

**Strategies into Actions: Finding Gaps between Expected and Actual Outcomes of Microfinance****Aisha Ismail**Lecturer, Department of Management Sciences, Virtual University of Pakistan
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Abstract

This study aims to investigate an unexplored dimension of microfinance industry in Pakistan by analysing the social performance of Microfinance Providers (MFPs) in terms of finding the gaps between stated and actual outcomes. The study employs qualitative content analysis, to explore the vision and mission of 27 MFPs (Microfinance institutions and Microfinance banks) and success stories of microfinance borrowers published on the official websites of MFPs. The results of content analysis reveals financial inclusion, social and economic development, poverty alleviation, and empowerment as prominent themes stated in the strategic statements. The major findings of the study suggest that vision and mission statements are aligned in stating the expected outcomes of microfinance, whereas, few gaps between actual and expected outcomes are reported in terms of their focus. Among various themes; MFPs have focused financial inclusion and empowerment the most, while borrowers' success stories highlighted the business expansion and improved living standard as the prominent outcomes of microfinance.

Key words: Social Performance, Vision statement, Mission statement, Impact of microfinance, Content analysis, Social Mission

1. Introduction

Microfinance is about providing financial services to the poor and unbanked population of economy that has no formal access to traditional financial institutions (Armendáriz & Morduch, 2010; CGAP, 2003; Ledgerwood, Earne, & Nelson, 2013). The availability of financing services for the marginalized base of population has gained popularity because of its huge potential to serve the larger base of poor people (Khan, 2014). Hence, the ability of microfinance to cater the needs of poor and unbanked people acts as a catalyst for financial inclusion (Shankar, 2013). Therefore, the targets of financial inclusion cannot be met without an active role of microfinance institutions and in this effort, microfinance institutions are striving hard to get desired outcomes (Barman, Mathur, & Kalra, 2009; Singh & Yadav, 2012). These efforts of microfinance institutions need a clear direction and continuous feedback for a visible impact in the form of economic and social outcomes (Shetty, 2008). Although microfinance sector is getting mature and have witnessed a rapid growth during last few decades but with the expansion and increasing number of



institutions, the problems are also arising and mission drift is one of them (Gutiérrez-Nieto & Serrano-Cinca, 2019; Quayes, 2020). Microfinance institutions are criticized for being deviating from their prime goal of reaching out the poor and becoming more commercial and profit oriented (Quayes, 2020).

Mission drift has been studied in the literature with two standpoints; first is to analyse the deviation of Microfinance Providers (MFPs) from their goal of poverty alleviation and second is based on a bottom up approach of analysing the strategic statements of the MFPs. The second approach is relatively new and can highlight the actual walk (the social performance) of MFPs by examining their strategic statements (Mersland, Nyarko, & Szafarz, 2019). This bottom up approach of analysing mission drift inquires and compares the advertised strategic statements of MFPs with the social performance. The performance of social enterprises is measured in terms of input, output, and outcomes, and impact (Bagnoli & Megali, 2011), and the accomplishment of objectives stated in mission statements (Mersland et al., 2019). Similarly, being an example of social enterprise, MFPs should also be judged for achieving the objectives mentioned in their strategic statements (Mersland et al., 2019). Moreover, these objectives are said to be achieved by MFPs if its impact is visible in economic and social lives of the target group. Therefore, strategic statements like vision and mission are also an important area of research to evaluate the performance of the organizations (Berbegal-Mirabent, Mas-Machuca, & Guix, 2019). The analysis of company's strategic statements (Vision and Mission) is significant because target segment, customer focus and offerings of a company are reflected in these statements (Kapoor & Sinha, 2013). Hence, it is also critical to know what are the social goals of MFPs and then to analyse whether these goals are actually achieved or not. Moreover, clearly stated vision and mission helps in achieving the objectives for stakeholders and these statements can be analysed to know whether MFPs are complying with their own social mission stated in the statements (Mersland et al., 2019). This compliance can be identified through impact of microfinance on clients and the society as whole.

Microfinance has multiplier effect in an economy; providing funds to poor people is not limited to improvement of their lives rather it has a great impact on society and economy as whole (Hassan & Islam, 2019; Shetty, 2008). Although, MFPs are more concerned towards financial sustainability but the donors, practitioners, investors and other stakeholders are anxious about social performance along with financial indicators (Beisland, Djan, Mersland, & Randøy, 2020). Social performance means how well social objectives of microfinance are achieved (Bibi, Balli, Matthews, & Tripe, 2018). Therefore, MFPs are at risk of mission drift if significantly deviate from their stated social objectives stated in the vision and mission statement whereas, if they remain loyal to their stated social mission(s) they are not be justifiably criticized for mission drift. This line of thought highlights the significance of analysing whether or not MFPs are complying with their social missions by comparing it with outcome and impact (indicators of social performance) of microfinance. Furthermore, this compliance of social mission with the social performance is more crucial for the growing markets of microfinance because they have large population at bottom presenting a huge market for MFPs to work with prime goal of microfinance. For such emerging markets of microfinance; the mission drift can affect the sustainable financial services for the poorest of the poor (Casselmann & Sama, 2013) and it can be difficult for MFPs of such economies to cater the huge base at bottom of Pyramid.

Being an emerging market; microfinance sector in Pakistan is fast growing and has been rated among the best in the world in terms of its policy and business



environment and termed as a “laboratory of innovation” by Consultative Group to Assist the Poor (CGAP). Currently, microfinance industry stands over 7 million active borrowers growing at rate of 32.5% per year and market estimates show a 70% of untapped potential in microfinance market (Jassim, Qureshi, & Faiq, 2019). Although Government and other players of microfinance industry are working hard to reach this large potential base of poor people but still the gap is wide. This wide gap between supply and demand of microfinance shows that microfinance industry is far from its goals and set targets, hence, unable to significantly contribute towards the financial inclusion strategy of Pakistan. The question remains that with such an enabling environment and extensive, sustained support from donors, why is the sector unable to grow and achieve the scale necessary to have a comprehensive impact? (Ahmed & Basharat, 2015). Researchers have tried to answer this question by analysing both financial and social performance in terms of its outreach, number of active borrowers, market size, loan portfolio, women percentage in portfolio, rural lending percentage, and many other quantitative and qualitative measures but still there is need to analyze whether the target set by policy makers and central authorities have been translated into the strategies of microfinance providers or not? It is also significant to analyse the vision and mission of microfinance providers to identify how well they are formulating their strategies and are these strategies successful in achieving the targets that are translated into the impact on microfinance borrowers.

The current study aims to explore social performance using both supply side (microfinance providers’ end) and demand side (borrowers’ end) of microfinance in Pakistan. Social performance is an indication of how well MFPs¹ meet the social goals outlined in its mission and vision. Therefore, it is analysed in terms of stated outcomes (derived from vision and mission of microfinance providers) and the actual outcomes (economic, social and personal outcomes derived from success stories of borrowers). This analysis is critical in gauging mission drift of MFPs, whether social objectives stated in the vision and mission statements are reflected in the actual outcomes i.e. the impact on borrowers identified through success stories of various borrowers. The findings of the study are helpful for microfinance providers to join their hands with poor people in their struggle to overcome poverty through identification of areas of their preference rather than just focusing on their own expected vision and mission. It is also significant to dig out points of differences between visions and mission of microfinance providers to know where they need to revise their vision for the alignment of whole industry and to peruse the social objectives of microfinance. Policy makers of microfinance industry can also use the findings to identify whether microfinance providers are following the central proposition of microfinance in Pakistan or not and to device the policy accordingly.

1.1 Objectives

The main objectives of the study are:

- To identify the expected and actual outcomes of microfinance by analysing the supply and demand side of the microfinance in Pakistan
- To figure out differences in the expected and actual outcomes of microfinance

¹Globally, Microfinance Providers are termed as Microfinance Institutions (MFIs) and cover both Microfinance Banks and Non-Banking Financial Companies but in Pakistan, PMN (Pakistan Microfinance Network) has used the term Microfinance Providers (MFPs) that consists of Microfinance Banks, Microfinance Institutions and Rural Support Programs. Therefore, in this Study the term MFPs has been used for MFIs interchangeably.



Rest of the paper includes literature review, methodology, analysis and discussions and finally conclusion is drawn on the basis of analysis.

2. Literature review

Microfinance is not only considered as a powerful economic tool to eradicate poverty but also as a mean to peruse the social mission that is related to how the lives of the poor are improved through financial services (Hassan & Islam, 2019; Khavul, 2010). Most of the MFPs are operating with a social mission and delivering certain social objectives. The financial access to poor can positively contribute towards improvement of their economic and social conditions and can create a spill over effect on their lives. Therefore, being an effective tool of poverty reduction, microfinance industry has experienced a mushroom growth (Hermes & Lensink, 2011). The growth of the microfinance industry has not come without criticism and problems (do.); the concern about mission drift remained on the top and led to an increased focus of reporting the financial as well as social performance of MFPs (Beisland et al., 2020; Casselman, Sama, & Stefanidis, 2015; Hermes & Hudon, 2018; Mader & Sabrow, 2019).

Furthermore, the focus shifted towards analysis of social mission of MFPs because when institutions deviate from their social mission they experience a mission drift (Beisland, D'Espallier, & Mersland, 2019; Hermes & Hudon, 2018). Hence, stakeholders felt the need to add social performance measures for performance evaluation of microfinance in addition to the financial performance. This new performance criterion raised many questions for the practitioners; some of them are, whether microfinance really contributes to improving the well-being of the poor. Should the focus be on social performance (outreach to poor) with the available financial sources? Or should they focus on financial performance (Generating the returns) at a certain level of outreach? (Hermes & Hudon, 2018). MFPs have tried to answer these questions by using a mix of both types of performance measures (Financial and Social). Financial performance measures are well established while there is still a debate on best measure for social performance.

Literature has provided an evidence of increasing research in the area of social performance of MFPs focusing different financial proxies, content analysis of mission statements, social performance indicators tool 42, and social performance rating score (Beisland et al., 2020; Bibi et al., 2018; Casselman et al., 2015; Cervelló-Royo, Guijarro, & Martínez-Gómez, 2019; Hermes & Hudon, 2018; Lam, Zhang, Ang, & Jacob, 2020; Mersland et al., 2019). All these studies have analysed social performance by taking either quantitative measures (depth and breadth measures) or the content analysis of mission statements and compared it with the quantitative measures but social goals stated in strategic statements of MFPs have not been compared with the actual outcome at client side. Casselman et al. (2015), defined Social performance as “The translation of mission into practice, in line with accepted social values”. Hence, vision and mission statements are significant to explore social goals and to evaluate social performance using a qualitative measure of exploring the impact on borrowers. The qualitative dimension of outreach (central measure of social performance) is still to be explored. Although its qualitative aspect has been added in the social performance scores (Beisland et al., 2020), and social performance ratings (Clark & Sinha, 2013), but again these are with quantitative proxies.

² CERISE SPI4 is a social performance audit tool to help financial service providers achieve their social mission



In a recent research of (Mersland et al., 2019), social performance of microfinance is analysed through mission statements; the researcher used content analysis of mission statements and compared with actual outcomes of social performance measured quantitatively. Whereas, the qualitative outreach i.e. impact on lives of borrowers gauged through improved living standards, education level, empowerment, income level, sense of recognition and many more are still to be addressed. Moreover, the qualitative outreach of microfinance (such as education and guidance of MFPs' clients etc.) has a positively affect the economic and financial system development as well as the social change (Lopatta, Tchikov, Jaeschke, & Lodhia, 2017). Therefore, it is important to analyse the strategic statements to identify whether or not MFPs have stated this qualitative outreach goals in their vision and mission because MFPs craft their mission statements to reflect what they consider important principles to guide their actions (Peyrefitte & David, 2006).

Vision and mission statements are main elements of strategic planning for the organizations. Organizational objectives, long term and short term plans, future perspectives and present concerns are communicated to all stakeholders through these statements. Vision statement refers to the statement of company's long term objectives (Cowley & Domb, 2012), a way forward, reflecting the ideal image and brand promises (Kantabutra & Avery, 2010). It expresses what organization wants to accomplish, the guiding philosophy regarding purpose (Castro & Lohmann, 2014; Ozdem, 2011) and core beliefs of the organizations that acts as an inspiration for the stakeholders (Cowley & Domb, 2012). Another important strategic element is mission statement; it refers to statement of shared values and beliefs the reason of existence for an organization, a guiding principle for strategic formulation (Bart Baetz, 1998). Mission statement helps the organizations to attain its goals and to express its strategies (Kantabutra & Avery, 2010) (Kantabutra & Avery, 2010). It differentiates organization from others by defining specific purpose of the organizational existence and acts as communication tool for strategic planning (Castro & Lohmann, 2014). Precisely, vision and mission statement drives the organizational processes and outcome including strategies (Bartkus & Glassman, 2008), financial and social performance (Cortés-Sánchez & Rivera, 2019; Dharmadasa, Maduraapeurma, & Herath, 2012; Mersland et al., 2019), Stakeholders' interest management (Bartkus & Glassman, 2008; Roberts, 2013), and identity (Stallworth Williams, 2008). A well drafted and powerful vision statement resonates (Kantabutra & Avery, 2010) and its resonance should be reflected into actual outcomes.

Similar to all sectors, the presence of a well prepared vision and mission statement is critical for microfinance sector where many financial goals are reflected through these strategic statements. While meeting the wide array of financial and non-financial objectives, microfinance vision and mission statements need to be clear and powerful to be reflected in the success stories of its borrowers. These objectives are said to be achieved if there is improvement in economic and social lives of the borrowers (Kireti & Sakwa, 2014), if there is gap between the outcomes at borrowers' end and at microfinance providers' end it means institutions are not rightly practicing their vision, mission and core values.

Literature has provided mixed result regarding studies on economic and social impact of microfinance, some have provided the evidence of positive impact (Afrane, 2002; Copestake, Bhalotra, & Johnson, 2001; Hietalahti & Linden, 2006; Hulme & Mosley, 1996; Khandker, 2005; Samer, Majid, Rizal, Muhamad, & Rashid, 2015; Zaman, 1999) while others stated the negative its negative impact (Bateman, 2010; Bateman



& Chang, 2009; Copestake et al., 2001; Rogaly, 1996). Most of these studies have either focused the demand side of microfinance to analyse its impact in terms of income level, household assets, improved living standard, education and health facilities, empowerment, growth of business, savings, expansion in business, financial inclusion or the supply side to analyse number of active borrowers, loan disbursement, number of branches and non-performing loans (Hassan & Islam, 2019; Hermes & Lensink, 2011; Khan, 2014; Kireti & Sakwa, 2014; Zaidi, 2017). Whereas, to better understand the impact of micro-financing in true sense, there is a need to look deeper using sharper tools (Khavul, 2010).

Social performance is not just about measuring the social objectives and its outcomes but it is also about the actions and corrective measures taken by MFPs to generate those outcomes. Therefore, gaps identification between expected outcomes (Social mission stated in Vision and mission statements of MFPs) and the actual outcomes (social and economic impact on lives of borrowers) requires room for investigation. This study has tried to fill this gap in research on social performance by examining the strategic statements (Vision and Mission) and actual outcome (Success stories of clients) and then compared the two to identify whether the social goals stated in vision and mission are actually reflected in clients' stories or not.

3. Methodology:

The study aims to identify the expected and actual outcomes of microfinance with two perspectives. First stated or expected outcomes of microfinance has been analysed using supply side of microfinance industry i.e. Microfinance Providers (MFPs) by using their vision, and mission stated on their official websites. In Pakistan, MFPs are mainly categorized as Microfinance Banks (MFBs), Microfinance Institutions (MFIs) and Rural Support Programs (RSPs). This study has taken 11 MFBs and 24 MFIs that are registered with Pakistan Microfinance Network (PMN). Rural support programs have been excluded from the analysis because these are concerned with microfinance projects for community as whole rather than focusing on individual borrowers. The study has included only those MFPs for which information about vision, mission and success stories of borrowers is available on their official websites; almost all MFPs have vision and mission but some have been excluded for not having any success story published on website. The sample includes MFPs with at least 2 success stories. After applying this criterion, a sample of 27 microfinance providers has been finalized and a total of 138 success stories have been included in content analysis

The study has used qualitative approach i.e. content analysis as an appropriate technique considering the objectives of the study. Krippendorff (2018), defined the content analysis as a research technique that is used to develop reproducible and valid contextual inferences from texts (or other objects). It is a process of classification of textual material into meaningful and manageable bits of data by reducing data to relevant content categories (Weber, 1990). It is a set of procedures to make inferences from text. These inferences are about the sender of the message through text or the audience of the message (Schreier, 2012). Qualitative content analysis is useful in decrypting the manifest content, close to the text, as well as interpretations of the latent content, distant from the text but still close to the participants' lived experiences (Graneheim, Lindgren, & Lundman, 2017), but it also having issues of flexibility and over trustworthiness (Kohlbacher, 2006; Weber, 1990). Despite all these challenges; a major strength of qualitative approach is the depth to which explorations are conducted and descriptions are written, usually resulting in sufficient details for the



reader to grasp the idiosyncrasies of the situation (Myers, 2000). Similarly, content analysis allows the researcher to distil words into fewer manageable content-related categories to make textual data more understandable; therefore, this approach becomes preferable in situations where interpretation of textual data is a prime objective.

Using Nvivo Plus software, textual form of vision, mission and success stories has been analysed to identify the themes. In first step deductive approach of qualitative content analysis has been used to explore the themes; in a deductive approach the themes and categories are identified from literature and then connected with the text (Kohlbacher, 2006). Main themes have been identified through literature (Armendáriz & Morduch, 2010; Gutiérrez-Nieto & Serrano-Cinca, 2019; Mersland et al., 2019), and then more themes and sub-themes emerged as the analysis proceed. Through a repetitive process of reading text of Vision, mission and success stories; themes have been finalized and grouped under certain categories. Furthermore, in the coding process; the text of sample data has been classified into themes and sub-themes based on coding scheme (each code has a different characteristic of interest according to the research objective) to extract standard and uniform information. After classifying the whole text, the most stated themes have been identified through word cloud, hierarchy chart and project maps. Finally, interpretation of identified themes, frequency of occurrence (categorized as most preferred and least preferred through hierarchy chart) has been done to compare expected and actual outcomes.

4. Analysis and Discussion

This section includes main themes, word cloud and hierarchy chart of mission, vision and success stories; the themes have been interpreted and then compared to find the alignment of expected outcomes with actual outcome.

4.1 The expected outcomes of Microfinance (At microfinance providers' End)

The expected outcomes have been derived from exploration of main themes of vision and mission of microfinance providers available in the form of text on their official websites.

4.1.1 Analysis of Vision and Mission Statements

Microfinance providers in Pakistan are mainly focussing financial inclusion, SME financing, job creation, becoming market leaders in providing finances to underserved segment, empowering people, proving en environment that helps them in business activities, social and economic development, poverty alleviation, improved living standards for people, strengthening local business by proving loans for small businesses, providing then solutions for their business issues and introducing innovation and exclusive financial products for the poor people. Among these identified themes, the major areas of focus include financial inclusion, financing low income group (bottom of economic pyramid), empowerment and social and economic development. Following the value proposition of microfinance, microfinance providers in Pakistan are rightly setting their vision to reach unbanked, marginalized, underserved people of economy through financing the low income group. Their focus is to empower the poor people and SMEs by providing them financing to start, expand or renew their business activities that will lead towards social and economic empowerment. Some of the vision stamens depicting expected outcomes are as follows:



- “We aim to achieve Sustainable economic development and social empowerment for all”
- “Our vision is to promote socio-economic empowerment”
- “A desire for financial inclusion by banking the un-banked”

Content analysis of Vision statements of microfinance providers have resulted into themes represented in figure 1.

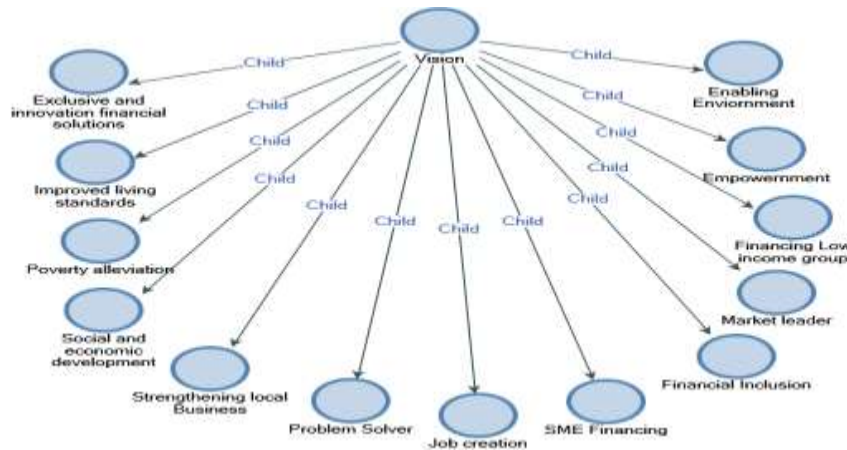


Figure 1: Expected outcomes of microfinance depicted through Vision statements

Literature also supports the vision of microfinance provider as a major source of credit to lower-income individuals (national financial inclusion strategy 2020). These main themes identified in the graphical form are validated through word frequency query that results into word cloud showing the prominent areas of whole content under analysis. The word cloud (figure 2) of vision statements of microfinance providers is also indication financial inclusion, empowerment, social and economic development and financial services as major area of focus.



Figure 2: Word cloud-Vision Statements

The other element considered to analyse the expected outcomes of microfinance industry is “Mission Statement” of microfinance providers in Pakistan. Mission statement indicates the overall goal of any organization; the purpose why an organization exists. The content analysis has resulted into identification of main themes in mission statements of microfinance providers. The key areas covered in mission statements include poverty reduction, sustainable microfinance and income generating sources, women empowerment, training, professional advice, disaster handling, extended outreach, financing to unbanked population, asset expansion of borrowers, job creating activities, building linkages among society (development of social capital), financing for SME sector, resource mobilization, tailored financing products, resource optimization, improved living standard, future growth initiatives and long term interest of all stakeholders. These main themes show the long term objectives of microfinance providers that they are aiming to have sustainable microfinance while considering interest of all stakeholders. Figure 3 shows the main themes derived from content analysis of mission statements.

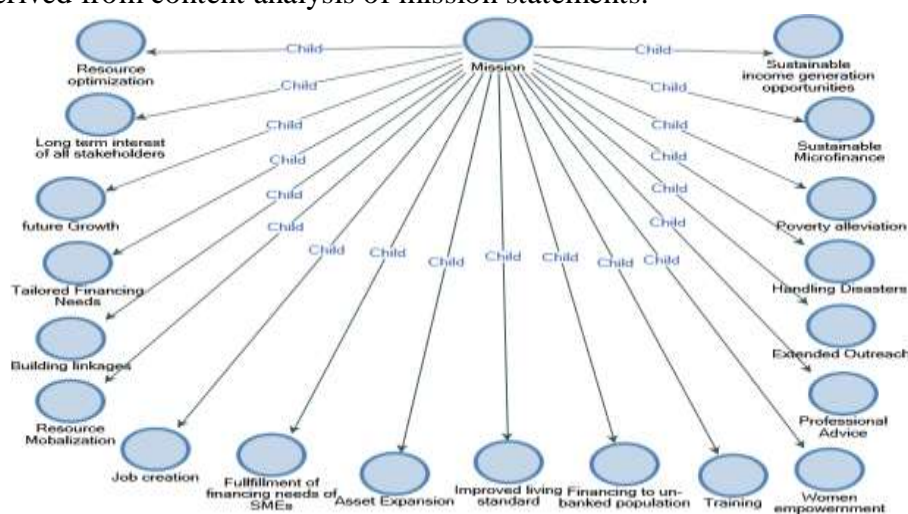


Figure 3: Expected Outcomes of Microfinance derived from Mission Statements

These key themes identified in figure 3 are also evident from their mission statements listed below:

- *“To enable low-income individuals and communities to invest in their futures”*
- *“To provide the unbanked of the world with instant access to relevant, convenient and affordable financial services”*
- *“To provide financial services, capacity building and developing market linkages for them to sustain their businesses and to improve their living standards”*
- *“Our mission is to empower people and communities in situations of poverty, illiteracy, disease and social injustice”*



Figure 4: Word cloud

Mission statements

Among main themes, women empowerment, improved standard of living, banking the un-banked, sustainability of microfinance, poverty reduction, future growth and financing needs for SMEs are prominent in the mission statements of microfinance providers. The identified themes are evident in the figure 4.

Further, Hierarchy chart has been derived to identify the areas that were under more focus in the vision and mission statements of the microfinance industry. Table 1 represents the most preferred and least preferred themes identified for vision and mission statements. It is identified from the hierarchy chart that financial inclusion, social and economic development, empowerment, financing the low income group and desire to become market leader are the main themes that have been stated in vision statements of most of the microfinance providers. However, among mission statements asset expansion, handling disasters, job creation, resource mobilization, professional advice and training, tailored financing products and stakeholders’ long-term interest are identified as least preferred themes. Hence, all three analysis tools used in the content analysis are providing similar expected outcomes derived from vision and mission statements of microfinance providers.

	Expected Outcomes of Microfinance- supply side	
	Vision	Mission
Most preferred themes	Financial inclusion	Financing un-banked population
	Social and economic development	Sustainable microfinance
	Empowerment	Poverty alleviation
	Financing low income group	Financing needs of SMEs
	Market leader	Empowerment
Least preferred themes	Job creation	Asset expansion
	Strengthen the local business	Handling disasters
	Problem solving	Job creation
		Resource mobilization
		Professional advice and training
		Tailored financing products
	Stakeholders’ long term interest	

Table 1: Hierarchy chart summary of Vision and Mission statements of Microfinance Providers

4.2 Actual outcomes of Microfinance (At Borrowers' End)

This is very important to analyze the actual outcomes of microfinance that are explored at borrower's end by exploring the success stories of microfinance customers. The impact of microfinance in the form of actual outcomes has been grouped into two categories i.e. 'economic outcomes' and 'social and personal outcomes'. Economic outcomes indicate how microfinance is beneficial for the economy in long term; contributing through employment opportunities, business start-up facilities, business expansion, training and development, financial inclusion, working capital needs, community facilitation and asset purchase. Social and personal outcomes highlight the impact of microfinance on the society as whole and specifically on borrowers. Moreover, it helps in identifying the gaps and the areas that need improvement at institutional levels. The social and personal outcomes are derived through content analysis of borrowers' success stories. According to the analysis improved living standards, recognition, social capital formation, self-respect, empowerment, skill development, better health and education facilities and availability of Islamic microfinance are the prominent themes. Figure 5 indicates the actual outcomes of microfinance stated by the borrowers of microfinance.

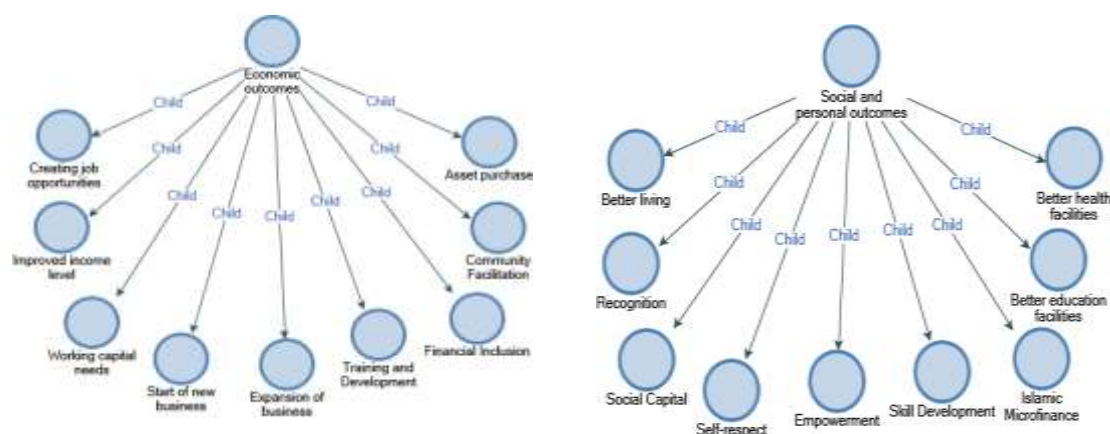


Figure 5: 'Economic' and 'social and personal outcomes' of Microfinance

Among the explored actual outcomes of microfinance, the word cloud of economic outcomes shows the presence of some prominent themes. Figure 6 shows that financial inclusion, business expansion, improved income level, start of new business, creating job opportunities and fulfilment of working capital needs of businesses are the prominent outcomes of microfinance. Same themes are evident in the following success stories of borrowers:

- *“She has trained more than 1500 women in sewing skills, enabling them of a chance at an income generating activity.”*
- *“Microfinance industry on the whole is actively working on the agenda to increase financial inclusion with the aim to support many more aspiring entrepreneurs.”*
- *“The loan product has been designed to cater to micro, SMEs to help them make investments in working capital and small fixed assets that can help them improve their revenues and profitability.”*
- *“Not only has her business helped her overcome her financial condition, but it contributed to her social community by has also generating many employment opportunities in her area for various carpenters and women tailors.”*



Figure 6: Economic Outcomes of Microfinance



Figure 7: Social and Personal Outcomes of Microfinance

Whereas, among different social and personal outcomes of microfinance, better living, recognition, better education facilities, empowerment, creation of social capital and skill development are the key outcomes mentioned in the figure 7.

- *“With effective utilization of loan, he was able to expand his business and improve life for his family”*
- *“Today, she is a successful micro entrepreneur creating employment opportunities for the community and more importantly, she is a source of inspiration for many people to work their way out of poverty”.*
- *“The vocational training centre also provides a platform for the women in the community to gather around and discuss various issues.”*
- *“She has also encouraged many of them to take loans from U Bank in order to grow and sustain their businesses.”*

The content analysis of borrowers’ success stories also includes hierarchy charts to identify the major and minor area for economic, social and personal outcomes. Similar to word cloud and project map of these outcomes, the borrowers’ have reported financial inclusion, expansion of business, business start-up, creating job opportunities, improved income level and asset purchase as major economic outcomes. Whereas, for social and personal outcomes better living, better education, recognition, empowerment and social capital creation are among the prominent outcomes. These key themes are similar to the ones identified through word cloud and project map, hence validating the content analysis of actual outcomes of microfinance. Table 2 is representing hierarchy charts summary of actual outcomes of microfinance.



	Actual Outcomes of Microfinance- Demand side	
	Economic outcomes	Social and Personal Outcomes
Most preferred themes	Business expansion	Better living standard
	Improved income level	Recognition
	Job opportunities	Better educational facilities
	Business start-up	Social capital
	Financial inclusion Asset purchase	Empowerment
Least preferred themes	Community facilitation	Self-respect
	Training and development	Islamic microfinance
	Working capital needs	Health facilities

Table 2: Hierarchy chart summary of economic, social and personal outcomes of Microfinance

5. Conclusion

The study aims to investigate the impact of microfinance in the form of expected and actual outcomes. Two perspectives of analysis have been used in the study to dig out key themes of stated outcomes (expected outcomes of microfinance at microfinance providers’ end) and actual outcomes (at borrowers’ end). Content analysis includes 138 success stories and vision and mission of 27 microfinance providers have been used to explore the key themes. The content analysis of vision statements’ text has identified financial inclusion, social and economic development, empowerment of borrowers and market leaders as prominent among the main themes. It shows microfinance providers in Pakistan are focusing on increased outreach, availability of financial services for the poor, providing tailored products as per needs of the poor, covering more market and improved social and economic conditions of poor people as their vision. These focused areas are very much aligned with the Pakistan’s financial inclusion strategy 2020 that shows the companies’ visions are strategically formulated while considering the needs of the industry and their role in the financial sector of Pakistan. The mission statement analysis also reflected the vision of the microfinance providers.

The analysis revealed that most of companies are focusing on creating income generation sources, job creation activities, resource mobilization, poverty reduction, resource optimization, future growth initiatives and long term interest of all stakeholders in order to achieve economic outcomes of microfinance. Whereas to attain social and personal outcomes, most of the companies have formulated their mission statements by emphasizing the improved living standard, better health and education facilities, increased social network and linkages, skill development, women empowerment, disaster management and asset expansion as their key themes. The outcome of sustainability and market leader is to be achieved through setting goals of increased outreach, tailored and innovative financial products and financing the SME sector. The strategies stated for the outcome of financial inclusion include banking the unbanked population by providing the financing and availability of financial and non-financial services to the low income group of society. Although these themes are part of mission statements of microfinance providers but all are not equally emphasized by the sector as a whole, the most prominent themes among all companies’ vision and



mission statements are financial inclusion, social and economic development and sustainable microfinance. There is a need to focus on other identified themes if microfinance providers want to achieve the goals set for the industry.

Another objective of the study is to analyze whether the expected outcomes (identified through content analysis of vision and mission statements of microfinance providers) are aligned with the actual outcomes. This objective aimed to explore whether MFPs are practicing what they are preaching or whether they walk the same as they talk in their strategic statements. The success stories of microfinance borrowers have been analyzed and two main themes are identified as ‘economic outcomes’ and ‘social and personal outcomes’. The key themes identified under economic outcomes for borrowers are financial inclusion, expansion of business, business start-up, creating job opportunities, improved income level and asset purchase. These economic outcomes are almost similar to the expected outcomes stated in the vision and mission statements, but there is a mismatch in terms of their focus. For microfinance providers the prominent expected outcome is financial inclusion while success stories have revealed that most of the borrowers have managed to start and expand their business and consequently created employment opportunities in their surroundings. The goal of financial inclusion has been achieved through this actual outcome of initiating business by borrowers. However, borrowers emphasised “business” the most, rather than just being part of financial system as they have become regular customers of microfinance institutions/banks. It is also evident that most of the expected outcomes are interrelated and fulfilment of one will lead to the achievement of the other. Therefore, it can be concluded that MFPs in Pakistan and fulfilling their social mission and it is evident in their social performance highlighted in the success stories of borrowers. Although, it is not fully reflected through actual outcomes but MFPs are quite successful in practicing what they preach in their social mission.

Evaluating the borrowers’ success stories under social and personal outcomes lead to emergence of better living, better education, recognition, empowerment and social capital creation as key outcomes. Among these themes, better living and recognition are the prominent ones. These prominent outcomes are similar to the most emphasized expected outcome of improved standard of living (social development) goals. This shows the right alignment of strategies with vision and mission statements as both are resonant in the actual outcomes for borrowers. A mismatch is reported between expected and actual outcome of recognition; it is identified as one of the glaring outcomes for borrowers, while is least stated by microfinance providers in their vision and mission. Based on the identified themes, it can be concluded that microfinance has helped poor and small businesses to expand their businesses and also contributed in improving their living standards. Microfinance providers are successful in attaining the target of increased financial inclusion and poverty reduction through active participation of borrowers in business activities that leads towards income generation and job creation for the community. Furthermore, microfinance has also improved the education and health conditions of borrowers and helped them in creating social capital and networking. There are few gaps between expected and actual outcomes of microfinance that can be covered through proper strategic planning. Future research can be expanded to quantify these identified themes and to find out the relationship between expected and actual outcomes by applying some quantitative measures.



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