

PhD-Project Description

Overall Information

Project Title: “Effects of Global Comparative Performance Evaluation on Microfinance Organizations”

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Project Abstract

Within the last decades microfinance has gained immense importance as a development strategy. Correspondingly, different organizations and initiatives as the Consultative Group to Assist the Poor and more recently the Social Performance Task Force have put great effort into standardizing organizational procedures for the provision of microfinance products. Indicators measuring the success or failure of microfinance institutions (MFIs) have been developed to give account about the achievements of microfinance. The results are published in different forms of (public) performance comparisons. Building on an organizational sociological perspective and on sociology of knowledge, my dissertation project picks up these developments and aims at investigating the following two questions:

- How do MFIs perceive being evaluated, observed and compared in different forms of (public) comparisons such as rankings, ratings, benchmarks or online databases (Mix Market)?
- How do these perceptions influence their organizational decision-making and activities?

This research interest is grounded in the diffusion and increased use of social performance indicators, which gained importance in reaction to criticism from the media and from some scientists concerning the poverty-reducing effects of microfinance and the treatment of customers at the end of the 2000th. One of the most important standards is the *Universal Standard of Social Performance Management* (2012) and the related evaluation tool *SPI4* (Alpha-Version published in 2015), which makes MFIs accountable regarding the appropriateness of their organizational procedures to pursue their social mission and to deal with their client needs. This standard complements well established financial and operational indicators, which address questions of efficiency and financial self-sustainability. Together, these two sets of indicators might address “paradoxes of performing” (Jay 2013) to MFIs as the implementation of social performance related management procedures can be costly. Given these new and potentially contradictory performance-related exigencies, the research project aims at investigating the implementation process of these new social indicators and related instruments within MFIs. How do they perceive the new social performance indicators? How do they handle the aforementioned “paradoxes of performing” between financial and operational indicators on the one hand and social performance indicators on the other?

Using an ethnographical approach, two case studies within two MFIs – each within a different competitive and regulative context – will be conducted and complemented by fieldwork at international conferences.