International Conference of Business and Management in Emerging Markets

ICBMEM 2019

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Conference Proceedings

ICBMEM 2019

2019 International Conference of Business and Management in Emerging Markets

Theme: Theme: Looking Ahead: Managing Business and Dynamics in Emerging Markets

Editor

Emmanuel Chao

ICBMEM 2019 CONFERENCE PROCEEDINGS

Conference Organizer

BI Norwegian Business School

ICBMEM

2019 International Conference of Business and Management in Emerging Markets

Conference Schedule

ICBMEM 2019 Conference Schedule

Friday, 18th of October, 2019

09:00 - 10.00 Registration

10.00 – 10.30 **Opening ceremony** (Room A2-030)
Inge Jan Henjesand, BI President
Caroline D Ditlev-Simonsen, BI Center for Corporate Responsibility
Emmanuel Chao, Chair, ICBMEM

10.30 – 11.00 **Keynote: Eivind Fjeldstad** (Room A2-030)
Topic: *Sharing experience from Norwegian African Business Association*

11.00 – 12.30 Parallel sessions (Rooms A2-020, A2-015)

12.30-13:30 Lunch

13.30 – 14.30 **Keynote: Ilan Alon** (Room A2-030)
Topic: *Globalization of China: Review and Future Research*

14.30 – 16.00 Parallel sessions (Rooms A2-020, A2-015)

16.00-16.30 Coffee break

16.30-1730 **Keynote/special session: Kora Tushune:**
Topic: *University-Community Education business Model: Case of Sustain/Jimma University*

1730-1830 Reception at 7th floor-BI building

19.00 Dinner

Saturday, 19th of October, 2019

09.00 – 10.30 Parallel sessions (Rooms A2-020, A2-015)

10.30 – 11.30 **Keynote**: **Trond Randoy (Room A2-030)**
Topic: *For-profit Firms as Social Enterprise: Can Professors take a Role?*

11.30 – 11.45 Coffee break

11.45 – 13.15 Crowdfunding Pannel session **(Room A2-030)**

13.15 – 14.00 Lunch

14.00 – 15.00 **Keynote: Honest Ngowi (Room A2-030)**
Topic: *Use of Whatsapp social Media as a Platform for crowdfunding: Selected observations in Tanzania*

15.00 – 15.30 **Special session**: Caroline Ditlev Simonsen **(Room A2-030)**
Topic*: Can happiness and well-being be sustainable?*

1530-16.00 Coffee break

16.00 – 16.30 **Special Session: Emmanuel Chao (Room A2-030)**
Topic*: Exploring Value creation ecosystems: Emerging Markets Perspectives*

16.30 **Closing ceremony**

ICBMEM INTERNATIONAL ADVISORY BOARD

SESSION A1 10.30-11.00|(Room A2-030)

Keynote speech 1

Eivind Fjeldstad: *Sharing experience from Norwegian African Business Association*

SESSION B1: Parallel Session 11.00-12.30|(A2-020, A2-015)

Finance, Economics and corporate governance and contemporary management

Value Chains, Marketing and Entrepreneurship

SESSION A2 13.30-14.30| (Venue A2: 030)

Keynote speech 2

Ilan Alon: *Globalization of China: Review and Future Research*

SESSION B2: Parallel Session 14.30-16.00|(Room A2-020, A2-015)

Finance, Economics and corporate governance and contemporary management

Value Chains, Marketing and Entrepreneurship

SPECIAL SESSION A3 16.30-17.30| 18th Oct|(Room A2-030)

Kora Tushune: *University-Community Education business Model: Case of Sustain/Jimma University*

SESSION B3 09.00-10.00|19th Oct|(Room A2-020, A2-015)

Finance, Economics and corporate governance and contemporary management

Value Chains, Marketing and Entrepreneurship

SPECIAL SESSION A4|10.30-11.30|19th Oct| (Room A2-030)

Keynote: Trond Randoy: *For-profit Firms as Social Enterprise: Can Professors take a Role?*

SPECIAL SESSION A5|11.45-13.45|19th Oct| (Room A2-030)

Crowdfunding pannel session

SPECIAL SESSION A6|14.00-15.00|19th Oct| (Room A2-030)

Honest Ngowi: *Use of Whatsapp social Media as a Platform for crowdfunding: Selected observations in Tanzania*

SPECIAL SESSION A7|1500-1530|19th Oct| (Room A2-030)

Caroline Ditlev Simonsen: *Can happiness and well-being be sustainable?*

SPECIAL SESSION A8|16.00-16.30|19th Oct| (Room A2-030)

Emmanuel Chao: *Exploring Value creation ecosystems: Emerging Markets Perspectives*

PARALLEL SESSIONS

1100-1230/Friday, October 18th, 2019

SESSION B1

Finance, Economics and Corporate governance	**Room A2-020**
Value Chains, Marketing and Entrepreneurship	**Room A2-015**

Session B1

1100-1230/ Friday, October 18th, 2019/Meeting Room: A2-015

Value Chains, Marketing and Entrepreneurship

Session Chair: Michelle Greene

A typology for crowdfunding campaign promotion

Prince Baah-Peprah, Agder University, Norway

Abstract

Crowdfunding as an emerging phenomenon has attracted significant interest from scholars and practitioners as well as state institutions and billions of dollar has been raised through millions of campaigns (Lukkarinen, Teich, Wallenius, & Wallenius, 2016; Shneor & Munim, 2019; Ziegler et al., 2018). Despite these giant strides, there are good margins of failed campaigns with failure rate of 82% on Indiegogo (D. J. Cumming, Leboeuf, & Schwienbacher, 2019) and several other crowdfunding platforms hovering around 70% (Douglas J Cumming, Leboeuf, & Schwienbacher, 2015; D. J. Cumming et al., 2019; Lukkarinen et al., 2016; Mollick, 2014; Wash, 2013). As a new financing vehicle, such failure rate could be detrimental to the crowdfunding industry.

Generally, several factors account for this but most importantly, literature emphasizes the lack of basic knowledge of the promotional and marketing

dynamics of crowdfunding to be the genesis of such failures (Agrawal, Catalini, & Goldfarb, 2014; Kleinert & Volkmann, 2019; Moleskis, Alegre, & Canela, 2019; Wang, Mahmood, Sismeiro, & Vulkan, 2019; Yeh, Chen, & Lee, 2019). For example, in most cases, the crowd fund projects based on the extent to which they are convinced about the advocated qualities and potentials communicated through promotional campaigns (Block, Hornuf, & Moritz, 2018). Nevertheless, in practice the crowdfunding industry is dispelled with myths and misconceptions painting crowdfunding as an easy, hands-free way to raise funds. Also, in the scholarly community, little is known about the promotional and marketing strategies in crowdfunding (Chen, Thomas, & Kohli, 2016). Kaartemo (2017) finds that, generally, crowdfunding campaigns are designed based on intuition rather than strategy. Though intuition cannot be overlooked, as the crowdfunding phenomenon is dramatically growing from a marginal to a mainstream discipline globally, knowledge about the marketing strategies that fit different projects is a necessity. Also, though the offered product or idea – "product variables"– irrespective of the project typology must be intriguing, existing literature on success of crowdfunding campaigns emphasize the relevance of the manner in which fund-seekers offer projects to the crowd (Colombo, Franzoni, & Rossi-Lamastra, 2015; Short, Ketchen Jr, McKenny, Allison, & Ireland, 2017). That is, how the campaign is marketed and promoted is critical (Colombo et al., 2015; Mollick & Nanda, 2016; Piva & Rossi-Lamastra, 2018). Furthermore, crowdfunding success literatures emphasize that, success of campaigns are dependent on message cues used and the spread of campaign since investors' assessment of project viability as well as the trust of fund-seekers are influenced by these two elements (Block et al., 2018). Also, product characteristics is found to moderate the effect of message cues and spread on success (Quesenberry & Coolsen, 2019). Therefore, a strategic choice of promotional campaigns considering individual project characteristics will enable entrepreneurs to give themselves the best chance of success.

An Entrepreneurship Dilemma on Statutory Retirees: A Behavioral Context

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Tami Janga, Mzumbe University, Tanzania

Abstract

In Tanzania and most of African countries, retirees always tend to opt running income generating activities as a replacement in careers, That is to say they pursue entrepreneurship as a second carrier. Yet it is theatrical that most of the retiree's business enterprises fail and tend to cause a lot of discomfort and other psychological problems regardless to favorable entrepreneurial conditions which may be present.

Today, the crucial role of inclusive and sustainable industrial development for Tanzania is well appreciated and targeted in national development plans specifically by harmonizing small and medium enterprising activities, (SMEs). Since voluntary retirements are a rare case in Tanzania where most of the retirees tend to have saved their contracts to the end, which is 60yrs of age to many, the government and other private employers already face growing financial challenges in offering retirement benefits in different forms plunging to try and compensate a long serving retiree. Despite the public sector's commitment in safeguarding the country, most of its officials after retirement live miserable lives. This is among the reasons why retirees go for entrepreneurship as a wave of relief and consolation in Tanzania. This study therefore

intends to assess challenges facing this channel of arrangement hence suggesting a clear map work to possibilities of retirees inventing and running income generating activities successfully.

Specifically, the study aims at establishing the facts on the behavior essence surrounding retirees choosing or initiating entrepreneurial activities as a way forward after statutory retirement. The study is directed to a behavioral construct, aiming at studying whether it is the *initiating factors* or the *maintaining factors* causing a dilemma for retirees pursuing entrepreneurship in Tanzania. A Post-positivists assumption holds a deterministic philosophy in the study while harmonizing a quantitative research approach by suggesting a deductively testing of some constructs in the behavioral change models. In view of the fact that for many retirees entrepreneurship is seemingly an aftermath or a repercussion of post retirement career adjustment, the study aims at mainly examining the Planned Behavior Theory (PBT) to try and substantiate the entrepreneurship initiating behavior and the applicability of it in relation to statutory retirees going for income generating activities.

Also Social Cognitive Theory (SCT), will subjectively mock-up a study on how retirees maintain an entrepreneurial behavior after initiation in relation to the environment surrounding them. Should there be a missing link on the behaviors as a possible factor, this study intends to draw a justified proposition to the matter by analyzing the variables between the two theories thoroughly and scientifically so as to pre empty alternatives to a vicious cycle of demoralized retirees in Tanzania who keep choosing entrepreneurship as a post retirement activity and yet fail. The study will mainly be conducted in Tanzania, and it will study the Tanzania's Public sector in close relation to private sector so as to sustain a clear differentiating margin as into how the two relate from the real possibility of conducting income generating activities successfully. Hence if the need to broaden the area of study may arise, with time it will be considered.

As online marketing and crowdfunding both depend on online communities and share a lot in common (Chen et al., 2016), this study dive into online marketing and promotional strategy literature to identify unique project characteristics, their associated marketing strategies that enhances sales and the condition under which such effects are realized. As a conceptual paper, the study develops the typology (see a work-in-progress of the typology in fig. 1) by reviewing crowdfunding success literature and online marketing and promotional strategy literature. Consequently, various dimensions were observed and are categorized in this study; as 'high content quality' and 'low content quality' and 'high virality' and 'low virality'. As an integrative model, products were conceptually grouped. Theoretical applications of the typology in the choice of strategies and campaign success are proposed based trust hypothesis, mere-exposure effect and Elaboration Likelihood Model. With the increasing prominence of crowdfunding, the study is particularly timely in order to provide practitioners insight, so as to avoid what can be naïve and costly mistakes that may lead to campaign failures. It goes beyond the contextual groupings of crowdfunding projects and dive into individual project characteristics hence informs fund-seekers the extent to which marketing resources should be devoted towards designing campaigning content and their virality in the quest of making their tellable stories sufficiently compelling. To the international business community, the study untying the inference node of 'content and virality' of campaigns in success literature to figure out the point of efficiency where these two could be retied based on project characteristics leads to more efficient allocation of the limited resources of start-ups and enhance their chances of success. Thus far, the study extends the literature on crowdfunding and marketing literature and will also serve as a breeding ground and reference point for developing future project-related strategies in alternative financing.

The Israeli crowdfunding – A Reflection of its Entrepreneurial Culture

Daniel Berliner, University of Agder, Norway

Kalanit Efrat, Ruppin University, Israel

Shaked Giboa, Ruppin University, Israel

Abstract

While a relatively new concept, crowdfunding can be viewed as an innovative transformation of the ‘Prenumeranten’ (a Yiddish term meaning ‘prior numbers’) – a fundraising technique commonly used by Western European Jewish communities in the 18th century for book publishing. In the 19th century, the prenumeranten was a common system for publishing books, and as many as 8750 Jewish communities across Europe and North Africa participated in it (Cohen 1975).

Nowadays crowdfunding is deeply rooted within the Israeli entrepreneurship ecosystem and its drivers are strongly associated with the country’s entrepreneurship ecosystem. Israel has been an entrepreneurship leader for most of the last three decades. It is ranked fifth in the 2019 Bloomberg Innovation Index, tracking the most innovative countries (Jamrisko et al. 2019) and fifth among the developed countries in its entrepreneurial level, as reported in the Global Entrepreneurship Monitor (Menipaz and Avrahami 2019). The Israeli crowdfunding characteristics of collective individualism (Weiss, 2003) combined with lack of classes, low degree of separation ranks (Yair 2019), mandatory army service that enforces innovative thinking and improvisation (Senor and Singer, 2009), Chutzpah (Efrat, 2019), and high tolerance for failure (Yair 2019; Yin 2017), all provide fertile ground for entrepreneurship and facilitate innovative approaches to entrepreneurship funding such as crowdfunding. In light of this, the growth of crowdfunding in Israel is not surprising. As for 2016, Israeli crowdfunding platforms have raised more than $140m, positioning Israel as one of the globally leading countries in terms of amounts raised per capita and the numbers keep increasing. While the equity crowdfunding leads the field, raising $94m (68% of the total crowdfunding market), P2P consumer lending, estimated at $33m (24%) and finally, the rewards and

donations platforms, the more known and popular ones, raised an estimated amount of 11.15M USD (8%). The Israeli crowdfunding ecosystem, on all its forms and models, is active and evolving. In 2015, an amendment to the Israel Securities Law for promoting investment in technology companies under the crowdfunding model was published and by 2017 it become functional. Due to the unique nature of the Israeli market, hundreds of campaigns were launched for both business ventures as well as for non-for-profit causes. The campaigns range from a reward-based campaign for vegan chocolate products, Equity-based campaigns for cannabis-based dermatology pharmaceuticals to donation-based campaign for a memorial music concert. The platforms, seeing the increasing interest of Israelis in this investment tool, are offering new and creative programmers. For example, ExitValley initiated a secondary market program to allow investors to trade shares within companies that raised funds through one of the platform's campaigns. and intends to offer an internal fund for investors that want to spread their investment across several companies.

Future trends

Internationalization

Israeli crowdfunding industry, as other industries, is evolving and becoming more internationalized. More and more Israeli entrepreneurs are looking to launch their campaigns on foreign platforms, mainly the two US giants—Kickstarter and Indiegogo. In facilitating their international presence, both US platforms initiated moves to facilitate an international orientation. Indiegogo has even opened a local office in Israel. The second aspect concerns the entrance of foreign companies as investors in local platforms. These companies mainly provide the local platforms with financing. These foreign companies view their investments as strategic moves and thus signal for the market's growth potential.

Specialization

Alongside the internationalization of the crowdfunding industry, we note an additional trend in the form of platforms' specialization. Whereas at the start of Israeli crowdfunding, the local platforms were associated with either Equity, P2P, or Rewards and Donation types, these features are now changing. The first and largest rewards and donation platform company—Headstart—transformed itself into an umbrella brand through splitting its operations into four separate sub-platforms: one sub-platform retained the original brand and serves as a rewards-based platform; the second adopted a new brand—*giveback*—and houses donation-based campaigns; the third and most recent sub-platform—*beactive*—is aimed towards legal struggles campaigns; and the fourth—fundit—specialises mostly in real-estate equity crowdfunding. New platforms entering the industry differentiate themselves by adopting a specific niche (e.g., political issues).

Among the equity crowdfunding market, PipleBiz has announced the opening of the CannaVC, venture capital fund in partnership with Everest Investment Banking to support Israel's cannabis technology companies, thus presenting new, mixed-models investment opportunities. Moreover, OurCrowd, Israel's largest equity crowdfunding platform, has recently announced the opening of two new internal funds—one to support medical investments and the second to support environmental impact investments. All these moves represent a trend to specialization, which may be a consequence of the rise in the number of competitors.

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Role of incubation centres in supporting youth employment

Emmanuel Chao, Mzumbe University, Tanzania

Hawa Tundui, Mzumbe University, Tanzania

Mushumbusi Kato, Mzumbe University, Tanzania

Abstract

Entrepreneurship is a driving force in the economic development. This is well recognized especially in emerging markets where the small and medium enterprises play a very significant role in job creation and economic empowerment. In recent years there have been several initiatives by both private and government sector agencies (academic and non academic) to promote youth employment. These initiatives have been witnessed by opening of dedicated incubation centres that deals directly with supporting youth based start-ups. Little has been known in relation to their role on enhancing youth employment and the success of their efforts. This paper examines the role and the impact within the context of enhancing youth income generation and employment.

Key Words: Incubation, youth employment, entrepreneurship

Session B1

1100-1230/ Friday, October 18th, 2019/Meeting Room: A2-020

Finance, Economics and Corporate governance

Session Chair: Ritam Garg

Transformation And Mission Drift In Indian Microfinance

Ambika Prasad Pati, North Eastern Hill University, Shillong, Meghalaya.

Abstract

The recent past has seen sea-changes in the approaches of doing business among the microfinanciers in India. Pursuing the footprint of global microfinancing institutions, Indian counterparts have been constantly changing their position, moving towards commercialisation of the business. The earlier emphasis on social objectives are being side-lined to some extent and commercial motives have predominately taken the front seat. This paper tries to look into this paradigm shift during post Andhra Pradesh microfinance crisis, which is considered as a point of inflexion in this industry. With the help of empirical data for seven years, it is observed that there is a noticeable change in the capital structure of MFIs in India with a strong tilt towards financial sustainability among the regulated and professionally managed MFIs. However, except the influence of the changes in capital structure no strong evidence towards mission drift is visible. Similarly, neither profit margin nor cost of operation as drivers of mission drift were established. Though, a greater propensity towards mission drift is visible in Post-Andhra crisis period, it was not found very significant, suggesting that Indian microfinance institutions are well on their enshrined mission.

Key words: Transformation, Mission Drift, Drivers, Sustainability and capital to assets ratio.

Introduction:

During the journey; starting from a small experiment by Prof. Mohd. Yunus of early eighties in Bangladesh till the conversion of Bandhan, an Indian non-banking financial institution providing micro finance, to a full-fledged commercial bank in 2015; microfinancing has travelled a long path in the Indian sub-continent. Over the years it has gained momentum, faced turbulence, received accolades and recognised by world bodies. The initial global recognition came from the inclusion of microfinance as a means to achieve Millennium Development Goals set up by UN in 2000. Further, impetus was accorded with the declaration of 2005 as the year of Micro Credit by United Nations and recognition of Prof. Mohd. Yunus and Grameen Bank with noble prize in 2006. All these cemented the idea of microfinance as a development strategy for poor around the globe. By 2017 it has reached a clientele base of more than 14 crore people with a loan portfolio of $114 bl (Convergence, 2018). In recent days it has attracted global investors community and seen as a commercial opportunity to generate handsome return. All the nuances of modern corporate world are found equally prevalent in the management, fund raising and marketing of products of these institutions. These metamorphoses which occurred in the last one decade accredited the status of industry to the business of microfinancing.

In India the Reserve Bank of India (RBI) conferred the self-regulatory organization (SRO) status to the Micro Finance Institutions Network (MFin) in 2014, which is a network of more than 50 Indian private MFIs-accounting for more than 90 percent of the total business of the sector, is testimony to the fact that Indian microfinance has attained certain level of maturity to gain the industry status. The year 2015 is an important year in the microfinance history of India as the largest MFI i.e. Bandhan obtained the licence of a full-fledged commercial bank from the central bank of the country i.e. RBI. This was followed by conversion of many other MFIs to small payment banks. These developments are the culmination of a process that initiated by National Bank of Agriculture and Rural Development (NABARD) in the year 1992 through a small but successful experiment of providing small loans to self-help groups through SHG-Bank linkage programme.

These above types of transformations across many economies, however have raised eyebrows. Looking at the recently surged commercial orientations of private MFIs, practitioners and academicians have questioned their intentions and levelled the charges of mission drift. Considering all these developments this paper tries to explore the shift in the orientation of Indian private sector MFIs, particularly in the post Andhra Pradesh crisis - a landmark event. The mission drift angle is explored from the viewpoint of the transformation seen among the Indian MFIs and also by finding its driving forces. This is being analysed with the help of empirical data for seven years (2009-2015) collected from the www.mixmarket.org website providing global data base on MFIs.

The next section provides a short literature review of the transformation, commercialisation and mission drift in India. The third section provides the empirical analysis of the situation of Indian MFIs with regard to the structural shift and mission drift. The last section provides the conclusion.

Literature review:

MFIs have shown enough resilience over the decades. During Bolivian financial crisis of 1990s MFIs shown better resilience than commercial banks (Rhyne, 2001) also during Asian financial crisis (1997) MFIs in Indonesia produced a better repayment record than commercial banks (Littlefield and Rosenberg, 2004). Even in the aftermath of 2008 global financial crisis they have shown remarkable recovery (CGAP, 2009a and 2009b) and so also in India after the Andhra Pradesh crisis of 2010 they have surged back (Ghosh, 2013). All these definitely prove the mettle in this mode of financing.

Over the years transformation in microfinance sector is in vogue. “Transformation in the microfinance industry generally refers to the institutional process whereby an NGO microfinance provider or a microfinance project creates or converts into a share-capital company and becomes licensed as a regulated financial institution” (Ledgerwood and White. 2006). Due to legislative changes in MF sector across the economies; starting from Bolivia (Gallardo, 2001) to India (RBI, 2011b), over the years many of the MFIs those were in NGO structure got transformed into regulated MFIs - like non-banking finance companies (NBFC)-MFIs in India, further to professional public limited companies e.g. in Mexico Banco Compartamos in 2007, in India SKS Microfinance in 2010, Ujjivan Financial Services Ltd., Equitas Holding Ltd in 2016 and many more in recent years. This regulatory transformation is motivated by several reasons. Offering financial services beyond lending accessing capital, complying with new legislation requiring or permitting transformation, gaining legitimacy and enabling employees, clients, and other stakeholders to become owners (CGAP, 2008) are few of them.

These metamorphoses though created ripples among the proponents of microfinance (Yunus, 2007) - those who belief microfinance as socio-economic endeavour to uplift the poor section of society through provision of collateral free small finance – but has been recently accepted as natural phenomenon associated with any new and evolving industry. Finally, the idea of Prof. Mohd Yunus that banking with poor is sustainable has been aptly proved, but not to the likings of him, who views these public issues e.g. by SKS etc. as mission drift (Mersland and Storm, 2010; Kar, 2013). These transformations are considered as the efforts to gain legitimacy in the eyes of investors, commercial lenders, and other financial institutions and policy makers (Lauer, 2008). The maiden public issue of equity shares by SKS Microfinance along with many regulatory activisms during a couple of years i.e. 2010 and 2011 brought many Indian MFIs into the realm of serious commercial exploration of micro lending business. Such types of commercialisation are however, criticised severely. It was found that commercialisation has led MFIs to mission drift (Hoque et.al, 2011). This type of infusion of capital from commercial market related sources increased the over-indebtedness and exploitation (Mader, 2013) and led to crisis in microfinance sector in India.

Two crises have already affected microfinance sector in India. During 2006 crisis in Krishna district of Andhra Pradesh state which was due to alleged high rate of interest and subsequent suicide of some borrowers, prompted the state government to close down more than 50 MFI offices of Spandana Sphoorty and SHARE Microfin. This action brought down the repayment rates to between 10% and 20% for several months in the district (Ghate, 2007). In the same State again in 2010 similar types of allegations surfaced which brought the Andhra Pradesh Micro Finance Institutions (Regulation of Money Lending) Rules 2010 (Govt. of Andhra Pradesh, 2010) into force. The Andhra crisis, 2010 (Hossain, 2013; Ghosh, 2013) was a trigger in bringing transformation in the regulatory framework of Indian industry. The prompt action initiated by the affected provincial government to curb unethical practices with the promulgation of The Andhra Pradesh Micro Finance Institutions (Regulation of Money Lending) Rules 2010 (Govt. of Andhra Pradesh, 2010) was too stringent for MFIs to operate. This development prompted RBI immediately framing up of macro level regulatory framework for MFIs by instituting Malegam Committee (RBI, 2011a) and recognised NBFC-MFI as a separate category of financial institutions (RBI, 2011b) for better regulation. Consequent upon these regulatory changes in post-Andhra crisis there was a renewed emphasis on financial sustainability of MFIs in India. The apprehension that in the post-crisis phase MFIs would leave the poor customers and likely to drift from their mission was very much their (Mersland and Strøm, 2010). A recent study however, negates any fear of such drift and found that Indian MFIs are very much committed to the double bottom line (Roy and Pati, 2019).

Data Analysis

a. Structural Transformation

The transformation in legal status is clearly visible from Table-1. In comparison to pre-Andhra crisis (2006-2010) now more MFIs are regulated and transformed into NBFC category. The transition in India so far, is also following the global trajectory. Commercialisation is slowly but surely catching up in this industry and with strong policy support from RBI it is a recognized fact that MFIs not only operate for economic transformation of poor but they are in serious engagement of making profit by doing business at the bottom of the pyramid. The recognition of non-banking finance companies MFIs as a new category of MFIs i.e. NBFC-MFI in 2011 (RBI, 2011b) is a testimony to the fact that Indian MFIs apart from reaching to the poor are also in serious commercial operations. The dust is almost settled -MFIs are considered to be socially responsible as well as need to be financially sustainable in the long turn.

Table: 1- Transformation of Indian MFIs

Year ending 31st of March	Regulatory MFIs to Total MFIs (%)	NBFI & Bank MFIs to Total MFIs (%)	Sustainable MFIs to Total MFIs (%)	Total MFIs Reported to mixmarket.org (No)
2006	46.81	35.11	70.21	94
2007	47.17	36.79	66.98	106
2008	54.32	46.91	80.25	81
2009	63.27	55.10	75.51	98
2010	62.50	52.50	66.67	120
2011	59.40	49.62	75.19	133
2012	63.49	53.97	69.84	126
2013	67.59	62.96	77.78	108
2014	65.59	61.29	86.02	93
2015	66.67	61.46	85.42	96

Md(2006-2010)	54.32	46.91	70.21	98
Md(2011-2015)	65.59	61.29	77.78	108
Md(2006-2015)	62.88	53.23	75.35	102

Source: Author's own   N B- NBFI: Non-Banking Financial Institutions

It is observed that most of the regulatory transitions happened during the pre-crisis phase. The share of regulatory and NBFC category MFIs have significantly increased during this period. This prompted RBI to bring a new regulation for NBFC category MFIs in 2011 (RBI, 2011b). In the post-crisis phase this transformation has slowed down, rather most of the new MFIs established in recent years have come up under NBFC category. Further, in post-crisis years a greater percentage (77.78) of MFIs are found sustainable (Table-1) of which most are from NBFC category.

All these indicators show a significant departure from the pre-crisis phase. The preference of bankers for a low debt equity ratio has forced MFIs to reduce the ratio significantly. Banker while providing loan to the MFIs are insisting on a ratio of less than 5:1. During post-crisis phases this ratio has been moderated significantly. Similarly, there is a significant increase in the CTA of MFIs. This has been possible because of the RBI prescription of a 15 percent capital adequacy ratio for NBFC-MFIs (RBI, 2011b). This has forced MFIs to scout alternative channels of equity financing.

Other macro level interventions like the implementation of norms for capital adequacy ratios, non-performing loan classification and provisioning thereof, corporate governance and other prescriptions have brought Indian MFIs closer to the loan provisioning functions of banking institution (deposit taking is allowed to MFIs in few cases). The transformation while bringing MFIs into the ambit of regulation is also warranting a change in the attitude of management of these MFIs. Serious deficiencies in the governance framework of some MFIs also raise the corporate governance issues very prominently. “The corporate governance issues in the MFI sector were exacerbated by some of the “for profit” MFIs, dominated and controlled by promoter shareholders which led to inadequate internal checks and balances over executive decision making and conflict of interests at various levels……. Some of the MFIs chased high growth trajectory at the expense of corporate best practices” (Sinha, 2012). These manifestations of transformations brought increasing regulatory dictates by the RBI. The prescription of an average base rate for pricing of loan products by MFIs (RBI, 2015) is a recent example of expansionary regulatory framework.

Further, the recent RBI policy of converting NBFC-MFIs into full-fledged banks (e.g. Bandhan Bank Ltd. in 2015) and allowing some of them (e.g. Ujjivan Financial Services Ltd. and Equitas Holding Ltd., Uttkarsh, Janalaskshmi, Suryodaya, ESAF) to set up small finance banks for providing basic banking services to small farmers and micro industries are additional thrusts to the urge of MFIs’ for better efficiency and performance. These steps have also enhanced their future business opportunities. Further, these developments vindicate maturity of Indian MFIs and their increasing dominance in the financial market and more prominently the commercialisation of their activities. This has raised the questions of mission drift among the MFIs.

b. Mission Drift

The commercial exploitation of microfinance in India raised the eye brows of many. Many believe that there is paradigm shift in the objectives of MFIs, which has led to commercialisation. Popularly termed as mission drift, is a concept which articulates that MFIs in pursuit of commercial gains are abandoning their social objectives i.e. from social oriented approach they are moving towards profit-oriented approach of doing business. Therefore, to cut a balance, in recent years double bottom line is emphasised which harps upon both social objectives and financial sustainability. It is believed that without financial sustainability the former cannot be sustained (Rhyne, 1998; Morduch, 2000; Christen and Drake, 2002). It is also argued that emphasising on financial sustainability will bring more funding to the institutions (Cull et. al, 2007; Ghosh and Van Tassel, 2008; Armendariz and Szafarz 2011). The recent transformation has tilted towards financial objectives and the apprehensions about mission drift has been a new buzzing phrase in the industry.

Table 2 MDI of Indian MFI industry

Classification	Year	2009	2010	2011	2012	2013	2014	2015
Overall	Total MFIs	99	120	65	122	99	88	92
	Drifted	60	67	41	91	71	64	65
	MDI (%)	***61.22***	***55.83***	***64.06***	***74.59***	***72.45***	***72.73***	***70.65***
Age	Total	46	54	26	58	47	37	34
	NYMFIs	31	34	12	43	33	28	26
	MDI (%)	***67.39***	***62.96***	***46.15***	***74.14***	***70.21***	***75.68***	***76.47***
	Total	51	63	38	60	51	51	58
	MMFIs	36	42	28	44	38	36	40
	MDI (%)	***70.59***	***66.67***	***73.68***	***73.33***	***74.51***	***70.59***	***68.97***
Sustainability	Total	71	74	56	82	77	80	80
	SUMFIs	52	48	34	60	58	60	61
	MDI (%)	***73.24***	***64.86***	***60.71***	***73.17***	***75.32***	***75.00***	***76.25***
	Total	28	46	9	40	21	8	12

	NSMFIs	12	30	6	31	13	4	4
	MDI (%)	***42.86***	***65.22***	***66.67***	***77.50***	***61.90***	***50.00***	***33.33***
Legal Status	Total	38	45	14	45	31	24	33
	NGMFIs	25	26	9	34	25	19	18
	MDI (%)	***65.79***	***57.78***	***64.29***	***75.56***	***80.65***	***79.17***	***54.55***
	Total	59	77	50	77	67	64	59
	NBMFIs	47	52	31	57	46	45	47
	MDI (%)	***79.66***	***67.53***	***62.00***	***74.03***	***68.66***	***70.31***	***79.66***

Source: Computed from mixmarket.org data source

n.b.: NYMFIs: new and young MFIs, MMFIs: Matured MFIs, SUMFIs: Sustainable MFIs, NSMFIs: not-sustainable MFIs, NGMFIs: NGO MFIs, NBMFIs: NBFC MFIs

Though it is difficult to find exactly whether an MFI has drifted from its mission or not, but some measures are available to gauge this phenomenon. One of them used in this paper is the percentile rank technique. This gives scores and ranks the MFIs. Three important variables, which capture the social objectives are average loan size (ALS), share of female borrowers (FB) in total and share of rural borrowers (RB) in total. In Indian conditions the last parameter is not available thus not included for computing the score. The average of these two scores i.e. percentile of ALS and 1- percentile of FB gives the mission drift ratio. Within a range of 0 to 1 those who score 0.5 or less considered as mission centric and others as mission drifted. Small loan size, higher share of female borrower and higher share of rural borrower is definitely ideal for achieving social objectives of an MFI. Departure from an ideal composite score is considered as mission drift otherwise mission centred.

Table-2 provides some clues to the phenomenon of mission drift in India. The overall trend suggests that there is a gradual increase in the drifted MFIs. Those who are in NBFC format (NBMFIs) and are sustainable have drifted in a greater proportion. The non-parametric correlation (Kendell-Tau) of the MDI of the different categories of MFIs clearly reveals that the MDI of new and young MFIs are significantly correlated with the sustainable and also with the NBFC categories (Table-3). This establishes the fact that recently established MFIs in NBFC format who are sustainable are more commercial oriented.

Table-3 Non-parametric Correlation between the categories

MFIs	NYMFIs	MMFIs	SUMFIs	NSMFIs	NGMFIs	NBMFIs
NYMFIs	1.000	-.195	.714**	-.429	.143	.586***
MMFIs		1.000	-.098	.293	.488	-.250
SUMFIs			1.000	-.524	.238	.488
NSMFIs				1.000	.238	-.586
NGMFIs					1.000	-.195
NBMFIs						1.000

Source: computed ** significant at 5 percent * significant at 10 percent**

c. **Transformation and MD linkage:**

The data is confined to only seven years, because of the fact that the transformations in legal structure i.e. from non-government organisation format to NBFC and further to public limited company format is a new phenomenon. This is mostly visible after the successful listing of the SKS microfinance company in 2010 the following techniques. Further, the creation of a separate category for the NBFC MFIs in 2011 accentuated the structural transformation. Also, the capital structure transformation in terms of adequate capital to assets ratio and lower debt equity ratio also found in last few years.

Out of the total MFIs those were reported to the mixmarket.org data source, only 34 of them have consistently provided information for the last seven years i.e. from 2008-09 to 2014-15. These MFIs however, constitute around 75 percent the total portfolio. Thus, for the relationship between transformation variables and mission drift the yearly average figures of the variables as well as a panel data of 34 MFIs for 7 years has been used. Further, the regulatory status of these 34 MFIs has not changed during these seven years. This brings us to two structural transformation variables namely, capital to tptal assets ratio (CTA) and debt equity ratio (DER). These two ratios represent the capital structure transformation that have taken place in recent years. Regulatory transformation and prudential capital reconginitions by MFIs are represented through CTA. Similarly, non-performing loan recognition and low debt to equity ratio are represented through DER. More ownership capital is expected to put presure on commercialisation which could lead to higher average loan size and more male borrowers. On the hand higher debt in capital structure would also emphasize more on large loan size and more male borrowers. Therefore, it is expected that mission drift ratio (MDR) directly related to CTA and DER.

i. Non-parametric Test

The MD ratio over the years (Table-4) do reveal a drift in post-Andhra crisis period. A non-parametric test is undertaken with the median values of mission drift ratio (MDR) and the two transformation variables. The relationship between the transformation variables respectively with the MDR is being tested with the Kendall-tau test. With the capital structure variables, MDR though reveals high correlations but they are not statistically significant. More capital to assets ratio puts more pressure on the financial sustainability thus leads to mission drift, where as the it is the vice versa in case of debt to equity ratio.

Table-4 Mission Drift and transformation linkage

Year	MDR	CTA	DER
2009	0.591	14.36	5.9

2010	0.586	15.83	5.18
2011	0.538	18.54	4.46
2012	0.606	23.24	2.8
2013	0.621	22.36	3.26
2014	0.621	22.05	3.36
2015	0.606	19.81	3.69
Correlation (Kendall-tau) with MDR		.514	-.514
Wilcoxon Signed Rank Test		Sig: 0.018	Sig: 0.018

The second category of non-parametric test employed is the Wilcoxson signed rank test, which tests that the median difference between MDR and the transformation variables is equal to 0 or not. With the null hypothesis that the difference in each of the two variables is 0, the test is conducted and found that in all the cases the null hypothesis is rejected at 5 percent level of significance, suggesting the presence of differences. This confirms that some relationship exists between them.

The other part of non-parametric test is associating MD with the drivers i.e. PM and CPL. All through the years the mission drift ratio has been above 0.5 and the trend is increasing. This clearly hints towards a growing commercialisation among the Indian MFIs. The increase in profit margin and cost per loan indicates that mission drift has been possibly influenced by both. Though the profit margin has not been increased drastically but the cost of loan has surged ahead and reached almost double of the year 2009. With less and less debt in the capital struture this vindicates inefficiency and prevalence of poor operational cost control mechanism. The profit margin which got a jolt during Andhra Pradesh crisis has regained its share. This overall picture provides a clue that perhaps to cover up the operating cost MFIs are drifting from their social objectives. Very low and insignificant correlation between MDR and profit margin and very high and statistically significant correlation (though very weak) between MDR and cost per loan confirm this observation (Table-5). Overall the non-parametric correlation does not provide very significant relationships of mission drift with either transformation variables or with drivers of mission drift.

Table-5 Mission Drift- Profit driven or Cost driven

Year	Measures (Median Value)		
	MD Ratio	Profit Margin	Cost per loan(Rs.)
2009	0.59	0.11	551
2010	0.59	0.13	569
2011	0.53	0.09	592
2012	0.60	0.05	719
2013	0.61	0.08	735
2014	0.61	0.13	847
2015	0.60	0.14	978
Correlation (Kendall-tau) with MD Ratio		0.05	0.55***

Source: Computed *** Significant at 10 per cent level

ii. Panel Regression Analysis:

Since both the non-parametric tests do not provide any clue either to the question- does transformation leads to mission drift? or to the question-what drives mission drift i.e. profit or cost?, a panel data of 34 MFIs for 7 years is being run.

The MDR is the dependent variable, explained by two transformation variables i.e. capital to assets ratio and debt equity ratio; and two variables those are the drivers of mission drift i.e. profit margin and operating expenditure to total assets ratio. As seen earlier the DER has been significantly moderated in the last few years, it is possible that the operating cost is the most important among all the cost componenets that drives the MFIs for more commercialisation. Threfore, in the regression only the operational cost component i.e. operatiing cost to total assets ratio (OETA) has been included. Though there could be many other varibales which drive the mission drift of MFIs, here the main focus lies on structural varibales, profit margin and cost as drivers of mission drift. Therefore, only four variables have been included in the regression. Considering the fact that there is no fixed effect the random effect generalised least square regression has been chosen. The model is set as follows:

MDR= f (CTA, DER, PM, OETA, e)

The panel regression results as presented in Table-6 clearly reveals a very significant relationship with one variable i.e. capital to total assets ratio (CTA) and significant but weak relationship with the other variable i.e. operating expenses to total assets (OETA). The overall chi-square reveals that the model is significant. But the overall R square value is very negligible, which indicates that there are many other variables responsible for mission drift and the included variables have very negligible influence on mission drift. This confirm to the result of non-parametric test.

Table-6 Panel regression result

Variables	Coefficients	Standard error	Z value	P value
CTA	0.0368	0.0108	3.42	.001
DER	0.0007	0.0005	1.26	.209
PM	0.0098	0.0121	0.81	.42
OETA	-0.2134	0.1182	-1.81	.071
Constant	0.6020	0.0282	21.36	.000
	Sigma u	0.1421	Wald chi2	19.43
	Sigma e	0.0932	Prob>chi2	0.0006
	rho	0.6994	Overall R sq	0.0058

Source: Computed

Both, the non-parametric and panel regression result are in tandem, which suggests that in case of India the mission drift is an issue in recent years which is mainly driven by the change in the capital structure (as reflected through CTA). Higher CTA is putting pressure on the MFIs to perform and accelerating drift. Capital infusion from market related sources perhaps pushing the MFIs to orient their strategies to the commercial side of the business. However, without any significant relationship with the drivers of mission drift i.e. profit and operating cost it is difficult to ascribe any reason to the drift.

Conclusion:

The recent year changes have finally brought commercial objectives of MFIs' to the forefront.The overall trend suggests that the drift has already started and likely to be more prominently seen in near future. The stattistical analyses do reveal that capital structure transformation has pushed significantly the MFIs towards the drift. This has drifted regulated and relatively new MFIs from their enshrined social objectives. This mission drift is being considered as a bad omen for the industry, in the sense that it defeats the noble purpose of microfinancing.

The recent emphasis on financial sustainability and growing recognition of these institutions as pure financial institutions has forced many of the MFIs to enter into the competitive environment. But, in India the MFIs are not allowed to raise funds from public which increases their cost of funding. The equity capital infusion from professional managed groups of financiers and the borrowing at market related rates are negatively impacting their bottom line and to augment the same they are scouting alternative modes of lending, particularly lending to higher-end customers. This in turn has neglected the lower-end segment of the population thus led to mission drift. Though this trend is not found rampantly i.e. across all the MFIs, this is a paradigm shift in the microfinancing space in India, which perhaps holds a greater ramification in the coming years.

Recently in India, with many successful MFIs turning into banks (fully commercial banks and small finance banks) a new motivation of doing business at the bottom of the pyramid has been added. This has attracted many to enter into the competition. To sustain in the fray, it is possible that these MFIs would not hesitate to depart from their social objectives. Multiple borrowings by the clients, forceful loan collections by the institutions etc. which were the major causes in previous crisis cannot be ruled out in near future. As revealed in this work as well observed in earlier study (Mersland and Strøm, 2010), the MFIs should focus more on cost efficient operation, which would help them to remain financially sustainable and stay with their enshrined mission. It has become imperative for the Indian MFIs to look seriously into the ways and means to cut down the cost of funding and cost of operation. Reserve Bank of India as the principal regulator of the largest segment of MFIs should be very watchful to the situation so as avoid any repetition of the previous type of crisis. Therefore, in the coming days the role of RBI is going to be very crucial.

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Financial Constraints and Capacity Utilization: The Case of Latin American Countries

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Abstract

This article examines the impact of financial constraints on capacity utilization in six Latin-American countries. The endogenous switching model is applied to control for endogeneity between credit constraint condition and capacity utilization, and heterogeneity between credit constrained and credit unconstrained firms. The counterfactual analysis based on the estimation results shows that constrained firms would have seen an increase of 26.8% capacity utilization had they not been constrained and unconstrained firms a decrease of 23.7% capacity utilization had they been constrained.

Competitive Loan-groups and Economic Achievements of Microcredit Loan Users in a Group-Lending Program

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Megumi Nishimura, Kyoritsu Women's University, Japan

Abstract

This study sheds light on self-selected loan groups formed under a microcredit grouplending program and estimates how and the extent to which post-determined group-related factors reflecting the group atmosphere and rivalry among the group members affect the economic achievements of the loan users. Based on data from Maharashtra State, India, this study finds that social homogeneity and monitoring among members work as building blocks to increase the household income of a loan

user, while fairness and frequent meetings with other members work as stumbling blocks. The likelihood of increasing the household income is higher if a member joins a competitive loan-group in which socially homogenous members gather (fostering rivalry) and monitor each other but concentrate on their own business, meet less frequently, and are not granted equal treatment. These results suggest that pre-existing conditions are not the only factors responsible for economic success, and the posterior environment surrounding microcredit users also contributes to increasing their household income. In our study, rather than creating a comfortable egalitarian loan-group, the formation of a competitive loan-group can be a posterior factor leading to economic success.

1430-1600/Friday, October 18th, 2019

Session B2
1430-1230/ Friday, October 18th, 2019/Meeting Room: A2-015

Value Chains, Marketing and Entrepreneurship

Session Chair: Ambika Prasad Pati

Knowledge Transfer Mechanisms in Social Franchising: The Case of Jibu Co. Ltd

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Abstract

Knowledge is recognized as a strategic organization resource for competitive advantage therefore knowledge creation and sharing are very crucial for within and across organizations (MNC). For franchising firms, successful knowledge transfer determines not only the replication of system-specific knowledge for competitive advantage but also franchise chain performance (Argote & Ingram, 2000; Szulanski & Jensen, 2008). Notably, when franchisee join the franchise network, the initial training is necessary for the transfer of technical and operational know-how. Ongoingly, franchisor will provide training to maintain brand reputation and increase sustainable performance. The cost for initial and on-going training and other supports is included in initial cash investment.

However, how knowledge is transferred has been a topic for knowledge management researchers. Different scholars have argued that transfer mechanism depends largely on type of knowledge transferred (tacit or explicit) and relationship between franchisor and franchisee (Gorovaia & Windsperger, 2010, 2013; Minguela-Rata, Lopez-Sanchez, & Rodriguez-Benavides, 2009). Transfer of explicit knowledge is regarded as simple as information can pass through the use of manual, emails, text messages and fax; but tacit knowledge due to its complexity (Minguela-Rata et al., 2009) require face-to-face information sharing mechanism like training, meetings and field visit (Gorovaia & Windsperger, 2010). Most currently, the study by (Balle et al., 2019) and review by (Navimipour & Charband, 2016) indicate that face-to-face mechanism is the most

critical tool for transfer of tacit knowledge therefore more in-depth research is needed to understand these mechanisms.

Purpose- The increase interest in knowledge transfer in franchising literature has unfortunately uncover a rich information regarding training as a means of knowledge transfer. However, inconsistence remain, and many researches might find difficult to determine holistically the exact relevance of knowledge sharing mechanisms in transferring knowledge. Therefore, this paper explores the training mechanism used in social franchising company in Uganda.

Design/methodology/approach- This study adopts qualitative research method and grounded theory techniques to collect and analyze data. Drawing from a single case study from social franchising in the Africa context, the study investigates the knowledge transfer mechanism between franchisees and franchisor and among franchisees. Though the company operate in 6 countries, the data collection and analysis are based on operation in Uganda.

Findings- Findings suggest that, knowledge sharing happens through different ways, but face-to-face individual training is more favorable to majority of franchisees. Furthermore, due to dynamics of the franchisees' market, training content should not be generic rather specific to carter for market dynamics. This way, training should have impact on franchisees performance and that of the chain.

Research limitation/implication- The findings of this research contribute to the body of knowledge in two ways. First, the suggested prepositions should help to expand the

knowledge on transfer mechanism and stimulate the process of theory building and expansion in training. This includes operationalization of training content construct for quantitative studies. Second, this study shows that, while initial training content is determine by franchisor for technical know-how and operation knowledge transfer for standardization and reputation, on-going training content is determine by franchisees as the local knowledge is important for franchise sustainable performance.

Originality/value- This study is the first research to investigate knowledge transfer mechanism beyond the common measure of training; the concept of training content in the context of emerging market's social franchise chain.

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Social Franchising: Achieving a mission –driven shared identity in the BOP Market

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Abstract

Purpose – *We seek to explore how a mission-driven shared identity can be achieved in a social franchise that includes franchisees as beneficiaries.*

Design/methodology/approach – *an inductive qualitative approach, was used to conduct an in-depth analysis of One Family Health Social Franchise in Rwanda. Data* *collection techniques used include: Interviews, semi-structured interviews, and reports were*

Findings – *An entrepreneurial CEO, financially stable and replicable business model including attractive mission are identified as drivers of stakeholder endorsement. Stakeholder endorsement creates an enabling environment for the franchisor to empower franchisees and employees, impacting on a mission-driven shared identity and survival. Employees positivity play a crucial role in the relationship between the franchisor and franchisees.*

Research limitations/implications – *As a single case-study, we could not establish whether the factors influencing a mission-driven shared identity may vary across types of entrepreneurs and organisational environments. We suggest that as a gap for future studies*

Originality/value – *Our study responds to the calls for theoretical exploration in social franchising*

The origin and nature of barriers to adoption of innovation in bottom of the pyramid markets

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Allard Van Riel, University Hasselt, Belgium

Abstract

Background: Poverty reduction is number one UN Sustainable Development Goal. The possible role for multinational corporations in improving the life circumstances of those in poverty is a contemporary point of discussion (Pitta, Guesalaga and Marshall, 2008;

Kolk, Rivera-Santos and Rufin, 2013). Prahalad and Hart are recognised as the earliest, most prominent advocates of using economic exchange as an approach to reducing poverty for those at the Bottom of the Pyramid (BOP) (Prahalad & Hart, 1999; Prahalad & Hart, 2002). Is there a fortune in bottom of the pyramid (BOP) markets or is the notion of markets at the BOP a mirage? This tension which has emerged since the early, exciting thesis arguably comes from observations of the widely varying levels of success of commercial poverty alleviation solutions. These innovative products and services aim to improve the life circumstances of those in poverty through institutionalising new patterns of consumption behaviour; examples of this include water purification products, mobile telephony or financial services (Dolan and Roll, 2013; Garrette and Karnani, 2010; Karamchandani, Kubzansky, and Lalwani, 2011; London, 2016).

The adoption of innovative products and services of this nature is likely to require behavioural change on the part of target consumers. Does the context of BOP enhance or inhibit behaviour change of this nature? Tackling BOP problems and improving well-being at a societal level is a challenge which requires a view of the full ecosystem in which the issue of poverty exists (Fisk et al., 2016). This means considering how factors at the macro, meso and micro level of the social system exert influences on consumption behaviour (Edvardsson, Tronvoll and Gruber, 2011; Helkkula, Kelleher and Pihlström, 2012).

Purpose: The key question pursued in this study is how social system antecedents affect household and individual processes of resource integration, and the nature of possible barriers to adoption of innovation inherent in these established processes. The aim is to contribute to a context enriched, theoretical understanding of consumption behaviour at the BOP and add to the body of service research at the base of the pyramid. The results can be applied in areas such as marketing management.

Diffusion of innovation theory, service dominant logic and social systems theory form the theoretical frame for this study which takes a phenomenological view of BOP specific processes of resource integration. Macro, meso and micro system levels of reality provide both constraint and direction to individual and collective patterns of behaviour (Turner, 2016b). BOP consumers, with low budgets, limited access to infrastructure and possible cognitive restraints have little room for manoeuvre in their consumption choices (Garrette and Karnani, 2010).Does this context lead to a propensity to reject innovative products and services (Ram and Sheth, 1989; Heidenreich, Kraemer and Handrich, 2016)? Is there a high level of passive innovation resistance to innovation and can this be equated to a barrier to adoption (Heidenreich and Spieth, 2013)?

Methodology/Approach: 28 in-depth narrative interviews were conducted in the BOP context of the city of Ndola in Zambia in May 2018. Interviewees were prompted to recount situations of household and individual consumption decision processes (Jovchelovitch and Bauer, 2000). Trajectories based on major consumption categories. were analysed in order to establish if a) common patterns of resource integration exist in these categories and b) if these patterns can be equated to barriers to adoption of innovation.

Preliminary findings: Evidence in the trajectories shows that there are firmly established status quo patterns of household consumption behaviour in this BOP sample. This can be related to the existence a certain level of passive innovation resistance and possible barriers to the adoption of innovation.

Implications: This is an important contribution to a therotecal understanding of consumer behaviour in this context, which to date is underresearched (Ingenbleek, 2014). In the area of application, findings of this study have important implications for the starting point of design and promotion of poverty alleviation solutions.

Limitations and future research: As findings of this study are limited to one BOP context, they can only serve as an initial basis of data. Findings indicate however that at the BOP there are context specific patterns of resource integration. This has two important implications; firstly, that further research is worthwhile in order to improve our theoretical understanding of the phenomenon; secondly that the BOP opportunity is one which is embedded in a novel and complex context which requires careful investigation.

Keywords: Bottom of the Pyramid, Poverty, barriers to adoption of innovation, UN Sustainable Development Goals

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Business Development and Entrepreneurship in Ethiopia: Opportunities and Challenges

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Kenenisa Debela, Jimma University, Ethiopia

Abstract

Unemployment is the major challenge the world in general and developing countries in particular are facing in our century. Youths are the most affected segment by the problem. There is no clear consensus with regard to the age category of youth. But evidences indicated that nearly 13 % of world youth are unemployed, in Africa out of nearly 420 million youth aged 15-35, one third are unemployed and the youth unemployment rate in Ethiopia is estimated to be 27 %. There are various factors for the such significant unemployment rate in developing nations; limited formal employment opportunities in government organizations, less developed private sector, rapid population growth, rapid rural-urban migration, inadequate school curricula, low quality education, skills miss-match with the labor market and low level of entrepreneurship and empowerment for youth are among others. Hence, the role of nations particularly of

developing nations has to; initiate their youth towards productive endeavor, create environment for creativity and innovation and motivate youth to take calculated risk of creating their own job. Youth entrepreneurship is believed to minimize the high unemployment in developing nations. But Low entrepreneurial orientation, poor University Industry Linkage, shortage start-up financing, inadequate business skills, poor infrastructure and financial illiteracy are becoming the bottleneck for entrepreneurship development. Therefore, Universities are advised to re-shape students' entrepreneurial mindset, strengthen University-industry-government linkage, link teaching learning, research, and community service with Entrepreneurship and redesign curriculum to teach practical entrepreneurship to bridge the gap.

Key Words: Challenges, Ethiopia, Prospects, Youth Entrepreneurship

Session B2

1430-1600/ Friday, October 18th, 2019/Meeting Room: A2-020

Finance, Economics and Corporate governance

Session Chair: Abhay Josh

Sustainable entrepreneurship

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Pascal Daudi, Mzumbe University, Tanzania

Abstract

Small and Medium enterprises has been the centre of attention for researchers around the world because they plays important role in boosting economic development. In Tanzania, SMEs are considered to be the engine of economic growth and constitute over 27% of the GDP. It is also suggested by World Bank that SMEs sector in Tanzania is growing fast in recent years. Although SMEs have contributed to the economic development, they have also caused several negative implications including environmental issues. With increasing awareness of environmental issues, there has been rising demand for environmental friendly business practices. Prior research has shown that various stakeholders including firm itself influence the implementation of environmental management practices within the organisation. Since majority of SMEs in developing country like Tanzania are owned and managed by a single entrepreneur the awareness, perception and attitude about environmental issue is crucial for the reduction of environmental impact within the organization. In Tanzania, it is not known to what extent SMEs are engaged in the sustainable entrepreneurship. This study examines owner-managers' perception and attitudes towards sustainable entrepreneurship. Furthermore, this study examines how influence from various stakeholders is related to awareness of environmental issues, and how this awareness relates to actions taken within the SMEs to reduce the environmental impact of their operations. A survey method was used to gather information from 250 SMEs in manufacturing industry. Generally, majority of the respondents had positive attitude towards the sustainable entrepreneurship. However, few respondents were aware of the importance of the sustainable entrepreneurship to their businesses. In fact only few entrepreneurs were aware of the benefits might arise from cost reduction from environmental management practices. The results further reveal that legal and regulatory framework does influence entrepreneurs to environmental management practices. However, those influenced by legal requirement were not willing to change their business operation and put formal environmental management systems. In order to increase the awareness of sustainable entrepreneurship, this study suggests that the owner- managers be trained and educated on the benefits of the environment management practices to the organisations and society. This will develop the sufficient sustainability capabilities and thus create sustainable entrepreneurial practices.

Sustainable development of supply chains – Identifying business opportunities in emerging markets

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Caroline Ditlev-Simonsen, BI-Norwegian Business School, Norway

Kenenisa Debela, Jimma University, Ethiopia

Abstract

Purpose of this paper: This paper links supply chain management with entrepreneurship and

sustainability to provide an understanding of how businesses can develop to make use of available resources, fulfil demand and/or close gaps in emerging economies' critical infrastructures.**Design/methodology/approach:** Building on two research streams – sustainable supply chain management (SSCM), and business development/entrepreneurship – this paper develops a conceptual framework for identifying business opportunities in emerging markets.

Findings: We suggest that business development can be conceptualised through three different perspectives to identify opportunities: demand-pull; supply-push; and gaps in critical infrastructures/existing supply chains. We provide examples to illustrate the three perspectives and suggest ways to go forward.

Research limitations: The study uses superficial examples to demonstrate use of the framework. Case studies based on in-depth primary data would allow for a more detailed testing and demonstration. Future studies should explore the generalizability of the findings. **Practical implications:** Practitioners can use the framework to identify gaps and new business opportunities, and to develop a process for implementing the

ideas.

Societal implications: The results can support sustainable development in emerging markets. **What is original/value of paper:** The paper connects SSCM and entrepreneurship in emerging markets to build a framework for future research on the one hand, and to identify opportunities in practice on the other.

Keywords: Supply chain, sustainability, framework, entrepreneurship, emerging market, business development

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Supply Chain Management implementation in Italian SMEs, A proposed taxonomy

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Papa Anna Rita, P&P Consulting & Service, Italy

Abstract

Supply Chain Management (SCM) has become an integral part of strategy for all organisations irrespective of their size and sector in the present globalised and networked economy. This study is on analysing implementation of SCM and its effectiveness in a sample of 22 Italian Small and Medium Enterprises. Companies manufacture goods and belong to different sectors. The level of implementation of SCM in a small and medium-sized company has fundamental performance flexibility and reduce costs. The results of the analysis and implementation of SCM by several small-sized companies in Italy as well as the result of this work lead to companies achieving greater competitiveness in their particular market.

The aim of this paper is to develop a comprehensive taxonomy of supply chain management practices to provide better understanding of the complex relationship between the external and internal factors and SCM operational practices. Typology and/or taxonomy play a key role in the development of social science theories. The current taxonomies focus on a single or limited component of the supply chain. Furthermore, they have not been tested using different sample compositions and contexts, yet replication is a prerequisite for developing robust concepts and theories. This paper empirically replicates one such taxonomy extending the original study by (a) developing broad (containing the key components of supply chain) taxonomy and (b) broadening the sample by including a wider range of sectors and organisational size.

The research identifies a five-groups model:

1) No-Collaborations;
2) Inventory coordination;
3) Forecast sharing;
4) Collaborative Supply Chain;
5) Blockchain organization

This paper contributes to both the supply chain management literature and literature in the area of SMEs by identifying some important research areas which are linked to both fields. This paper helps both academics and managers to gain a better understanding of the complexity of supply chain management in manufacturing companies.

Keywords: Supply chain management, integration, operations, SME, collaboration

0900-1030/Saturday, October 19th, 2019

Session B3
0900-1030/ Saturday, October 19th, 2019/Meeting Room: A2-015

Value Chains, Marketing and Entrepreneurship

Session Chair: Honest Ngowi

The Role of Dynamic Capabilities in Enhancing the Performance of Internationalizing Firms

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Abstract

Introduction: More and more firms from emerging markets are internationalizing their businesses. A major challenge for them is to adapt to the international business environment and maintain their long-term competitive advantage. Dynamic capabilities have been proposed as a means for addressing rapidly changing environment and enhancing firms' internationalizing performance. Building on extant research, sensing, learning, coordination & integration capabilities and innovation capabilities were identified as four dimensions of dynamic capabilities, and their role in improving internationalizing performance of firms, especially from the emerging markets.

Objective: The primary objective of this study was to highlight the role of select dynamic capabilities on the overall firm performance from emerging markets.

Methods: Based on the research model and the topical review of the relevant literature, four specific dynamic capabilities – sensing capabilities, learning capabilities, coordination & integration capabilities and innovation capabilities – were chosen and

analyzed by using multi- item scales. As an indicator of internal consistency reliability, the scales revealed a cronbach's alpha of 0.894, 0.934, 0.888, and 0.930 respectively. For measuring dependent variable "performance of internationalizing firms", the items revealed an internal reliability of 0.948. A 7-point Likert-scale ranging from "strongly disagree" to "strongly agree" was used to record a wide range of responses. Furthermore, China was chosen as an empirical setting given its status as an emerging market and its current role in the world economy as the second largest economy. Questionnaire was not only provided in English but also in Mandarin to reach maximum number of Chinese firms. To account for the holistic picture, two control variables were also included. Furthermore, to reduce common method bias, ex ante several recommendations by Podsakoff et al., (2003) and Chang et al., (2010) were followed.

Results: The final data was tested against a sample of 108 Chinese firms. In the sample, tolerance of four independent variables were 0.326, 0.277, 0.416, and 0.423 respectively – all above 0.2. And, all independent variables showed a VIF of less than 4. This indicated that the problem of multicollinearity was not very severe. In order to test the hypotheses a hierarchical linear regression was conducted. The explanatory power of the accepted model was found to be at - Adjusted R2 = 0.327. Furthermore, results indicated the influence of sensing capability and innovation capability on performance of internationalizing firms as significant at the 99% and 95% level respectively, thereby revealing positive impact of sensing capabilities and innovation capabilities on performance.

Conclusions: The four types of dynamic capabilities identified in this study explained 32.7% of performance of internationalizing firms. Among them, sensing capabilities, coordination & integration capabilities and innovation capabilities were found to be positively related to the performance of internationalizing firms, while learning capabilities revealed a negative impact on dependent variable. Additionally, the influence of sensing capability and innovation capability on performance of internationalizing firms is proved to be significant on a high level. The effect of both control variables (government subsidies and company size) was not found to be significant, but company size plays a reversed role in enhancing the performance of internationalizing firms. The study contributes to the internationalization literature on emerging markets in general and to the emerging literature on dynamic capabilities in particular. While prior studies mainly focus on the impact of dynamic capabilities on firms' general performance and seldom study dynamic capabilities in the context of internationalization, this research empirically posits that dynamic capabilities play a role in enhancing internationalizing firms' performance. To be more precise, sensing capabilities and innovation capabilities are positively associated with, and significantly affect the performance of internationalizing firms. This study further paves the way for future studies to take these characteristics in consideration while examining the firms from the emerging markets.

Drivers of India's Ocean Diplomacy in the Small Island Developing States (SIDS) of the Indo-Pacific: A Fuzzy AHP Modeling Approach

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Abstract

Indo-Pacific geopolitics is now redefining the ocean diplomacy of India and other countries in the region including China, Vietnam, Indonesia and Australia. Therefore, the Small Island Developing Countries (SIDS) have now acquired immense diplomatic interests in the renewed regional architecture. This paper examines the dynamics of India's ocean diplomacy in the Indo-Pacific and outlines 12 enablers which can strengthen India's engagements with the SIDS countries of both the Indian Ocean as well as the South Pacific Ocean. These enablers have been grouped into three broad sets namely geo-economic enablers, geo-strategic enablers, and, environmental and healthcare enablers. First, the weightage of individual enablers and sub-category of the enablers have been calculated by employing Fuzzy Analytical Hierarchy Process (AHP), a mathematical modeling technique. Given the indeterminateness of the enablers, the relative importance of each enabler has been determined by using linguistic variables which were represented as triangular fuzzy numbers. Then, the Center of Area Defuzzification method was used to convert the fuzzy evaluations into their corresponding crisps values. The results reveal that among all geo-economic enablers, sub-regional cooperation is the most significant variable. While, among the geo-strategic enablers and environmental and healthcare enablers, factors like 'support for democratic governance' and 'abating vector and water-borne diseases' are the most important ones respectively. Also, in terms of the global weights of the 12 enablers, it is found that the top five enablers that can potentially drive India's ocean diplomacy with SIDS include the following: sub-regional cooperation, aid-for-trade, trade capacity building, abating vector and water-borne diseases, and, management of water-related ecosystem. This study has implication for policy-making in India especially in context of determining the areas in which the resources can be allocated to strengthen India's engagements with the SIDS countries. Also, it contributes to the discourse on Sustainable Development Goals (SDGs), besides extending the work on the Indo-Pacific architecture.

Keywords: SIDS, Indo-Pacific, India, Ocean Diplomacy, SDGs

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Does Councillors’ Governance Enhance Health Service Delivery In Tanzania

Elizabeth Landa, Mzumbe University

Abstract

The study examined councillors’ governance in enhancing health service delivery in Mbogwe District Council-Tanzania. The specific objectives were; to identify the health services provided, to examine the responsibility of councillors in enhancing health service delivery, and to determine the extent of which councillor’s roles enhancing health service delivery.

The study adopted case study design while purposive and convenience sampling were used to draw a sample size of 120.Both primary and secondary data collection were used. Statistical Package for Social Sciences (SPSS) and content analysis were employed in data analysis, whereby Chi-square, regression model were applied to show the relationship between variables. Internal reliability of the instruments was measured by Cronbach Alpha while validity was measured by Component Factor Analysis

The study revealed that health services provided are; preventive and curative services, health education and maternal and child clinics. Majority agreed that councillors are performing their responsibilities properly towards health service delivery such as; budgeting role, advising role, decision making role, mobilising role, supervision and inspecting role. To the high extent perceived role of the councillors enhance perceived quality of health service delivery as majority agreed. The study concluded that, even though the quality of health service delivery was of average level, but councillors helped to the high extent in enhancing the health service delivery to the public. Moreover, lack of resources, particularly financial resources hindering councillors from making effective supervision and inspection role. Hence recommended that the government should provide enough funds rehabilitate and build more infrastructures,

purchase medicines finance and administration committees should be given more fund to execute effective supervision and inspection.

Terrorism and performance of Pakistan Stock Exchange (PSX)

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Abstract

This study is undertaken to measure the impact of terrorist attacks on the Pakistan Stock Exchange. The impact of most recent terrorist attacks Wagah border attack, Peshawar Army Public School attack, Safoora attack Karachi, Quetta attack, Yohanabad attack are considered for this study. Event study methodology is used to analyze the data. The results of study shows that yuhannabad attack produce the negative impact on Pakistan stock exchange and KSE 100 index declined by 500 points after this event, Peshawar school attack also result in decline of KSE 100 index, stock returns also respond to Quetta explosions by dropping more than 200 points.

Similarly Safoora and Wagah border attack produced negative impact on the stock market but the impact found is short lived. The results of this study showed overall impact of terrorism on stock market.

Keywords: Terrorism, Stock market returns, abnormal returns, Cumulative abnormal return.

Session B3
0900-1030/ Saturday, October 19th, 2019/Meeting Room: A2-020

Finance, Economics and Corporate governance

Session Chair: Nsubili Isaga

How Chinese multinational enterprises' contributions to sustainable development in Africa pay off - The case of Huawei

Sue Claire Berning, Technische Hochschule Ingolstadt, Germany

Abstract

The aim of this paper is to investigate the ways how multinational enterprises (MNEs) can contribute to sustainable development in emerging markets effectively, and particularly how these ways pay off. By following an inductive case study approach and referring to the Sustainable Development Goals (SDGs) of the United Nations, the sustainable undertakings of the Chinese MNE Huawei in Africa are explored. The main findings indicate first, that Huawei can promote sustainable development internationally on three different levels (1) products/services, 2) business operations and 3) community support), and second, that these sustainability activities pay off in both directions (for Huawei and for the host country). This paper is useful for scholars and practitioners alike as it shows the compatibility of success in business with sustainability, as well as the potential of the SDGs to guide MNEs and governments to achieve sustainable development.

Keywords: Sustainable Development Goals, Chinese MNEs, Africa, emerging markets

Investments by Faith-Based Organizations: Are they value adding?

Moshi James, Mzumbe University, Tanzania

Abstract

While the literature contains a number of studies on ethical investment funds, relatively little is known about church investment performances and their sustainability despite the significant role they play in the development of the sector. This paper attempts to study the various investments made by the Evangelical Lutheran Church of Tanzania (ELCT) the extent of investments made by the Church, and their relationship with the Church growth. The paper also describes financial performance of these investments and utilization their incomes in the Investments sustainability and growth.

The study mainly used questionnaire and interview for data collection, however, documentary review and direct observation played a good role as instruments of data collection. The design adopted was a case study design supported by survey strategies to allow for the benefits of quantitative approach due to the nature of the study. Statistical analysis was performed using SPSS to analyze the data and presents results in the form of tables, frequencies, percentages and charts.

The findings revealed that the church has to a large extent invested in education, health and hospitality services, however, the contribution of these church owned business investment to the sustainability of the church is not significant. Most of the owned businesses operate at losses for a number of years, and even those which earns profits, such profits are never taken to support for the operations costs and growth of the church as it was intended.

The study recommends for sharing the objectives of business investment to the staff and heads of business units, make detailed assessment of non-performing business investments, formulate policies for establishing and running church owned investments for the future betterment of the investments and the church in general.

Gender dynamics in entrepreneurial finance: a systematic review of theoretical underpinnings

Priscilla Serwaah, Agder University, Norway

Rotem Shneor, Agder University, Norway

Abstract

Purpose –Theory is fundamental for constructing framework, for making inferences and for making predictions about a researchable phenomenon. It follows therefore that an academic research is good when it is grounded on theory. The purpose of this review is to make a synthesis of theories which previous studies have employed as theoretical foundations for explaining gender issues in entrepreneurial finance and how the identified theories are used.

Design/methodology/approach – The methodology proceeds in two steps. First, the use of keywords yields 16 papers from ISI Web of Science. The second step involved performing reference checks of the included articles, a procedure that yielded 7 additional relevant papers. The total of 23 papers were classified and analysed according to common themes.

Findings – The findings show that researchers use entrepreneurship theories and also borrow grand theories as theoretical foundations for examining the gender dynamics in entrepreneurial finance. In total, the analysis identified 23 theories, 8 of which were used by several papers. The theories were used to explain two broad gender related themes of entrepreneurial finance, which are capital seeking and capital provision.

Originality/value – This paper is the first to bring together diverse papers on gender dynamics in entrepreneurial finance that are grounded on at least one theory. This paper also makes several testable propositions that could guide future research in the area of

female entrepreneurs' success in raising funds for their promising projects. The propositions together with suggested avenues for future research can be expected to inform research on gender dynamics and inequalities in entrepreneurial finance.

Paper type: Research paper

Keywords: Female entrepreneurs, entrepreneurship finance, crowdfunding, venture capital, business angels, microfinance, informal investors, bank, theory, gender dynamics

Inequality and Lending to Women: The Moderating Effect of Internationalization

Samuel Anokye Nyarko

Abstract

In this paper, I investigate the influence of gender inequality on microfinance institutions' outreach to women and test the moderation effect of internationalization. Microfinance emerged as a poverty combating intervention (Morduch, 1999). Microfinance institutions (MFIs) support the income generating activities of the needy and disadvantaged through the provision of financial and non-financial services to these less privileged groups (Armendáriz & Morduch, 2010). Women, a group that over-represents the world's poor, have been the focus of microfinance since inception of the industry in the 1970s. Some of the early MFIs lent exclusively to women and today, women still dominate the clientele base of most MFIs1 Mersland and Strøm (2012) regard the focus on women as the main innovation of microfinance and Morduch (1999) attribute the success of microfinance to its deliberate focus on women. Anecdotal evidence shows that female poverty results from gender-based discrimination against women. Such discrimination is fuelled by broadly shared societal beliefs, customs or traditions that portray women as inferior to men (Kabeer, 2005; Sanyal, 2009). Consequently, the neglect of women by mainstream banking system is blamed on gender-based discrimination against women (Drori et al., 2019). Stated differently,

gender inequality restricts women's access to formal financial services which subsequently leads to female poverty. Though, fighting gender discrimination and female poverty is claimed to be core to the microfinance mandate (Garikipati et al., 2017), yet, paradoxically, deep-seated societal norms that create these social ills can supress outreach to women by frustrating the redress efforts of MFIs (Zhao & Wry, 2016). Recently, scholars have begun to investigate how pro-social organizations (e.g. MFIs), are affected by societal beliefs that create social problems, such as the marginalization of individuals (Cobb et al., 2016; Drori et al., 2018; Drori et al., 2019; Manos & Tsytrinbaum, 2014; Wry & Zhao, 2018; Zhao & Wry, 2016). On outreach to women, Drori et al. (2019) show that the gender targeting strategy of MFIs is contingent on prevailing gender norms in the local environment and that MFIs target women in contexts where women are likely to face discrimination in accessing financial services. However, the analysis of Drori et al. (2019) does not address how gender norms affect the degree of outreach to women, even if MFIs are likely to have a women focused mission in male dominating societies. In view of this, Zhao and Wry (2016) found that patriarchy, a societal logic that discriminates against women by prioritizing male attributes and interests over those of women, manifests in the family, religion and state to suppress MFIs' outreach to women. Intuitively, in countries where gender inequality is high, interventions that foster women's empowerment are less likely to obtain local acceptance and support because such interventions contradict prevailing social norms. In some cases, such interventions may trigger new forms male dominance and increased violence against women (Rahman, 1999; Schuler et al., 1998). Moreover, women-focused interventions can be costly in unfriendly gender environments as studies have shown that deep-rooted social norms (e.g. inter-group discrimination) amplify the trade-off between social outreach and sustainability, a development that may discourage MFIs from reaching larger numbers of costly-to-serve vulnerable minorities such as women (Wry & Zhao, 2018). According to Zhao and Wry (2016), due to the unlikely local support, MFIs that desire to serve women in gender-based discriminatory cultures ought to focus on attracting foreign support. Interestingly, over the past decades, the microfinance industry has witnessed heavy influence from foreign actors such as international capital providers, international initiators and international networks (Mersland et al., 2011). Following Zhao and Wry (2016), I investigate how internationalization interact with gender inequality to affect outreach to women. By investigating this relationship, this study extends previous research (e.g. Drori et al., 2019; Zhao & Wry, 2016) and honours Drori et al. (2019)'s call for studies that explore how internationalization interacts with local social norms to impact the women targeting of MFIs.

Outreach to women in microfinance seems to be significantly driven by

international players. Extant studies have shown that internationalization enhances the social outreach performance of MFI, and particularly outreach to women (Mersland et al., 2011; Mersland & Urgeghe, 2013; Mori et al., 2015). One way through which international actors may enhance women targeting is funding. Foreign subsidies in the form of donations and soft loans cushion MFIs to absorb the associated cost of lending to women. Related to this argument, available evidence shows that subsidized MFIs serve more women (D'Espallier et al., 2013a). Female clients take smaller loans than their men counterparts (Agier & Szafarz, 2013a; Agier & Szafarz, 2013b; D'espallier et al., 2013b). These smaller loans are costly and unprofitable for MFIs—monitoring and other administrative costs are fixed regardless of loan size (Hermes et al., 2011). Cheaper foreign funds could strengthen MFIs to bear the already high cost of serving women plus costs induced by crossing culturally ingrained gender barriers (see, Wry & Zhao, 2018). In fact, case study evidence shows that international agencies support women focused microfinance projects in patriarchal cultures (Sanyal, 2009). Women focused MFIs do not only benefit from subsidized funds from international actors, but also, technical services, knowledge transfer, and international best practices (Golesorkhi et al., 2019a; Golesorkhi et al., 2019b; Mersland et al., 2011). Based on these arguments, I tested the hypothesize that though gender inequality supresses outreach to women, internationalization interacts with gender inequality to increase this outreach. I use an original dataset that covers 483 MFIs that operate in 57 countries. The unbalanced panel consist of data from 2000 to 2015. The dataset is self-constructed with information from the reports of five recognized microfinance rating agencies: Microrate, Microfinanza, Planet rating, M-Cril and Crisil. The data was analysed using random effects generalized least squares after running Breusch and Pagan Lagrangian multiplier test. Confirming the hypotheses, the analysis revealed that outreach to women is significantly low in countries where gender-based discrimination is high. This suggest that culturally inspired gender inequality, which restricts women's access to formal financial services, undermine MFIs' redress efforts to reach women with banking services. The findings also show that internationalization interacts with gender discrimination to enhance outreach to women. Thus, it appears that pro-social international actors consider local culture when partnering or establishing MFIs and they support MFIs to reach more women in contexts where women face much discrimination. This study contributes to the literature by highlighting cultural and international drivers of female outreach in MFIs. Specifically, it shows the negative effect of discriminatory gender norms on outreach to women and how this can be mitigated by internationalization. The findings also suggest that international players in the microfinance industry are committed to supporting and prioritizing underprivileged and vulnerable groups such as women.

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