational culture. Consequently, the practice of commercial bank domiciliation, was often initiated by the board, which embedded the practice within its business model. They also had the requisite knowledge and experience. This means that such loan amounts were deposited in a reputable commercial bank and the Naira equivalent on the date of depositing such funds was taken from the local commercial bank. As such, when the loan repayment fell due, the domiciled dollar/€uro was used to repay the foreign loan. In this way, the MFBs were protected from the risks associated with the fluctuations of the foreign exchange market. Skilled directors operating robust governance practices, and risk minimisation business approach were most likely to be positioned to supervise and monitor foreign loan hedging that minimised foreign exchange risks. This they did usually through their board committees and internal institutions which looked after finance and risk management. Grooming and LAPO MFBs exhibited this Robustness capability.

Good governance practice is therefore a key driver of resilience, through a system and process design that minimises risk exposure; it also operates relevant institutions like Risk Board Committee and several others that could moderate executive excesses. Robustness on the part of regulatory authorities – CBN and NDIC – would have helped in close monitoring of MFBs operations, which is a statutory requirement to avoid failure in the industry. These regulatory institutions could not cope in the case of failed banks because they lacked institutional robustness as well as adequate personnel and funding. Many of the MFBs that did not practice foreign loan hedging suffered the consequences of foreign exchange fluctuations that severely

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degraded the capital of the bank. Its full impact often manifests through haemorrhages in human and financial capital. When the values of these two are significantly eroded, the MFB fails.

The secondary data (EC, 2010) from the research corroborates the CBN information on the vital role of robust governance and institutional processes in MFBs. Analysis of the data on corporate governance and institutions from LAPO, SEAP and ACCION was supported by the literature (Nwanyanwu, 2011, Acha 2012, Dagdeviren et. al. 2015, Odunsi 2015, Sahara Reporter, 2013) as well, particularly that which suggests that resilience is a complex concept that is often a function of a composite organisational backbone to which robust corporate governance and Institutional capacity are key. Weak corporate governance was related to fraudulence, weak institutional processes and poor stakeholder commitment, three of the critical factors in the organisational resilience narrative; as well as the emergent themes in the literature. For example, the death of IC, Integrated MFB and Alliance MFB was linked to poor corporate governance and weak institutional processes and poor stakeholder commitment among a myriad of factors (Sahara Reporter, 2013) which significantly depleted their capital backbone and robust resistance to adversity.

Governance was a big issue which severely degraded the robustness of the company to withstand adversity. Poor governance itself was precipitated by lack of appropriate institutions within most failed MFBs. For instance, Odunsi (2015) stated that the MD of Uda MFB allegedly stole ₦317 million; while Ahmad (2015) reported the diversion of ₦207 million by its CEO. Such findings attributed failure to poor corporate governance and key stakeholders' behaviour, which aligns with the literature (Nwanyanwu, 2011; Irobi, 2008). What was not particularly evident in the literature is that poor corporate governance is often a symptom of underlying core values as well as the fraudulence of managers; and the motives and life experiences of the leaders of the business which constituted the moral state of these leaders. Among the precipitants of resilience, corporate governance seemed to be a key contributor. Effective oversight ensures employment and staff development with the right skills, and even training for the entire industry, which in turn strengthens the organisational robustness to defeat any adversity.

It is worth noting however that corporate governance, while important in embedding robustness and resilience in organisations, may not be sufficient in itself to avert failure as could be attested to by the development with Fortis MFB, one of the most highly regarded MFBs in Nigeria. It collapsed in February 2019. The capacity of management to improvise was called into question as was capital adequacy, requiring the intervention of the CBN to inject fresh capital into the bank to survive. The injection of fresh capital was not enough to revive the MFB. That development does not however diminish the importance of capital adequacy to organisational robustness.

Capital adequacy is about organisational robustness, which is linked to the emergent theme of adopted Business model that captures a sufficiency of funds to meet the necessary financial obligations of the MFB as and when needed as an on-going concern. This is used here in a composite sense to represent not only the capital base of the MFB but also the liquidity and cash flow required to run the business on a day-to-day basis. The capital available for MFB operations often comes from a combination of owners‟ equity, savings and deposits mobilised, grants, and loans from regulatory and other sources. Accessing these sources of funds for a robust capital is key, whilst growing capital is an entirely different proposition. For instance, high PAR can erode the capital base of the bank and put it at risk of failure if not properly managed. Agusto & Co. (2015) and several other writers did argue that a strong capital base provides a robust position that engenders resilience for MFBs - that is, the capacity to cope with and adapt to challenging circumstances and withstand stress, while, for example, embedding resources to innovate, and reinvent itself. When significant percentages of credits extended to customers are unrecovered, they increase NPL and threaten capital adequacy. However, there should be adequate buffers (financial robustness) to keep the bank trading and operationally sustainable where a robust capital base exists and the liquidity ratio (capital reserve) is high.

From the secondary data, it was evident that resilient MFBs appeared to be mostly those with the largest capital base and / or maintained adequate capital reserves to absorb shocks during turbulence and panic withdrawals. And such approach was defined by the literature on business model and WEF redundancy concept. There were similar findings from the analysis of the FGD data, one-on-one semi-structured interviews, extended in-depth interviews of five leading MFB practitioners and the interview/discussions with LAPO MFB directors / board. My experience in the industry suggests a similar conclusion. The research report also indicates that capital solidity comes from the managerial skills of mobilising savings and delivering credit efficiently while applying a liquidity ratio of between 30% and 40 % even when the regulatory requirement is much lower at 20%, among a number of variables. Robustness is an overarching context here, being a net contributor to establishing resilience.

Furthermore, there was an issue in the findings about the role of inefficient management and poorly skilled staff, particularly in areas of critical thinking, problem-solving and interpersonal and communications skills in MFB failures. This is supported by the literature emergent themes on resilience and double bottom line concept (Adeyemi, 2008; Ikeanyibe, 2009), which linked inefficient management to poor corporate governance (Alegieuno, 2008; Okpara, 2009), and inability to apply ambidexterity in honing the double bottom line. Many initial staff entrants into MFBs after the introduction of the 2005 regulatory policy were from commercial banks. The skills they possessed were mostly in the areas of investment and retail banking, and for IL and "big" credits with big offices and enormous infrastructural backbone. These skills needed to be deconstructed and / or unlearned by those entrants if they were to do well in the MFB market. The findings suggest that, regrettably, many of these bankers could not transition from a commercial bank mind-set to that of a MFB; and this led to early failures in MFBs and exits from the industry. This assertion can however be challenged by the fact that Asset Matrix MFB whose CEO came from commercial bank background has been prospering in good and bad times, suggesting that there may be more factors in the resilience narrative.

The right skill set for JLL/GLL and GLM gave early movers an advantage, building robustness in the management of the "resilient" MFBs. In Lagos for instance, the two leading MFBs, LAPO and Grooming used GLM/JLM models for over 80% of their business. In fact, at some point, JLL accounted for about 99% of their income. Over the years, these banks have been opening up to IL. This has been gradual, and recently technology has been employed to facilitate both approaches, but mostly this applies to the IL component of their business model. The research findings indicate that the MFBs that failed were mostly IL dependent, primarily because of managerial skills deficiency in GLM/JLL at that time. Also to blame were skill deficits in evaluating loan applications and even debt recovery and factoring. Self-management and relationships with the board of directors were also harmful. The directors themselves did not have the skills to adequately develop and appraise strategic and operational plans and they were unable to build these skills among the staff. Without this skill-set, it was easy to fritter away the capital of the bank and weaken its capital base through unstructured lending and a weak capacity to recover credits. It also precipitated poor governance as the board could not monitor insider borrowing beyond the regulatory thresholds where they, themselves became participants in breaking the law. This created high PAR, delinquent loans (DL) and led to the eventual failure and exit of some MFBs from the industry.

A poor capital base tends to attract less skilled directors. Poorly skilled directors are weak in corporate governance. Poor corporate governance affects the ability to hire, motivate and develop skilled staff, to attract credit from multinational donors and credit organisations. One factor affected the other and was in turn affected by the same. Bad corporate governance itself (which may have a functional relationship with the values, motivation and experiences of the organisational leaders) could be linked to poor stakeholder commitment, aligning with emergent themes on stakeholder versus shareholder theory and of course the emergent theme on weak institutions.

Finding a way through adverse circumstances in the face of the constraints of technical and organisational capabilities facing small organisations like unit MFBs is almost impossible without a robust board and managerial skill-set, which were identified as a major challenge with failed Nigerian MFBs (CBN, 2015). While a robust managerial-skill set certainly helps in furthering organisational purpose, it could also be a consequence of this purpose and of organisational core values and core ideology (Collins and Porras, 2000 and Agusto & Co, 2015). How a managerial skill-set is categorised in running a MFB is often a function of the experience of the MFBs' leadership and the board. However, what was not in doubt is that, where the core ideology and values to grow employees along with the business exist, training employees to hone relevant managerial skills should always be a priority. This was found in ACCION, LAPO and Grooming MFBs, where robustness existed in managerial skills, providing the capacity to respond to and adapt to any eventuality.

Other issues associated with robustness include life experience, motivation and the attitudes of the organisational leaders, their core values and business models, as earlier highlighted, as well as the dynamic interface between core values, the motivation of leaders and key managers and the chosen business model. Collins and Porras (2000: 10) opine that core values "are the essential and enduring tenets of an organisation. A small set of timeless guiding principles. Core values require no external justification; they have intrinsic values and importance to those inside the organisation". It is about who the organisation is which comes from the founders and / or key leader's core ideology. Such posturing is expected to lead organisations to invent its market to align with its core values, which enriches the robustness of the thinking process that drives organisational resilience. LAPO fits within this mantra, which exemplifies the argument by Collins and Porras. Many MFBs communicate core values that are focused around integrity, transparency, or professionalism, but some of them did not live by those values. The founders and key promoters of MFBs were sometimes unconscious of the values they design and unsure about which of them serve as maps of action (Anderson, et al 1994).

One common thread that runs through failed MFBs is a combination of integrity and corruption challenges, with underlying causal factors of the character and behaviour of key human stakeholders. That calls for robust internal and external institutions in the banking ecosystem to monitor and minimise the effect of such tendencies on MFBs‟ financial sustainability. For instance, when Integrated MFB MD and board members allegedly took several million dollars from the MFB, their problem was not competence. It was an integrity problem linked to fraudulent behaviour of the managing director, during which the chairman allegedly turned a blind eye because she was said to have been given a gift of ₦30 million by the MD. Ipaja, Pekkos and Andro MFBs, had a similar story. This could occur because there was no robust monitoring regime; as well as weak institutions. Furthermore, the lived values of the directors and founder of IMFB and several other MFBs were totally different from their espoused values, and with lack of internal institutions to moderate those tendencies, the behaviours of some directors and managers harmed their MFBs. This dichotomy in values reflects the morality and moral compass of the directors of failed MFBs. Since the banks did not have robust capital and managerial resourcefulness, they could not withstand the dysfunctionality of the dichotomy. The research findings also indicate financial recklessness on the part of directors of several MFBs. Decadent lifestyles were problematic amongst big commercial bank directors. These lived values eroded their capacity to adapt and / or improvise, which is critical to resourcefulness. Only external regulatory institutions could have stopped them. They existed, but without the robust resources to carry out their responsibilities.

Also, whereas the espoused values of many MFBs included teamwork and respect for one another, there were intense boardroom politics, and board members canvassed irreconcilable positions amongst each other, in many failed banks. These views did not align with the core purpose of financial inclusiveness of the banks, leading to mission drift. Rather than lending to micro-enterprises and poor individuals, credits were channeled, in some cases to middle-class friends and relatives of the directors and managers. Turning such poor circumstances into positive outcomes is part of the resourcefulness of MFBs in this study.

On the other hand, some MFB leaders and key managers shared robust Christian values of integrity, fairness and social justice in helping others. Emerald MFB exemplified this. This was a part of the communal culture exhibited in such organisations that was strong in solidarity and sociability. The directors and founders in such organisations were all members of the same church. They prayed together every Sunday, and shared scripture on how they could help the poor and needy in a sustainable manner. This in turn may have affected the way the bank was run with integrity and fairness where there was congruence between the values espoused and values practised. Similarly, there was the evidence of a robust organisational culture that assisted them in time of difficulty, when shareholders gladly brought in more cash for the affected MFBs to weather the storm. The implication was that when most of the MFBs in Akute failed between 2010 and 2015, Emerald became the last MFB standing. Robust internal institutions, honesty, core values and transformational leadership practices became key in the fertile pool of robustness. However, in addition to honesty and core values was Emerald's understanding of the dynamics of the market. The MFB leaders and managers minimised the risk appetite and consequently the risk exposure of the MFB, ensuring the liquidity of the bank always exceeded the regulatory threshold; an expression of the business model adopted. Indeed, it always doubled the regulatory liquidity ratio threshold of 20% and this became very helpful when there was a run on MFBs when IMFB collapsed - a critical resourcefulness attribute.

Since values are a part of organisational culture emergent theme (Hearnshaw and Wilson, 2013) which can help an organisation to adapt in a dynamic environment, the interaction between leadership, values and culture can be a saving grace in challenging times (Vargo and Serville, 2011, Radford et al, 2013). While the situation of resilient MFBs in Lagos appeared to have aligned with this position, the same could not be said of most of the MFBs that died. The values practised by the leaders of most of the dead MFBs appeared to be in conflict with stakeholder theory that illustrates fairness in an organisation's response to all key stakeholders' needs, which ought to be considered in managerial practices (Jones, 1995; Damak Ayadi et al, 2005). So also was the threat to shareholdership paradigm as maximising the interest of

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shareholders suffered in the process. While many of the failed MFB leaders were feasting on the funds of the MFBs for fraudulent enrichment, they ignored savers, donors, creditors, shareholders and the regulatory authorities, leading to a diminution of robustness. This was an expression of robustness deficit in regulation, governance, institutions, monitoring and control, within each failed MFB and the supervisory performance of CBN and NDIC.

2.2. Redundancy:

Redundancy "involves having excess capacity and back-up systems, which enable the maintenance" of critical functions should disturbance occur (Riskviews, 2013:2). This creates opportunities for implementing programmes required to acquire the critical problem-solving skills and capabilities for dealing with business challenges. The redundancy dimension assumes that an enterprise may not experience a collapse when faced with challenges to its facilities if it has back-up resources, like capital/savings, systems and infrastructure. Examples of redundancy characteristics include replicating systems and resources not particularly necessary for daily operations which could become useful for maintaining critical functionalities in the event of crises. Redundancy comes from both business model and governing institutions within the organisation. So also are corporate governance issues in building redundancy into the DNA of the MFB.

"Redundancy" which is a technical word also captures the provision of duplicate systems, people and resources in critical areas of the business to take over operations where the primary people, processes and resources fail. Additional costs are implicated, and the move is often very expensive for small MFBs. It has however been found that those who could implement this contingency policy enjoyed advantages. An example of a MFB that has perfected this capacity is LAPO which constituted development councils (DC) made up of group leaders as part of its JLG business approach (among the customers) and institutional back up in every zone of its business operational areas. Such councils not only discuss prospects and challenges but provide a critical backbone for confronting operational challenges including debt recovery if and when needed.

Another dimension of redundancy is the promotion of diversity, as core to the overall business model. This requires "balancing diversity with efficiency" (Riskviews, 2013:2) which embeds organisational resilience. Such redundancy enables MFBs to survive, adapt and improvise in

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difficult circumstances. Grooming has demonstrated this through portfolio plurality, while ensuring efficiency indicators are monitored and implemented. LAPO is a similar case.

During this research, it was identified that MFB failure does not just happen. It goes through a process where the signs of stress begin to appear at some stages in the lives of many MFBs. When unattended to swiftly, these develop into bigger challenges, and sometimes fatal ones. This is often an unintended consequence of institutional deficit in risk management and operational monitoring and control. Furthermore, it was evident that several other variables relating to resilience deficits were prevalent in MFBs. Some of these include corruption, stealing, poor internal control / poor credit regime / lack of credit evaluation, an emphasis on lending with little or no attention to savings, integrity challenges, lack of innovation, unfavourable government / regulatory policies, lack of planning and poor managerial practices, or over-dependence on grants. These were often a result of wider issues linked to redundancy deficits in managerial skills, capital and institutions. The inability to recover loans could be a consequence of a skills deficit and even a lack of capital to hire and develop the right quality and quantity of skilled staff, and to provide the necessary infrastructure / technology backbone. These could be signs of dangers ahead.

2.3. Resourcefulness:

Resourcefulness is about the capacity to adapt. It also means the capacity to respond flexibly and improvise as well as to transform a negative situation into a positive one. Adaptive systems are characteristically flexible, which is very important for resilience in the face of adversity. The underlying assumption for this dimension of resilience is the building of trust among critical stakeholders and a readiness to improvise when challenges are faced.

This is about creativity and innovation, which is the ability to do something differently to get a better result. It is linked not only to having access to resources that are not immediately needed, but also the capacity of the individuals in the organisation to identify a better way of doing things and ultimately affect the entire organisation. Moving from cash to using cheques to trade with customers was a major issue in 1990. But LAPO had to take the lead in the deployment of cheques. This reduced the workload of staff. It made their jobs safer and minimised theft which constituted resourcefulness at that time. A similar situation was the leveraging of core financial packages and technology by ACCION, Grooming and LAPO. Not long ago, the capacity to develop a business model requiring most of the staff to work from home, prioritise online product development and marketing in response to COVID–19 challenge was a resourcefulness attribute. This attribute meant the difference between life and death in the MFB industry. LAPO and Grooming MFBs were able to cope well, and adapted successfully, because of their resourcefulness which flows out of their culture that is inventive, business model that is flexible and organisation capacity that is agile.

Overall, the dynamic relationships between redundancy and resourcefulness appeared to have precipitated robustness, in the MFB market. When the relationships create the pathway for adaptation and coping with adversity, the outcome is organisational resilience. This appears to be what the findings suggest thus far. Furthermore, when such relationships failed to generate the required momentum for adaptation, failure often results. While adaptation enabled the more resilient MFBs to survive difficulties that came their way, they were also able to efficiently manage their current resources to deliver value at the same time. This position aligns with the literature of organisational capability of ambidexterity (March, 1991; Duncan, 1976), and is in turn reinforced by the literature on agency and stakeholder theory.

2.4. Response:

MFBs' resilience performance is also evaluated with two more lenses captured in the WEF components of resilience, namely **Response** and **Recovery**, which described and defined how a system performs in the event of crises. "They provide evidence of resilience when crises occur, and they are dependent on risk, the event and the time frame. These components provide the ability to compare systems and feed the measurements and results to calibrate the resilience characteristics" (Riskviews, 2013:3).

Response is the ability to pull together resources to tackle challenges quickly, in an agile fashion, in the face of adversity. Agile organisation is often a conscious decision based on organisational institutional arrangement and operationalising agency theory. It also flows out of intentional business model anchored on agility. This is how LAPO proceeded between 2000 and 2003. It had to do with agility, flexibility and honing appropriate crisis management methods, coupled with the ability of decision-makers to manage problems with dexterity and mitigate their possible negative impact. This is also an example of resourcefulness and response coming together to define resilience in operations. Whereas Emerald MFB was able to deal with issues of resource mobilisation, recovery of credit and suspending further credit with runs on MFBs in 2009 to 2010, Ojokoro and Akute could not do this, and hence their demise occurred. The attributes of agility and flexibility which came to rescue the resilient MFBs, are underpinned by their business model and consequent institutional arrangements. Such abilities are critical components of WEF response model, which provides supporting lens in assessing organisational resilience.

Effectiveness in communication and trustworthiness between key decision-makers elevate the possibility that when a crisis occurs, information can be communicated speedily to ensure the survival of the organisation. Speedy communication of information is a business model attribute. Second, inclusive participation helps the organisation to consider all possible options for overcoming challenges in a crisis situation. The type of culture the organisation possesses counts in this circumstance. Whereas LAPO, with its communal culture could respond quickly and flexibly to managerial and capital challenges between 2000 and 2003, IMFB, with its mercenary cultural dimension could not. Response is also about adaptability, improvisation and agility, which Akute MFB lacked before its closure.

2.5. Recovery:

“Recovery means the ability to regain a degree of normality after a crisis or event, including the ability of a system to be flexible and adaptable and to evolve to deal with new or changed circumstances after the manifestation of a risk. This component of resilience assesses the organisation’s capacities and strategies for feeding information throughout the organisation, and the ability for decision-makers to take action to adapt to changing circumstances and incorporating new situations into business strategies” (Riskviews, 2013:4). ACCION MFB, after facing cash and credit recovery challenges in 2016 was able to regain normality in 2017 based primarily on its internal institutional strength and dynamic capabilities. LAPO's recovery in 2000 after losing a critical staff was partly a result of inherent resilience characteristics, incentive structures and purposely designed proactive measures to overcome problems. Incentives like promotions, overseas conferences and training and bonuses typical of LAPO, ACCION and Grooming were very helpful. When the crises were over, the MFBs not only regained normality, but actually moved forward using the technology and measures developed during the crises.

3.0. Down side of the WEF lenses Approach And Remedies

The downside of WEF is that the approach was not entirely adequate for analysing, mirroring or validating the findings of my research, to explain organisational resilience without necessarily being able to account for failures in MFBs, using five WEF components. The inadequacies in WEF were remedied firstly by infusing the emergent themes from the literature review in the analysis. A second remedy is the recognition of the need for effective and strong management and financial controls, and the enforcement of strict compliance within prudential guidelines. The utilisation of such tools provided an enabling environment to embed organisational resilience and boost enterprise development at the same time.

This should not be left to management and the board of the MFBs alone. CBN and NDIC must play a pivotal role through regular inspection and monitoring visits and incentivising whistle blowing. Further remedy in discussing the findings of my research, was to bring the key issue of the behaviour of the human elements, particularly in orchestrating the failure of MFBs through fraudulent practices, poor corporate governance, deliberate falsification of bank records of income and expenditure, deliberate fund diversion by collection clerks and moral hazards in credit administration, into discussion. Such human elements also include behaviour in accessing loans with no intention to pay them back and even outright pilferage and exploiting information asymmetry. Both character traits and circumstances are involved, whereby character is related to the values and lifestyles of key stakeholders and circumstances are related to incompetent and corrupt regulatory officials. The implication of this development in MFBs is the level of risk associated with NPLs, and consequent PAR beyond regulatory thresholds. The consequences are undesirable outcomes associated with failing and faltering MFBs. Similar to MFB dilemma was the collapse of Skye Bank (Vanguard, 2018), which was traced primarily to NPLs, which was linked with agency dysfunctionality and poor shareholdership management in that bank. The directors and senior managers fraudulently fiddled with the book-keeping and were involved in direct pilferage of bank funds, due to docility in institutional oversight. It was not until the government decided to withdraw its public funds from the bank and domicile these in the CBN that a major gap was identified in the finances of the bank. On examination, CBN found that US$295m (₦89.4b) could be traced to the account of the chairman of the board of directors and another US$96m (₦29b) was written off as bad debt. This amount was also traced to his personal account. Similarly, US$6.8m was allegedly taken by the same chairman for “personal expenses” in breach of regulatory guidelines.

These are not small numbers, particularly in a country where about 60% of its people live below the poverty line. On top of this, the father of one of the directors was alleged to have accessed a credit of US$633m (₦191b) with no intention to repay. Another senior manager took US$364m (₦110b) ostensibly to invest in oil and gas, without the supporting collateral. The alleged fraudulence of the chairman somewhat contributed to poor governance practices which resulted in his turning a blind eye when other managers were helping themselves to the bank funds. Oceanic bank and Afribank suffered a similar fate some ten years earlier. These have been associated with the behaviours, motives and lifestyles of the promoters and senior managers of the banks, which WEF could not sufficiently explain. But they could be explained through institutional stakeholder theories and agency. Lack of proper monitoring and enforcement institutions allow some of the stakeholders to game the system to gain advantage over other stakeholders; governance that should help in moderating the interests of stakeholders failed to do so with the connivance of fraudulent directors. More recently (December, 2018), Access Bank bought over Diamond Bank, due to its under-capitalisation. Anecdotes indicate that the CEO fraudulently enriched himself by diverting huge sums from the bank along with other directors, coupled with financial mismanagement. Fraudulence and theft cut across the entire banking industry, and this was not limited to MFBs. The intensity could be linked to lack of or inadequate internal and external institutions to monitor and enforce control regimes and manage risks. However, the idea of stakeholder fraudulence as a prism to mirror and explain bank failures in general and MFBs in particular can be challenged on the basis that if proper monitoring and management control systems were in place, theft and the diversion of funds in MFBs could be minimised. The implication is that MFBs’ failures would be averted. However, that argument ignores the position that financial and management controls are overseen by the board and senior managers of the MFBs. Since management and directors are at the forefront of diverting MFBs‟ funds, they failed to implement rigorous controls and monitor programmes. These actions could have been on purpose and managerial conspiracy to defraud.

When MFBs fail, the brunt of the burden is borne by the very poor and vulnerable people who they were set up to elevate from poverty. The poor save with MFBs for „a rainy day, also as collateral to access credit. MFBs also benefit the poor through social capital, particularly for those who have formed groups that mutually support each other. Research suggests that the "single most powerful predictor of human resilience is interpersonal support" is social equity(George, 2011:2). However, when MFBs fail, the poor lose three things: their life savings, access to credit and access to social capital that comes from a sense of community and interpersonal support when the bank was alive. This explains why, despite the fact that rate of failure among MFBs is not higher than any other business; its impact is more devastating on the poor in a country that contains some of the poorest people in the world. That is why this study is particularly important. It can be argued that minimising failure in MFBs helps the poor more than any other socio-economic group, or indeed any other stakeholder. Consequently, the resilience of MFBs is very beneficial to the economy because it benefits the poor and their micro-enterprises and consequently their ability to consume, which fuels economic growth. Micro, small and medium enterprises constitute over 50% of Nigeria's GDP.

4.0. Alignment of Findings with Literature and Emergent Themes:

This section is an attempt at aligning the literature, findings and research contribution in a way to complement earlier frameworks for discussing the findings. This is intended to extract more insights from the research outcome.

MFBs are very challenged in meeting their primary purpose of inclusive banking for the poorer people in the world, and in particular, Lagos state of Nigeria. The Andhra Pradesh MFI crisis in India was discussed as it offers lessons for the Nigerian MFBs' resilience narrative, particularly with 40% of MFBs failing in Nigeria in the last 13 years. Mission drift was discussed since it has become a challenge to MFBs in their attempts to meet both social and commercial goals at the same time. And that meeting both goals simultaneously was important for financial sustainability, organisational resilience (OR) and most importantly serving the purpose of financial inclusiveness of the poorer people and their micro- enterprises.

The second emergent theme in organisational resilience literature is about the capacity to employ either or both proactive and reactive measures to stay alive when confronted by adversity or shock. The recent thinking on organisational resilience canvassed by Denyer (2017) on intersecting progressivity and defensiveness when adversity strikes an organisation is particularly relevant to discuss the findings.

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The third theme that emerged from the literature is the role of stakeholders and regulatory institutions and practices in the lives of MFBs. This was deepened by exploring the stakeholdership versus shareholdership debate in corporate governance, and how this informs, and is informed by the pursuit of long term purpose/goal of the organisation. In drilling down the literature review, the issues of stakeholder/shareholder interests and behaviour were mirrored against MFB organisational practices and organs to monitor and implement risk mitigation processes.

The fourth emergent theme has to do with institutions and institutional theory, as well as neo-institutionalism, and how they frame organisational narrative, particularly as it relates to sustainability, outreach and resilience. Institutions internal and external to MFBs were identified, particularly in respect to operational and regulatory issues. The activities of institutions and practices within each MFB including governance were viewed critically.

Furthermore, the literary study discussed institutions like CBN and NDIC and explored how they play a significant role in MFB resilience. Neo institutionalism and what contribution it makes to MFBs' organisational resilience was also identified among emergent themes.

The fifth emergent theme was organisational business model, and how the choices and decisions about it could make or mar the organisation. Key here are lending models, interest rates, governance practices, foreign exchange hedging, harvesting and micro insurance.

The sixth theme is related to organisational culture, and the circumstances in which communal culture builds resilience into the organisation and mercenary culture destroys resilience. Additionally, the five components of organisational resilience espoused in WEF (Riskviews, 2013) were reviewed, showing their strengths and limitations. In terms of dealing with the limitations, the presence or absence of management control systems and compliance with prudential guidelines were seen as key. Also instrumental is sound governance. The discourse is critical to understand and explain how and why 69% of MFBs survived while 31% failed in Lagos in the last nine years.

It was observed that some of the themes in the literature found some similarity and convergence among the findings. Furthermore, critical incidents in the lives of MFBs and their key promoters indicated that some of such incidents, how they were perceived and consequent reaction, contributed to the death of MFBs, while some MFBs were strengthened by them.

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These appeared to be linked to the human motivation and behaviour in the literature. Taking this further, ambidexterity, including dynamic capabilities, which build organisational capacity not only help MFB to prosper, but also to withstand shock and adverse circumstances; and can be linked to the resourcefulness, robustness and redundancy in WEF (Riskview, 2013). After all, such capabilities could provide the back-up systems and resources that the MFBs can draw upon during shock.

Institutions designed to enforce CBN regulatory and prudential guidelines, guided internal decision making in MFBs and how resourceful came to help to mitigate risks. There was a broad consensus that monitoring and performance management and managing by measures could help in building a healthy organisational practice. Such practices were perceived to impact organisational performance.

Another issue is that MD is avoidable and that meeting both commercial and social goals are important to financial and operational sustainability; which is critical for organisational resilience. And that the pursuit of the interests of key players, owners and senior managers/leaders of MFBs at the same time impacts the organisational capacity to overcome adversity, this is also intersecting with governance theory and robustness component of WEF.

The issue of Fraud is a big one. This implicated corruption, embezzlement, misappropriation and deliberate mismanagement of organisational funds. This theme suggested a serious need for significant improvement in corporate governance and strict implementation of control measures as fundamental in resolving MFB resilience challenge.

Another issue has to do with organisational preparedness for adversity, which most MFBs in Nigeria, could ill afford due to their smallness in size and weak capital base. Both proactive and reactive measures, developed by each organisation, seemed inadequate to protect many of the failed MFBs. This was partly due to lack of robustness. But in many cases there was no preparation at all for any eventuality.

Organisational preparedness feeds into a broader theme of business model, which was identified earlier in this paper. An example is the choice of interest rate and the adopted approach in credit administration, whether group driven or individual in nature, playing a role in how organisations survive or succeed. Andhra Pradesh crisis is key in appreciating this

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emergent theme. The convergence of themes is more observed in resilience outcomes than in the operation of MFBs.

5.0. Summary and Conclusion:

This paper discussed the findings in my research into organisational resilience in Micro-Finance banks, using relevant lenses and tools in the process. In particular, the WEF five components of resilience (Riskviews, 2013) were useful, although not adequate, for explaining and evaluating MFB responses to adversity. Although WEF can be argued to be rooted in a resource-based view of the firm and resonates with stakeholder theory, agency and institutional theory, the differences in emphasis suggested that directly employing those theories could assist in making the discussion richer and more robust.

Consequently, the limitation of WEF has been remedied by integrating and infusing the main emergent themes from the literature, in discussing the findings, as well as establishing the point of management and internal control as variables within the analysis. Core stakeholders' fraudulent behaviour and their activities have been identified as a critical underlying variable in the narrative of delinquency in MFBs in Nigeria. Management and financial control, when backed up by strict regulatory oversight and enforceable legal/contractual frameworks could make a difference to the resilience narrative.

For instance, where redundancy exists as a further layer of management and internal control, fraudulent activities can be minimised, particularly with strict observance of Prudential Guidelines as absolute minimum. This discussion may have benefited more from using institutional intensity for mirroring the findings. Also, resourcefulness as key to energise the organisation to be inventive, innovate and/or improvise to overcome adversity could also benefit from a more extensive deployment of the stakeholder theory and agency. Similarly, robustness provides capital fall back options when Non Performing Loans (NPLs) threaten MFBs‟ organisational resilience. Contingency planning is key here. Additional point to note is that the failure of Micro-Finance Banks, globally, and in particular in Nigeria, could not be identified with a single cause. And that a combination of causes might be a more appropriate and sensible approach, in addressing the challenge of failure in MFBs in practical terms. This way, a holistic theory can be developed as a recipe for MFBs' resilience in the face of adversity.

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Finally, by bringing theoretical background, findings and aligned contributions together, deepened the discussion and extraction of insights to make contribution to knowledge and practice.

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