

An Output-focused Perspective on Social Performance Management in Microfinance: The Case of ASA Bangladesh

Brian MacDonald*

Abstract

Recent concerns about commercialization in the microfinance industry have spurred the development of social performance management, a process to ensure that an organization's efforts remain connected to its social aims. However much social performance management literature has focused on organizational intents, actions and impacts, with less attention given to examining the outputs produced by an organization and their resulting value for clients. This article proposes a focused approach for examining outputs through operationalizing Schreiner's (2002) aspects of outreach theoretical framework. The case of ASA Bangladesh, a highly commercialized microfinance NGO, is then examined from this perspective. Findings indicate that although ASA's performance is generating significant social well-being in line with the organization's aims, its creation of customer value is constrained by its commercialized approach. This suggests social performance fulfillment occurs by degrees and that trade-offs can arise when MFIs prioritize certain aspects of outreach over others.

1. Introduction

The microfinance industry has undergone considerable transformation in recent years. Originally conceived as a means for providing small loans to the poor, microfinance has since become increasingly commercialized (Christen and Drake, 2002). For the purposes of this study, the term commercialization "refers to "the application of market-based principles to microfinance" or "the expansion of profit-driven microfinance operations" (Charitonenko & Rahman, 2002, p. 17). It is "usually associated with an MFI's progression away from donor or subsidized funding toward commercial borrowing of debt and equity" (Frank, 2008, p. 4) and the overall practice for microfinance institutions to "manage on a business basis' as part of the regulated financial system" (Drake & Rhyne, 2002, p. 4).

In recent years this commercialization trend has markedly increased, with a host of for-profit entities becoming involved in the sector, including large mainstream firms such as Deutsche Bank (Deutsche Bank, n.d.). The successful initial public offering (IPO) of new microfinance banks such as Compartamos further demonstrated that millions in profits can be made on a successful microfinance

* Monitoring & Evaluation Coordinator for Catholic Relief Services (CRS) in Haiti.

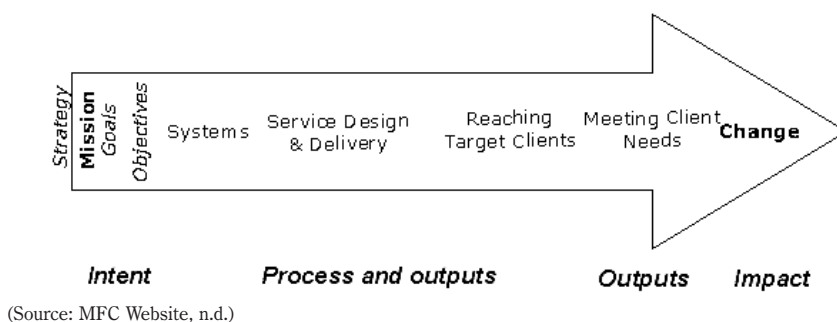
venture (Rosenberg, 2007), while foreign investment in the industry has continued to grow at a rapid rate. Between 2004 and 2006, CGAP reports that foreign capital flows to the sector nearly tripled, with \$4 billion US invested (Reille and Forester, 2008).

However against this backdrop of increasing commercialization, concerns that microfinance may have lost sight of its original social goals and has become overly concerned with financial performance have also emerged (Centre for the Study of Financial Innovation, 2008). To address this perceived shift in focus, there has been a rising emphasis among practitioners and academics about the importance of social performance management (SPM), defined as “the effective translation of an institution’s social mission into practice” (Social Performance Task Force, quoted by Microfinance Gateway, n.d.). This approach stresses that microfinance is a ‘double bottom line’ business with both social and financial aims; accordingly the importance of the latter should not overshadow the former.

2. The SPM Approach: Conceptual Overview and Existing Tools

SPM advocates have often depicted the management process as linear, with casual links between an organization’s aims, actions, outputs and outcomes (Social Performance Task Force, 2009; IFAD, 2006; Lapenu and Zeller, n.d.). By breaking a microfinance institution (MFI)’s activities down into these separate components, a clearer picture of how performance can be managed for social aims can be ascertained. The following diagram illustrates how the SPM process is operationalized:

Figure 1 Social Performance Management Process



This outline has served as a blueprint for the development of a variety of toolkits and documents for managing social performance. However it is felt that while these approaches are commendable, they have tended to overlook an examination of the outputs produced by an organization and to what extent they meet clients’ needs. Indeed, a large portion of the SPM literature produced to date has been primarily focused on the intent, processes and impact of an organization. For example the Quality Audit Tool (Simanowitz, 2007), though comprehensive in its depth, is largely oriented towards

the internal policies and practices of an MFI. Other tools such as The SEEP Assessment Tools For Microfinance Practitioners (The SEEP Network, n.d.) focus mainly on the impact end of the social management process.

Although some approaches have looked at outputs, they have tended to focus solely on assessing the depth of poverty outreach an MFI is achieving in its operations.ⁱ While depth of outreach is certainly important, it is not the only aspect of how an MFI engages with clients and thus may work towards fulfilling its social mission. A more comprehensive and rigorous approach to examining the outputs of an MFI is required, one which includes depth as just one element of an MFI's work.

3. Examining MFI Outputs: Aspects of Outreach Framework

To this end, this paper proposes a specified approach to examining the outputs of an MFI, based on Schreiner's (2002) aspects of outreach. Outputs are what an MFI directly creates for society; they are the immediate results of an MFI's work. According to the Schreiner (2002) framework, MFIs deliver outputs along six different aspects, namely depth, length, breadth, worth, cost and scope, which Schreiner terms "aspects of outreach" (2002: 4). These aspects are viewed by Schreiner as a means for analyzing how different MFI strategies can result in the greatest gain for society, i.e. how the work of MFIs generate the most social benefits. Taken collectively, these aspects provide a combined perspective on one area of the social management process for how an organization is performing in meeting its social mission.

The key focus for analysis here is the link between an organization's aims and its ensuing outputs. It is the collective approach to the six aspects of outreach which renders this framework of value for examining social performance (Schreiner, 2002; Woller, 2001); viewing only one or two aspects (in isolation from the rest) will give a distorted picture of the manner and extent to which an MFI is meeting its mission. The Schreiner (2002) framework has contributed to the conceptual basis for examinations of microfinance organization mission drift (see Hishigsuren, (2004) but generally remains an under-operationalized approach and exists primarily as a theoretical reference document. It is envisioned that the manner in which the framework is employed in this paper can be built upon and developed into a full fledged output assessment tool.

4. The Case of ASA Bangladesh – How Is It Performing?ⁱⁱ

Having reviewed the appropriate background literature for this paper, the focus will now shift to illustrate how this output-oriented approach to examining social performance can be operationalized. The case of ASA Bangladesh will be presented and the paper will explore to what extent ASA's output performance is consistent with its mission.

Founded in 1978 as a social justice movement “with the aim of helping the poor organize & empower themselves so that they might establish their political and social rights for a just society” (ASA Website — Evolution, n.d.), ASA did not begin credit operations until 1991. Since this change, the organization has come to focus solely on the provision of financial products to the poor and has developed a highly commercialized, efficient and cost effective model for service delivery. ASA has been described as “the Ford Motor model of microfinance” (Fernando & Myer, 2002: 1), and has been ranked the top MFI in the world by Forbes Magazine (Forbes.com, 2007). Although still non-profit in status, ASA embodies many aspects of commercialized microfinance. It is for these reasons that ASA was chosen as the target institution for this study.

ASA’s stated institutional mission is “to support and strengthen the economy at the bottom of the socio-economic pyramid by facilitating access to financial services for the poor, marginalized and disadvantaged” (ASA Website — Vision, Mission, Objective, n.d.). Who are the “poor” ASA refers to? My interviews with senior ASA management revealed that, although ASA is not specifically excluding the very poor (termed ‘hardcore poor’ at ASA), the organization’s focus is first and foremost on the middle to upper poor. One high level staff member told me that their aim was “the middle segment of the poor, the upper moderate poor.”¹ “One or two dollars a day [income level], not necessarily the poorest of the poor but fairly poor clients” said another executive, in describing who is served by ASA.² “ASA serves the poor and a bit above — those who cannot go to commercial banks and get a loan there”, stated a third senior official.³

The main reason offered by ASA staff for why the organization is not targeting the hardcore poor was that they are not good candidates for microfinance. Stated one senior headquarters employee, “The hardcore poor are even more vulnerable than the moderate poor, the hardcore poor can lose all.”⁴ “They [the hardcore poor] need jobs, not loans” said another executive.⁵

5. Depth of Outreach

However if ASA was in fact serving clients outside its intended target depth of the middle to upper poor, this could be considered evidence of negligent social performance with regards to the organization’s output in this aspect of outreach. To determine just how poor new⁶ clients at ASA are, an indication of the organization’s depth of outreach is necessary. Schreiner (2002: 7) states that “poverty is a good proxy for depth”. To accurately identify the level of a client’s poverty, an empirical basis is required.

To this end, this study employs the Progress out of Poverty Index (PPI), a client assessment tool which uses indirect measures to determine a household’s poverty level based on the presence or absence of identifiable indicators such as house construction materials and what kind of toilet the household uses (Schreiner, 2007). Total scores based on the index indicators are compared with score

ranges on the poverty scorecard to determine the likelihood any given person is poor (based on several different poverty lines). The PPI is reported to be accurate at the 90% level of confidence (Schreiner, 2007), and is comparable to any existing poverty assessment tool today (Schreiner, 2007).

To obtain an indication of the depth of outreach of ASA, for this study 88 new borrowers for the small female loan product (which comprises 80% of ASA's portfolio) were assessed with the PPI in Dhaka Municipality, drawn from a sampling of new clients from six of the 111 branches ASA operates in this area. These branches were chosen randomly. Scores for all clients were averaged, resulting in a score of 42 for the entire sample. This score was then located on the scoring bands for each poverty line to determine the likelihood of poverty level for all the households at that particular poverty line. The findings are as follows:

**Table 1 Depth of Outreach by ASA:
Average Progress out of Poverty Index Findings for 88 Households**

Clients surveyed for this study (likelihood of household being below poverty line is)	%
National poverty line, lower bound (738.9 taka/per person/per month)	9.9
National poverty line, upper bound (877.5 taka/per person/per month)	27.2
International poverty line, \$1.25/day (2005 PPP)	39.9
International poverty line, \$1.75/day (2005 PPP)	77.3
International poverty line, \$2.50/day (2005 PPP)	95.1

(Sources: Author's fieldwork; Chen and Schreiner, 2009)

Although ASA does not have set monetary criteria for its depth of outreach, it is evident from the distribution in this table that the vast majority of ASA's new clients likely have an income of less than \$2.50 or \$1.75 a day (calculated by 2005 Purchasing Power Parity), putting them into the middle to upper ranges of poverty. There is a considerably lower likelihood that ASA's new clients would be considered the extreme poor, represented by the likelihoods for household poverty in the lower bound of the national poverty line and \$1.25/day PPP poverty line. These findings suggest that ASA's depth of outreach is consistent with management's stated aims of serving the moderate to upper poor, while giving less emphasis to providing loans to the hardcore poor. It is also highly unlikely that wealthier clients (above \$2.50/day) are being targeted by ASA for the small female loan product.

6. Breadth of Outreach

Although from these findings it is apparent that ASA is serving its desired clients according to depth of outreach, to what extent is this occurring on any widespread basis? As noted previously, depth is but one element of outreach an MFI should be concerned with if it wishes to examine its

social performance in producing the organization's desired outputs. Breadth of outreach must also be considered. Breadth, defined as the number of clients an MFI serves (Schreiner, 2002) is also a key concern within the microfinance industry, given that vast numbers of the poor remain without access to financial services (van Bastelaer & Zeller, 2006; UNCDF, 2006).

Although ASA's mission does not specifically mention breadth or scale, the importance accorded to breadth of outreach is recognized at ASA. Said one senior staff member, "much of our profits flow back into the capital fund, we can use this to expand into more areas, and have more clients in existing branches . . . by increasing the number of borrowers, we can help them".⁷ "The vision to cover a large number of people was Shafiq's [ASA's founder and president]", stated another executive.⁸ Indeed, the Forward to the ASA Manual (which describes all of ASA's procedures and policies in detail) describes ASA's approach as "geared to achieve massive outreach in microlending" (ASA, 2001: n. p.).

To examine whether the breadth of ASA's outreach is consistent with these aims, its number of borrowers and savers are first compared with those of the organization's two main competitors, Grameen Bank and BRAC. This provides a comparative context for analyzing to what extent ASA's performance here has been in line with the organization's intentions.

Table 2 Number of Borrowers by MFI: ASA, Grameen Bank and BRAC

Year	ASA Borrowers	Grameen Bank Borrowers	BRAC Borrowers
2004	2,772,219	3,700,000	3,993,525
2005	4,181,594	5,050,000	4,159,793
2006	5,163,279	5,960,000	4,550,855
2007	5,422,787	6,160,000	6,397,635
2008	5,877,480	6,210,000	6,327,250

(Source: Composite data set based on MIX Market organizational profile data, n.d.)

Table 3 Number of Depositors by MFI: ASA, Grameen Bank and BRAC

Year	ASA Depositors	Grameen Bank Depositors	BRAC Depositors
2004	2,986,622	4,060,000	4,858,763
2005	4,058,621	5,580,000	4,837,099
2006	6,455,979	6,908,704	5,310,317
2007	6,663,734	7,411,229	7,370,847
2008	7,276,677	7,670,203	8,090,369

(Source: Composite data set based on MIX Market organizational profile data)

From these figures we can see that ASA is ranked third among this group and thus is the third largest MFI in Bangladesh. Currently ASA has 5.4% less borrowers and 5.2% less depositors than Grameen Bank, with 7.1% less borrowers and 10% less depositors than BRAC. The Bangladesh country median in 2008 was 236,835 for borrowers and 195,762 for depositors, further illustrating the scale of the operations of these three MFIs (MIX Market, n.d.).

Looking at the 2008 figures on their own, it may appear ASA is deficient in meeting its aims relative to its competitors and thus should improve efforts to increase its breadth of outreach. However it should also be noted that ASA's starting numbers of borrowers and savers are also lower than BRAC and Grameen's (attributed to ASA's later involvement in microfinance activities than the other MFIs), so it may not entirely be a surprise that ASA's most current breadth of outreach is lower. Moreover, what is interesting is that ASA's breadth has grown the most per year on average since 2004, indicating that the gap between its breadth vis-à-vis the others is shrinking over time. Relative to 2004, by 2008 ASA has increased its amount of borrowers and savers significantly more than BRAC or Grameen Bank. When 2008's figures are compared directly with 2004's, the increase is even more noteworthy:

Table 4 Average Yearly Increase and Total % Increase of Borrowers and Depositors by ASA, Grameen Bank and BRAC, 2004 to 2008

MFI	Average Yearly Increase of Borrowers, 2004–2008	Average Yearly Increase of Depositors, 2004–2008	Total % Increase of Borrowers from 2004 to 2008	Total % Increase of Depositors from 2004 to 2008
ASA	21.6%	26.8%	112%	143.6%
Grameen Bank	14.6%	18.0%	67.8%	88.9%
BRAC	13.2%	14.5%	58.4%	66.5%

(Source: Author's calculations based on MIX Market organizational profile data)

This indicates that ASA has been taking the greatest steps among these MFIs to increase its breadth of outreach and that by comparison, has been the most successful since 2004 in doing so. If growth continues at this pace, theoretically ASA will eventually overtake Grameen and BRAC to become the largest MFI in the country. Thus these trends are quite consistent with the organization's stated aims of bringing access to financial services to the poor on a massive scale and ASA staff's stated desires of expanding the institution's breadth of outreach.

What overall conclusions can be drawn from all this? Can ASA's breadth of outreach be reasonably viewed as being consistent with its performance aims? It is acknowledged that this interpretation is subjective, however it is based "as much as possible on empirical measurements and explicit assumptions" (Schreiner, 2002: 2). Given ASA's later arrival to microfinance and thus later starting

point of breadth of outreach with regards to the present absolute number of numbers of borrowers and depositors, the organization's superior average annual growth performance vis-à-vis its competitors and the fact that ASA's outreach is presently 24 times that of the reported country median for borrowers and 37 times the median for depositors, it seems difficult to logically conclude that ASA is *not* meeting its aims in regards to breadth. It is best to consider output fulfillment on breadth as a matter of degrees, with the data indicating ASA is generally performing well against its main competitors and significantly above the country norm.

7. Length of Outreach

How can ASA's clients be assured of "access to financial services" (as per ASA's mission) beyond today? It is generally accepted that the financial needs of the poor are permanent, thus ASA needs to be operational in the future if the option of availing of ASA's services is to remain for the organization's clients. Otero (2006: 6) expresses this succinctly, noting, "if microfinance institutions want to make a real impact, they have to be permanent".

ASA's mission does not explicitly mention length; however the vision for ASA to be a permanent financial entity is widely understood throughout the organization. "Without ASA, where would the poor go?" said one executive. "We want to help create jobs, there is always a need".⁹ "When ASA was established, the goal was to empower the poor. ASA's vision is a poverty-free society. ASA still believes this though the means may have changed" stated another.¹⁰ Given the prevalence of poverty which continues to exist in Bangladesh, it can be expected that ASA will see a need to operate for the foreseeable future.

Determining an organization's length of outreach is difficult because it occurs in the future (Schreiner, 2002); however profits are a standard proxy for length (Schreiner, 2002). In examining ASA's length, the organization's return on assets and return on equity were first compared with its main competitors BRAC and Grameen Bank. To contextualize these figures, the country median for return on assets in 2008 was 0.65% while return on equity was 5.72% (MIX Market, n.d.).

Table 5 Return on Assets: ASA Compared to Main Competitors

Year	ASA	BRAC	Grameen
2004	15.44%	3.40%	0.19%
2005	15.02%	5.68%	2.41%
2006	14.54%	6.97%	2.46%
2007	10.85%	1.46%	0.11%
2008	6.13%	-0.05%	1.66%

(Source: Composite data set based on MIX Market organizational profile data)

Table 6 Return on Equity: ASA Compared to Main Competitors

Year	ASA	BRAC	Grameen
2004	32.88%	10.71%	1.07%
2005	29.12%	18.70%	18.40%
2006	26.34%	23.50%	22.37%
2007	18.87%	6.07%	1.07%
2008	10.45%	-0.24%	14.78%

(Source: Composite data set based on MIX Market organizational profile data)

As is evident from this data, ASA has been consistently the most profitable microfinance institution in Bangladesh. This suggests ASA has very strong expectancy for length of outreach, which in turn indicates it will be able to continue to meet its aim of providing access to financial services for the poor well into the future. As such, this aspect of outreach is strongly in line with ASA's intentions.

8. Social Well-Being and Customer Value

Collectively, depth, breadth and length determine “social well-being”, which is “any increase in total social welfare over and above any increase in customer value that results from the provision of financial services to the poor” (Woller, 2001: 19). From an examination of the three dimensions of outreach thus far, it can be concluded that ASA is a) enhancing total social welfare and b) doing so in a manner which is consistent with its mission and stated aims. In strictly wider societal terms then, ASA's outputs reflect suitable social performance. However, the aforementioned issue of “customer value” (Woller, 2001) must also be considered - if ASA's mission is also to “strengthen and support the economy” then merely offering permanent services on a wide scale to relatively poor people is not enough, the services must also actually be beneficially utilized by clients to generate the “strengthening and support” desired by the organization. This in turn implies ASA's products must be of some value to the client.

To understand the customer value of ASA's services, this paper examines customer satisfaction with ASA's products and services. Operations which generate low satisfaction and accompanying worth for their users could not credibly be considered as making a significant contribution to meeting an organization's social aims, as ostensibly the organization exists for aiding the poor, not for perpetuating its own existence. When findings on satisfaction are supplemented with those from scope of outreach, a complete understanding of the customer value created by ASA will be apparent. When this is combined with the social well-being (depth, breadth and length) generated by the organization, a full picture of its overall social value creation will emerge, and how these outputs relate

to the organization's stated aims and mission will be evident.

9. Customer Satisfaction: Worth of Outreach

Worth of outreach is defined by Schreiner (2002) as a client's willingness to pay for a product or services. Examining worth directly is problematic as it "depends on the subjective gain that a client gets from a financial contract" (Schreiner, 2002: 4); however Woller (2001: 21) has identified indices of customer satisfaction as "useful and relatively simple indicators of worth". Using customer satisfaction as a proxy for worth has also been adopted in other studies; in her 2004 investigation of mission drift in India, Hishigsuren (2004) uses quality of outreach, defined as "the level of satisfaction with the services and products" (Hishigsuren, 2004: 7) as one of three dimensions of mission drift an MFI can experience. Accordingly, client satisfaction is adopted as an indicator of worth for this study.

10. Focus Group Participant Profiles

To examine client satisfaction, focus group discussions were held with 33 present ASA clients and 27 former clients of ASA's small female loan product, a product which comprises 80% of ASA's portfolio. For present clients the ages of the women ranged from 22 to 60, with most members falling between the ages of 25 to 45. For former clients the distribution was older; ages ranged from 32 to 55, with the majority of participants in their late 30's or early to mid 40's. The groups of present clients were comprised of roughly equal numbers of long-term and new borrowers. For the long-term borrowers, the length of time they had been with ASA varied from eight years to one year, with most clients having three to four years of borrowing history with the organization. New borrowers all had joined ASA within the last three months. Former clients spent between ten and one year with ASA, the majority of whom also reporting having been members for three to four years. Former clients had all dropped out within one year, the most recent being eight days prior to her participating in the focus group.

11. Sampling Strategy

Both current and ex-clients were chosen using a combination of random and purposive sampling. For current clients, initially six branches were chosen at random in Dhaka and as many new borrowers (joined within three months) as possible were assembled in one location for administration of the PPI. Dhaka was chosen as the study site due to the large number of ASA branches and clients in close proximity, presenting an accessible and wide range of borrowers to be potentially surveyed. Following completion of the PPI, new borrowers were asked to voluntarily participate in a focus group discussion

about their experiences at ASA. These new borrowers were then joined by as many current members as were able to be brought to the interview site, also on a voluntary basis. Once everyone was assembled, the focus group commenced.

The same six randomly chosen branches were also the site of data collection for ex-clients. Again as many former clients as could be identified were asked to go to a chosen location; they were then met by this author and his research assistant to conduct the discussion.

The size of all groups varied, from ten participants being the largest to two being the smallest. This was due to the differing ability of clients to participate and the ability of the research assistant to arrange for suitable candidates for discussions, based on the criteria provided to them by this author. In total 14 focus groups were conducted, seven for current clients and seven for former.

12. Discussion Context

All interviews were conducted indoors, at either the residence of a client or of a neighbour. 12 of the focus groups were held in areas which could be described as quite urban, as they were located in densely populated slums located squarely within the city of Dhaka. Two groups were held in an area characterized as semi-urban, as they were near a branch on the outskirts of Dhaka and away from the large slum areas.

Each focus group discussion lasted approximately 45 minutes and was facilitated by my bilingual Bangladeshi research assistant. After I was briefly introduced to the participants and the reasons for the focus group explained by my assistant, the discussions began, often while partaking in some shared food provided by the respondents. The procedure typically involved me posing a question in English to the group, my assistant translating it, encouraging discussion and information sharing on the issue by all participants, then summarizing their responses and reporting to me what was said. Examples of questions asked include “how do you feel about the size of your ASA loan?”, “how does your loan officer treat members of the group?” and “how do you feel about the interest charged by ASA on its loans?” Care was also taken to identify to what degree of unanimity respondents shared on each question, and dissenting or divergent views were probed.

13. Method of Analysis and Overview of Findings

Detailed written notes were taken by this author to record the findings of each group, and periodically conclusions were restated to the focus group, to ensure that their views were being accurately captured. These notes were subsequently and repeatedly analyzed to code the data thematically, based on the nature of the questions posed and the responses that followed. Examples of codes used include “reasons for drop-out” and “opinions on direct costs”. After all the data had been

coded, it was reviewed to identify themes and patterns (Miles and Huberman, 1994: 100) which then formed the basis for the conclusions drawn.

After analyzing all data collected from these focus groups, it became apparent that client and ex-client satisfaction with the quality of ASA's service was high, but there was mixed views with regards to product satisfaction. In particular, loan sizes were often insufficient for meeting current and ex-client needs and duration and repayment schedules were problematic for matching ex-borrower cash flows. The details of these findings will now further be elaborated on.

14. Service Satisfaction

The primary determinant of satisfaction with ASA services is loan officer and branch manager behavior. A number of questions were posed to the focus groups on these matters; the findings are presented thematically in the following partially-ordered matrix (Miles and Huberman, 1994: .93), along with excerpts from my field notes to support these positions. A matrix is used to depict these findings as such an approach is considered one of the major formats for displaying qualitative data (Miles and Huberman, 1994: 93). Since there was overwhelmingly no difference between current and ex-client views on these elements, views from both groups of respondents are aggregated in this display.

Table 7 Client Service Satisfaction Findings

Element of Service Satisfaction	How Did Clients and Ex-Clients View This Element?	Field Note Excerpts to Support This View
Polite and professional behavior by branch managers	Satisfactory	• They treated us well, they welcome us at the branch ¹¹
Polite and professional behavior by loan officers	Satisfactory	• Our relationship with them is very good, they are well behaved ¹²
Bias or favoritism shown by loan officers to certain group members	No incidents reported	• Everyone was treated equally, there was no conflict ¹³
Loan officers and branch managers are easily accessible	Satisfactory	• They are easy to contact, many clients have the loan officer's mobile phone number ¹⁴
Loan applications are processed quickly	Satisfactory	• The application took one week, as promised ¹⁵
Loan officers are punctual for group meetings	Satisfactory	• The loan officers were regular and on time ¹⁶
Confidence that ASA is a safe place to keep money	Satisfactory	• ASA is a safe place to save, compared to others ¹⁷

(Source: Author's fieldwork)

As is evident, there was a high level of satisfaction among all respondents with regards to the service quality provided by ASA. Clients and ex-clients were unanimous in their agreement on all points with the exception of loan applications being processed quickly. One of the ex-clients indicated she quit ASA due to delays in the loan officer processing her new application for a loan, for reasons which were unknown to her. However as the other 59 clients who participated in the focus groups indicated they experienced no delays, this ex-client's case is not taken to reflect a pattern of poor service in this area of service. It is also noteworthy that despite the high satisfaction reported by ex-clients, they nonetheless chose to leave ASA. The implication here is that providing quality service, although perhaps necessary, is not sufficient for an MFI to generate worth for its clients. The answer for client departure thus lies in either product satisfaction or external factors.

15. Product Satisfaction

To explore client satisfaction with ASA's products, a number of questions on this matter were posed to clients and ex-clients during the focus groups, for example "how do you feel about the terms and conditions of ASA loans?" and "how do you feel about the voluntary savings product?" Questions had their origins mainly in the conceptual framework of Schreiner (2002) but also included a number of open questions, such as "is there anything you like or dislike about ASA's product that I haven't asked about?", to allow for the possibility that something may have been overlooked which was nonetheless significant. A partially-ordered matrix (Miles and Huberman, 1994: 93) is again used to display the data collected. As client and ex-client opinions were not unanimous in regards to product satisfaction, their views are disaggregated and separately portrayed for each group.

The most significant differences in perspectives of the two groups are in regards to loan terms and conditions and the actual size of the loan. Although none of the current clients expressed an unsatisfactory view of the loan terms, this was not the case for ex-clients, who frequently noted this as a source of displeasure for them, causing them to leave ASA. The small weekly requirements did not match recipient cash flows well and were a problem to manage on the basis ASA required. Even though monthly installments would be larger, the clients felt this would be a more suitable way to repay. As no favorable views of loan terms and conditions were reported by any ex-clients, a judgment of unsatisfactory is made for this aspect of product satisfaction.

For loan size, although all current clients indicated they were pleased to be getting ASA loans, it became apparent that the sizes were generally still too small for their needs. A judgment of mixed satisfaction was rendered as no current clients indicated outright dissatisfaction or that they were planning to drop out from ASA, but nonetheless all noted that more flexible loan sizes and larger amounts would be more beneficial for them. However among ex-clients loan size was frequently the deciding factor in causing them to withdraw from ASA, with several leaving to join other MFIs in

Table 8 Client Product Satisfaction Findings

Element of Service Satisfaction	How Did Clients and Ex-Clients View This Element?	Field Note Excerpts to Support This View
LOANS		
Number and Frequency of Loan Installments		
Current clients:	Satisfactory	• It is good, shorter is better because we can get new loans more quickly ¹⁸
Ex-clients:	Unsatisfactory	• Loan duration was the problem —they left because of it ¹⁹
Size of Loan		
Current clients:	Mixed	• The loan is useful, but they want bigger sizes ²⁰
Ex-clients:	Unsatisfactory	• The four [clients] left because branch staff couldn't fulfill their requirements ²¹
Ease of Receiving a Loan		
Current clients:	Satisfactory	• There is no botheration in getting loan from ASA ²²
Ex-clients:	Satisfactory	• When they needed money they got it, there was no problem ²³
Interest Paid on Loan		
Current clients:	Satisfactory	• It is the same as other organizations, it is ok ²⁴
Ex-clients:	Satisfactory	• Paying interest wasn't a problem ²⁵
Non-Interest Fees		
Current clients:	Satisfactory	• An extra 10 taka per 1000 received in loan is paid for insurance, this is fine ²⁶
Ex-clients:	Satisfactory	• Paying other fees was not a problem ²⁷
Mandatory Savings Requirement to Obtain Loan		
Current clients:	Satisfactory	• They saved 30–40 taka a week, it is the same elsewhere ²⁸
Ex-clients:	Satisfactory	• It was ok, they could save without difficulty ²⁹
SAVINGS		
Product Terms for Voluntary Savings		
Current clients:	Satisfactory	• They can save and withdraw whenever they like ³⁰
Ex-clients:	Satisfactory	• They could withdraw their savings without delay, this was good ³¹
Product Terms for Long-Term Savings		
Current clients:	Satisfactory	• They are satisfied with [the terms] ³²
Ex-clients:	Mixed	• They have known about ASA's long-term savings, it's good if you have the money ³³ • The advantage of Grameen Bank is they can open a pension scheme, there is no pension account at ASA ³⁴
Interest Earned on Deposits held at ASA		
Current clients:	Satisfactory	• The extra [money] is good, they like receiving it ³⁵
Ex-clients:	Satisfactory	• They had no complaints about the interest ³⁶

(Source: Author's fieldwork)

hopes of receiving larger loans there. Overall, out of the 27 ex-clients who participated in the focus group discussions, 18 indicated they left either due to loan terms and conditions or the size of the loan, while 9 stated they left due to external reasons, such as health problems, trouble with their business or because they returning to their home village.

16. Implications: The Link Between Standardization, Sustainability and Decreased Worth for Clients

There are a number of implications of these findings for ASA's social performance in the aspect of worth. The main reason why clients have not been able to obtain loans of varying duration or larger sizes and are thus dissatisfied is due to the nature of ASA's model, which is built around a highly standardized and structured approach. All clients receive loans of the same duration and all repayments are collected on a weekly basis, the ASA approach does not permit deviation from this policy. Similarly, there are defined limits set by ASA headquarters for the amount a client can receive on each loan cycle, these limits can only be increased up to 1000 taka (a procedure known as "jumping loans", see ASA, 2001: 28) and for up to a maximum of 50% of members in one area (ASA, 2001: 28). Only an Area Manager can override these limits, the branch staff does not have this authority.

Combined, these two elements of the ASA system have been quite beneficial for the organization, for standardizing repayment practices for all clients across all branches results in improved efficiency and manageability for the institution, which enables it to reduce costs (Kamal, 2006) and further institutional sustainability. In describing how ASA has been able to become profitable, Ahmmed (2003: 55) singles out the role ASA's standardized loans have played, stating that "repeat loans are offered with standard increments and the duration is the same" and that "all loans have a repayment period of one year and this, along with the standard loan amounts, simplifies the transaction and record-keeping process".

Although such emphasis on efficiency and cost-effectiveness tie in closely with ASA's desire to be sustainable, from the client's perspective this system is less satisfactory, for it generally precludes their ability to receive more flexible terms or custom-sized loans which may be more optimal for their businesses. This is particularly poignant as ASA staff repeatedly emphasized that its credit is primarily intended for income generating activities, yet the amounts borrowers wanted greatly exceeds what ASA was willing to give them. Even among current clients, it should be noted that many focus group participants wanted larger loans from ASA.

These findings thus suggests a mismatch between ASA aims and actions; on the one hand the organization wants to extend credit for micro-enterprise development to the moderate-upper poor, yet on the other hand its standardized, commercialized nature and cost-effective culture prevent it from being able to do so in a way that truly meets these clients' needs, thus causing them to drop out. This

therefore is considered a sign of weak social performance, for as the most profitable MFI in Bangladesh (based on comparative analysis of MIX Market data, see MIX Market, n.d.), ASA is not short of additional funds to on-lend to clients if it so desired. ASA's desire to remain sustainable seems to be outweighing its desire to expand credit to the poor. Hence it appears that while ASA's standardized and efficient way of doing business have evidently contributed to meeting the organization's mission of achieving scale, they have also served to somewhat hinder its aim of enterprise creation. In this sense, ASA's commercialized approach both enables and constrains its worth of outreach to clients, reflecting a trade-off between promoting access, maintaining institutional sustainability and delivering customer satisfaction.

Findings for the other areas of product satisfaction did not significantly differ between current and ex-clients, indicating that to the extent satisfaction with ASA's products reflect a degree of social performance, ASA has done a suitable job of meeting client needs in these regards. The one exception is with regards to long-term savings product terms. However, additional research has indicated that ASA's long-term savings product is highly similar in nature to Grameen Bank's pension scheme; therefore lack of client awareness of ASA's products may be the key reason why some clients held mixed views in this area.

17. Additional Contextual Factors: Indirect and Opportunity Costs

The conclusion that client satisfaction with ASA's loan terms and size is the main driver of drop-out is further reinforced by additional information on the cost of doing business with the organization. To identify if there were any other factors which may be contributing to decreased client satisfaction with ASA, focus group participants were asked their opinions on indirect and opportunity costs associated with ASA. These two main areas of cost were derived from the Schreiner (2002) framework.

Clients unanimously expressed satisfaction with all indirect costs associated with ASA, reporting them to be quite low and manageable. No difficulties in paying these costs were reported and even in the cases where borrowers had to travel by rickshaw to reach the branch, clients reported that as these trips were infrequent and the distance was still not so far, it was not a major imposition for them.

For opportunity costs, although unanimous satisfaction was reported with both the time spent to join ASA and the time required for making savings deposits, mixed views on the group repayment processes are more difficult to interpret, since there were divergent views among both current and ex-clients on this matter, in roughly equal numbers for each type of respondent. Evidently having all borrowers assemble at the same time for regular repayment minimizes transaction costs for ASA and thus is a clear cost-savings mechanism for the organization. However as no client dropped out due to this meeting requirement, this aspect of ASA's standardized approach does not appear to be

significantly impacting its social performance in a negative way. The distance current and ex-clients had to travel to attend the meetings was short, many reported living only a few minutes walk away, and none reported they had to travel by rickshaw to reach the meeting site.

It was difficult for participants to estimate what the opportunity cost of this time was for them; however several stated that they would earn ten to twenty taka per hour of weaving, which they may be doing if not at the meeting. Demand for such work was reported to vary and participants noted they also have household duties and childrearing responsibilities; therefore it cannot be concluded that any time not spent at the ASA meeting would automatically be directed towards an activity which would generate further income.

Overall, it is felt that client views on the indirect and opportunity costs provide additional support for the earlier conclusions, as they do not indicate any additional areas where ASA's approach may be delivering low client satisfaction. There is no clear negative link between any findings here and the organization's intentions and actions. This suggests that ASA is able to manage costs for clients in these areas reasonably well and that, aside from the group meeting requirement, indirect and transaction costs were not significant detriments to client satisfaction with ASA and thus do not generally decrease the worth of the organization's services for its users.

18. Scope of Outreach

The final aspect of Schreiner's (2002: 12) framework is scope of outreach, defined as "the number of types of financial contracts supplied", covering both loans and savings. For the purposes of this study, insurance products are also included under scope.

For basic loans, ASA has the following products: small loan for female clients, small business loan, hardcore poor loan, small entrepreneur lending and agri-business loan. Special loan products consist of small loan for male clients, business development loan, short-term loan, scarcity loan and education loan. Savings products consist of mandatory, voluntary and long-term savings options. ASA also offers loan insurance for any product, mandatory mini-life insurance for small female loan clients and voluntary mini-life insurance for the spouse of female clients.

It is difficult to arrive at an empirical assessment of how appropriate the scope of ASA's products are for creating customer value and thus contributing to organization's aims, due to lack of specific criteria stated in the mission/by staff and absence of regional, national or international benchmark for this dimension. In general terms, the fact that ASA offers a range of loan products, has short and long-term flexible savings and has some insurance options is certainly consistent with providing access to finance for customers and creating additional options which can be used by them for strengthening and supporting the economy. Indeed the literature has recognized the poor's need for multiple financial instruments (Collins, Morduch, Rutherford and Ruthven, 2009), particularly savings (Rutherford,

2000), which has not been the primary focus of many microfinance organizations to date.

In talking with ASA clients, no respondent indicated there was a product they wished to see but that was not currently on offer by ASA. It is acknowledged that poor borrowers may not have a good idea about the potential range of possible products and thus it is hard to imagine for them; however even in broad or abstract terms, nothing emerged during the interviews. ASA continues to develop new products such as the agri-business loan, indicating a desire to broaden the scope of services on offer. Legal issues impede Bangladesh NGO-MFIs from engaging in remittance transfer or mobilizing savings from members of the general public (International Finance Corporation, 2009; Government of Bangladesh, 2006); as such ASA's scope is constrained in these areas. Although admittedly a subjective conclusion, based on all this it is difficult to logically see how ASA's current product choices are *not* creating value for customers and could be viewed as being inconsistent with the organization's social aims. As with breadth, appropriate scope of outreach is best viewed as a matter of degrees and must be situated in the local legal context, which will dictate to a fair extent what range of options are possible.

19. Conclusion

This article examined ASA's outputs through operationalizing Schreiner's six aspects of outreach framework. In aggregating conclusions across each dimension of outreach, it can be seen that although ASA's approach generates a high level of 'social well-being' that derives from depth, breadth, and length of outreach, the creation of 'customer value' is inhibited by ASA's commercialized approach, which results in decreased worth for loan product users. This suggests a trade-off has taken place, with ASA performing better on creating social well-being than individual well-being. Although the emphasis on social well-being is clearly in line with ASA's mission, worth of outreach findings indicate the organization has not performed well in meeting its goal of lending for enterprise creation, and that concerns over sustainability may be the reason behind the weak performance in this element of outreach.

The findings here lend some credence to some concerns that commercialization may result in negative impacts on clients, albeit not in the sense of organization's moving away from serving poorer borrowers, as authors such as Woller, Dunford and Woodworth (1998) and Frank (2008) envisioned. However the downside to the worth of ASA's operations must be weighed against the positive findings in the other five dimensions of outreach, namely, depth, breadth, length, costs, and scope of outreach, which suggests ASA's output performance is generally consistent with the organization's mission and management aims. One can conclude from this that social performance with regard to outputs is not necessarily an either/or proposition, but rather reflects degrees of fulfillment as decisions made by management in regards to one dimension of outreach can impact on others.

Note

- i See for example, USAID Poverty Assessment Tool, CGAP Poverty Assessment Tool, among others.
- ii Parts of sections 4, 5, 7 and 16, along with PPI data, originally appear in “Redefining Mission Drift in Microfinance: Exploring the Link Between Aims and Actions at ASA”, a forthcoming publication in *Enterprise Development and Microfinance*, September, 2010.
- 1 Interview with senior executive at ASA Headquarters, February 11, 2009.
- 2 Interview with senior executive at ASA Headquarters, August 19, 2008.
- 3 Interview with senior executive at ASA Headquarters, March 8, 2009.
- 4 Interview with senior executive at ASA Headquarters, February 10, 2009.
- 5 Interview with senior executive at ASA Headquarters, February 9, 2009.
- 6 New clients best reflect who an organization is targeting, as the poverty level of long-term clients may (and in fact is expected) to improve over time, due to the impact of the MFT’s services.
- 7 Interview with senior executive at ASA Headquarters, February 8, 2009.
- 8 Interview with senior executive at executive’s personal office, March 7, 2009.
- 9 Interview with senior executive at ASA Headquarters, March 8, 2009.
- 10 Interview with senior executive at ASA Headquarters, February 8, 2009.
- 11 Ex-client focus group, Mohammadpur branch, February 2009.
- 12 Ex-client focus group, Gulshan branch, March 2009.
- 13 Ex-client focus group, Gabtoli branch, February 2009.
- 14 Client focus group, Mohammadpur branch, February 2009.
- 15 Ex-client focus group, Dohar branch, February, 2009.
- 16 Client focus group, Raz Fulbaria branch, March 2009.
- 17 Client focus group, Dohar branch, February, 2009.
- 18 Client focus group, Gulshan branch, March, 2009.
- 19 Ex-client focus group, Raz Fulbaria branch, March 2009.
- 20 Client focus group, Mirpur branch, February 2009.
- 21 Ex-client focus group, Gabtoli branch, February 2009.
- 22 Client focus group, Mohammadpur branch, February, 2009.
- 23 Ex-client focus group, Dohar branch, February 2009.
- 24 Client focus group, Mohammadpur branch, February 2009.
- 25 Ex-client focus group, Gabtoli branch, February 2009.
- 26 Client focus group, Raz Fulbaria branch, March 2009.
- 27 Ex-client focus group, Mirpur branch, February 2009.
- 28 Client focus group, Dohar branch, February 2009.
- 29 Client focus group, Gulshan branch, March 2009.
- 30 Client focus group, Mirpur branch, February 2009.
- 31 Ex-client focus group, Mohammadpur branch, February 2009.
- 32 Client focus group, Gabtoli branch, February, 2009.
- 33 Ex-client focus group, Mirpur branch, February 2009.
- 34 Ex-client focus group, Dohar branch, February 2009.
- 35 Client focus group, Raz Fulbaria branch, March 2009.
- 36 Ex-client focus group, Mirpur branch, February, 2009.

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