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Mission Drift and Sustainability of the Microfinance Institutions: A Methodological Review

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Abstract
Microfinance is the most effective and widely acknowledged method of poverty alleviation across the globe but these days every so and often the Microfinance Institutions (MFIs) are digressing from their primary mission in pretext of financial and operational sustainability of the organizations. This paper explores the methodological structure of the contemporary and widely recognized research works in the sphere of the mission drift and sustainability of MFIs. This is a methodological review study to look into research framework in resolving the research problems systematically to get befitting outcome in the field of the mission drift and sustainability of the MFIs. While methodological reviewing of the research studies, the present study unveils the research works in the field of the mission drift and sustainability of the MFIs that cover all walks of methodological journey i.e. identification of research problems and objectives, rationale and scope of the study, research design, Sources and collection of data, formulation of model or hypothesis, analysis techniques and statistical tools, limitations and further scope of the study. The present study observes that appropriate research methodology may be particularly impactful when the researchers do the best use of methodological practice in the study of the mission drift and sustainability of MFIs.
Keywords: Mission Drift, Sustainability, Microfinance Institutions, Methodological Review.

Introduction

In many years, global poverty has been evolved as a most acute and unresolved matter of question in the history of human civilization over the midst of vast resources (Azevedo, 2019; Soreze, 2010) and microfinance has emerged as one of the most accepted and effective development and anti-poverty tool for providing sustainable economic and social development to the world's poverty traumatized people (Arena, 2007; Beisland, D'Espallier, & Mersland, 2019; Yunus & Weber, 2008). Microfinance is to purvey affordable financial services to the impoverished and low income people for income-producing activities, mobilizing resources, stabilize consumption, build assets, and protect against social and economic risk (Grossman & Tarzai, 2014; Hudon, Labie, & Reichert, 2018). Microfinance Institutions provide small scale financial services, small savings, micro-loans, insurance etc. to support entrepreneurial initiatives of the underprivileged that are left aside by the traditional and mainstream financial institutions (Amin, Qin, Rauf, & Ahmad, 2017; Jha, 2017; Lopatta, Tchikov, Jaeschke, & Lodhia, 2017).

In fact, MFIs are playing an important role in transforming a sustainably developed society by alleviating poverty and that is the ultimate mission of it (Morduch, 1999). Sustainable MFIs are inevitable for sustainable economic development. Not only sustainability of MFIs is significant for the institution itself, but also for the whole economy due to their impact in poverty alleviation (Saad et al., 2018). Without a doubt, sustainable MFIs are prerequisite for sustainable economic development (Kar, 2013; Ochieng & Odondo, 2018; Yunus, 2008). Typically, sustainability of MFIs are recognized as institutions affordability to cover its both financial, operating and financing expenditures from its generated revenues (Rahman & Luo, 2012). Unlike conventional financial institutions, MFIs confront the challenges of providing financial services to the outreach (social performance) while wrapping up their operational costs in order to avoid insolvency (financial performance) (Mersland & Strøm, 2010). Over the last two decades, however, MFIs are oscillating from the poorer to wealthier (Cull, Demirgu¨ ç-Kunt, & Morduch, 2007) and more often deviated from social performance to financial performance (Mersland & Strøm, 2010). So the mission drift of the MFIs is shifting of its paradigm from primary purpose of reaching out to the underprivileged to profit maximization (Dichter & Harper, 2007). MFIs are truly required a balanced tradeoff between their social and financial objectives (Abrar, 2019).

While studying the sustainability and mission drift of Microfinance Institutions, most of the covered studies were found in the areas of conceptualization, reasoning, trade-off position, comparability, and implications of sustainability and mission drift. Very few studies had focused especially on the study of methodological structure of the sustainability and mission drift of Microfinance Institutions. Thus, this endeavor aims to review the patterns of methodological structure of the sustainability and mission drift study of Microfinance Institutions. The methodological discussion and analysis of things help conceptualizing, generalizing, extending and verifying knowledge, contributing to the existing body of knowledge for advancement that, pursuit the truth with the help of study, observation, comparison and experiment in perceiving mission drift and sustainability of MFIs (Mersland & Strøm, 2010; Slesinger & Stephenson, 1930).

Methodological research inculcates scientific and inductive thinking and it promotes the development of logical habits of thinking and organization (Hudson Maxim, 1895). The systematic analysis and methodological discussion always helps better understanding of MFIs social and financial missions, sustainability, outreach and mission drifts (Quayes, 2015). In the case of microfinance sustainability and mission drift study, researchers used different methodologies, approaches, tools and scales to inquiry, measure and compare the facts. As, there are no solid consensus among empirical analysis for examining mission drift it accredit a variety of research methodologies to quantify the magnitude of mission drift (Abeysekera, Oguzoglu, & Le, 2014; Kar, 2013). In this study, we have attempted investigation of methodologies used by the researchers to phenomenon of microfinance sustainability and mission drift that gives well befitting results on it.

Background of the Study

Concept of Microfinance Institution

The modern form of microfinance has been institutionalized in 1970s to provide financial services to the doorsteps of the poor people by Dr. Muhammad Yunus, pioneer of today's modern microfinance industry, with the foundation of Grameen Bank in Bangladesh in the year 1976 (Helms, 2006). In general view, microfinance is a sub-class of financial services directed at individuals and small businesses who lack right of entry to conventional banking and associated services for not having physical collateral (Coleman, 1999; Yaron, 1994; Yunus, 2008). Microfinance is a provision wide range of financial and allied services including small loans, deposits and payment services, money transfers, insurance and leasing services to the impoverished segment of the society who are not financially graduated and least likely to be assisted by the formal and modern credit market (CGAP, 2004; Christen, Rosenberg, & Jayadeva, 2004). Most importantly, MFIs are acting a pivotal role in eradicating poverty, increasing household income, self-empowerment, and building of assets, food security and basic subsistence by safety net such as savings, insurance coverage, and life skills training and entrepreneurial activities (Bank, 2007; Copestake, 2007; Fletschner, 2009; Martinez & McKay, 2011; Yunus & Weber, 2008). As the livelihood of the people of the developing countries is quiet hang on subsistence farming or on fundamental food trade, MFIs are playing significant role in resources mobilization (Armendáriz & Szafarz, 2011; CGAP, 2004; Dieckmann, Speyer, Ebling, & Walter, 2007).

Sustainability of Microfinance Institution

Sustainability is the foundation for the MFIs to alleviate poverty across the globe on continuous basis (Kimando, Kihoro, & Njogu, 2012). Usually, Sustainability of microfinance institution is recognized as institutions affordability to cover its financial, operating and financing expenditures from its generated revenues (Rahman & Luo, 2012). MFIs can be financially and operationally sustainable if the resources are financed to true outreach at an affordable leverage and unescorted uses of donations, subsidies, grants and other concessions (Pissarides et al., 2005; Rao, 2000). When microcredit providers receive gifts and grants, profitability is achievable, but long term sustainability becomes questionable (Bogan, 2012). Dunford (2000) and Guntz (2011) explained the sustainability of MFIs are stated as the achievement of twin aspect mission 1) attaining financial sustainability as well 2) roll out to the maximum number of outreach. The financial sustainability facilitates the MFIs to cover all administrative costs and to highlight the functions to attain missions, without undertaking any conditional negotiations with donors that may or may not support vision or overall cost percentages (Leon, 2001) and operational sustainability refers to MFIs ability to cover expenses from operating profits (Rahman & Mazlan, 2014). Thus, the MFIs need to improve their overall efficacy in terms of management, portfolio quality, and cut down on operating costs if they want to be fully financially and operationally self-sustainable.

Outreach Performance of Microfinance Institution

The social function of MFIs are to disburse credit to the actual poor, therefore, success deeply rely on its outreach performance (Quayes, 2015; Wang & Ran, 2019). The word outreach commonly implies in two dimensions: depth and breadth of outreach (Kaur, 2014). Here, To serve the ultra poor is depth of outreach, but covering the large number of poor people denotes the breadth of outreach (Brau & Woller, 2004; Schreiner, 2002). Outreach performance of MFIs is referred as the capability of an MFI to offer quality financial services to wide range of outreach. The major signs of outreach performance include the number of clients, the percentage of female clients, total value of assets, amount of savings on deposits, value of outstanding loan portfolio, average savings deposits size, average credit size and number of branches etc. The bigger and vibrant width and breadth of outreach towards poorest of the poor help achieving social mission as well as financial mission of the MFIs.

Mission drift in Microfinance Institution

In recent phenomenon of mission drift, MFIs are, gradually, attempting more to cater to customers who are well-off than the targeted poor people. And it is the result of interplay between the social and financial mission of MFIs (Armendáriz, D'Espallier, Hudon, & Szafarz, 2013). Over the time, however, the MFIs have shifted its paradigm from primary purpose of reaching out the underprivileged to profit maximization (Dichter & Harper, 2007). During last two decade, it is evident that MFIs are often deviated from main mission of serving the maximum number of poor clients (Mersland & Strøm, 2010). This deviation from its social mission is commonly known as mission drift (Mia & Lee, 2017; Serrano-Cinca & Gutiérrez-Nieto, 2014). Additionally, Schreiner (2002) argued that mission drift weakens the outreach performance towards the poor. Furthermore, Armendáriz and Szafarz (2011) argued that increase in average loan size relates to mission drift, as it is motivated by the profit-seeking behavior of MFI, reduce average operational cost and increase the profitability.

Tradeoff among sustainability, mission drift and outreach in Microfinance Institution

The main drive of MFIs are towards serving the poorest clients as well as attaining financial self-dependency nevertheless experts, observers, researchers, academia and practitioners are apprehensive about the probable trade-off between these two targets (Kar, 2013). It is apparent that the escalation in the mode towards financial sustainability, the MFIs may deviate them from social goal of reaching maximum poor people, usually this shift is known as mission drift, where MFIs focus on the increase in wealthier clients instead of poor borrowers (Schreiner, 2002; Woller, Dunford, & Woodworth, 1999). Armendáriz and Szafarz (2011) discussed that increase in average loan size states the mission drift in MFIs, as well as it is inspired by the profit-seeking behavior of MFI that reduce average operational cost and increase the profitability. Mersland and Strøm (2010); Christen et al. (2004) analyzed that commercialization, fierce competition, average loan sizes, upmarket trend, ownership and capital structure clearly indicates the sign of mission drift in MFIs.

Microfinance organization leading towards wealthier clients rather target customer, i.e. poor, is committing drift to its mission and weakening outreach (Schreiner, 2002; Woller et al., 1999). Mission drift contributes in increasing average loan size motivated by profit seeking behavior of MFIs and increasing profitability by reducing operational cost (Armendáriz & Szafarz, 2011). Outreach and mission drift are intertwined each other, where the demand of financial sustainability of MFIs and financial inclusion of outreach is unmet, the case of mission drift exists (Schreiner, 2002). Research shows that MFIs covering superior breadth and depth of outreach have no sign of mission drift (Tchakoute-Tchuigoua, 2010). Therefore, true and holistic sustainability can be accomplished by being financially sustainable and attaining maximum outreach that ultimately reduces the possibility of mission drift in MFIs. Thus, the microfinance institutions need to conquer the double bottom line, attain financial sustainability and outreach altogether to become truly sustainable.

Justification of Methodological Study of Microfinance Institutions Sustainability and Mission Drift

Research is an often enormous and robust cyclical progression with countless paths from one to another. However, in any kind of exploration, a justified research method is required worth following that is most appropriate and apprehensible for better result and understanding (Kothari, 2004). A methodology is the framework of any research that recommends a theory behind the method and assist researcher in selecting a research method (Van Manen, 1990). An appropriate methodology always enable the researcher to choose the most actionable approach and strategy in a specific inquiries that aid the researcher in recognizing and developing an innovative research design (Easterby-Smith & Thorpe, 1997). In the study of microfinance phenomenon, a methodical study corroborate the facts and results that incorporate the details of researchers perception creating a realism approach of obtaining the knowledge (Churchill & Frankiewicz, 2006; Schreiner, 2002). A methodical or systematic study of MFIs sustainability and mission drift help identifying the significance, evaluates the strengths and weakness, weighs pieces of information against another and makes reasonable judgments (Armendáriz & Szafarz, 2011; Kar, 2013).

Empirical Methodological Review of the Liturature
In the empirical methodological review section of this paper, it is observed and accounted the research design, sources of data, data type and span, variables, econometric methodology, models and estimation techniques and statistical tools used by the most prominent researchers in their empirical study of mission drift and sustainability of microfinance institution that have been defined, discussed, analyzed and extensively reviewed in details.

Research Design
Generally a complete research design contains clear objectives derived from research question(s), specify the sources from which the data to be collected, select the proposition to collect and analyze these data, and discuss ethical issues and the constraints that the research process inevitably encounter e.g. access to data, time, location and money. The research design discusses the research framework or research plan for a study to collect, analyze and visualize the data (Churchill & Iacobucci, 2006). Research design always uses one or more research strategies to ensure coherence within research project that is the best fit to research philosophy and to quantitative, qualitative or mixed methods (Kothari, 2004; Saunders, 2011).

Quantitative Research
Quantitative research encompasses the assemblage of data so that information can be measured and subjected to statistical treatment in order to support or debate "alternate knowledge claims (Cresswell, 1998). Normally there are three historical trends involve quantitative research process as such research design, test and measurement procedures, and statistical analysis. Quantitative research may be classified in three major categories: descriptive (identification of attributes of a particular issue) experimental (the researcher investigates the treatment of an intervention into the study group and then measures the outcomes of the treatment) and causal comparative (the researcher examines how the independent variables are affected by the dependent variables and involves cause and effect relationships between the variables) (Leedy, 2001). In case of mission drift and sustainability of microfinance study, the most prominent research papers are quantitative in nature. Among the review of the quantitative study of mission drift and sustainability of microfinance, researchers done descriptive study as (Armendáriz & Szafarz, 2009; Beg, 2019; Ebrahim, Battilana, & Mair, 2014; Gaudens-Omer, 2018; Jia, Cull, Guo, & Ma, 2016; Kar, 2010; Leite, Mendes, & Sacramento, 2019; Macdonald, 2010; Maîtrot, 2019; Mersland & Strøm, 2010; Ranjani & Kumar, 2018; Saab, 2015; Schmidt & Ramana, 2010; Schreiner, 2002; Segun, 2017;

Vanroose & D'Espallier, 2013; Wagenaar, 2012; Wohlmann & Lessing, 2019; Xu, Copestake, & Peng, 2016; Yaron, 1992; Zerai & Rani, 2012).
In the experimental research process, the researcher inquires the action into the study group and then measures the outcomes of the action (Cresswell, 1998). Among the review of the quantitative study of mission drift and sustainability of microfinance, researchers done experimental research study as (Abeysekera et al., 2014; Abrar & Javaid, 2014; Armendáriz et al., 2013; Arrassen, 2017; Brown, Guin, & Kirschenmann, 2012; Casselman & Sama, 2013; Churchill, 2019; Darko, 2016; Dempsey, 2012; Ghosh & Guha, 2017; Mia & Lee, 2017; Serrano-Cinca & Gutiérrez-Nieto, 2014; Zainuddin & Yasin, 2019). The causal comparative research design direct the researchers the opportunity to examine the interaction between mission drift and sustainability of microfinance independent variables and their impact on dependent variables. Among the review of the quantitative study of mission drift and sustainability of microfinance, researchers have done causal comparative research such as (Aubert, de Janvry, & Sadoulet, 2009; Biancini, Ettinger, & Venet, 2019; Fouillet & Augsburg, 2010; Kulkarni, 2017; Pedrini & Ferri, 2016).

Qualitative Research
Qualitative research is holistic, interpretive and naturalistic approach of studying theories and understanding, attempting to make sense or studying natural settings of phenomena (Cresswell, 1998; Kothari, 2004). Basically, qualitative research builds its premises on inductive, rather than deductive reasoning and mainly comprises of case study, ethnography study, phenomenological study, grounded theory study, and content analysis. Among the review of the quantitative study of mission drift and sustainability of microfinance, researchers have done qualitative research study such as (Getu, 2007; Mader & Sabrow, 2019; Ometto, Gegenhuber, Winter, & Greenwood, 2019; Saxena & Deb, 2018; Waseem Ul Hameed & Shahar, 2018; Wondirad, 2018).

Mixed Method Research
The mixed method research integrates methods of collecting or analyzing data from the quantitative and qualitative approaches in a single research study (Cresswell, 1998). While reviewing the research paper regarding mission drift and sustainability of microfinance institutions, we found a numbers of study usages mixed method research such as (Beisland et al., 2019; Deb, 2018; Ghosh & Guha, 2017; Hishigsuren, 2007; Staessens, Kerstens, Bruneel, & Cherchye, 2018; Wang & Ran, 2019).

Sources and Methods of Data Collection
The job of data collection starts just after the research plane chalked out. Depending on the sort of data required for study, the researcher would have to select the sources and methods of data collection i.e. primary and secondary (Kothari, 2004). In the study of sustainability and mission drift of microfinance institutions, researchers used data sources and data collection method as per study requirement. Some scholars have been used primary data collected through observation, interview, schedules and questionnaire etc. techniques to collect data originally namely (Abate, Borzaga, & Getnet, 2013; Asare, 2018; Brown et al., 2012; Kimando et al., 2012; Maîtrot, 2019; Marfo & Peprah, 2018; Martina & Karel, 2018; Nyamsogoro, 2010; Soreze, 2010). In any way, the study observes that the most of the research in sustainability and mission drift of microfinance institutions used secondary data which have already been collected and analyzed by someone else. Some of this studies are as (Abeysekera et al., 2014;

Adejoke, 2010; Brown et al., 2012; Dunford, 2000; Forkusam & Trautwein, 2017; Fouillet & Augsburg, 2010; Getu, 2007; Ghosh & Guha, 2017; Hudon et al., 2018; Islam, Porporato, & Waweru, 2013; Macdonald, 2010; Mader & Sabrow, 2019; Mia & Lee, 2017; Morduch, 1999; Nyamsogoro, 2010; Ometto et al., 2019; Pedrini & Ferri, 2016; Soreze, 2010; Yaron, 1994). Moreover the present study finds that some study have used both the primary and secondary data for the study of sustainability and mission drift of microfinance institutions such as (Asare, 2018; Brown et al., 2012; Hishigsuren, 2007; Jia et al., 2016; Kimando et al., 2012; Nyamsogoro, 2010; Soreze, 2010; Wang & Ran, 2019).

Among the sources of secondary data, the experts have been used data more frequently from Microfinance Information eXchange (i.e., MIX Market) a not-for-profit private organization which is one of the largest sources of financial and social performance data on microfinance institutions globally. In the study of sustainability and mission drift of microfinance institutions, this study perceived researchers used MIX Market data namely (Abdulai & Tewari, 2017; Abrar & Javaid, 2014; Armendáriz & Szafarz, 2009; Arrassen, 2017; Ayerbe, Bianchi, Michetti, & Madrid, 2014; Churchill, 2019; Dempsey, 2012; Ek, 2011; Forkusam, 2014; Hossain & Khan, 2016; Kar, 2013; Kaur, 2014; Khan et al., 2016; Kulkarni, 2017; Leite et al., 2019; Lopatta et al., 2017; Louis, Seret, & Baesens, 2013; Mersland & Strøm, 2010; Millson, 2013; Nyamsogoro, 2010; Quayes, 2015; Rai & Rai, 2012; Rupa, 2018; Segun, 2017; Serrano-Cinca & Gutiérrez-Nieto, 2014; Sim & Prabhu, 2014; Vanroose & D'Espallier, 2013; Wagenaar, 2012; Wohlmann & Lessing, 2019; Xu et al., 2016; Zerai & Rani, 2012; Zubair & Javid, 2015).

Analytical Realm of Mission Drift and Sustainability of MFIs

As in substantially, methodological review studies the methodological characteristics, research designs, authorial features, methodological qualities, methods of data collection, sampling analysis and visualization in a diversity of fields to develop research practice, invite constructive arguments and recognize the islands of appropriate practice on research methods instead of research outcomes or aftermaths (Randolph et al., 2011). While Research methodology is understood as scientific way how research is done systematically solving the research problems as the analytical segment takes major role not only in whole research process but also in satisfactory outcome (Kothari, 2004; Saunders, 2011). The precedent cases of discussions apropos of mission drift and sustainability of MFIs testament the heterogeneity, sphere and gradient comprising problem statement, rationalities, epitome of research (quantitative, qualitative and mixed method), methods of data collection (primary, secondary and mixed), sort of computational and analytical versatility. Remarkably, the prior reputed studies found mixed methods research either both primary and secondary or both quantitative and qualitative method usage in research methods, data collection, analysis and interpretation and that integration enables researchers to strive for more panoramic view of research landscape, greater scholarly interaction, viewing matter from diverse viewpoints and research lenses as well as to gain better understanding and exploration of research questions and answer more deeply (Asare, 2018; Beisland et al., 2019; Brown et al., 2012; Deb, 2018; Ghosh & Guha, 2017; Hishigsuren, 2007; Jia et al., 2016; Kimando et al., 2012; Nyamsogoro, 2010; Soreze, 2010; Staessens et al., 2018; Wang & Ran, 2019).

In line with the previous study regarding mission drift and sustainability of MFIs, researchers has used data either in the source of primary or secondary (secondary data mainly from the Microfinance Information Exchange (MIX market) data or from the both sources in the form of cross-sectional data and time series data. Meanwhile, experts has used pooled of categorized data in selection of dependent and independent variables, a reasonable set of attributes, to conduct the study. In the measurement of the mission drift and sustainability of MFIs, experts used frequently as dependent variable the average loan size, average loan per borrower, sustainability and outreach index, social performance, financial performance, operational self-sufficiency, depth of outreach, return on assets, return on equity, profit margin, social development mission etc. and as independent variable the return on assets, gross loan portfolio, age and size of the institution, number of borrowers, portfolio at risk> 30 day, employee productivity, regulation status, lending methodology, interest rate, outreach status, loan loses, institutional transparency, woman borrower, yield on gross loan portfolio, borrower retentions, number of active borrowers, up scaling status, downscaling status, gross national income and gross domestic product, inflation etc. by (Abate et al., 2013; Abdulai & Tewari, 2017; Abeysekera et al., 2014; Abrar & Javaid, 2014; Armendáriz & Szafarz, 2009; Arrassen, 2017; Ayerbe et al., 2014; Churchill, 2019; Dempsey, 2012; Ek, 2011; Forkusam, 2014; Hossain & Khan, 2016; Hudon et al., 2018; Islam et al., 2013; Kar, 2013; Kaur, 2014; Kulkarni, 2017; Leite et al., 2019; Lopatta et al., 2017; Louis et al., 2013; Mersland & Strøm, 2010; Mia & Lee, 2017; Millson, 2013; Nyamsogoro, 2010; Pedrini & Ferri, 2016; Quayes, 2015; Rai & Rai, 2012; Rupa, 2018; Soreze, 2010; Vanroose & D'Espallier, 2013; Wagenaar, 2012; Wohlmann & Lessing, 2019; Xu et al., 2016; Zerai & Rani, 2012; Zubair & Javid, 2015).

However, in the process of panel data analysis of mission drift and sustainability of MFIs Huasman test is used for model specification, which compares the coefficients of two estimators in selection between random effect (RE) and fixed effect (FE) models (Sheytanova, 2015). The present study found that researchers got the random effects model is more efficient than the fixed effects as well as when used appropriately the random effects model gives the best linear unbiased estimates. Henceforth, experts used least square regression analyses approach, ANOVA, ANCOVA, coefficient of variance analysis, inferential statistics, descriptive statistics etc. with the help of advanced data management and statistical analysis software packages such as Minitab™, SAS™, Excel™ IBM SPSS Statistics™ and Stat view™, AMOS etc. to reach the befitting result as per statement of the problem and conclusion.

Concluding Remarks

As in substantially, microfinance is one of the best mechanism invented ever to fight against poverty in the world. But, in recent decades, an argument is in full swing that most MFIs are drifting from its social mission and emphasizing more to the financial mission regarding sustainability issues. In this context, researchers studying the mission drift and sustainability of the MFIs in the various aspect within the boundary of reseach methodology i.e. Identification of research problems and objectives, rationale and scope of the study, research design, sources and collection of data, formulation of model or hypothesis, analysis techniques and statistical tools, limitations and further scope of the study- in solving the problems systematically to get appropriate and effective outcome. While studying the coveraged research works depict that experts used more quantitative reseach approach, the secondary data (MIX Market), average loan size as independent variable, regression analysis in their research process. However, the present study observes that appropriate research methodology may be particularly impactful when the researchers do the best use of methodological practice in the study of the mission drift and sustainability of the MFIs.

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