Institutional Complexity of National Systems and the Fate of Global Microfinance

by

Yanfei Zhao

A thesis submitted in partial fulfillment of the requirements for the degree of

Doctor of Philosophy

in
Strategic Management and Organization

Faculty of Business
University of Alberta

ABSTRACT

I advance a theory of how institutional complexity of national systems shapes the fate of hybrid organizations. In particular, I investigate how various prevailing societal logics independently and jointly affect the founding and social mission focus of microfinance organizations (MFOs); a form of hybrid organization distinguished by lending to poor people, particularly women. Although the fate of organizational forms and practices is generally linked to that of the cultural frames that support them, I show that logics may act and interact in various ways to shape these outcomes. Drawing on neoliberal economics and gender inequality studies, I identify two logics, market and patriarchy, that are theoretically relevant to microfinance, globally prevalent, and variously influential across countries. I hypothesize and test (1) how market and patriarchy logics independently and interactively shape microfinance founding and the lending focus on women; (2) how the financial performance of an MFO affects its social mission fulfillment and how this effect is contingent upon heterogeneous configurations of market and patriarchy logics across nations; and (3) how the two logics shape capital flows into microfinance. Empirical analyses of these questions are based on a sample of MFOs in 111 developing countries between 1995 and 2007 and data on the funding structure of MFOs between 2007 and 2010. In addition to showing how hybrid organizations in general are affected by institutional complexity, the findings have practical implications for microfinance, where prominent groups promote market logic as a means to grow the sector and expand its outreach. (248 words)

ACKNOWLEDGEMENT

I would like to first and foremost thank my advisor, Michael Lounsbury, whose guidance has not only shaped this dissertation but also my intellectual development as a scholar. Mike's enthusiastic encouragement and generous help have always been the most important source of motivation and focused my work in a productive direction. Without his support, this dissertation would not have been possible.

I feel extremely grateful to other members of my dissertation committee. Royston Greenwood, Dev Jennings, Joel Gehman, and Marvin Washington have all been passionate about my work, offering incisive comments on various drafts of this dissertation and keeping me on making progress. I am also fortunate to have Rodolphe Durand as an external member, whose comments have certainly helped sharpen my ideas. Special thanks also goes to Tyler Wry, an inspiring and encouraging colleague and friend, who I have indeed enjoyed working with. This dissertation has certainly benefited from some of the ongoing projects I have with Tyler.

Last but not least, I wish to thank my parents, my wife Angela and my daughter Reese who have been a constant source of courage. No difficulties seem unconquerable with their company.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

INTRODUCTION

Some chronic problems such as poverty, gender inequality, and environmental degradation continue to afflict modern society on a global scale. Solving such grand social challenges often requires "the pursuit of bold ideas and the adoption of less conventional approaches" (Colquitt & George, 2011: 432; Ferraro, Etzion, & Gehman, 2014). Traditional organizational forms with a single dominant logic (e.g., pure for-profit corporation or pure charity) often fall short of addressing these problems while being self-sustainable (Prahalad & Bettis, 1986). Hybrid organizations that combine multiple institutional logics or span different socio-cultural categories, however, can meld seemingly incompatible symbolic and material elements to take advantage of new opportunities and avoid defects in established designs (Haveman & Rao, 2006). Such hybrid organizations can take different forms and have shown great potential in accelerating scientific discovery (Murray, 2010), alleviating poverty (Battilana & Dorado, 2010), managing diverse kinds of professionals (Suddaby & Greenwood, 2005), increasing organizations' innovative capacity in tackling climate change (Jay, 2013), and reducing unemployment (Pache & Santos, 2013).

One distinctive form of hybrid organization is social enterprise (Battilana & Lee, 2014). While scholars have yet to settle on a single definition, most agree that social enterprise is a new way of organizing – distinct from corporations and charities – that involves the integration of social aims and commercial activity (Dacin, Dacin, & Tracey, 2011; Dacin, Dacin, & Matear, 2010; Mair & Marti, 2009). This can manifest in the pursuit of financial self-sufficiency among nonprofit organizations (Boschee, 2001) or the creation of for-profit ventures with an embedded social purpose (Austin, Stevenson, & Wei-Skillern, 2006). In either case, advocates see an enticing proposition where social issues can be addressed with business-like innovation and sustained without government or private donors (Mair, Marti, & Ventresca, 2012). Befitting this promise, social enterprise has grown to become a globally vibrant phenomenon (Kelley, Singer, & Herrington, 2012; Zahra, Gedajlovic, Neubaum, & Shulman, 2009).

For scholars, the study of social enterprise provides an opportunity to elaborate theories that were designed to account for organizations situated neatly within the public or private spheres. Organization theorists, in particular, argue that financial and social aims are associated with different, and frequently conflicting, institutional logics (Battilana & Dorado, 2010; Margolis & Walsh, 2003). Logics are shared cultural frameworks that originate in societal orders – such as the market, state, corporation, profession, community, religion, and family – and shape action through their influence on individual and organizational attention, identities, and interests (Friedland & Alford, 1991; Thornton, Ocasio, & Lounsbury, 2012). For organizations, combining discrepant logics is associated with conflicting behavioral demands from internal and/or external audiences; a condition known as institutional complexity (Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011). Seizing on this, scholars have begun to elaborate theories of entrepreneurial motivation to account for social enterprise (Battilana & Lee, 2014; Miller, Grimes, McMullen, & Vogus, 2012b). Others have focused on the intra-organizational challenges of balancing competing goals (Battilana &

Dorado, 2010; Besharov & Smith, 2013; Pache & Santos, 2010), and a broader research program has emerged to study the influence of multiple logics in professional and organizational fields (Dunn & Jones, 2010; Goodrick & Reay, 2011; Greenwood, Diaz, Li, & Lorente, 2010).

Yet we know little about how complexity affects the fates of organizational forms. Studies at the intersection of institutional theory and organization ecology have found that vital rates are affected by the ascendance of cultural frames promoted by social movements (Haveman, Rao, & Paruchuri, 2007; Hiatt, Sine, & Tolbert, 2009), governments (Simons & Ingram, 1997; Sine, Haveman, & Tolbert, 2005), and corporations (Greenwood, Suddaby, & Hinings, 2002). Other research has shown that changes in the institutional environment can bring about shifts in the practices of an organizational population (Haveman & Rao, 1997; Thornton & Ocasio, 1999). The general finding is that the fate of forms and practices follow that of the meaning systems which support them. The influence of multiple logics is rarely considered (Ingram & Simons, 2000). Hybrid organizations such as social enterprises, however, may face more complex environments. These organizations frequently address issues that are rooted in logics that sustain entrenched interests and identities (Dacin et al., 2010) and this may create resistance to their operation. The viability of entrepreneurship also varies among communities (Marquis & Battilana, 2009) and nations (Kelley et al., 2012), likely affecting the feasibility of pursuing social aims through commercial means. As such, the vitality and practices of social enterprise forms are likely affected through the pushes and pulls of multiple logics.

Institutional complexity also suggests that logics can interact with each other in ways that affect organizations (Greenwood et al., 2010; Greenwood et al., 2011). Thus, while scholars have examined how interested actors promote or challenge particular forms and practices (Hiatt et al., 2009; Rao, Monin, & Durand, 2003; Weber, Heinze, & DeSoucey, 2008), it is important to recognize that an ascendant logic may affect a population differently depending on the other logics at play in the institutional environment. Going a step further, other research argues that logics are multifaceted and may support interests that converge in some areas but diverge in others (Clemens & Cook, 1999; Wry, Cobb, & Aldrich, 2013). Thus, while empirical examinations of institutional complexity are in their infancy it is theoretically possible that, within a population, the same set of logics may buttress each other on some outcomes but clash on others. This is particularly germane to social enterprise where efforts to promote financial viability and foundings may have unintended effects on social mission focus, and efforts to enhance social efficacy may affect financial viability (Zahra et al., 2009).

On a practical level, it is also important to address the societal implications of organizations: this is a foundational goal of organization theory and the Academy of Management (Hinings & Greenwood, 2002; Walsh, Weber, & Margolis, 2003). While it is useful to study micro-dynamics, the impacts of social enterprise are arguably more closely related to the density of particular forms and the degree to which they focus on social aims (Lounsbury, Ventresca, & Hirsch, 2003; York & Lenox, 2013). For example, the effects of wind farms (Sine & Lee, 2009), microfinance (Roberts, 2013), and grass fed ranches (Weber et al., 2008) should be most apparent when these organizations are plentiful and strongly committed to their social mission. There are also efforts to replicate successful social enterprises transnationally, but organization and field level studies offer little insight into cultural factors that affect the modularity of these transplants (Tracey, phillips, & Jarvis, 2011; Zahra et al., 2009).

To better understand how institutional complexity affects organizational forms and the unique transnational manifestations of social enterprises, I advance a theory of *institutional complexity of national systems* that highlights the heterogeneity of the configurations of societal logics across different countries (Biggart & Guillen, 1999; Hamilton & Biggart, 1988). The institutional complexity of national systems is characterized by the coexistence of different societal logics, the variable strengths of the logics, and the counteracting or complementary relationships among those logics in affecting different outcomes (Greenwood et al., 2011). Nations with unique historical trajectories, collective understandings, and cultural practices often present distinct institutional complexity, embracing nation-specific institutional arrangements and organizing principles (Evans, 1995). Nations faced with the same economic or social problems may allow the search for and development of innovative solutions, such as social enterprises, in distinct ways, exploiting their unique sets of opportunities. Specific institutional complexity of a nation informs the types, availability, and legitimacy of actors involved in an innovation and shapes the movement of capital, labor, and other resources according to prevailing values and beliefs. As such, some actors are more favored as participants in constructing social enterprises versus others, and certain strategies of action (Swidler, 1986) are rendered more appropriate, legitimate, and effective, which will fundamentally shape the founding and operation of social enterprises.

In developing the theory of institutional complexity of national systems, I draw on neoliberal economics and gender inequality studies, based on which I identify two societal-level logics – *market* and *patriarchy* – that are theoretically relevant to microfinance, the empirical context of this dissertation. The two logics are also globally prevalent and variously influential across countries, contributing to different levels of institutional complexity of national systems. I hypothesize and test (1) how market and patriarchy logics independently and interactively shape microfinance founding and the lending focus on women; (2) how the financial performance of a microfinance organization affects its social mission fulfillment and how this effect is contingent upon heterogeneous configurations of market and patriarchy logics across nation-states; and (3) how market and patriarchy logics shape capital inflows into microfinance.

Empirical analyses of these questions are based on a sample of microfinance organizations (MFOs) in 111 developing countries between 1995 and 2007 and data on the funding structure of MFOs between 2007 and 2010. Microfinance is a social enterprise form that generates revenues by extending credit to impoverished people with the aim of helping them break out of poverty. I chose this context for three reasons. First, variation is required to analyze the effects of institutional complexity on a population. This can be observed temporally or across contexts: the global reach of microfinance enables me to look at both. Second, there is evidence that MFOs in different countries face similar types, but different levels, of complexity based on the relative strength of market and patriarchy logics. I argue that the direct and interactive influences of these forces will affect the founding of microfinance organizations, the viability of lending to women, doing so through commercial channels, and the underlying capital flow patterns in microfinance. Third, groups such as the International Monetary Fund, Microcredit Summit Campaign, United Nations, and World Bank advocate the market logic as a means to spur development in a country's microfinance sector. To the extent that this interacts with patriarchy to produce different effects in different countries, there are important practical implications for studying institutional complexity in this context.

In the next section, I develop a theoretical approach to nation-state institutional complexity, focusing attention on its implications for studying hybrid organizations (particularly social enterprises). Then, in chapter 2 I provide an overview of my empirical setting – microfinance – and highlight the two societal logics that are most pertinent to my study – market and patriarchy. Based on this, in chapter 3 I delve into three sets of empirical questions related to the effects of market and patriarchy logics on (1) microfinance founding and the lending focus on women clients, (2) the financial-social performance relationships among MFOs, and (3) the nature and pattern of capital inflow into a nation's microfinance sector. This is followed by chapter 4 with a discussion of the variety of data sources I use to marshal evidence in support of my claims, the key variables, and the modeling strategies. Chapter 5 then presents results and interprets findings. Finally, in chapter 6 I summarize how the thesis unfolded and discuss the overall contributions and implications of my study.

INSTITUTIONAL COMPLEXITY OF NATIONAL SYSTEMS AND HYBRID ORGANIZATIONS

The Problematic Nature of Hybrid Organizations

Despite their innovative potential in synthesizing logics and practices, hybrid organizations face significant challenges in both their founding processes and post-founding operation. Given their hybrid nature, such organizations have been suggested to be areas of strong contradiction and thus highly unstable (Besharov & Smith, 2013). In fact, any hybrid organizational form – including social enterprise – that does not fit into established socio-cultural categories is often considered atypical and less legitimate, and thus tends to be overlooked, undervalued, or actively resisted (DiMaggio & Powell, 1983; Meyer & Staggenborg, 1996; Zuckerman, 1999). Both entrepreneurs and audiences need to play an active role in contending with these challenges, but often, they are ill-equipped with critical resources required to establish and legitimate hybrids (Glynn & Navis, 2013; Jones, Maoret, Massa, & Svejenova, 2012; Lounsbury & Glynn, 2001).

The problematic nature of hybrid organizations has been extensively discussed in the literature on categorization. According to this literature, classification systems constitute an important part of our social life. Due to the various cognitive limits on information processing (Simon, 1957) and the inherent market unpredictability and ambiguity, we constantly rely on institutionalized category systems to organize and decode the information we receive. Such classification systems work because the myriad categories within them demarcate who and what is included within a category, creating shared understandings and expectations for those entities, and at the same time compare them with those excluded, defining what the included members are not (Bowker & Star, 2000; Durand & Paolella, 2013; Durand, Rao, & Monin, 2007; Porac & Thomas, 1994; Rao et al., 2003; Rao, Monin, & Durand, 2005; Zerubavel, 1997). The demarcation processes based on categories with clear boundaries help reduce ambiguity among competing offerings, simplify our thought, and enable us to "process vast amounts of information more quickly and with reasonable efficiency" (Lounsbury & Rao, 2004: 970). As such, categories serve as an effective sorting tool that gives order to organizations and markets and facilitates the smooth functioning of complex fields.

Beyond the sorting function, categories are also infused with meaning and shape the status, interests, and identities of those affiliated members (Glynn, 2008; Powell & Colyvas, 2008; Rao et al., 2003). From a producer's perspective, a specific category membership signals an identity claim (Glynn, 2008; Wry, Lounsbury, & Glynn, 2011; Zuckerman, 1999) and a certain amount of commitment in meeting the feature and quality expectations of a legitimate member of that category (Hannan & Freeman, 1977; Hannan & Freeman, 1989). From an audience's perspective, the categorical attributions audiences make imply their locus of attention (Ocasio, 1997) and willingness to confer recognition, affiliation, and reward (Zuckerman, 1999). Therefore, institutionalized category systems serve as touchstones for organizational identity claims as well as for audience attention, legitimation, and evaluation (Glynn & Navis, 2013).

An organization's claim of categorical memberships and audiences' attributions do not always match however. Such a mismatch indicates the organization's failure to manage its category membership and gain audiences' acceptance for their self-claimed market identity. When an organization depends upon positive responses from audiences for critical resources such as coverage, recommendation, or funding, the mismatch may lead to significant economic and social penalties. Zuckerman (1999), based on a study of U.S. public firms in the stock market, prominently demonstrated that those that failed to attract the attention of securities analysts who specialized in its industries suffered discounted stock prices – a phenomenon he termed more generally as the "illegitimacy discount."

Thus, when the identity mismatch between an organization's claims and audiences' attributions is great, such as when the organization spans multiple categories that have clear and institutionalized boundaries (e.g., in the case of social enterprises), the corresponding illegitimacy discount can be equally pernicious. Two distinct mechanisms may explain this outcome: a producer-side mechanism and an audience-side mechanism. On the producer side, theories of organizational niche dynamics suggest that there is likely a trade-off between an organization’s category width and its capacity for performance (Hannan & Freeman, 1989). Given an organization’s finite resources, being a hybrid organization may result in lower investments in each category it spans, and consequently, it may fail to develop sufficient capabilities that generate appeal among audiences in any of the targeted categories (Dobrev, Kim, & Hannan, 2001; Hsu, 2006; Hsu, Hannan, & Koçak, 2009). On the audience side, even if the “actual skills” of a hybrid organization is not degraded due to category spanning, it may still be discounted because audiences may perceive its identity as ambiguous (Negro & Leung, 2012). In this line of thought, the hybrid nature of an organization is assumed to defy institutionalized categorical boundaries, and thus violates the cultural codes audiences typically use in their interpretation and evaluation.

Studies in the past have found that both the producer- and audience-side mechanisms contribute to the illegitimacy discount of hybrid organizations (Hsu et al., 2009; Negro & Leung, 2012), and the evidence of such a hybridity discount (Durand & Paolella, 2013) has amassed across a range of contexts (Hannan, 2010). Some studies have argued that hybrid organizations often embody incompatible institutional expectations (Greenwood et al., 2011) and must contend with competing external demands (Pache & Santos, 2010) and internal identities (Pratt & Foreman, 2000). In order to project at least partial appropriateness to various stakeholders, they may have to incorporate antagonistic practices which may not easily work together (Tracey et al., 2011). The tensions are further heightened when coalitions representing these competing demands emerge and fight against each other inside the organization (Pache & Santos, 2010). The resultant internal conflicts, if unresolved, are likely to lead to the collapse of the hybrid nature of those organizations. Past studies have suggested that social enterprises can become particular arduous because they demand that entrepreneurs fuse together some inherently antithetical elements of different logics (Miller et al., 2012b; Tracey et al., 2011). Battilana and Dorado (2010), for example, indicated that microfinance organizations that combine both banking and development logics are prone to failure unless they nurture proper hiring and socialization policies to help create a common organizational identity that strikes a balance between the two logics.

While these studies focus on the producer-side mechanisms, others tend to follow predominantly audience-side explanations. For example, Zuckerman (2000) showed that firms which straddled industry categories hindered efforts by security analysts to evaluate their shares and thus faced pressure from analysts to de-diversify. Phillips and Zuckerman (2001) found that middle-status law firms in Silicon Valley were less likely to diversify into family law practice to avoid the risk of being screened out of consideration by corporate clients and elite law schools. Ruef and Patterson (2009) found that hybrid organizations received negative credit coverage and evaluation when they crossed highly institutionalized industry boundaries. Likewise, Zuckerman, Kim, Ukanwa, and von Rittmann (2003) observed that novice actors without a distinct genre-based identity faced problems in gaining attention from talent agents and casting directors, leading to difficulties in securing future acting jobs. In the case of social enterprise, past studies have suggested that audiences embedded in various institutional spheres (e.g., local politics, community, religion) constrain social entrepreneurial opportunities in engaging market models in addressing social issues (Mair et al. 2012).

As a result of this persuasive evidence on the challenges and problems of hybridity, many scholars have stressed the need for organizations to be unambiguously situated in a particular category and demonstrate an unequivocal identity (Glynn, 2008; Strandgaard Pedersen & Dobbin, 2006). Yet, hybrid organizations continue to exist and sometimes even thrive (Wry, Lounsbury, & Jennings, 2014; Zhao, Ishihara, & Lounsbury, 2013). Despite the potential pitfalls of hybridity, such efforts may help organizations develop robust identities and allow more freedom of action (Padgett & Ansell, 1993). This type of flexibility is particularly useful when organizations try to engage a broader set of stakeholders and assemble a wide variety of resources in order to design and implement creative tools and solutions. For instance, microfinance organizations successfully incorporating both commercial and social orientations are likely to attract a wider set of funders, scaling up more quickly, and reaching the poor more broadly. These seemingly contradictory views on hybrid organizations pose a conundrum that conventional category studies fail to resolve: given the potential pitfalls of hybridity, under which conditions are hybrid organizations more likely to emerge and endure?

Recent studies on categories try to reconcile these contradictory views by referring to the fluidity of categorical boundaries and variety of audiences. Instead of taking categorical boundaries as static and rigid, these studies view the boundaries across categories as variously dynamic, porous, or even intentionally ambiguous (Fleischer, 2009; Garud, Gehman, & Karnoe, 2010; Hannan, Pólos, & Carroll, 2007). For example, Ruef and Patterson (2009) found that organizations spanning multiple categories were less problematic when categorization systems themselves were emergent or in flux. Similarly, Rosa et al. (1999) argued that, when categories were emergent and unstable, atypical products were more acceptable. Hsu (2006) suggested that, in markets where economies of scale were present for generalist organizations and where complementarities between different taste positions were high, category spanning was unlikely to have significant negative effects on audience appeal. In a study of the de-institutionalization of categorical boundaries in French gastronomy, Rao et al. (2005) found that category spanning was less penalized where boundaries eroded due to increasing borrowing across boundaries triggered by high-status actors. Taking a relational approach to categories, Wry and Lounsbury (2013) suggested that venture capitalists were less likely to discount carbon nanotube start-ups that spanned vertically and horizontally related patent categories.

While these studies focused on the fluid boundaries across categories, others have explored how different segments of audiences may perceive and evaluate hybrid organizations differently. Zuckerman (1999) hinted that different audiences might hold alternative theories of value and employ different classificatory schemes. Pontikes (2012) later more explicitly classified audiences as either "market-takers" or "market-makers." She found that while market-takers (e.g., consumers) consider hybrid organizations problematic, market-makers (e.g., venture capitalists) find those organizations as flexible and appealing.

However, changing boundaries and different audiences only provide a partial explanation for why hybrid organizations exist and thrive. Another independent line of research has focused on the entrepreneurial actions in constructing and enabling hybrid organizations. These studies have mainly examined the various strategies of actors *within* hybrid organizations in experiencing, assessing, and managing competing institutional expectations – i.e. navigating institutional complexity (see Greenwood et al., 2011; Kraatz & Block, 2008). By relying predominantly on conceptual frameworks or single or comparative case studies, this literature concentrates on the internal reconfiguration of institutional logics and its impact on the functioning of hybrid organizations. Yet, this nascent literature has thus far focused attention on intra-organizational dynamics, and is yet to be expanded to shed light on the emergence and operation of populations or fields of hybrid organizations. Specifically, what is missing is a systematic investigation of the various enabling and constraining mechanisms that fundamentally drive the heterogeneous founding and performance of different kinds of hybrids over time and space. This gap is important to address because hybrid organizations, only viewed as a population, have the potential to "bring about new states in relevant economic, social, institutional, and cultural environments" (Rindova, Barry, & Ketchen, 2009: 478) and thus promote system-level change that is required to eradicate chronic societal problems (such as poverty) on a global scale.

Indeed, past studies on hybrid organizations, in particular social enterprises, have been criticized for their primary focus on individual success stories and idiosyncratic contexts (Dacin et al., 2011). Celebrating examples of heroic individuals "changing the world" (Bornstein, 2007), they vividly describe how visionary entrepreneurs successfully navigate through complex institutional environments and apply innovative strategies in managing tensions and solving problems associated with hybrid organizations. While these studies grounded in case examples facilitate deep-dives into the problems under study, overreliance on iconic cases of success may limit the insights that one can draw across research contexts. In addition, the extant literature is also limited by its single country focus. Few have studied hybrid organizations comparatively across countries. Yet, nation-states may have distinctive institutional complexity that result in heterogeneous forms of organizing and social agency (Saka-Helmhout, Greenwood, & Deeg, 2014). Therefore, a closer examination of the heterogeneous institutional complexity across nations is valuable to develop a more complete theoretical understanding of under what conditions hybrid organizations emerge and prevail, as well as how they operate.

Institutional Complexity of National Systems

A distinct feature of the institutional logics perspective is its innovative conceptualization of society as an inter-institutional system comprised of multiple orders each with its own distinct rationality for appropriate organizational behavior (Thornton et al., 2012). In fact, Friedland and Alford's (1991) initial aim in cultivating the logics approach was to illuminate the ways in which the capitalist market, bureaucratic state, democracy, nuclear family, and Christian religion – which they viewed as the primary institutional orders of Western society – affected individual and organizational practices. Recent developments broadened and revised Friedland and Alford's typology to include seven institutional orders – the market, corporation, state, family, profession, community, and religion – that are generalizable beyond Western societies (Thornton et al., 2012).

This advancement is important because the structure and organization of those societal orders and the prevailing values and beliefs embodied in them are far from uniform and tend to be country-specific (Hall & Soskice, 2001). Nations are jurisdictionally bounded and have unique institutional configurations (Biggart & Guillen, 1999; Guillen, 2001). Reflecting this, studies in economic sociology have shown considerable variation in the organizing principles of different countries (Biggart & Guillen, 1999). In particular, different nations tend to exhibit unique configurations of institutional logics and present distinct institutional complexity (Greenwood et al., 2010; Greenwood et al., 2011).

The unique institutional complexity of countries is deeply rooted in national histories and culture, reflected in different policy priorities, and embodied in nation-specific statutes or regulations (Greif, 2006; Hall & Lamont, 2013; North, 1990). It provides guiding ideas and values for individuals and organizations, accords varied amount of agency to entrepreneurs and their ventures, and shapes their possible strategies of action (Ruef & Lounsbury, 2007).

Its influences are channeled through both independent and interactive effects of the various logics constituting the institutional complexity nation-states face.

To date, cross-national research on institutional complexity remains rare and has yet to fully engage these insights and apply these ideas to studying hybrid organizations. Instead, most studies in the logics literature have focused on local instantiations of societal-level logics within a single country that shaped the dynamics of organizations (Glynn & Lounsbury, 2005), fields (Greenwood & Suddaby, 2006; Reay & Hinings, 2009), and geographic communities (Lounsbury, 2007; Marquis & Lounsbury, 2007). Only a limited number of studies have explicitly engaged institutional logics in cross-national comparative research. For example, Biggart and Guillen (1999) compared different logics in developing the auto industries across four economies. Luo (2007) studied national logics regarding the individual's role and its impact on training attitudes in 16 European countries. Chung and Luo (2008) examined how shareholder logics of US and UK investors versus stakeholder logics of Japanese investors shaped business group restructuring in Taiwan. And Luo et al. (2009) found that the home country corporate governance models (logics) shape foreign firms' choice of local partners. Nevertheless, these studies tend to cover just a few (mostly developed) nations and have yet to generate sufficient insights on the unique institutional complexity across countries, particularly in under-developed economies.

Studies in this milieu also tend to highlight the incompatibility of different societal logics, conceptualizing multiple logics as a source of contestation and conflict (Dunn & Jones, 2010; Lounsbury, 2007; Reay & Hinings, 2009), thus missing the opportunity to examine the potential complementary nature of the logics in affecting certain organizational outcomes (Greenwood et al., 2011; Thornton et al., 2012). As a result, the key features of institutional complexity of national systems, such as the coexistence of different logics and their interactive nature in affecting various organizational outcomes, have been under-theorized. In addition, few studies exist that examine the cross-cultural dynamics of the construction of hybrid organizations more specifically.

Directly theorizing the institutional complexity of national systems can begin to fill these gaps, providing a distinctive comparative institutional framework that complements two prominent institutional approaches often applied to cross-national settings: the world society (e.g., Meyer, Boli, Thomas, & Ramirez, 1997) and the varieties of capitalism approaches (e.g., Hall & Soskice, 2001; Whitley, 2007). All three theories – world society, variety of capitalism, and institutional complexity of national systems – offer important insights regarding the institutional effects on organizations, each with unique angles in its theorization of hybrid organizations.

Led by John Meyer and colleagues, world society theory has evolved into a coherent research program in the past two decades. Widely regarded as a "broad-ranging sociological theory of modernity", the central theme of this line of work is on "how institutional forces of culture and legitimacy play key roles in sweeping social change" (Krucken & Drori, 2009: 3). The world society, according to Meyer (1987: 41), is a "broad cultural order with explicit origins in western society." The cultural core of world society is built upon some shared moral understandings and assumptions, universalistic norms of fairness and equality, voluntary and self-organized action, and cosmopolitanism (Krucken & Drori, 2009). Such cultural forces, with prominent western origins, serve as strong forces powering a diverse range of diffusion processes on a global scale, e.g. the global institutionalization of privatization (Levi-Faur, 2003), women's rights (Berkovitch, 1999; Ramirez, Soysal, & Shanahan, 1997), mass education (Meyer & Ramirez, 2000), ministries (Jang, 2000); and national constitutions (Boli, 1987). International organizations and global networks, governmental or nongovernmental, have proven to be important channels of these various diffusion processes (e.g., Torfason & Ingram, 2010). Given its primary interest in studying global convergence on certain standardized models, world society theory has been criticized for its overemphasis on the sweeping effects of cultural frames with strong western roots and lack of attention to the different societal contexts being shaped by those global forces (Finnermore, 1996). Applying this perspective to hybrid organizations, it would imply the global spread of largely homogeneous models of hybrids strongly influenced by prevailing western culture and beliefs.

The varieties of capitalism literature, in contradistinction, focuses exactly on the heterogeneous institutional conditions across countries, typically across capitalist societies, and theorizes how institutional variations across nations systematically shape organizations' structure and strategies (Hall & Soskice, 2001). Rooted in neo-institutional economics (e.g., North, 1990) and the new economics of organization (e.g., Kreps, 1990; Milgrom & Roberts, 1992), this line of work has mainly focused on national differences in economic and political institutions, including industrial relations, labor markets, regulatory regimes, as well as other non-market institutions such as associations and trade unions. According to this theory, the institutional variations at the national level penetrate organizational behavior and outcomes through various mechanisms such as instilling norms or attitudes, shaping resource flows, and structuring sanctions and incentive systems (Hall & Soskice, 2001). Following this tradition, Ioannou and Serafeim (2012) show that nation-specific political, labor, education institutions have significant impact on firms' corporate social performance across 42 countries. However, this theory has concentrated primarily on economic and political institutions and their associated material impacts on organizations, but less on cultural institutions and their influence on organizational attention and identity as theorized in world society.

Compared with these two theories, the theory of institutional complexity of national systems is distinctive because it embraces national heterogeneity, attends to both economic and cultural institutions and their interactions, covers a more comprehensive set of mechanisms underlying the institutional effects on organizational actions, and applies more widely to societies including emerging economies (Thornton et al., 2012). As discussed above, different logic configurations across nations provide varied opportunities and constraints for entrepreneurs to act upon. How entrepreneurs discover and implement their ideas is fundamentally shaped by the varied national systems that embed them. National heterogeneity in institutional complexity thus provides a varied set of cultural toolkits for entrepreneurs to construct hybrid organizations. This partial autonomy view of entrepreneurs addresses the overemphasis on audiences and categorical constraints in the category literature, enabling more scope for entrepreneurial action and varied social enterprise models across nations.

The theory of institutional complexity of national systems also embraces a broader set of institutions – economic, political, and cultural – that penetrate organizational structure and strategies through various channels. According to this theory, attention structuring, normative conformity, social identification, as well as material rewards, are all important mechanisms through which societal logics embodied in institutional complexity shape organizational actions. First, logics focus the attention of entrepreneurs on particular aspects of organizational visions and missions and shape the availability of the repertoires of organizational structures and strategies in fulfilling those missions (Ocasio, 1997; Thornton et al., 2012). Second, logics represent sets of expectations for social relations and behavior, defining what is appropriate, legitimate, and desirable (Suchman, 1995) and guiding selection of certain organizational forms over others (Haveman & Rao, 1997). Third, logics are tied to identity (March & Olsen, 1989). Entrepreneurs derive their social identities and identification from prevailing societal logics, which in turn guide their actions (Ashforth & Mael, 1989; Holland, Lachicotte, Skinner, & Cain, 1998). Finally, logics also condition resource flows and structure incentive and reward systems, which motivate entrepreneurs in certain ways and sanction their behavior (Jackall, 1988; Wry et al., 2013).

Overall, the theory of institutional complexity of national systems complements the other two institutional approaches and is particularly powerful in explaining cross-national heterogeneity in organizational behavior and outcomes. It pays attention to a broader set of societal institutions and theorizes a more comprehensive set of mechanisms through which societal logics separately and jointly shape organizational actions. As a result, it helps formulate a distinctive comparative institutional framework in explaining the heterogeneous emergence and endurance of hybrid organizations across nations, with an evident account of the interaction between transnational models and unique national paths (Djelic & Quack, 2007; Hall & Lamont, 2013).

The application of the theory of institutional complexity of national systems to studying hybrid organizations, particularly social enterprises aiming to address some chronic societal problems such as poverty, inequality, and environmental degradation in a global setting, also helps advance a comparative institutional approach to social entrepreneurship. For example, the emergence and operation of social enterprises across the globe might be conditioned by nation-specific institutional complexity, creating different kinds of challenges across space and time for social entrepreneurs aiming to advance both social and economic outcomes (Ault & Spicer, 2013; Greenwood et al., 2011). This comparative institutional approach therefore has the potential to provide policy makers as well as social entrepreneurs with insights on how the institutional embeddedness of social enterprises matters, and help them better understand the various factors that facilitate or inhibit the creation and performance of those hybrids in different national settings. As such, there is a fruitful opportunity to develop the theory of institutional complexity of national systems and apply it to studying the cross-culture dynamics of hybridization, especially in social enterprises. This dissertation explores this opportunity in the context of microfinance.

CHAPTER 2: MICROFINANCE ORGANIZATION AS A FORM OF SOCIAL ENTERPRISE

The idea of microfinance can be traced back to the mid-1800s when pioneers such as Lysander Spooner and Friedrich Wilhelm Raiffeisen experimented by lending small amounts of credit to entrepreneurs and farmers as a way getting them out of poverty. Despite a gradual improvement in living standards around the world over the years, poverty continues to be a chronic societal problem. One important reason the poor are trapped in poverty is their lack of access to affordable capital (Sachs, 2006). Considered less profitable and riskier customers, they have been written off by commercial banks and forced to turn to informal lenders such as loan sharks and pawnshops, which often exacerbate their financial wellbeing.

It is Muhammad Yunus and the Grameen Bank that revitalized the idea of microfinance through the innovative "group lending" model: without collateral, groups of customers with close ties within their communities sign loan contracts with the Grameen Bank where group members act as guarantors for each other and are expected to support the others when difficulties arise. The group-lending model has innovatively relied on social monitoring and peer pressure in overcoming the information asymmetry and moral hazard problems faced by MFOs in lending to the poor (Li, Liu, & Deininger, 2012). Besides the group lending and joint liability features, the Grameen model is also distinctive because of its unusual repayment schedule[1] and its focus on women borrowers, both of which help contribute to high repayment rates. The success of the Grameen lending model showed that under certain mechanisms, the poor can be relied upon to repay their loans.

Initially, microfinance was viewed as a tool to promote business creation among the poor, and there is evidence that it has this effect (Armendariz & Morduch, 2010; Banerjee, Duflo, Glennerster, & Kinnan, 2013; Yunus, 1999). Loans also have income-smoothing effects, allowing poor households to manage cash flows, deal with emergencies, and invest in the future (Ledgerwood, Earne, & Nelson, 2013). To be clear, though, microfinance is not without detractors: predatory lending and high interest rates have contributed to the No Pago (I won't pay) movement in Nicaragua (Pachico, 2009) and suicides in Andhra Pradesh, India (Cole & Saleman, 2011). Randomized experiments also suggest that microfinance is not the magic bullet that many of its proponents would like to believe (Angelucci, Karlan, & Zinman, 2012; Banerjee et al., 2013; Karlan & Zinman, 2010). Still, the development community is bullish on the sector, and MFOs continue to proliferate worldwide (Ledgerwood et al., 2013).

Evolution of Microfinance

Historically, most early MFOs are non-governmental organizations (NGOs) that are dedicated to reducing poverty. These early MFOs typically rely on subsidies and donations from governments, multi- and bilateral development agencies, and development finance institutions as financial sources. They view the poor as more or less "deserving" of support and try to maximize the impact of donor funds. Their profits are plough back to further their social missions. With donations and subsidies, they are able to maintain low interest rates, offer smaller loan amount to customers, and keep their focus on the poorer and riskier market segment.

Despite the great strides in fulfilling the mission of poverty alleviation, NGO MFOs face various challenges to be financially viable and many of these early MFOs, especially rural credit agencies established during the 1960s and 1970s, failed. The failure was partially due to the fact that subsidies and donations were often limited in quantity. These sources of funding, despite their attractive terms, were also less reliable and sustainable compared with funds obtained from depositors or private investors. In addition, subsidized MFOs also tended to suffer problems such as corruption and partisan lending and have weaker incentives for innovation and cost-cutting. Due to the failure of these early MFOs, there was a significant unmet demand for microfinance among the poor.

Yet, microfinance with the unmet demand and high repayment rates could become a potentially lucrative market. As a result, the 1990s saw the inception of the idea of commercialization of microfinance and many attempts to tap capital market investors for MFO funding. Certain policy initiatives such as Consultative Group to Assist the Poor (CGAP) established by the World Bank also emerged which embraced the idea of diversifying the models of microfinance based on various sources of capital. These new initiatives championed microfinance more as a new business that needed to grow and mature than being simply a social movement. Commercial-oriented MFOs are expected to acquire funding from various sources including commercial banks, private corporations, and individual investors. Because they are accountable to these private investors, they need to generate profits and fulfill fiduciary obligations. Accordingly, the poor are viewed as more or less risky sources of income rather than someone deserving of support. To be financially self-sufficient, commercial MFOs tend to charge higher interest rates and serve less poor customers (Cull, Demirguc-Kunt, & Morduch, 2007; Roberts, 2013). They are also motivated to be more efficient in lending. Higher profit in turn allows commercial MFOs to attract more private investors and mobilize larger amount of finance at market rates. Supporters of the idea of commercialization of microfinance believe that only commercial MFOs have the potential of being financially sustainable and thus are able to grow in scale and provide finance to a large number of borrowers.

Charging higher interests and acquiring private capital may indeed help MFOs grow and become more profitable. As a result, it may help MFOs serve a larger number of borrowers and increase the breadth of their social outreach. However, this trend may disproportionately benefit the less poor. On one hand, poorer customers may be deterred by high interest rates. On the other hand, profit-seeking MFOs may drift away from the poorest yet particularly vulnerable and underserved customers, increasingly targeting the less poor and less risky market segments. Consequently, as MFOs become more and more profit-driven, they may move further away from their original mission – serving the poorest most in need – and sacrifice the depth of their social outreach. Financial self-sufficiency and the depth of social outreach thus present two potentially competing demands on MFOs.

All forms of MFOs, no matter whether they are for-profit or nonprofit, increasingly experience such competing demands. Although there might be different rank orders between profitability and serving the poor, MFOs need to attend to both missions, a hallmark of the social enterprise. This is partially driven by the fact that MFOs, no matter which form they take, are more and more relying on a diverse source of funding providers who follow different objectives of financing MFOs – commercial, social, mixed etc. (Sapundzhieva, 2011).

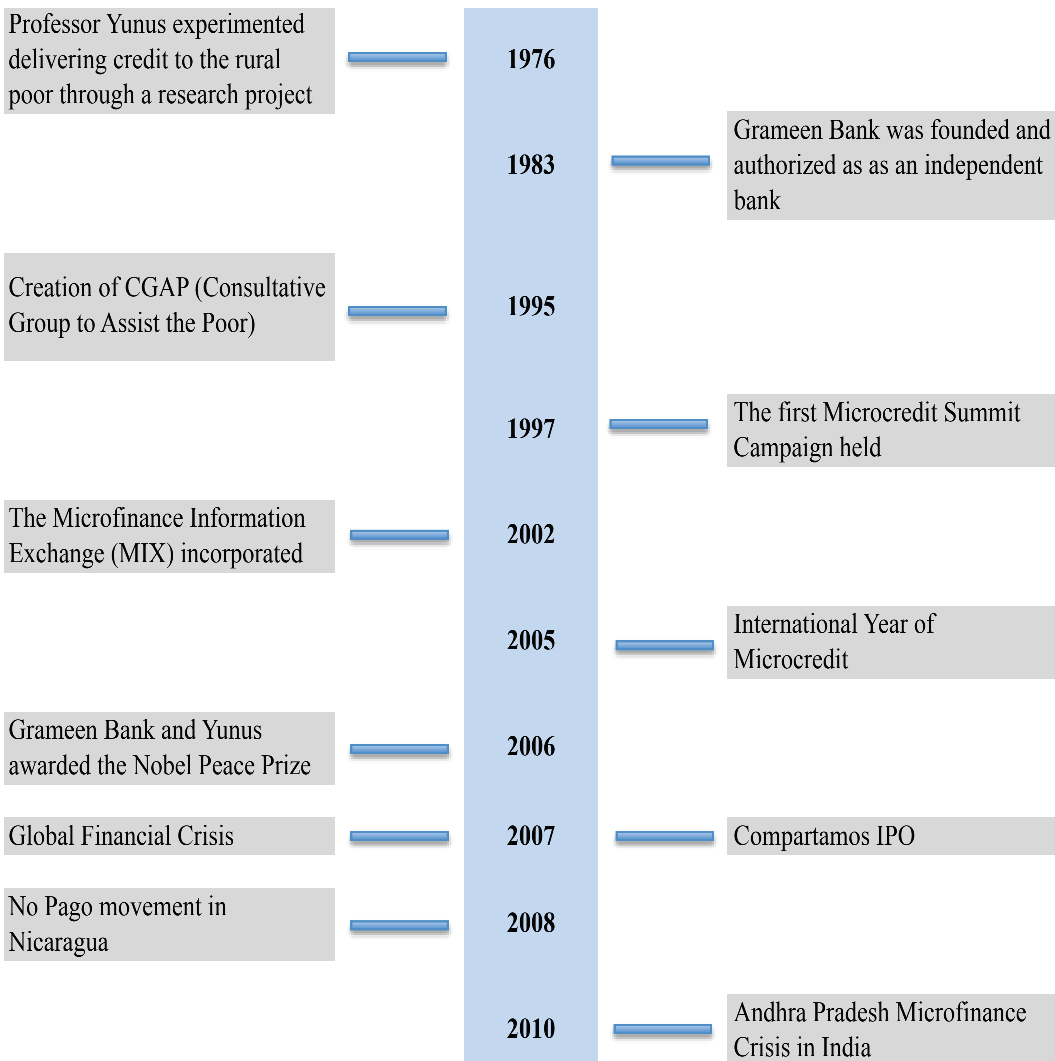
Microfinance and Focus on Women

MFOs are also distinguished through the practice of lending to women. While not all MFOs focus specifically on female clients, it is generally accepted that the sector is "all about banking for women" (Armendariz & Morduch, 2010: 211). Women are over-represented among the poor, both within and across countries, and this imbalance is particularly pronounced among the world's poorest citizens (Duflo, 2012; Sen, 1990). Many believe that no poverty reduction effort can be effective without a focus on women (Duflo, 2012; United Nations, 2005). Reflecting this, the first MFOs focused exclusively on females, and women still comprise approximately 70% of microfinance clients worldwide (Daley-Harris, 2009). External audiences including the Microcredit Summit Campaign, International Monetary Fund, and World Bank all cite lending to women as a key aim of microfinance (Daley-Harris, 2009; Frank, 2008; World Bank, 2001).

Indeed, much of the rhetoric about microfinance and its potential focuses on lending to women (Armendariz & Morduch, 2010; Yunus, 1999). Though most now agree that it is counter-productive to exclude men from microfinance, especially for the purpose of increasing MFOs' financial self-sufficiency, evidence points to a number of benefits derived through women's lending. Women are more likely to invest in health and education (especially for girls), potentially creating spillover benefits to microfinance loans (Blumberg, 1989; Duflo, 2003). Lending to women also contributes to contraceptive usage (Rahman & DaVanzo, 1997), social capital, and perceptions of self-efficacy among female clients (Sanyal, 2009; Swain & Wallentin, 2009). However, empirical results are more equivocal for other empowerment indicators. Loans may target women but be appropriated by male relatives (Goetz & Gupta, 1996). There is also evidence that lending to women may upset domestic power structures, leading to spousal violence (Mayoux, 1999; Rankin, 2002). Still, the fact that patriarchy creates barriers to empowerment underscores the need for programs that target women as much as it indicts the desirability of lending to them.

In sum, MFOs are essentially hybrid organizations that face the often-rival missions of being both financially and socially responsible, and weigh their strategies across three critical and interrelated decisions – profitability, poverty alleviation in general, and financing women in particular. Yet, MFOs in different countries are far from uniform in how they design and carry out their strategies across the three missions (Ault & Spicer, 2013). In particular, countries vary in terms of two prominent institutional logics – market and patriarchy – that are particularly relevant in the microfinance context and may significantly shape the emergence and operation of MFOs in distinct ways. Figure 1 features some of the key milestones in microfinance evolution.

Figure 1. Key Milestones in Microfinance Evolution



CHAPTER 3: THREE STUDIES ON NATION-STATE INSTITUTIONAL COMPLEXITY AND MICROFINANCE

In this chapter, I design three studies of nation-state institutional complexity and theorize how the two societal logics – market and patriarchy – independently and jointly affect three sets of outcomes in the microfinance context: MFO founding and lending focus on women, financial-social performance relationships among MFOs, and capital flows into microfinance. These three sets of outcomes have important implications for MFOs' fulfillment of financial and social missions. For each outcome, I develop corresponding hypotheses for empirical test.

Study 1: Institutional Complexity and the Founding and lending focus on women of Microfinance Organizations[2]

The Influence of Market Logic

According to the institutional logics perspective, the market is one of the core sectors comprising a nation's inter-institutional system (Friedland & Alford, 1991; Thornton et al., 2012). While there are many market variants – and even varieties of capitalism (Amble, 2003; Hall & Soskice, 2001) – the ideal-type market logic is equated with free market capitalism: profits, efficiency, and self-interest are key (Thornton et al., 2012: 73). Research has shown the influence of the market logic in organizational fields ranging from academic publishing (Thornton, 2004) and pharmacy (Goodrick & Reay, 2011) to symphony orchestras (Glynn & Lounsbury, 2005) and museums (Oakes, Townley, & Cooper, 1998). Others have focused on its manifestation within organizations (Battilana & Dorado, 2010; Tracey et al., 2011). While population level studies are comparatively rare, Weber and colleagues (2009) linked market logic to the emergence and vibrancy of global stock exchanges and Simons and Ingram (1997) showed that the ascendance of Israeli capitalism affected the employment practices of Kibbutzim (see also Ingram and Simons, 2000).

At the national level, market logics can be observed in neoliberal economic policies that promote free and open capital markets, foreign investment, property rights, retrenchment on the welfare state, and low corporate taxes (Campbell & Pedersen, 2001; Cohen & Centeno, 2006; Henisz, Zelner, & Guillen, 2005). In microfinance, this set of ideas has gained considerable influence over the past two decades (Armendariz & Morduch, 2010). Much of the current excitement about the sector comes from the proposition that it is financially viable to extend loans to the poor (Morduch, 2000). Pioneering MFOs such as Grameen Bank and BancoSol showed that operations could be sustained with a loan portfolio comprising almost exclusively poor women. Seizing upon this, many began to believe that the best path to achieving large scale benefits through microfinance was to embrace the market and expand social outreach through rapid scaling. By the millennium, most in the sector had embraced profits as both financially and socially desirable (Armendariz & Morduch, 2010; Roberts, 2013).

In order to facilitate this growth, many in policy circles began to advocate for neoliberal policies as a means to attract investment and promote development in a nation's microfinance sector (Cull et al., 2007; Ledgerwood et al., 2013). The assumed benefit of these policies is traced to two mechanisms – capital supply and efficient capital allocation – which are thought to work in tandem to enable resource flows to the most financially worthy MFOs in a country (Babb, 2005; Campbell, 2004; Cohen & Centeno, 2006). Conventional wisdom soon became that if MFOs could turn a profit, easing the flow of capital would encourage microfinance foundings (Gonzalez, 2010; Morduch, 2000). Indeed, in their wide-ranging analysis, Ledgerwood and colleagues (2013) offered an extensive discussion of the economic conditions that support microfinance. The Economist Intelligence Unit (2010) undertook a similar analysis of business environments for microfinance. Based on the argument that foundings are more likely when government intervention is minimized and capital is plentiful, both studies identified foreign investment, regulatory complexity, taxes, and low corruption as key factors. Likewise, organizations such as the World Bank, International Finance Corporation, the G20[3], and the African and Asian Development Banks have launched programs to foster the development of global microfinance. These organizations actively promote policies designed to attract foreign capital to a nation's microfinance sector (Daley-Harris, 2009; Ledgerwood et al., 2013).

While effects have yet to be studied systematically, prior research suggests that these policies should have their intended influence. At base, starting an MFO is an entrepreneurial act and should benefit from increased capital supply. The relationship between a supportive resource environment and organizational foundings is well-established (Dobbin & Dowd, 1997; Hiatt et al., 2009; Sine & Lee, 2009). Cross-national entrepreneurship studies have also found that liberal foreign investment policies and supportive regulatory environments predict business creation (Busenitz, Gomez, & Spencer, 2000; Rastin, 2003) and the Global Entrepreneurship Monitor survey found that business creation is highest in nations with open markets, high foreign investment, and government support for entrepreneurship (Kelley et al., 2012). Although some MFO foundings are undoubtedly motivated by a desire to affect social change, not to generate profits, I expect that foundings will nonetheless be higher in countries that have adopted neoliberal economic policies. Thus, I predict:

> **Hypothesis 1** (**H1**): More pronounced instantiations of a market logic, as evident in neoliberal economic policies, is positively associated with the establishment of microfinance organizations in a nation.

In contrast to the prediction about founding rates based on the capital supply function of neoliberalism, I anticipate that the efficient allocation of capital under these policies is associated with a diminished focus on women borrowers. This does not require that the market logic is internalized by members of an MFO (Battilana & Dorado, 2010), or that neoliberal policies exert a coercive influence (Oakes et al., 1998). Rather, an organization's commitment to social aims may wane in the face of external resource pressures (Simons & Ingram, 1997). Logics provide a framework for evaluating legitimacy and worth (Thornton et al., 2012) and "efficient" capital allocation under neoliberalism is assessed according to the market logic (Cohen & Centeno, 2006). Conforming organizations are more likely to receive support from resource providers, creating incentives to shift behavior in order to stabilize resource flows (Ingram & Simons, 2000; Wry et al., 2013). Providing evidence of this argument, Simons and Ingram (1997) found that resource dependencies and economic incentives created by Israeli capitalism led to Kibbutzim hiring external laborers, contra their socialist norms.

In microfinance, investors are generally willing to accept below-market returns. Still, these investments are not subsidies and require that capital be retained and grown (Gonzalez, 2010; Sapundzhieva, 2011). While some believe that women are better borrowers and more reliable in repaying their loans (D'Espallier, Gerin, & Mersland, 2011), there is increasing evidence suggesting that a focus on women borrowers contributes to higher operating costs, reduced financial sustainability, and increased reliance on donations and subsidies (Mersland & Strom, 2010; Roberts, 2013). As such, MFOs focusing on women are less likely to attract investment (Gonzalez, 2010). Increased commercial capital in a country's microfinance sector may thus create inducements for MFOs to focus on more general lending or development efforts because these are more financially viable than lending to poor women (Barr, 2005; Otero, 1999). To wit, a longitudinal study of 25 MFOs found that those receiving commercial capital were less likely to lend to women (Frank, 2008). Therefore, I predict:

Hypothesis 2 (**H2**): More pronounced instantiations of a market logic, as evident in neoliberal economic policies, is negatively associated with a focus on women borrowers among a nation's microfinance organizations.

The Influence of Patriarchy

Although the dominant policy thrust in microfinance centers on market logic as a means to catalyze foundings and social outreach, it is important to recognize that MFOs are embedded in the same contexts that give rise to the issues they aspire to address (Campbell, 2004; Dacin et al., 2010). In this regard, patriarchy is a cultural force that both creates the need for MFOs to lend to women, while potentially erecting barriers to this pursuit. In theorizing its influence on a country's microfinance sector, I go beyond studies that link population growth to a supportive institutional environment (Haveman & Rao, 1997; Weber et al., 2008) and the decline of forms to environmental shifts (Davis, Diekmann, & Tinsley, 1994; Hiatt et al., 2009). Rather, I focus on the potential for some populations to emerge and be shaped under the influence of suppressing forces. In doing so, I highlight the interactive and multifaceted nature of coexisting logics.

To make this argument, I integrate cultural-institutional perspectives on gender inequality (Acker, 2006; Ridgeway, 2011) with work on institutional logics (Biggart & Guillen, 1999; Friedland & Alford, 1991; Thornton et al., 2012). For logics scholars, patriarchy is a component of family logic. However, in considering non-Western applications of their theory, Thornton and colleagues (2012: 65) note "stratification variables like gender… may suggest a universal or isomorphic effect of male domination across institutional orders and societies". This fits well with the gender-inequality literature where patriarchy is defined as a belief system where male domination serves as a model for identities, social relationships, and large-scale institutional arrangements (Charles & Grusky, 2004; Hughes, 2003; Ridgeway, 2011; Witz, 1992). Integrating these approaches is advantageous for two reasons: First, studies of organizations and patriarchy tend to focus on issues like workplace inequity (Smith, 2002; Tolbert, Simons, Andrews, & Rhee, 1995) and barriers to female entrepreneurship (Yang & Aldrich, 2014). However, it's common for the logics approach to treat organizations as the main unit of analysis. Second, logics are thought to have an influence across levels of analysis, but few studies have engaged this insight (Thornton et al., 2012: 14). The cross-level effects of patriarchy are well established, however, sensitizing us to its potential to affect MFOs through multiple channels (Ridgeway, 2011). Thus, combining these approaches supports predictions about patriarchy affecting the legitimacy of MFOs in a country as well as their access to resources such as capital, customers, and employees.

Patriarchy and Organizational Legitimacy

Legitimacy is a crucial resource for new ventures as well as the organizational populations that they comprise (Deephouse & Suchman, 2008; Lounsbury & Glynn, 2001; Suchman, 1995; Wry et al., 2011). Per Aldrich and Fiol (1994: 647), "access to capital, markets, and governmental protection are all partially dependent on the legitimacy achieved in an emerging industry". Legitimacy has two components. Cognitive legitimacy reflects understandings about what a particular type of organizations does, while moral legitimacy is the degree to which this is viewed as appropriate and desirable (Aldrich & Fiol, 1994; Suchman, 1995). Of these, moral legitimacy is considered particularly important and logics play a central role by providing frameworks for assessing the appropriateness of different types of organizations and practices (Biggart & Guillen, 1999; Haveman & Rao, 1997; Thornton & Ocasio, 1999). Reflecting this, numerous studies have shown that logics support the emergence of conforming organizations and practices. Rao and colleagues (2003) linked the emergence of French Nouvelle Cuisine to the ascendance of a professional logic which championed innovation and autonomy that characterized this cooking style. Haveman and Rao (1997) showed that the structures and practices of California Thrifts were isomorphic with the institutional environment, becoming practical instantiations of the prevailing 'theory of moral sentiments'. Looking across nations, Biggart and Guillen (1999) also showed that societal-level logics produced systematic variation in the automobile industries of Argentina, South Korea, Spain, and Taiwan.

Although studies have focused primarily on logics as enabling the emergence of certain types of organizations and practices, the implicit quid-pro-quo is that they provide a basis for suppressing non-conforming organizations. There is a common argument that organizations which lack legitimacy are ignored or derided by external audiences, affecting their ability to acquire resources and making failure more likely (Aldrich & Fiol, 1994; Hiatt et al., 2009). For example, Delacroix and Carroll (1983) showed that early newspaper editors in the United States were jailed because a free press ran afoul of prevailing censorship norms. Weber and colleagues (2009) also found that environmental protection logic affected the ability of German biotechnology firms to attract capital, and Hiatt and colleagues (2009) showed how shifts in the institutional environment brought about the (temporary) demise of the American brewing industry. Thus, microfinance may be resisted in countries with a strong patriarchy logic as female empowerment challenges shared beliefs about the appropriateness of male dominance (Acker, 2006; Ridgeway, 2011).

Indeed, there is evidence that the moral legitimacy of MFOs is questioned in societies with high patriarchy (see Rutherford, 2009). For example, Bangladeshi religious leader Maulana Ibrahim has criticized microfinance as being un-Islamic because of its potential to upset gender relations and incite women to disobey their husbands (Hashmi, 2000). While resistance is not always so overt, lower levels of legitimacy may constrain capital supplies with governments and other local funders less willing to support microfinance than their counterparts in less patriarchal countries. Local capital is a key resource for many MFOs, and newly launched organizations in particular (Gonzalez, 2010; Sapundzhieva, 2011). Patriarchy may thus create a resource environment that suppresses MFO foundings. By reducing the supply of government subsidies – which many MFOs that focus on women require to sustain operations (Cull et al., 2007; Cull, Demirguc-Kunt, & Morduch, 2009; Morduch, 2000) – patriarchy may also push MFOs away from a focus on women borrowers as a means to facilitate resource acquisition.

Patriarchy and Customer Access

In addition to financial capital, the resource richness of an organization's environment depends on access to customers (Pfeffer & Salancik, 1978). This may create further challenges for MFOs in patriarchal countries because entrenched gender inequality creates barriers to women's economic participation (Correll, 2004; Eagly & Carli, 2007; Ridgeway, 2011).

Patriarchy associates women's roles with domestic duties such as cooking, cleaning, and childrearing. In comparison, male roles are more highly valued and are associated with being breadwinners and protectors. While this pattern is evident around the world, it is strongest where patriarchy is high (Calas, Smircich, & Bourne, 2009; DeVault, 1991; Epstein, 1988). Wives are expected to be financially dependent and men take the lead in making money as well as spending decisions (Bendroth, 1999). Loans to women may thus challenge gender roles. Indeed, there are numerous anecdotes where husbands ask (or otherwise coerce) their wives to shy away from microfinance (Rutherford, 2009; Sanyal, 2009; Schuler, Hashemi, & Badal, 1998).

The gendered division of labor may also be internalized by women, creating a cognitive barrier to their participation in microfinance. Studies show that both genders internalize stereotypical gender traits, and thus beliefs about the suitability of men and women for different types of work (Ridgeway & Smith-

Lovin, 1999). Thus, while many MFOs' loans are specifically for business creation (Banerjee et al., 2013), women in highly patriarchal countries may be less prone to entrepreneurship because fear of failure leads them to be more conservative in acquiring capital (Wagner, 2007). For these reasons, patriarchy may reduce the availability of female borrowers, making it harder to access customers, and suppressing MFO foundings (Hannan & Freeman, 1989). Of course, this may also affect the ability of MFOs to lend to women: if female clients are scarce, it will be difficult to lend to them.

Patriarchy and Employees

A final pathway by which patriarchy may affect MFOs is by reducing the pool of qualified female employees in a country. Men and women can both work as MFO loan officers. However, because women constitute the major customer base for MFOs, access to female employees is particularly important (Iskenderian, 2011; Zacarias & Togonon, 2007). Female loan officers provide role models for women in lending groups and offer a tangible example of women's empowerment. Further, it is easier for them to interact with women clients because same-gender relations facilitate open dialog about financial questions and problems in the home (Ridgeway & Smith-Lovin, 1999). As a result, evidence suggests that, on average, female loan officers enjoy better relationships with their clients and have lower default rates than their male counterparts (Beck, Behr, & Guttler, 2009).

A strong patriarchy logic may result in lower investments in women's education and barriers to acquiring professional training – particularly in areas such as law, accounting, and finance which are important knowledge domains for loan officers, but bastions of male domination (Ridgeway, 2011; Sen, 1990; Tam, 1997). To wit, commentators have noted that MFOs have difficulty attracting qualified female loan officers in patriarchal countries (Zacarias & Togonon, 2007). We suspect that this will provide a signal that deters actors from launching MFOs in a nation (Hannan & Freeman, 1989). Further, given the challenges associated with making loans to women absent female loan officers (Ridgeway & Smith-Lovin, 1999; Zacarias & Togonon, 2007), inequities in education and professional training may also make it more difficult for MFOs to focus on women borrowers in patriarchal countries.

To summarize, I anticipate that patriarchy logic will suppress the founding of MFOs and their lending focus on women because of its potential to affect the supply of crucial resources including legitimacy, financial capital, customers, and employees. Stated formally, I predict:

> **Hypothesis 3** (**H3**): More pronounced instantiations of a patriarchy logic is negatively associated with the establishment of microfinance organizations in a nation.
>
> **Hypothesis 4** (**H4**): More pronounced instantiations of a patriarchy logic is negatively associated with the focus on women borrowers among a nation's microfinance organizations.

Interactions Between Patriarchy and Market Logic

In addition to the direct effects I have hypothesized for market and patriarchy logics, I predict that they will also affect a country's microfinance sector through their interactions (Greenwood et al., 2011). To understand the pattern of relations among these influences, though, it is important to parse the capital supply and efficient allocation functions of neoliberal policies (Cohen & Centeno, 2006; Harvey, 2007). I predict that neoliberal policies will help to offset the resource constraints imposed by high patriarchy by increasing capital supply to a nation's microfinance sector. Thus, while patriarchy may suppress the resources that are available from government subsidies, financial institutions, and other local providers (Gonzalez, 2010), policies that encourage foreign investment may provide MFOs with alternate capital sources and a more supportive resource environment. Thus, while the market logic is unlikely to affect the availability of female customers or employees, it may help to attenuate some of the financial barriers to MFO founding through its manifestation in neoliberal policies. As such, I predict:

> **Hypothesis 5** (**H5**): More pronounced instantiations of a market logic, as evident in neoliberal economic policies, will attenuate the negative influence of patriarchy logic on the establishment of microfinance organizations in a nation.

In contradistinction, I expect that the efficient allocation of capital under neoliberal policies will further diminish the focus on women borrowers under patriarchy logic. As noted, MFOs that focus on female customers are less likely than other MFOs to be financially self-sustaining (Mersland & Strom, 2010; Roberts, 2013). Gender based disparity in poverty levels are typically more pronounced in patriarchal nations (United Nations, 2005; Duflo, 2012), likely reducing the financial viability of lending to women even further. MFOs that focus on female clients in these countries may also have more difficulty securing legitimacy, customers, and employees, making them unattractive to commercial investors while increasing the barriers they face in serving women. Thus, in nations where a strong patriarchy logic pushes MFOs away from their social mission and market logic offers financial incentives to support such moves, I expect that MFOs will have a significantly diminished focus on women borrowers. Accordingly, I predict:

> **Hypothesis 6** (**H6**): More pronounced instantiations of a market logic, as evident in neoliberal economic policies, will amplify the degree to which patriarchy logic diminishes the focus on women borrowers among a nation's microfinance organizations.

Study 2: Institutional Complexity and the Financial-Social Performance Relationship among Microfinance Organizations

In study 2, I examine how nation-states institutional complexity shapes the financial-social performance relationship among MFOs. As discussed in chapter 2, one key strategic decision faced by MFOs is how to balance profitability and social outreach. Extending financial inclusion to women has implications for both sides of this balance. Women are overrepresented among the world's poor, both within and across countries (Duflo, 2012; United Nations, 2005). They are also on average less well trained professionally, particularly in countries where patriarchal norms and gender stereotypes consign them to roles in the domestic sphere (Ridgeway, 2011; World Bank, 2001). As a result, women are more likely to be excluded from traditional financial and labor market opportunities. MFOs, by providing financial access to women clients, have the potential to initiate more targeted poverty reduction efforts, redress the gender-based inequities in resource access, facilitate women entrepreneurship, and ultimately enhance social justice (Sen, 1990; Yunus, 1999).

Even more encouraging is a 'win-win' proposition which suggests that extending capital to the poor (in particular women) can be financially viable (Morduch, 2000) and financial gains in turn help scale up the poor's access to microfinance services (Christen & Drake, 2002). In light of this virtuous circle, many in the 1990s began to believe that the best path to achieving large scale benefits through microfinance was to commercialize MFOs, reduce subsidies and develop self-sustainable models. As such, MFOs aiming to generate revenue and improve cost efficiencies were viewed as not only financially but also socially desirable. Reflecting this, influential organizations such as the International Finance Corporation, the Consultative Group to Assist the Poor, and the Microcredit Summit Campaign became lively promoters of financially sustainable microfinance models and encouraged the inflow of capital from a diverse set of resource providers, including those with private interests, in hope of growing the microfinance sector.

Despite the exciting acclaim of "eradicating poverty through profits" (Prahalad, 2010), systematic empirical analysis of this acclaim has been scarce. Resonating with the broader financial-social performance debate in the strategy and corporate social responsibility (CSR) literatures, the few existing studies examining the relationship between financial and social performance of MFOs have generated similarly mixed findings. Some argue that adopting a commerical orientation, focusing on generating financial returns and improving cost efficiency may help MFOs overcome their overreliance on scarce and unstable donor money, experience and adapt to competitive pressure, and as a result develop the ability to serve the poor (Christen & Drake, 2002). Others argue instead that the pursuit of revenue and cost reduction may lure MFOs away from their original social mission (Copestake, 2007; Cull et al., 2007). Still others take a middle-ground position and suggest that the relationship between financial orientation and social outreach may be null (Mersland & Strom, 2010). These studies, as a whole, illustrate a conundrum faced by organizational scholars and microfinance practitioners: How does an MFO's financial performance affect its social performance (in particular its lending focus on women)?

Traditional strategy and CSR literatures tend to theorize the financial-social performance relationship as a purely organization-level strategic decision, which is made based on a rational comparison between the financial returns and costs of social responsibility (Barnett & Salomon, 2006; Freeman, 1984; Friedman, 1970; Jones, 1995). According to this approach, whether the financial and social performances are positively or negatively related depends on whether the benefit of a social initiative exceeds its cost. Little research has looked beyond the organizational-level calculations. In particular, scholars studying this relationship have rarely examined the institutional context within which organizational decisions are embedded and how this context might affect the way organizations trade-off their financial and social performances.

In the spirit of extending the research on the financial-social performance relationship and helping solve the debate in the microfinance context, this study aims to situate an organization's strategic decision on this relationship within national-level institutions where heterogeneous value and belief frameworks – institutional logics – variably structure the attention of key decisions makers, shape their benefit and cost calculations on certain social initiatives, and guide their financial-social performance tradeoffs (Thornton et al., 2012). To this end, I build on the theory of institutional complexity of national systems and examine how the two societal logics – market and patriarchy – shape the financial-social performance relationships among MFOs across countries.

In the next section, I briefly review prior literature that has investigated the financial-social performance relationships and highlight the common assumptions and arguments embedded in those past studies, based on which an institutional shaping of this relationship is proposed. I then highlight the increasing tension between the financial and social performances of MFOs. Moreover, I identify the specific cost and benefit components associated with MFOs' social mission in lending to women and examine how these components are variably weighed across nations with different institutional complexity. Specifically, I argue that *ceteris paribus*, MFOs with higher financial performance tend to reduce their focus on women clients – the so-called "mission drift" (Zhao, 2014). This is because these clients are generally more costly and less profitable to serve. I further suggest that the market and patriarchy logics moderate this baseline relationship. I argue that in countries with more pronounced market and patriarchy logics, where serving women is more challenging and less financially appealing, the mission drift of MFOs pursuing higher financial outcomes is likely further accelerated.

The Link Between Financial and Social Performance

Considerable research has been directed to investigating the nature of the relationship between the socially beneficial behaviors of a corporation and its financial performance (Margolis & Walsh, 2003; Orlitzky, Schmidt, & Rynes, 2003). Empirical studies across a range of contexts on this topic have generated mixed results. Despite their inconsistent findings, those past studies tend to share two commonalities.

First, they all agree that there are both financial costs and gains associated with social initiatives. Certain socially responsible activities can be costly and administratively burdensome for organizations to engage (Friedman, 1970; Jensen, 2002; McWiliams & Siegel, 1997). For instance, developing products with CSR attributes may add significant R&D costs (McWilliams & Siegel, 2000). Other practices such as corporate philanthropy and dispensable employee benefits that are not part of the core business may consume resources that could have been devoted to other investments more closely associated with improving the organization's competitiveness (Barney, 1991). Managers primarily trained for core business tasks might be incompetent in engaging these activities which often require the coordination and cooperation of diverse sets of stakeholders (Etzion, 2007; Hart, 1995). Competent managers may instead use social initiatives to improve their own public image, gain political power and public respect, and foster future career opportunities rather than create any substantial benefits for shareholders (Wright & Ferris, 1997). There is also evidence showing that socially responsible organizations may have limited product choices in their investment portfolios, leading to a substantial degree of specific risk and decreased risk-adjusted returns (Barnett & Salomon, 2006). As a result, there is a strong argument that social initiatives may detract from an organization's bottom line and put it at a disadvantaged stance relative to competitors.

Equally strong are arguments highlighting the financial gains of being socially responsible. Better social performance signals superior management talent (Alexander & Bucholtz, 1978; Bowman & Haire, 1975) and better ability to build stakeholder relationships (Moskowitz, 1972), leading to positive reputations regarding social responsibility. Positive reputations in turn enable organizations to obtain and sustain legitimacy (Bansal & Roth, 2000), reduce consumer price sensitivity and charge premiums for products and/or services (Kalssen & McLaughlin, 1996), acquire scarce resources (Cochran & Wood, 1984; Waddock & Graves, 1997), recruit and retain quality employees (Greening & Turban, 2000), attract socially responsible investors and capital providers (Mackey, Mackey, & Barney, 2007), and alleviate capital constraints (Chen, Ioannou, & Serafeim, 2013). In addition, such positive reputations may also buffer an organization from unforeseen problems, insure it against unexpected risks (Godfrey, Merrill, & Hansen, 2009), and even create some valuable new opportunities not otherwise available (Fombrun, Gardberg, & Barnett, 2000).

The second common argument shared by these past studies is that the financial-social performance relationship is an organizational-level debate and the direction of the relationship reflects whether the costs of social responsibility are offset or exceeded by financial gains discussed above. Accordingly, depending on the relative weight of the benefits and costs associated with a social initiative, an organization either takes it as a strategic resource or avoids it viewing it as an unnecessary burden.

However, the cost-benefit calculation is not made in vacuum but is embedded within broader institutions (e.g., Dobbin, 1994; Douglas, 1986; Lounsbury, 2007). What are considered as the most salient benefit and cost components of a social activity and how the two sides are weighed tend to vary across national contexts with different institutional complexity. Accordingly, the degree to which a financially driven organization commits to a social activity is significantly influenced by and aligned with prevailing institutional pressures (Fiss & Zajac, 2004; Lounsbury, 2001).

The Financial-Social Performance Tension in Microfinance

Before developing the institutional shaping argument, it is important to first establish a baseline relationship between the financial and social performances of MFOs. As discussed earlier, since the early 1990s financial self-sufficiency is becoming more and more imperative, and MFOs are pressured to generate more revenue and motivated to be more efficient in lending (Cull et al., 2007; Roberts, 2013). Financial sustainability is believed to allow MFOs to further attract private investors and mobilize larger financial resources at market rates. Because of the same trend though, MFOs' commitment to their original social missions – poverty alleviation in general and women empowerment in particular – is increasingly under pressure.

Although there has been an expansion of financial services offered by MFOs, the majority (on average around 90%) of their revenues come from interests, fees, and commissions charged on their loan portfolios (Ledgerwood et al., 2013). To generate more revenue, MFOs may need to charge higher interest rates which may deter women customers. While some studies considered women on average as more reliable borrowers with higher repayment rates, women clients also tend to be poorer and borrow in smaller amounts (Roberts, 2013). As a result, women borrowers often do not constitute a very lucrative market for MFOs. MFOs pursuing higher revenues may be tempted to drift away from this market segment and instead chase richer male customers.

In addition, microfinance is a high touch, high cost business. MFOs typically incur two main types of expenses: operating and financial. Operating expenses include personnel and administrative costs. Personnel expenses cover staff salaries, bonuses, and benefits, as well as employment taxes incurred by an MFO. It also includes the costs of recruitment and/or initial orientation of new employees. Administrative expenses include all non-financial expenses directly related to the provision of financial services or other services that form an integral part of an MFO's financial service relationship with its clients. Examples of administrative expenses include depreciation, rent, utilities, supplies, advertising, transportation, communications, and consulting fees. Financial expenses include all interest, fees, and commissions incurred on all liabilities, including deposit accounts of clients held by an MFO, commercial and concessional borrowing, mortgages, and other liabilities. It may also include facility fees for credit lines. Compared with operating expenses, financial expenses are less able to be controlled by MFOs and constitutes a much smaller portion of the total expenses of each MFO (Gonzalez, 2010).

Given this cost structure, it is on average more costly for MFOs to serve women clients. When loan sizes get smaller, as in the case of lending to women, operating costs loom larger as the operating cost is not proportional to the amount lent. For instance, the operating cost of a $500 loan is not much different from that of a $100 loan. “Both loans require roughly the same amount of staff time for meeting with the borrower to appraise the loan, processing the loan disbursement and repayments, and follow-up monitoring” (cgap.org/about/faq). Furthermore, in targeting women borrowers, MFOs may need to make significant investments in training new staff on the systems and processes that help them identify reliable clients, minimize credit risks, and manage service delivery of microloans. This combination of intensive personnel use and extensive training, accompanied by high turnover rates among loan officers, again lead to high operating costs. In addition, women borrowers tend to locate in rural areas with weak infrastructure (e.g., poor communication systems and road conditions) and low population density, which may increase transportation and communication costs for loan officers to reach these clients (Lafourcade, Isern, Mwangi, & Brown, 2006). Therefore, MFOs pursuing higher financial performance may find women clients less appealing and drift away from this market segment. Thus,

> **Hypothesis 7 (H7)**: An MFO’s financial performance is negatively associated with its focus on women clients (a core aspect of social mission and performance).

Although cost inefficiency and poor revenue prospect associated with women clients have been conceptualized as general triggers for mission drift, institutionalists have suggested that these triggers may be institutionally contingent (Lounsbury, 2007). In developing the institutional shaping argument of the financial-social performance relationship, I again focus on market and patriarchy logics, the two particularly influential societal logics in the microfinance context. The relative strengths of the two logics vary by country, generating different institutional complexity across nations. Nations with different types of institutional complexity may systematically shape the cost-benefit analysis of MFOs towards their focus on women clients, with the financial-social performance relationship manifested in unique ways.

The Influence of Market Logic

As argued in study 1, market logic, embodied in neoliberal economic policies, pushes efficient capital allocation towards those most financially worthy organizations. As such, under a strong market logic, it is more legitimate and imperative for MFOs to generate higher financial returns, increase cost efficiency, and outperform market competitors in order to attract capital resources (Cohen & Centeno, 2006). Accordingly, MFOs would focus their attention on these priorities and seek ways of increasing revenue and reducing costs; drifting away from women clients would be a key option to be considered. While there are a number of very successful MFOs that focus on women clients while maintaining strong financial performance, studies suggest that this is atypical. A focus on women borrowers has instead been shown to raise operating costs, leading to decreased financial sustainability and increased reliance on government subsidies and private donations (Frank, 2008; Mersland & Strom, 2010; Roberts, 2013). Further, even when profitable, MFOs that serve those clients may have trouble attracting capital because investors view their loan portfolios as riskier than organizations that serve less-poor borrowers (Conning, 1999).[4] All these evidences suggest that for those MFOs pursuing higher financial performance, the motive of reducing their lending focus on women clients might be particularly strong in highly neoliberal countries. Hence,

Hypothesis 8 (H8): The negative association between an MFO's financial performance and its focus on women clients is further amplified in countries with a stronger market logic.

The Influence of Patriarchy

Patriarchy is a salient influence on the microfinance sector because a focus on women borrowers, while varying by degree, is evident among most MFOs (Armendariz & Morduch, 2010; Daley-Harris, 2009; Sanyal, 2009). In particular, I expect that patriarchy may pose legitimacy challenges to MFOs, increase their cost of accessing women borrowers, and amplify their difficulties in recruiting and maintaining women loan officers, altogether making it more cost inefficient and financially less appealing for MFOs to focus on women. These challenges loom large for those MFOs in pursuit of financial self-sufficiency.

In highly patriarchal countries, the legitimacy challenges faced by MFOs serving women, either in overt or tacit forms, strongly constrains their ability to obtain capital resources from governments and local financial institutions (Gonzalez, 2010; Rutherford, 2009; Sapundzhieva, 2011). In this case, commercial capital providers become an attractive alternative capital source, particularly so for MFOs aiming for higher financial performance and further growth potential. As a result, such MFOs may find serving women a barrier to their financial self-sufficiency and drift away from this market segment in order to facilitate acquisition of commercial type of resources.

In addition to financial constraints, patriarchy may create further challenges for MFOs to access women customers because entrenched patterns of gender inequality create barriers to women's economic participation (Correll, 2004; Eagly & Carli, 2007; Ridgeway, 2011). Women's duties such as cooking, cleaning, and childrearing confine them to domestic work, isolating them from outside entrepreneurial opportunities. They may also internalize gendered division of labor, viewing males as breadwinners while being more conservative themselves in applying for finance and growing their business (Cliff, 1998; Wagner, 2007). Women in highly patriarchal countries are also less informed about their legal rights, with little vision of achieving gender equality. Because of these constraints, it is more challenging to recruit women borrowers into the microlending programs in highly patriarchal countries, which will incur significant communication and advertising costs of MFOs. For example, MFOs may need to engage potential women clients into lending groups, where loan officers can educate them regarding the benefits of microfinance and meanwhile use the lending circle as a forum for women to share personal worries, domestic troubles, and community issues (Rutherford, 2009; Sanyal, 2009). Training sessions and conferences may also need to be organized where MFO workers "[inform women] about their legal rights and entitlements and [teach them] to critique prevailing social attitudes and practices" (Sanyal, 2009: 537).

Beyond the advertising and communication costs for accessing women clients, another cost of serving women in highly patriarchal countries lies in the difficulty of recruiting, training, and retaining qualified female employees. I have argued in the last chapter that women loan officers are scarce in highly patriarchal countries because of the lack of professional training of women. The lack of qualification means MFOs may have to recruit less qualified hires into their loan officer crew. As a result, only a limited number of female loan officers may work effectively in identifying credit worthy women clients. More time and resources need to be invested in training those new employees. This is further exacerbated by the high turnover rate among loan officers. The huge workload and time pressure, accompanied by the potentially hostile working environment, create a much less stable crew of female loan officers within MFOs (Sarker, 2013).

For these reasons, patriarchy may amplify the advertising and communication expenses incurred to inform women of potential lending programs, the cost of identifying credit worthy female borrowers, as well as the cost of recruiting, training, and retaining women loan officers who are critical to an MFO's success. As a result, delivering microfinance services to women clients are more difficult and financially costly in highly patriarchal countries, reinforcing the motive of financially driven MFOs to drift away from this market segment. Therefore,

Hypothesis 9 (H9): The negative association between an MFO's financial performance and its focus on women clients is further amplified in countries with stronger patriarchy logics.

The Joint Effects of Market and Patriarchy Logics

Finally, I expect in countries with both strong market and patriarchy logics, MFOs pursuing higher performance have the strongest motive to drift away from women clients, a core aspect of their social mission and performance. This is because in such countries, financially driven MFOs have the highest pressure to generate revenue and reduce cost while patriarchy makes serving women the least financially appealing and cost effective. I hypothesize,

> **Hypothesis 10 (H10)**: The negative association between an MFO's financial performance and its focus on women clients is strongest in countries with both strong patriarchy and market logics.

Study 3: Institutional Complexity and Capital Flows into Microfinance

As theorized in the last two studies, one key mechanism through which institutional complexity of national systems shapes the founding and operations of MFOs revolves around the impact of institutional complexity on capital flows into microfinance. This chapter focuses on this important mechanism and tries to unpack it further by examining how the two societal logics – market and patriarchy – influence both the amount and nature of capital investment into a nation's MFOs. The findings of this chapter will therefore provide explicit evidence on the institutional shaping of capital flows, in the context of microfinance.

Theoretically, it builds connection between institutional complexity of national systems and entrepreneurial resource acquisition. Past studies on social enterprises have largely ignored the institutional complexity of the host nations and tended to highlight qualities and behaviors of social entrepreneurs in recognizing opportunities and garnering necessary resources to solve social problems (Dacin et al., 2010). These studies typically take social entrepreneurs' perspective and examine how they can successfully persuade external stakeholders to provide them with essential resources for survival and prosperity. Various capabilities of social entrepreneurs have been considered critical in resource acquisition, such as imagination and judgment (Battilana & D'Aunno, 2009), social skills (Baron & Markman, 2003; Fligstein, 1997), social capital (Maguire, Hardy, & Lawrence, 2004), storytelling (Lounsbury & Glynn, 2001; Martens, Jennings, & Jennings, 2007), narratives (Bartel & Garud, 2009), and bricolage (Baker & Nelson, 2005). This exclusive focus on skilled entrepreneurs overlooks the implications of societal logics for resource flows into social ventures. This chapter fills this theoretical gap and demonstrates that the heterogeneous institutional complexity of national systems fundamentally shape the pattern of capital resources being acquired by MFOs across countries.

The Landscape of Microfinance Financing

All MFOs need funding to support their operations. In the early stage of an MFO's development, it may need capital to cover start-up costs, establish infrastructure, and build capacity. As it matures, it may then need capital to finance its portfolio growth, expanded outreach, development of new products and channels, as well as entry into new markets and regions (Ledgerwood et al., 2013).

Accompanying the increasing commercialization trend of MFOs is the changing landscape of capital investment in microfinance. Historically, MFOs received the majority of their funding from public funders with a philanthropic or developmental nature (Luminis, 2012). Typical public funders include multilateral and bilateral donors, development finance institutions (DFIs), and local government (Ledgerwood et al., 2013). Because they are publicly accountable for the use of their funds, these public funders use microfinance as a tool to achieve development goals, such as poverty alleviation, financial inclusion, women's empowerment, children's health, and broader economic and social development (CGAP, 2011). To this end, they provide grants, donations, and subsidized loans directly or indirectly to MFOs, often with attractive terms. Previous evidence shows that public funders tend to provide the cheapest funding, while commercial ones offer the highest rates (Ledgerwood et al., 2013).

Public funding, while socially desirable, might be limited and often unstable. Macro economic shocks, such as the most recent financial crisis, might tighten government budgets for developmental purposes, making public funding of MFOs more stringent. In addition, public funding may suffer from cost inefficiency in capital management and partisan lending. These limitations have become more and more apparent with the increasing commercialization trend of microfinance, where MFOs are under greater pressure to become financially self-sufficient and grow in scale. As a result, commercial funding is needed in order for microfinance to fulfill its promise. Indeed, the MFOs that succeeded in raising money during the financial crisis were those that accessed capital through commercial banks and funds (Sapundzhieva, 2011).

As the microfinance field has matured, commercial investors have become increasingly interested in funding its growth. The fact that some MFOs can make profits while "doing good" (adhering to a social mission to serve women and alleviate poverty) further opened up investment opportunities for commercial funders. The growing interest from commercial investors to invest in microfinance has led to the emergence of microfinance investment intermediaries (MIIs), notably microfinance investment vehicles (MIVs). These MIIs serve as a bridge and play an important role in channeling commercial capital to MFOs. The capital investment can take the forms of loans, as well as equity and guarantees, enabling MFOs to lend to end customers (Luminis, 2012).

Contra public funders, commercial funders typically include commercial banks, private corporations, and institutional and individual investors.[5] Rather than using microfinance for purely developmental purposes, these commercial funders view it as an opportunity to diversify their investment portfolio and earn profits (CGAP, 2011). Private interests drive their activities although some of them may also simultaneously attend to social outcomes. Therefore, commercial funders in general do require a financial return on the capital invested. Motives and return expectations thus vary considerably between public versus commercial funders. The different nature and focus of public versus commercial capital may affect the degree to which they are attracted to different type of countries with unique institutional complexity.

Capital flows into MFOs may also come from either local or foreign sources. In countries where MFOs can mobilize deposits, client deposits can be a major local funding source (CGAP, 2011). MFOs can also mobilize capital from local capital market, acquire loans from local commercial banks and private investors, and gain loans and grants from local government. In other countries, where deposit service is rare and local capital market is underdeveloped, cross-border funding may instead represent the lion's share of MFOs' funding base (CGAP, 2011). With regard to cross-border capital flow, public funders (such as multilateral or bilateral government agencies and DFIs) remain the dominant actor, although the number and commitment of private funders have increased over the past 20 years (CGAP, 2011).

The Influence of Market Logic

Countries with stronger market logics impose fewer constraints on the flow of capital investment. Funders have more freedom in moving their resources into and out of specific activities, both internally and across the country's borders. More lenient labor regulations, less corruption, strong infrastructure, and solid political and security condition, associated with a stronger market logic, can also provide a favorable investment environment and ensure the rights of funders. Therefore, stronger market logics may encourage inflow of capital of both public and commercial nature into a country's microfinance sector.

Yet, the differences between public and commercial funders in terms of return expectations, mandates, and the importance of social vis-à-vis financial outcomes may influence the degree to which they are attracted to countries with different strength of market logic. I expect commercial capital in particular will gravitate towards countries with stronger market logics. Commercial funders appreciate microfinance more as an investment opportunity than a developmental tool. Even if commercial funders have a strong social orientation, they may still be more likely to put money into MFOs operating in countries where financial returns are less uncertain and risky (Ault & Spicer, 2013). MFOs in such countries are also likely to operate more efficiently, making profitability a more achievable goal. Of course, MFOs may vary in their financial performance within the same country. MFOs that are more financially self-sufficient may be more attractive investment targets for commercial funders. Conversely, public funders may have a different mandate and focus on achieving developmental goals despite the potential financial costs and risks they may bear in countries with less favorable market conditions. Based on these arguments, I predict

Hypothesis 11 (**H11**): More pronounced instantiations of a market logic, as evident in neoliberal economic policies, will increase the amount of capital obtained by a nation's microfinance organizations, in particular the amount of commercial capital.

Hypothesis 12 (H12): The positive association between more pronounced instantiations of a market logic, as evident in neoliberal economic policies, and the amount of commercial capital obtained by a nation's microfinance organizations is particularly strong among those microfinance organizations with higher financial performance.

The Influence of Patriarchy

I also expect that countries with strong patriarchy logics will create high barriers to the inflow of capital into microfinance, particularly those with developmental purposes. Public funders are important in providing catalytic support to market development. As discussed earlier, the target market of MFOs is replete with challenges, ranging from information asymmetry, capacity shortfall, to negative incentives (Ledgerwood et al., 2013). For example, there might be a need for a credit bureau which discloses data on transaction histories of potential clients so as to help MFOs to make sensible lending decisions. The local financial system might also be plagued by negative incentives that reduce the likelihood of MFOs to think about or deliver services to certain customers, as in the case of the reduced lending focus on women in highly patriarchal countries. To overcome these challenges, public funders need to step in to advocate for regulatory reforms, change some deeply ingrained rules and cultures, and build the public good type of infrastructure. In doing so, they could help create incentives for the development and expansion of financial services of MFOs, leverage commercial investments into microfinance, and push the microfinance sector onto a sustainable growing path. At the meantime, however, the aim of public funders to change the rules and modify incentives may confront entrenched cultural and power dynamics (such as patriarchy) within a society, facing significant barriers to their endeavor. If public investment is constrained by deeply ingrained culture of a society, it may then fail to fulfill its catalyst role, unable to further crowding in commercial capital. Therefore, I propose

Hypothesis 13 (**H13**): More pronounced instantiations of a patriarchy logic will decrease the amount of public capital obtained by a nation's microfinance organizations.

Hypothesis 14 (**H14**): More pronounced instantiations of a patriarchy logic will decrease the amount of commercial capital obtained by a nation's microfinance organizations.

CHAPTER 4: DATA AND METHOD

I tested my hypotheses across the three studies using two primary databases: Hypotheses 1-10 were tested based on a cross-national time-series dataset on the founding of MFOs and their focus on women borrowers between 1995 and 2007 in each of the 111 developing countries where microfinance activity was recorded by the Microfinance Information Exchange (MIX). Analysis starts in 1995 because this was the first year when data for MFO performance and neoliberal economic policies were available and ends in 2007 before the beginning of the global financial crisis. Hypotheses 11-14 were tested using the MIX's MFO funding structure report covering lender information (e.g., lender type, loan amount, etc.) between 2007 and 2010.

The MIX is an initiative of the World Bank and focuses on providing comprehensive, objective, and relevant information about microfinance. My analysis is based on the MIX's proprietary database that records each MFO's founding date, a variety of financial and social performance indicators, as well as its funding structure. This comprises the most complete information about microfinance that is currently available and it has been used extensively in previous studies (e.g., Armendariz & Morduch, 2010; Cull et al., 2007, 2009; Imai, Gaiha, Thapa, & Annim, 2012).[6] While the MIX data relies on MFO self-reports, I took a number of steps to address concerns that market and patriarchy logics in a country might bias reporting patterns in ways that would affect my results. I discuss this in Appendix A as part of a broader review on the completeness and accuracy of the MIX data.

Dependent Variables and Analytical Strategies

Dependent variables include the number of MFO foundings per country-year (study 1), the proportion of women borrowers served per MFO-year (study 1 and 2), and the amount of public capital and commercial capital acquired by an MFO in a focal year (study 3). In total, 1249 MFOs were founded between 1995 and 2007, and 2102 reported data on their lending practices. Among these, I have complete data on key variables of interest for 1082 MFOs which comprise the sample used in women borrower models. In terms of funding structure examined in study 3, 948 MFOs reported funding data between 2007 and 2010. Data is by country-year for founding models and by MFO-year for women borrower and funding models.

MFO foundings per country-year. The MIX groups MFOs into six legal statuses: bank, non-governmental organization, credit union, rural bank, non-bank financial institution, and ‘other’. Per studies that group these under the broader MFO form (e.g., Armendariz & Morduch, 2010; Cull et al., 2009), my main analysis does not differentiate among types of MFOs. I do distinguish between types in supplementary models, however, to tease out the effects of institutional complexity within a country’s MFO population.

Given that MFO founding is a non-negative count variable, the estimation strategy needs to account for several issues. First, the distribution of this dependent variable shows evidence of over-dispersion (mean: 0.74; variance: 3.09). Second, there are many instances where I observe multiple MFO foundings per country-year: these events are not independent. Third, observations for each country over consecutive years may cause autocorrelation concerns.

To account for over-dispersion, I chose negative binomial rather than poisson regression. However, the best strategy to address unobserved heterogeneity and autocorrelation in count models is much debated. Fixed-effects estimators can capture unobserved country-level time-invariant heterogeneity, but at the expense of dropping all observations from countries with no events. Also, fixed effects estimators use only within-country differences, essentially discarding information about differences between countries. When variables of interest vary greatly across countries but are slowly-changing over time for each country (as in this case), fixed effects estimators are imprecise and produce large standard errors (Beck, 2001; Plumper & Troeger, 2007). Population-averaged models allow for slow-changing variables to be estimated and, at the same time, allow for standard errors that are robust to country-level heterogeneity and autocorrelation (Zelner, Henisz, & Holburn, 2009).

Given that my hypotheses are mainly based on cross-national variation in logics that create relatively consistent forms of complexity within nations over time, I use a population-averaged panel negative binomial estimator with an AR(1) error structure and heteroskedasticity-consistent standard errors as my primary modeling strategy.[7] In the Robustness Checks section, I discuss the robustness of my findings to alternate specifications, including conditional fixed-effects.

Proportion of women borrowers per MFO-year. My second dependent variable is the proportion of women borrowers (PWB) served by an MFO. Because of the heteroskedasticity that may be associated with this type of proportion variable, I use generalized linear models (GLM) to fit fractional probit panel-data estimations with robust standard errors (Hardin & Hilbe, 2003; Papke & Wooldridge, 1996). Given the slow-changing nature of key independent variables, country-level fixed effects are again not appealing. To account for the lack of independence across MFO-year observations, however, I clustered the standard errors by MFO. This makes fewer assumptions than fixed effects estimators and allows me to estimate the effects of market and patriarchy logics. Finally, given that my arguments imply the suppression of loans to women – in addition to microfinance growth that favors men and thus reduces the proportion of women borrowers – I ran supplementary models using the total number of women borrowers in a country as a dependent variable: findings are discussed in the Robustness Checks section.

Amount of public and commercial capital per MFO-year. Based on the MIX funding structure data, I calculated the amount of public and commercial capital acquired by an MFO (both logged) in a focal year. Public capital includes investments made by multilateral and bilateral government agencies, development finance institutions, local government, foundations, etc., while commercial capital comes from private sources like commercial banks, corporations, institutional and individual investors. Because of the potential catalytic role of public capital in increasing commercial investment in microfinance, the amount of public and commercial capital acquired by an MFO is likely to be correlated. To account for the correlation between the two DVs, I ran seemingly unrelated regressions (SUR) with essentially the same list of explanatory variables, except that in the commercial capital equation I also included the lagged amount of public capital as an additional IV to examine its catalytic effect.

Independent Variables

Market logic. Per my theoretical argument, I proxied the strength of nation-state market logics with a variable tracking the implementation of neoliberal economic policies in a nation. This variable is from the Heritage Foundation's *Index of Economic Freedom* (Miller et al., 2012a). The Index uses data from the US Government, International Monetary Fund, World Bank, and Economist Intelligence Unit to assess ten indicators of neoliberalism: property rights, corruption, tax rates, government spending, business regulations, currency stability, trade restrictions, unemployment, investment climate, and equity market transparency.[8] Each country is given a score between 1 and 100 on each measure and these are averaged to create a composite variable: higher scores reflect stronger property rights, less corruption, more efficient regulations, favorable investment climate, and open markets – policy indicators that are linked with neoliberalism (Dobson & Hufbauer, 2001). The specific variable used in this dissertation is a country's logged economic freedom score.[9]

Patriarchy logic. Based on evidence that gender inequality manifests in multiple ways and across levels of analysis (Ridgeway, 2011), I included multiple variables that reflect patriarchy in a nation's domestic, organizational, and public spheres (Ridgeway, 2011).[10] Variables are from the United Nations Human Development Report (HDR), unless otherwise noted.[11]

In the domestic sphere, I gathered data on reproductive freedom as well as a country's population sex ratio. The former measures the percentage of women ages 15-49 who, with their partners, were actively using contraception. This variable turned out to be highly correlated with a country's Gross Domestic Product (GDP) per capita (.73) and was thus dropped from the analysis. Population sex ratio is proportion of men to women in a nation. The biologically natural sex ratio is estimated to be about 95 men per 100 women. However, in highly patriarchal countries this may be skewed toward men as a result of grassroots patriarchal practices – such as gender-selective abortion, female infanticide, and differential investments in nutrition and healthcare – that contribute to female mortality (Duflo, 2012; Klasen, 1994; Sen, 1990).

In the organizational sphere, I gathered data on pay inequities and professional training. I measured pay inequity according to a country's man-to-woman earned income ratio and professional training as the proportion of women employed in professions such as accounting, law, the physical sciences, life sciences, and engineering (this variable was dropped from our analysis, however, due to a large number of missing values)[12]. Based on evidence that female legislators tend to support policies that favor women and families (Chattopadhyay & Duflo, 2004), I also gathered data on female political participation reflected in the percentage of seats in the national parliament held by women. In addition, looking at a particular policy decision that may affect women, I created a dummy variable tracking a country's ratification of the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW). The CEDAW is often described as the international bill of rights for women: it clearly defines gender bias and sets an agenda for national action. Signatories are legally bound to implement its provisions and are required to submit progress reports to the United Nations. Data is from the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women).

Also, based on evidence that the patriarchy logic is embedded in the fundamentalist version of most major religions (Keister, 2008; Lehrer, 1995, 1996), I gathered data on religious fundamentalism in each country from the Religion and State Project (RAS). RAS provides yearly data on 175 countries between 1990 and 2002: variables for each country are stable over time, so I extrapolated them to fill in values for more recent years. My variable is a dummy created by RAS to indicate whether religion imposes restrictions on women, such as their education, jobs that they can hold, or appearing in public without a chaperone.

All variables are coded so that higher values reflect higher patriarchy. I also created interaction terms between economic freedom scores and each patriarchy measure. Variables were mean-centered in calculating these interaction terms (Jaccard & Turrisi, 2003).

MFO's financial performance. I measure an MFO's financial performance using the operational self-sufficiency ratio (OSS), a measure of an MFO's ability to generate sufficient revenue to cover its costs. It is calculated as the operating revenue divided by the sum of financial expenses, loan loss provision expenses, and operating expenses. Operating revenues mainly come from interest and fees paid by borrowers, but may also be generated by other financial services (e.g., investments and insurance sales). The financial expense in the denominator pertains to the cost of raising capital, which includes the interest and fees that an MFO pays to commercial banks, shareholders, and other investors, as well as to depositors (if savings services are provided). The loan loss provision expense is the amount set aside to cover the cost of loans that an MFO does not expect to cover. The operating expense captures basic operating costs of an MFO, including rent, staff wages, and transport costs, among others.

The OSS is regarded as a better measure than other standard financial ratios such as return on asset (ROA) or equity (ROE) because it offers a more complete summary of inputs and outputs and reflects how self-sustainable an MFO is in continuing operating without requiring additional subsidies (Armendariz & Morduch, 2010; Sapundzhieva, 2011). For robustness, however, I also use ROA and ROE as alternative financial performance indicators in sensitivity analysis. Table 1 summarizes the source and operationalization of the key dependent and independent variables.

Table 1. Sources and Operationalization of Key Variables

Key Constructs	**Operationalization**	**Data Source**
MFO founding	The number of MFOs established per country-year	MIX
MFO social performance	Proportion of women borrowers (PWB) Average loan size (ALS) Total number of women borrowers (TWB)	MIX
Capital acquired by MFOs	The amount of public and commercial capital acquired by MFOs	MIX
MFO financial performance	Operational self-sufficiency (OSS) Return on asset (ROA) Return on equity (ROE)	MIX
Market Logic	Neoliberalism, measured by the index of economic freedom	Heritage Foundation
Patriarchy	Sex ratio: men to women population ratio	Human Development Report (HDR)
	Pay inequities: men to women earned income ratio	Human Development Report (HDR)
	Parliament seats: women's share of parliament seats	Human Development Report (HDR)
	CEDAW: dummy indicating the ratification status of CEDAW[a]	UN Women
	Religious fundamentalism: dummy indicating religious restriction on women's conduct	The Religion and State Project (RAS)

[a] The Convention on the Elimination of all Forms of Discrimination against Women

Control Variables

I included a number of controls in all models across the three studies. Countries with low national wealth, low education, and poor health care may have a high demand for microfinance. I measured national wealth using GDP per capita (logged), health care using life expectancy, and education level using the adult literacy rate. I dropped life expectancy and adult literacy because they were highly correlated with GDP per capita. A large rural population may also create high demand for microfinance (Armendariz & Morduch, 2010). This was also highly correlated with GDP per capita and dropped from the analyses. Other sources of funding for economic development and poverty reduction, such as Official Development Assistance (ODA), may also be relevant to microfinance. I controlled for ODA per capita (logged) in all models.[13]

I also included the logged number of national and regional MFO foundings in the past year to control for potential legitimating as well as competitive effects (Aldrich & Ruef, 2006; Hannan & Freeman, 1989).[14] Regions are based on those used by the MIX: Africa, East Asia and the Pacific, Eastern Europe and Central Asia, Latin America and The Caribbean, Middle East and North Africa, and South Asia and are included based on evidence that other country population densities may affect local founding rates (Bigelow, Carroll, Seidel, & Tsai, 1997; Hannan, Carroll, Dundon, & Torres, 1995).

In addition, countries with different levels of democracy may have a different demand for microfinance and be more or less receptive to it. I controlled for this with a democracy score, ranging from -10 to 10, taken from the Polity IV Project's Political Regime Characteristics and Transitions database. Politically instable countries may represent a hostile environment for MFO founding but at the same time create a greater need for microfinance. Using data from the State

Failure Problem dataset, I calculated political instability as an additive index of the average magnitude of four types of events: revolutionary wars, ethnic wars, adverse regime changes, and genocides.

In models on MFOs' focus on women borrowers and funding structure, I additionally control for MFO age and size: age is the difference between the focal year and an MFO's founding year, while size is the total number of employees (both logged). Different types of MFOs (non-profit vs. for-profit) may also lend to women at different rates (Armendariz & Morduch, 2010). As such, I include a dummy variable set to "1" for non-profit MFOs. All independent variables and controls are lagged by one year and updated annually. Wherever appropriate, I also include region, MFO, and year fixed effects in various models to help absorb unobserved regional, organizational, and temporal effects.

CHAPTER 5: RESULTS

Summary Statistics

Summary statistics for the variables used in models on MFO foundings, focus on women borrowers, and capital investment in MFOs are reported in tables A1, A2, A3 respectively in the Appendix. No correlations are seriously high, save some interactions, which are high by design. To formally diagnose collinearity, I calculated variance inflation factor scores for independent and control variables using STATA's COLLIN command: all values were below the threshold of 10 suggested by Kennedy (2008).

Results for Study 1: MFO Foundings

Table 2 shows the results for my analysis of MFO foundings. Model 1 includes control variables and the index of economic freedom. Both GDP per capita and ODA per capita are negatively and significantly associated with MFO founding. Previous MFO foundings in a country spur further foundings, while previous regional foundings suppress foundings in that nation. Results also suggest that more democratic countries have fewer MFO establishments. Notably, the coefficient for economic freedom is significant and positive, suggesting that neoliberal economic policies supported by market logic contribute to the development of a country's microfinance sector in terms of MFO foundings. Therefore, Hypothesis 1 is supported.

Patriarchy variables are introduced in models 2-6, testing their individual effects. Results partially support Hypothesis 3, suggesting that patriarchy affects MFO foundings, though the effect is not statistically significant for all measures. Two indicators – parliament seats and CEDAW ratification – show a significant negative impact. Model 7 is a full model with all variables included. The signs and significance of key variables are similar to models 1-6.

Table 2. Negative Binomial Models Predicting MFO Founding

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Real GDP per capita	-0.35**	-0.34**	-0.35**	-0.38**	-0.32**	-0.35**	-0.36**
	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)
ODA per capita	-0.14**	-0.13*	-0.13*	-0.15**	-0.13*	-0.13**	-0.14*
	(0.05)	(0.05)	(0.05)	(0.06)	(0.05)	(0.05)	(0.06)
Past national founding	1.31**	1.31**	1.30**	1.31**	1.29**	1.32**	1.29**
	(0.08)	(0.08)	(0.09)	(0.09)	(0.08)	(0.08)	(0.09)
Past regional founding	-0.64*	-0.64*	-0.67*	-0.66*	-0.61*	-0.64*	-0.67*
	(0.27)	(0.27)	(0.27)	(0.29)	(0.27)	(0.27)	(0.29)
Democracy	-0.02*	-0.02+	-0.02*	-0.02+	-0.03*	-0.02*	-0.02*
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
War	0.14	0.15	0.15	0.16+	0.15	0.15	0.18+
	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)	(0.10)
Neoliberalism	1.22**	1.22**	1.17**	1.29**	1.12**	1.23**	1.10**
	(0.31)	(0.31)	(0.32)	(0.31)	(0.31)	(0.31)	(0.32)
Sex ratio		1.23					0.36
		(1.55)					(1.87)
Pay inequities			0.11				0.12
			(0.11)				(0.13)
Parliament seats				-1.05+			-1.28+
				(0.77)			(0.78)
CEDAW					-0.78*		-0.89*
					(0.45)		(0.43)
Religion						0.11	0.13
						(0.27)	(0.29)
N	986	986	981	951	986	986	946
Wald Chi Square	683.24**	659.87**	721.33**	644.13**	662.89**	692.52**	677.49**

Standard errors in parentheses. Region and year fixed effects included.
One-tailed tests for directional constructs and two-tailed tests for controls.
Significance levels: + 0.10 * 0.05 ** 0.01

Table 3 shows how economic freedom and patriarchy interact to affect MFO foundings. None of the interaction terms are significant. Thus, results suggest that neoliberal policies contribute to MFO foundings independent of the level of patriarchy in a nation, though not at a level that counteracts this cultural barrier. Results do not support Hypothesis 5, but nonetheless show that market logic contributes significantly to MFO foundings in patriarchal countries.

Table 3. Interaction Effects between Neoliberalism and Patriarchy on MFO Founding

	(1)	(2)	(3)	(4)	(5)
Neoliberalism	1.23**	1.18**	1.29**	1.19**	1.20**
	(0.32)	(0.33)	(0.32)	(0.30)	(0.33)
Sex ratio	1.26				
	(1.56)				
Neoliberalism X Sex ratio	3.90				
	(7.26)				
Pay inequities		0.11			
		(0.11)			
Neoliberalism X Pay inequities		0.06			
		(0.43)			
Parliament seats			-1.05+		
			(0.77)		
Neoliberalism X Parliament seats			-0.16		
			(4.76)		
CEDAW				-1.11**	
				(0.40)	
Neoliberalism X CEDAW				-0.05	
				(0.04)	
Religion					0.12
					(0.27)
Neoliberalism X Religion					0.34
					(0.78)
N	986	981	951	986	986
Wald Chi Square	668.46**	744.82**	644.35**	708.52**	694.58**

Standard errors in parentheses.
Results on controls dropped for brevity.
One-tailed tests. Significance levels: + 0.10 * 0.05 ** 0.01

Results for Study 1: Focus on Women Borrowers

Table 4 shows the models estimating MFOs' proportion of women borrowers. In model 1, I included all control variables plus the index of economic freedom. Results show that more financially self-sustainable MFOs (measured by higher OSS) serve a smaller proportion of women borrowers. Older and smaller MFOs also tend to focus less on women, while those in more democratic countries serve a larger proportion of women. Results mirror previous findings in showing that non-profit MFOs have a stronger focus on women borrowers than for-profit ones (Frank, 2008). As predicted by Hypothesis 2, economic freedom significantly decreases the proportion of women borrowers served by MFOs, supporting the argument that market logic contributes to MFOs focusing less on women. As with my analysis of MFO foundings, I progressively introduced patriarchy variables in table 4, models 2-6. Overall, I find strong support for Hypothesis 4. The strength of patriarchy logic as reflected in sex ratio, pay inequities, CEDAW ratification, and religious fundamentalism all significantly suppress the proportion of women borrowers served by MFOs. The negative effects of market logic and these patriarchy indicators are further confirmed in the full model 7.

Table 5 shows how patriarchy and neoliberal policies interact to affect MFOs' focus on women borrowers. I strongly support Hypothesis 6. As predicted, there is a consistent pattern where market and patriarchy logics interact negatively: interactions featuring patriarchy as measured by sex ratio, parliament seats, CEDAW ratification and religious fundamentalism are all statistically significant. Economic policies which favor MFO foundings appear to not only suppress lending to women, but do so in a particularly strong way under high patriarchy.

Table 4. Fractional Probit Models Predicting Proportion of Women Borrowers

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
OSS	-0.06*	-0.06*	-0.06*	-0.06*	-0.06*	-0.06*	-0.06*
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
MFO age	-0.11*	-0.10*	-0.11**	-0.11**	-0.11*	-0.09*	-0.10*
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
MFO size	0.06*	0.05*	0.05*	0.05*	0.05*	0.06*	0.05*
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Real GDP per capita	0.01	-0.01	0.03	0.03	0.02	0.01	0.07
	(0.07)	(0.07)	(0.07)	(0.07)	(0.06)	(0.07)	(0.07)
ODA per capita	-0.03	-0.04	-0.04	-0.03	-0.03	-0.04	-0.04
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Past national founding	0.02	0.03	0.06	0.03	0.02	0.01	0.03
	(0.03)	(0.03)	(0.04)	(0.03)	(0.03)	(0.04)	(0.04)
Past regional founding	-0.02	-0.03	-0.05	-0.03	-0.02	0.01	-0.03
	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)	(0.08)
Democracy	0.01*	0.02*	0.02*	0.01*	0.01^{+}	0.01*	0.01^{+}
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
War	0.03	0.02	-0.00	0.03	0.03	-0.08	-0.11^{+}
	(0.07)	(0.07)	(0.06)	(0.07)	(0.07)	(0.06)	(0.06)
Nonprofit	0.25**	0.25**	0.24**	0.25**	0.24**	0.30**	0.28**
	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
Neoliberalism	-0.61*	-0.64*	-0.66*	-0.58*	-0.59*	-0.68*	-0.65*
	(0.30)	(0.30)	(0.30)	(0.30)	(0.30)	(0.30)	(0.30)
Sex ratio		-1.33^{+}					0.20
		(0.85)					(0.91)
Pay inequities			-0.21**				-0.18**
			(0.06)				(0.05)
Parliament seats				0.51			0.62^{+}
				(0.47)			(0.45)
CEDAW					-1.82**		-1.72**
					(0.16)		(0.18)
Religion						-0.68**	-0.67**
						(0.15)	(0.15)
N	1933	1933	1933	1933	1933	1933	1933
Log likelihood	-902.63	-901.83	-897.57	-902.17	-901.24	-891.91	-886.18

Standard errors (clustered by MFO) in parentheses. Region and year fixed effects included.
One-tailed tests for directional constructs and two-tailed tests for controls.
Significance levels: + 0.10 * 0.05 ** 0.01

Table 5. Interaction Effects between Neoliberalism and Patriarchy on Proportion of Women Borrowers

	(1)	(2)	(3)	(4)	(5)
Neoliberalism	-0.70*	-0.60*	-0.56*	-0.59*	-0.58*
	(0.31)	(0.31)	(0.31)	(0.30)	(0.31)
Sex ratio	-0.99				
	(0.91)				
Neoliberalism X Sex ratio	-8.05^{+}				
	(6.14)				
Pay inequities		-0.24**			
		(0.06)			
Neoliberalism X Pay inequities		0.44			
		(0.43)			
Parliament seats			0.90*		
			(0.52)		
Neoliberalism X Parliament seats			-7.65*		
			(4.08)		
CEDAW				7.96**	
				(0.67)	
Neoliberalism X CEDAW				-2.41**	
				(0.17)	
Religion					-0.68**
					(0.16)
Neoliberalism X Religion					-1.94^{+}
					(1.43)
N	1933	1933	1933	1933	1933
Log likelihood	-901.24	-897.17	-900.83	-901.16	-890.91

Standard errors (clustered by MFO) in parentheses.
Results on controls dropped for brevity.
One-tailed tests. Significance levels: + 0.10 * 0.05 ** 0.01

Results for Study 2: The Financial-Social Performance Relationship

Table 6 presents the results of models estimating the effects of OSS and market logic on MFOs' proportion of women borrowers. In model 1, I include OSS, as well as the control variables, and find that as predicted by Hypothesis 7, higher OSS is significantly, negatively associated with proportion of women borrowers. Results in models 2 and 3 indicate that market logic, as evident in neoliberal economic policies, significantly amplifies the negative association between OSS and the proportion of women borrowers served by MFOs, supporting Hypothesis 8.

Table 6. The Effects of OSS and Neoliberalism on Proportion of Women Borrowers

	(1)	(2)	(3)	(4)
Real GDP per capita	-0.06	-0.07	-0.02	-0.02
	(0.06)	(0.06)	(0.06)	(0.06)
ODA per capita	-0.07*	-0.07*	-0.04	-0.04
	(0.03)	(0.03)	(0.03)	(0.03)
Past national founding	0.02	0.01	0.00	0.00
	(0.03)	(0.03)	(0.03)	(0.03)
Past regional founding	-0.02	-0.04	-0.02	-0.02
	(0.07)	(0.07)	(0.07)	(0.07)
Democracy	0.01*	0.01*	0.02**	0.02**
	(0.01)	(0.01)	(0.01)	(0.01)
War	0.01	-0.00	-0.00	0.00
	(0.05)	(0.05)	(0.06)	(0.06)
Nonprofit	0.26**	0.28**	0.26**	0.26**
	(0.05)	(0.06)	(0.06)	(0.06)
MFO age	-0.11**	-0.10**	-0.10**	-0.10**
	(0.03)	(0.04)	(0.04)	(0.04)
MFO size	0.03*	0.03+	0.04*	0.04*
	(0.02)	(0.02)	(0.02)	(0.02)
OSS		-0.04*	-0.04*	-0.06*
		(0.02)	(0.02)	(0.03)
Neoliberalism			-0.63**	-0.63**
			(0.26)	(0.26)
OSS X Neoliberalism				-0.54*
				(0.29)
N	2923	2769	2751	2751
Wald Chi Square	-1320.76	-1253.28	-1241.86	-1240.43

Standard errors (clustered by MFO) in parentheses. Region and year fixed effects included.
One-tailed tests. Significance levels: + 0.10 * 0.05 ** 0.01

In table 7, I progressively introduce patriarchy variables and their interactions with OSS in models 1-5. Overall, I find strong support for Hypothesis 9. Patriarchy as captured by sex ratio, parliament seats, CEDAW ratification, and religious fundamentalism all significantly suppresses the proportion of women borrowers served by MFOs with higher OSS.

Table 7. The Effects of OSS and Patriarchy on Proportion of Women Borrowers

	(1)	(2)	(3)	(4)	(5)
Real GDP per capita	-0.03	-0.01	-0.00	-0.01	-0.03
	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
ODA per capita	-0.04+	-0.04+	-0.03	-0.04	-0.04
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Past national founding	0.01	0.02	0.01	0.00	-0.01
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Past regional founding	-0.02	-0.08	-0.03	-0.03	0.01
	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)
Democracy	0.02**	0.02**	0.02**	0.02**	0.02**
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
War	-0.00	-0.01	0.00	-0.00	-0.07
	(0.06)	(0.05)	(0.06)	(0.06)	(0.06)
Nonprofit	0.26**	0.26**	0.26**	0.26**	0.29**
	(0.06)	(0.05)	(0.06)	(0.06)	(0.05)
MFO age	-0.10**	-0.11**	-0.11**	-0.11**	-0.10**
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
MFO size	0.04*	0.03+	0.04*	0.03*	0.04*
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Neoliberalism	-0.63**	-0.64**	-0.60*	-0.55*	-0.64**
	(0.26)	(0.26)	(0.26)	(0.27)	(0.27)
OSS	-0.03	-0.02	-0.05*	-0.17**	-0.07**
	(0.03)	(0.03)	(0.02)	(0.04)	(0.03)
Sex ratio	-0.74				
	(0.80)				
OSS X Sex ratio	-1.43**				
	(0.60)				
Pay inequities		-0.16**			
		(0.05)			
OSS X Pay inequities		-0.07			
		(0.06)			
Parliament seats			0.66*		
			(0.40)		
OSS X Parliament seats			-0.79*		
			(0.34)		
CEDAW				-0.11	
				(0.09)	
OSS X CEDAW				-0.30**	
				(0.08)	
Religion					-0.43**
					(0.15)
OSS X Religion					-0.35*
					(0.20)
N	2751	2751	2750	2751	2751
Log likelihood	-1240.06	-1236.65	-1239.24	-1237.96	-1232.61

Standard errors (clustered by MFO) in parentheses. Region and year fixed effects included.
One-tailed tests. Significance levels: + 0.10 * 0.05 ** 0.01

Table 8 shows how OSS, neoliberalism, and patriarchy jointly affect an MFO's focus on women borrowers. I observe one significant interaction term, the interaction featuring patriarchy as measured by religious fundamentalism. Thus, I find weak support for Hypothesis 10.

Table 8. The Joint Effects of OSS, Neoliberalism, and Patriarchy on Proportion of Women Borrowers

	(1)	(2)	(3)	(4)	(5)
OSS X Neoliberalism X Sex ratio	5.55 (7.28)				
OSS X Neoliberalism X Pay inequities		0.10 (0.71)			
OSS X Neoliberalism X Parliament seats			0.79 (3.32)		
OSS X Neoliberalism X CEDAW				-0.15 (0.85)	
OSS X Neoliberalism X Religion					-2.57** (0.88)
N	2751	2751	2750	2751	2751
Log likelihood	-1238.46	-1234.05	-1236.22	-1236.46	-1229.88

Standard errors (clustered by MFO) in parentheses. Region and year fixed effects included.
Results on other variables dropped for brevity.
One-tailed tests. Significance levels: + 0.10 * 0.05 ** 0.01

Results for Study 3: Capital Investment in Microfinance

In table 9, I report results of SUR models estimating the amount of public and commercial capital acquired by MFOs. In models 1 and 2, I examined the effects of market and patriarchy logics on the amount of commercial and public capital respectively. In models 3 and 4, I further tested how an MFO's financial performance affects its capital acquirement, in particular when it is interacted with neoliberal policies. Results show that neoliberal policies significantly increase the amount of commercial capital and this positive association is particularly strong among MFOs with higher financial performance, supporting Hypotheses 11 and

12. Patriarchy, proxied by sex ratio and parliament seats, significantly increases commercial capital, while religious fundamentalism significantly decreases both public and commercial investment in microfinance. Therefore, the support of Hypotheses 13 and 14 is mixed. Various reasons might explain the mixed findings. First, these findings are based on a small sample size; the patterns observed might change as more data are being collected. Second, the different effects across different indicators of patriarchy might indicate patriarchy as embedded in different social domains may have varied strengths in shaping capital flows in microfinance. Scholars in the future may further unpack the different layers of patriarchy and explore their unique role in contributing to the institutional complexity of national systems.

Robustness Checks

Alternative DVs and IVs

I recognize that there are limitations to using foundings as an indicator of development in a country's microfinance sector. Consolidation and growth may lead to fewer – but larger – MFOs, diminishing the additive influence of subsequent foundings and creating a discrepancy between the number of active MFOs in a country and other measures of national microfinance activity. To make sure that this wasn't an issue in my analysis, I ran unreported models using the number of active microfinance borrowers and total dollar amount of these loans per country-year as substitute variables. Although missing data reduces the sample size considerably, results nonetheless match the reported findings.

Table 9. Seemingly Unrelated Regressions on Commercial and Public Capital Acquired by MFOs

	Commercial Capital (1)	Public Capital (2)	Commercial Capital (3)	Public Capital (4)
Real GDP per capita	0.55**	-0.19	0.53**	-0.21
	(0.18)	(0.20)	(0.18)	(0.20)
ODA per capita	0.16+	-0.19*	0.14	-0.21*
	(0.09)	(0.10)	(0.09)	(0.10)
Past national founding	-0.03	-0.16	-0.06	-0.19
	(0.13)	(0.14)	(0.12)	(0.13)
Past regional founding	-0.28+	-0.03	-0.26	-0.03
	(0.17)	(0.18)	(0.16)	(0.18)
Democracy	-0.04	0.05+	-0.05+	0.04
	(0.02)	(0.03)	(0.02)	(0.03)
War	-0.29	-0.03	-0.30	-0.07
	(0.19)	(0.21)	(0.19)	(0.21)
Nonprofit	-0.29*	-0.28*	-0.28*	-0.27*
	(0.12)	(0.13)	(0.12)	(0.13)
MFO age	0.01	0.31**	0.01	0.31**
	(0.09)	(0.10)	(0.09)	(0.10)
MFO size	0.60**	0.92**	0.60**	0.93**
	(0.04)	(0.06)	(0.04)	(0.06)
Public capital	-0.06		-0.07	
	(0.04)		(0.05)	
Neoliberalism	2.22*	-0.77	2.57**	-0.48
	(1.03)	(1.12)	(1.03)	(1.12)
Sex ratio	3.30+	-2.06	3.26+	-2.39
	(2.52)	(2.72)	(2.51)	(2.72)
Pay inequities	0.49	-0.16	0.75	0.28
	(1.37)	(1.48)	(1.37)	(1.48)
Parliament seats	1.96*	-1.09	2.10**	-0.99
	(0.89)	(0.97)	(0.89)	(0.96)
CEDAW	1.02	0.71	1.17+	0.89
	(0.85)	(0.92)	(0.84)	(0.91)
Religion	-0.68+	-1.35**	-0.69+	-1.38**
	(0.44)	(0.48)	(0.44)	(0.48)
OSS			-0.01	0.24
			(0.21)	(0.23)
OSS X Neoliberalism			6.22**	5.55*
			(2.20)	(2.39)
N	617		617	
Log likelihood	-2125.50		-2118.77	
Wald Chi Square	354.07**		366.98**	

Standard errors in parentheses. Region and year fixed effects included.
One-tailed tests for predicted variables and two-tailed tests for controls.
Significance levels: + 0.10 * 0.05 ** 0.01

Concerns may also be raised about using the proportion of women borrowers to gauge an MFO's focus on women clients. While this variable reflects the relative degree to which women versus men benefit from the availability of microfinance, and tracks the prevalence of this practice within a population, a lower proportion cannot be equated with fewer loans to women: relative disadvantage may mask absolute gains. Indeed, some have argued that serving less-poor clients may help an MFO to generate profits that can be used to subsidize financially unattractive loans to women (see Frank, 2008). To investigate, I ran supplementary models using the total number of women borrowers per MFO-year as a dependent variable[15]. Results are reported in tables A4 and A5 of the Appendix: MFOs in nations with high market logic and high patriarchy focus less on women in absolute, as well as relative, terms.

To further explore the implication of the reduced focus on women for an MFO's general mission of poverty alleviation, I also tested the effects of OSS, neoliberalism and patriarchy on the MFO's average loan size per borrower (deflated by a country's GNI per capita to make it comparable across nations)[16]. Unreported results show that MFOs with higher OSS tend to push up the average size of the loan they offer, particularly in high neoliberal and high patriarchal countries. Assuming smaller average loan size is a reasonable proxy for better outreach to the poor (see Bhatt & Tang, 1998; Cull et al., 2007; Mersland & Strom, 2010), this may indicate that high neoliberalism and high patriarchy may jointly lead financially driven MFOs to move into new customer segments that are less poor.

I also tried replacing OSS with two alternative financial performance indicators: ROA and ROE. While the use of these two variables generated largely consistent sets of findings as reported here, it significantly reduced the original sample size by one third and its results should be interpreted with this missing data problem in mind.

Alternative Modeling Strategies

As noted above, it did not make sense to use unconditional country-level fixed effects (using dummy variables for each country) because of the slowly-changing nature of many key variables and the large number of countries in our sample (see Beck, 2001; Plumper and Troeger, 2007). Still, I examined the robustness of our MFO foundings analysis using conditional country-level fixed effects negative binomial models. Results are largely consistent with those reported. However, debates about the validity of this method are ongoing. While many have used it to control for unobserved, time-invariant group-level heterogeneity, others have argued that the conditional fixed effects estimator for negative binomial regressions based on Hausman, Hall and Griliches (1984)'s conditional likelihood method does not qualify as a true fixed effects estimator because it does not control for unchanging covariates (Allison & Waterman, 2002). Given the inconclusive nature of this debate, I use conditional fixed effects as a robustness check rather than the primary model specification.

In the analyses of the financial-social performance relationships among MFOs, I also estimated the proportion of women borrowers via GLS models with

MFO-level fixed effects. These fixed-effects estimators help capture unobserved MFO-level time-invariant heterogeneity, further increasing the validity of my conclusions. Results, reported in table A6, are largely consistent with those results generated by fractional probit models.

Additional Controls

Although my current control variables capture a wide range of measures typically found in microfinance studies, I gathered data for additional variables which are not included in the reported analysis because of missing values. In particular, I tried to control for the lending method (e.g., group-, individual-, and village-based lending) of each MFO given that past studies have suggested that MFOs employing different lending methods may have a different focus on women clients (e.g., Cull et al., 2007). However, data on lending methods is not available for the large population of MFOs included in my data. Fortunately though, lending methods tend to vary systematically across regions. For instance, individual-based lending predominates in East Asia and the Pacific, while MFOs in South Asia and Africa tend to lend through group methods (Cull et al., 2007). Therefore, the region dummies at least partially capture this variation across MFOs.

Address potential reverse causality

In the analyses of the financial-social performance relationship, concerns may be raised about the causal direction between OSS and proportion of women borrowers: lower proportion of women borrowers might be the cause rather than results of higher OSS. I took three steps in addressing this potential reverse causality concern. First, I used OSS at time t-1 to estimate the proportion of women borrowers at time t. Second, following the Granger-Sims causality test logic (Granger, 1969; Sims, 1972), I tried to include a lagged dependent variable as an additional regressor. However, this approach may produce inconsistent results if the error terms are serially correlated (Angrist & Krueger, 2001). Third, I tried to use an instrumental variables approach to further establish the causal argument. The advantage of the instrumental variables approach is that the estimated coefficients are more likely to be consistent (Wooldridge, 2002). Specifically, I generate three instruments: average OSS per region, average OSS per country, and deposit to asset ratio. The intuition behind the first two instruments is that an MFO's OSS might be systematically correlated with the regional- and country-level OSS averages, which may have no direct effects on the MFO's focus on women clients. The rationale for the third instrument is that the deposit attracted by an MFO may help generate revenue through investment and at the same time affect its financial expense, thus influencing the level of OSS. However, the debt to asset ratio may have no direct effects on the MFO's proportion of women clients. A Durbin-Wu-Hausman test indicated that there's a marginal endogeneity concern on OSS. Results based on the instrumental variables (2SLS) regression, however, remained largely consistent with those reported here.

Supplementary Analyses

While my analysis focused on the impact of institutional complexity on the entire population of MFOs in a country, there may be differences in how variants within an organizational population respond to institutional forces (Greenwood et al., 2010; Sine et al., 2005; York & Lenox, 2013). There is also evidence that the composition of a population may be shaped through adaptation, as extant organizations shift practices to match their environment (Ingram and Simons, 1997), and selection, where organizations are replaced by those who better fit the environment (Haveman & Rao, 1997; Hiatt et al., 2009). To investigate the role of these more nuanced mechanisms in our findings, I ran supplementary models examining differences between for-profit and non-profit MFOs on founding rates and lending focus on women.

For foundings, I estimated differential effects using a Chow test based on a pooled sample of founding data for both for-profit and non-profit MFOs (Gould, 2011). This is equivalent to stacking all founding data as a single outcome variable and including all relevant variables as well as their interactions with a dummy variable for non-profit MFOs. Results in table A7 show that neoliberal policies more readily foster the emergence of for-profit MFOs, thus contributing to a reduced focus on women borrowers by supporting the emergence of organizations that our results show are less likely to lend to this group, thus evidencing a selection effect. I applied a similar approach to test differences in the focus on women borrowers. I find that patriarchy reduces the proportion of women borrowers more for for-profit MFOs than for nonprofit ones, suggesting that gender inequality has a greater effect on MFOs that are more sensitive to financial performance and the opportunity to access commercial funding. This is not surprising since many non-profit MFOs have a strong focus on social mission (Ault & Spicer, 2013). If they can overcome the cultural barriers present at founding, I would expect these MFOs to be more resilient in maintaining their lending practices. Overall, results suggest that neoliberal policies disproportionately favor the founding of for-profit MFOs, while patriarchy leads them further away from a focus on women borrowers. In contrast, the effects of neoliberalism on the proportion of women borrowers and the effects of patriarchy on founding do not significantly vary across the two organizational forms. In other words, these logics affect both types of MFOs.

CHAPTER 6: DISCUSSION AND CONCLUSION

In this dissertation, I investigated the independent and joint influence of market and patriarchy logics on the number of MFOs founded per nation/year, the degree to which they focused on women borrowers, the financial-social relationships among MFOs, and the pattern of MFOs' funding structure. In study 1, I found that neoliberal policies act as proponents suggest, contributing to foundings in a nation's microfinance sector. However, this growth appears to be at the expense of a focus on women borrowers. Also, as one of the first large-scale study of cultural influences on microfinance, I found that a strong patriarchy logic leads to fewer MFO foundings and a reduced focus on women borrowers. Showing the influence of institutional complexity of national systems, I found that these logics worked in tandem to suppress not only the relative focus on female clients, but also the absolute number of women served by MFOs in a country. This is especially true for those MFOs in pursuit of higher financial performance, as shown in study 2. Despite the suggestive nature due to data limitations, findings in study 3 on capital investment in microfinance indicate that these patterns are partially driven by the disproportional inflow of commercial versus public capital into highly neoliberal and patriarchal countries.

Given the demand for financial inclusion among women under strong patriarchy and the value of targeting women in poverty reduction schemes (Duflo, 2012; United Nations, 2005; World Bank, 2011), these are important findings. Further, by showing how complexity works across nations to create variance in the prevalence and social mission focus of MFOs, my findings contribute to research on institutional logics, complexity, and the population dynamics of organizational forms, in particular those of hybrid organizations. In advancing the theory of institutional complexity of national systems, I also highlighted its interface with adjacent strategy and entrepreneurship literatures, focusing on its contributions to the broader financial-social performance debate and the institutional shaping of resource acquisition.

My first contribution is to show how complex institutional environments shape the prevalence and practices of an organizational form. As such, I go beyond studies that have focused on the sequential and enabling influence of singular logics (Haveman & Rao, 1997; Hiatt et al., 2009; Rao et al., 2003; Sine et al., 2005) and show that the MFO population in different countries varied systematically through the individual and interactive influences of market and patriarchy logics. A key implication of this approach is to highlight the potential for the same configuration of logics to create pressures that act differently across different outcome variables. While there is a general recognition that logics may conflict with or reinforce each other, this is typically theorized as an innate property of particular logics at a particular time (Dunn & Jones, 2010; Friedland & Alford, 1991; Goodrick & Reay, 2011). By showing that market logic boosted founding rates in countries with strong patriarchy – as it did in all countries – but amplified the suppression of loans to women, I show that these processes may be concurrently relevant within an organizational population. Understanding the dynamics of a population under complexity thus requires attention to not only the logics at play in a situation, but also how these relate to each other in the context of different outcome variables (Wry, Cobb, & Aldrich, 2013).

A second contribution is to call to attention the suppressing influence of logics (Friedland & Alford, 1991). Research on organizational forms tends to equate organizational foundings with the ascendance of a supporting logic, and the decline of forms with the withdrawal of this support (Haveman & Rao, 1997; Hiatt et al., 2009; Ingram & Simons, 2000; Lounsbury et al., 2003; Rao et al., 2003; Sine et al., 2005; Weber et al., 2008). However, the emergence of a population in the face of suppressing forces has not been considered. Likewise, despite the proliferation of institutional logics research, suppressing effects have been largely overlooked (but see Marquis & Lounsbury, 2007 for a discussion of resistance to a logic). By integrating insights from the literatures on neoliberal economics and gender inequality – research areas where suppression is an abiding concern – I show how logics may act in more nuanced ways, creating barriers to the emergence of challenging organizations while pushing those that overcome these barriers toward a more conforming strategic orientation. Moreover, I observe these effects as a matter of degree: MFOs did emerge and lend to women under strong patriarchy, just at lower rates than in other countries. Thus, as organizations emerge within and are shaped through complexity, I suggest that it is insufficient to focus on culture's enabling aspects without simultaneously considering how it constrains. A focus on suppression also problematizes the assumption that conflicting logics are the chief source of difficulty for organizations under institutional complexity (Battilana & Dorado, 2010; Dunn &

Jones, 2010; Greenwood et al., 2010; Greenwood et al., 2011; Pache & Santos, 2010). As I show, logics can reinforce each other in ways that suppress organizations and their practices. Misaligned or conflicting logics may thus be preferable in some situations to the extent that they open avenues for strategic action (Aharoni, Maimon, & Segev, 1981).

Relatedly, my findings also point to a more general limitation in how scholars think about the relationship between institutional logics and social benefits. The literatures on social enterprise and corporate social responsibility both reflect a strong assumption that market logic creates pressures to cut corners and pursue profits, while more beneficial acts are supported by other cultural forces (Campbell, 2007; Hoffman, 1999; Wry, 2009). However, this neglects that non-market logics may also motivate harmful practices, potentially constraining an organization as it attempts to engage in socially beneficial acts. Just as culturally inscribed inequities can manifest in an organization's hiring and promotion practices (Tilcsik, 2011; Tolbert et al., 1995), I show that they may also be evident in its outward actions.

A third contribution is to illustrate the value in directly studying the influence of societal-level logics. The logics perspective was seeded with the assertion that Western societies comprise multiple institutional orders, each associated with a distinct logic (Friedland & Alford, 1991). Still, research to date has focused on logics primarily as they operate within fields (Thornton & Ocasio, 1999), communities (Marquis & Lounsbury, 2007) and, increasingly, organizations (Battilana & Dorado, 2010; Pache & Santos, 2010). There has been nominal recognition that these lower-level manifestations are embedded in societal level logics, but few studies have focused at the societal level as a primary feature of their analysis (but see Bhappu, 2000). While societal-level influences may be broadly similar across organizations and fields within a country, higher-level logics become important in the context of cross-national comparison (Biggart & Guillen, 1999). Here, a key contribution of Thornton and colleagues' elaboration of the logics perspective was to reformulate the institutional orders developed by Friedland and Alford to be applicable in non-Western contexts. Scholars have yet to engage this insight, though, leaving the societal level largely neglected and leading to calls for research in the area (Thornton et al., 2012: 64-66). By focusing on market and patriarchy logics as cultural frames that are globally relevant and variously evident across nations, I show the value of attending to societal level influences on organizational populations.

A focus on societal-level logics may also create opportunities to enrich the logics perspective itself. While the inter-institutional system developed by Friedland and Alford (1991) and elaborated by Thornton (2004) is theoretically transposable across countries, this has yet to be empirically investigated. Institutional orders for market, family, religion, community, state, profession, and corporation are well-developed in Western contexts (Thornton et al., 2012: 72), but may be more or less influential and interact in different ways in the developing world. Further, by drawing on literatures outside of the logics canon to build our arguments about neoliberalism and patriarchy, I show the utility of bridging with other traditions to enrich the application of logics to transnational contexts. Building on this, institutional scholars may find it useful to engage with research that deals with belief systems related to racial, sexual, and other forms of ascriptive inequality (Modood & Werbner, 1997; Sen, 1992, 2007), as well as work that links culture and history to economic governance systems (Amble, 2003; Hall & Soskice, 2001). By highlighting meaning systems that are evident across nations, while acknowledging that they vary by context, these literatures may help to both broaden and deepen logics research at the societal level, enriching the theory of institutional complexity of national systems.

The inter-sectoral theorization of society in the logics perspective contributes insight into the functioning of meaning systems such as neoliberalism and patriarchy as well. For example, while scholars have examined the global diffusion of Western organizations and economic models, they have stopped at showing how national cultures create variation in transnational diffusion (Campbell & Pedersen, 2001; Henisz et al., 2005; Prasad, 2005). However, the logics perspective suggests that once implemented, common policies may yield different outcomes based on their interaction with other cultural forces. Some institutions may be impotent as a result (Weber et al., 2009) or, as our study suggests, a logic that is advocated as a support for an organizational population may have unintended effects through its interaction with others in the instituitonal environment.

My fourth contribution is to the study of microfinance and social enterprise. To date, most cross-national studies of microfinance have been by economists, with the result that cultural factors are overlooked in favor of economic explanations (Armendariz & Morduch, 2010; Ledgerwood et al., 2013). An important contribution of this dissertation is thus to show the conjoint influence of market and patriarchy logics in the development of a country's MFO population. In this way, my analyses highlight the complex and potentially paradoxical relationship that emerges from the joint embeddedness of social enterprises and the issues that they aspire to address. For microfinance, strong patriarchy creates a need for financial inclusion among women by blocking traditional channels for upward mobility and financial access (Ridgeway, 2011). Yet, at the same time, patriarchy leads MFOs away from a focus on women borrowers. As a result, the cultural embeddedness of microfinance activity may lead MFOs to incarnate the same social inequities that the sector aspires to address.

By showing how this effect is amplified under neoliberal policies, I also call into question the completeness of arguments that rely on market logic as a tool to promote the sector's growth and efficacy. While not all agree that embracing the market is the best path for microfinance, it is nonetheless a core policy initiative for organizations such as the International Monetary Fund, Microcredit Summit Campaign, and World Bank who promote neoliberal policies as a way to foster the sector's worldwide development. I find that these policies are an effective spur for MFO foundings, but that the efficient allocation of capital appears to systematically favor MFOs that pursue more economically viable practices, steering the sector away from women borrowers. So, while there is an argument to be made for the benefits of extending financial inclusion to less-poor clients as a means to increase MFO sustainability, grow the number of loans being made, and generate profits that can be used to support loans to women and the very poor (Frank, 2008), my results paint a less optimistic picture. Indeed, neoliberal policies appear to lead to more microfinance in a country, but not for women in either relative or absolute terms.

Accordingly, I suggest that it is important to consider the limits of market mechanisms for addressing social issues that are rooted in culture. If poverty, inequality, or environmental degradation are economic problems caused by market failure or a lack of economic development, interventions based on market logic are sensible. When cultural factors are overlaid on these arguments, though, they start to become dubious. In particular, I show that entrenched patterns of difference, such as those based in gender, may shape the flow of capital as markets liberalize. At the same time, market mechanisms do not address the factors that lead to the marginalization of women and create barriers for the organizations that aspire to serve them. Thus, while economic arguments have the allure of a “win-win” where poverty can be addressed while making profits, this cannot reasonably be expected to address deep cultural inequities. Unless concurrent efforts are made to address underlying cultural causes, economic instruments may perpetuate cycles of domination and subjugation. While the microfinance sector faces many challenges beyond those that I have highlighted (Ledgerwood et al., 2013), my results suggest that, rather than liberalizing markets, an effective policy approach likely requires government intervention to correct the financially efficient, but socially questionable, flow of capital to MFOs that focus on male clients (Morduch, 2000; Yunus, 2011).

This imperative of government intervention is particularly salient given the finding that there is indeed a tendency of mission drift among financially driven MFOs and this tendency is strongest in countries with high market and patriarchy logics. It suggests that institutional logics, which shape the cognition and attention of decision makers and provide guiding principles for their actions, may intensify both the financial imperative and cost concerns the decision makers associate with certain social initiatives. The findings support that broader cultural and value frameworks matter to the financial-social performance tradeoff organizations make, a view that has been largely neglected in existing studies. To this end, the strategic stance is combined with insights from contemporary theories on neoinstitutionalism, further extending recent efforts in synthesizing strategic and institutional perspectives (Durand, 2012; Durand, Szostak, Jourdan, & Thornton, 2013; Oliver, 1997). While my focus here is on two prevailing national institutional logics – market and patriarchy – that jointly push financially driven MFOs away from their social mission, future studies should investigate other potential institutional forces that might help mitigate this type of mission drift. As for microfinance practice, this study reveals several underlying mechanisms that contribute to the mission drift in countries with strong market and patriarchy logics. Intervening instruments on these mechanisms, for example the training and retainment of capable female loan officers in hostile environments and ways of channeling in more balanced capital investment from public and commercial sources, may help MFOs maintain a sustained focus on their social missions.

Lastly, while studies to date have focused primarily on the challenges that social enterprises like MFOs face as they work to balance the tensions associated with the joint pursuit of social and financial goals (Battilana & Dorado, 2010; Pache & Santos, 2013; Pache & Santos, 2010; Tracey et al., 2011) I suggest that it is equally important to acknowledge that the nature of this tradeoff may be shaped through broader cultural frameworks. As such, the potential of social enterprise as a sustainable and impactful approach may vary considerably among countries and by societal issues. The theorization of institutional complexity of national systems and its application to the study of social enterprises, and to hybrid organizations more generally, certainly demonstrates this. It defies the traditional view of hybrids as problematic per early studies on categories (Zuckerman, 1999). It also extends the vibrant recent studies, based on inductive case approaches, of how actors cope with competing logics and navigate institutional complexity faced by hybrid organizations (e.g., Battilana & Dorado, 2010; Pache & Santos, 2013). As a result, it not only departs from the overly simple conceptualization of the categorical imperative, recognizes the agency enabling hybrid organizations to merge and flourish, but also draws our attention to the varied modularity of social enterprises across contexts (Zahra et al., 2009).

Limitations

Although my analysis includes the most significant MFOs in the world, these organizations do not comprise the whole population in each country. I took a number of steps to ensure that this did not introduce systematic bias into my results, but findings should nonetheless be interpreted with this data limitation in mind. Relatedly, I was unable to model foundings and women's lending in the sector's incipient years because data on some of the key variables was not available until 1995. However, while some results likely vary pre-1995, I do not expect this to change my overall findings. Anecdotal histories of the sector suggest that while the intensity of market forces and patriarchy may have shifted over the years, they have been abiding concerns from the sector's inception, through to the present day (Armendariz & Morduch, 2010; Ledgerwood et al., 2013; Yunus, 1999): there is little reason to suspect that they influenced the sector in quantifiably different ways during its early emergence than I observed in my analysis. Due to data availability, my analyses of MFO funding structure were also constrained to a limited period of time. As organizations like the MIX and MicroRate continue to collect more nuanced funding data on MFOs, there are ample opportunities for future scholars to examine the pattern of capital inflows into microfinance.

By examining the impact of macro-level variables across many countries, my approach also emphasizes generality over detail: empirical measures are relatively coarse indicators of underlying mechanisms (Henisz et al., 2005: 893). At times I am forced to infer, rather than observe, the mechanisms that link neoliberalism and patriarchy to the outcomes of interest. While I took steps to address this in Robustness Checks, case-based research will provide an important complement by adding nuance and better capturing the underlying dynamics behind the observed results. In addition to more deeply probing the relationship between market logic, patriarchy, and microfinance, this may help illuminate how MFOs interpret these pressures and, importantly, how some manage to profit while focusing on women borrowers in hostile environs.

Conclusion

This dissertation proposes the theory of institutional complexity of national systems and applies it to the study of global microfinance. By drawing attention to the women's empowerment mission of MFOs, I leveraged insight about the potential for gender inequality to function as an institutional logic that shapes a nation's microfinance sector. Further, I show that extant theoretical arguments and policy initiatives, which attempt to expand the reach and benefits of microfinance through market logic, have limited potential. Rather than catalyzing development and outreach, these policies may create inducements for MFOs to move away from their focus on women borrowers, particularly in patriarchal countries where the demand for such loans is greatest. And this tendency is particularly strong among financially driven MFOs and buttressed by the underlying capital flows. As such, I highlight the importance of attending to the pushes and pulls of multiple logics when studying the dynamics of organizational forms, particularly social enterprises where institutional complexity is closely intertwined with the relationship between organizations and society.

References

Acker, J. 2006. Inequality regimes: Gender, class, and race in organizations. ***Gender & Society***, 20(4): 441-464.

Aharoni, V., Maimon, Z., & Segev, E. 1981. Interrelationships between environmental dependencies: A basis for tradeoffs to increase autonomy. ***Strategic Management Journal***, 2: 197-208.

Aldrich, H., & Ruef, M. 2006. ***Organizations evolving***. Thousand Oaks, CA: Sage Publications.

Aldrich, H. E., & Fiol, C. M. 1994. Fools Rush in: The Institutional Context of Industry Creation. ***Academy of Management Review***, 19(4): 645-670.

Alexander, G., & Bucholtz, R. 1978. Corporate social responsibility and stock market performance. ***Academy of Management Journal***, 21: 479-486.

Allison, P. D., & Waterman, R. P. 2002. Fixed-effects negative binomial regression models. ***Sociological Methodology***, 32(1): 247-265.

Amble, B. 2003. ***The diversity of modern capitalism***. Oxford: Oxford University Press.

Angelucci, M., Karlan, D., & Zinman, J. 2012. Win some lose some? Evidence from a randomized microcredit program placement experiment by Compartamos Banco. ***NBER Working Paper***.

Angrist, J., & Krueger, A. 2001. Instrumental Variables and the Search for Identification: From Supply and Demand to Natural Experiments. ***Journal of Economic Perspectives***, 15(4): 69-85.

Armendariz, B., & Morduch, J. 2010. ***The Economics of Microfinance*** (2nd ed.). Cambridge, MA: MIT Press.

Ashforth, B. E., & Mael, F. 1989. Social Identity Theory and the Organization. ***Academy of Management Review***, 14(1): 20-39.

Ault, J. K., & Spicer, A. 2013. The institutional context of poverty: State fragility as a predictor of cross-national variation in commercial microfinance lending. ***Strategic Management Journal***, forthcoming.

Austin, J., Stevenson, H., & Wei-Skillern, J. 2006. Social and commercial entrepreneurship: Same, different, or both? ***Entrepreneurship Theory & Practice***, 30(1): 1-22.

Babb, S. 2005. The social consequences of structural adjustment: Recent evidence and current debates. ***Annual Review of Sociology***, 31: 199-222.

Baker, T., & Nelson, R. E. 2005. Creating something from nothing: Resource contribution through entrepreneurial bricolage. ***Administrative Science Quarterly***, 50: 329-366.

Banerjee, A., Duflo, E., Glennerster, R., & Kinnan, C. 2013. The miracle of microfinance? Evidence from a randomized evaluation. ***Working Paper***.

Bansal, P., & Roth, K. 2000. Why companies go green: A model of ecologial responsiveness. ***Academy of Management Journal***, 43(4): 717-736.

Barnett, M. L., & Salomon, R. M. 2006. Beyond dichotomy: The curvilinear relationship between social responsibility and financial performance. ***Strategic Management Journal***, 27(11): 1101-1122.

Barney, J. 1991. Firm Resources and Sustained Competitive Advantage. ***Journal of Management***, 17(1): 99-120.

Baron, R. A., & Markman, G. D. 2003. Beyond social capital: The role of entrepreneurs' social competence in their financial success. ***Journal of Business Venturing***, 18: 41-60.

Barr, M. S. 2005. Microfinance and financial development. ***Michigan Journal of International Law***, 26: 271.

Bartel, C. A., & Garud, R. 2009. The role of narratives in sustaining organizational innovation. ***Organization Science***, 20(1): 107-117.

Battilana, J., & D'Aunno, T. 2009. Institutional work and the paradox of embedded agency. In T. B. Lawrence & R. Suddaby & B. Leca (Eds.), ***Institutional Work***. Cambridge: Cambridge University Press.

Battilana, J., & Dorado, S. 2010. Building Sustainable Hybrid Organizations: The Case of Commercial Microfinance Organizations. ***Academy of Management Journal***, 53(6): 1419-1440.

Battilana, J., & Lee, M. 2014. Advancing research on hybrid organizing - Insights from the study of social enterprises. ***Academy of Management Annals***, forthcoming.

Beck, N. L. 2001. Time-series cross-section data: What we have learned in the past few years? ***Annual Review of Political Science***, 4: 271-293.

Beck, T., Behr, P., & Guttler, A. 2009. Are women better loan officers? ***Working Paper***.

Bendroth, M. L. 1999. Fundamentalism and the family: Gender, culture, and the american pro-family movement. ***Journal of Women's History***, 10(4): 35-54.

Berkovitch, N. 1999. ***From motherhood to citizenship: Women's rights and international organizations***: JHU Press.

Besharov, M. L., & Smith, W. K. 2013. Multiple logics within organizations: An integrative framework and model of organizational hybridity. ***Working Paper***.

Bhappu, A. D. 2000. The Japanese family: An institutional logic for Japanese corporate networks and Japanese management. ***Academy of Management Review***, 25(2): 409-415.

Bhatt, N., & Tang, S. Y. 1998. The problem of transaction costs in group-based microlending: An institutional perspective. ***World Development***, 26(4): 623-637.

Bigelow, L. S., Carroll, G., Seidel, M. D., & Tsai, L. 1997. Legitimation, geographical scale, and organizational density: Regional patterns of foundings of American automobile producers, 1885-1981. ***Social Science Research***, 26(4): 377-398.

Biggart, N. W., & Guillen, M. F. 1999. Developing difference: Social organization and the rise of the auto industries of South Korea, Taiwan, Spain, and Argentina. ***American Sociological Review***, 64(5): 722-747.

Blumberg, R. 1989. Toward a feminist theory of development. In R. Wallace (Ed.), ***Feminism and sociological theory***. Beverly Hills, CA: Sage.

Boli, J. 1987. World-polity sources of expanding state authority and organization, 1870-1970. In G. M. Thomas & J. W. Meyer & F. O. Ramirez & J. Boli (Eds.),

Institutional structure: Constituting state, society, and the individual. Newbury Park: Sage.

Bornstein, D. 2007. ***How to change the world: Social entrepreneurs and the power of new ideas***. New York: Oxford University Press.

Boschee, J. 2001. Eight basic principles for nonprofit entrepreneurs. ***Nonprofit World***, 19(4): 15-18.

Bowker, G. C., & Star, S. L. 2000. ***Sorting things out: Classification and its consequences***. Cambridge, MA: MIT Press.

Bowman, E., & Haire, M. 1975. A strategic posture towards CSR. ***California Management Review***, 18(2): 49-58.

Busenitz, L. W., Gomez, C., & Spencer, J. W. 2000. Country institutional profiles: Unlocking entrepreneurial phenomena. ***Academy of Management Journal***, 43: 994-1003.

Calas, M. B., Smircich, L., & Bourne, K. A. 2009. Extending the Boundaries: Reframing "Entrepreneurship as Social Change" through Feminist Perspectives. ***Academy of Management Review***, 34(3): 552-569.

Campbell, J. L., & Pedersen, O. K. 2001. ***The rise of neoliberalism and institutional analysis***. Princeton, NJ: Princeton University Press.

Campbell, J. L. 2004. ***Institutional change and globalization***. Princeton, NJ: Princeton University Press.

Campbell, J. L. 2007. Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility. ***Academy of Management Review***, 32(3): 946-967.

CGAP. 2011. Consultative Group to Assist the Poor: A Global Program Review. Washington, D. C.: The World Bank.

Charles, M., & Grusky, D. B. 2004. ***Occupational ghettos: The worldwide segregation of women and men***. Stanford, Calif.: Stanford University Press.

Chattopadhyay, R., & Duflo, E. 2004. Women as policy makers: Evidence from a randomized policy experiment in India. ***Econometrica***, 72(5): 1409-1443.

Chen, B., Ioannou, I., & Serafeim, G. 2013. Corporate social responsibility and access to finance. ***Strategic Management Journal***, forthcoming.

Christen, R., & Drake, D. 2002. Commercialization: The new reality of microfinance. In D. Drake & E. Rhyne (Eds.), ***The commercialization of microfinance: Balancing business and development***. Bloomfield: Kumarian Press.

Chung, C.-N., & Luo, X. 2008. Institutional logics or agency costs: The influence of corporate governance models on business group restructuring in emerging economies. ***Organization Science***, 19(5): 766-784.

Clemens, E. S., & Cook, J. M. 1999. Politics and institutionalism: Explaining durability and change. ***Annual Review of Sociology***, 25: 441-466.

Cliff, J. E. 1998. Does one size fit all? Exploring the relationship between attitudes towards growth, gender, and business size. ***Journal of Business Venturing***, 13(6): 523-542.

Cochran, P., & Wood, R. 1984. Corporate social responsibility and financial performance. ***Academy of Managemet Journal***, 27: 42-56.

Cohen, J. N., & Centeno, M. A. 2006. Neoliberalism and patterns of economic performance, 1980-2000. ***Annals of the American Academy of Political and Social Science***, 606: 32-67.

Cole, S., & Saleman, Y. 2011. SKS and the AP microfinance crisis. ***Harvard Business Case 9-212-018***: 1-18.

Colquitt, J. A., & George, G. 2011. From the editors: Publishing in AMJ-part 1: topic choice. ***Academy of Management Journal***, 54(3): 432-435.

Conning, J. 1999. Outreach, sustainability and leverage in monitored and peer-monitoring lending. ***Journal of Development Economics***, 60(1): 51-77.

Copestake, J. 2007. Mainsteaming microfinance: Social performance management or mission drift? ***World Development***, 35(10): 1721-1738.

Correll, S. J. 2004. Constraints into preferences: Gender, status, and emerging career aspirations. ***American Sociological Review***, 69(1): 93-113.

Cull, R., Demirguc-Kunt, A., & Morduch, J. 2007. Financial performance and outreach: A global analysis of leading microbanks. ***Economic Journal***, 117(517): F107-F133.

Cull, R., Demirguc-Kunt, A., & Morduch, J. 2009. Microfinance Meets the Market. ***Journal of Economic Perspectives***, 23(1): 167-192.

D'Espallier, B., Gerin, I., & Mersland, R. 2011. Women and repayment in microfinance: A global analysis. ***World Development***, 39(5): 758-772.

Dacin, M. T., Dacin, P. A., & Tracey, P. 2011. Social entrepreneurship: A critique and future directions. ***Organization Science***, 22(5): 1203-1213.

Dacin, P. A., Dacin, M. T., & Matear, M. 2010. Social Entrepreneurship: Why We Don't Need a New Theory and How We Move Forward From Here. ***Academy of Management Perspectives***, 24(3): 37-57.

Daley-Harris, S. 2009. State of the Microcredit Summit Campaingn Report 2009. Washington: Microcredit Summit.

Davis, G., Diekmann, K. A., & Tinsley, C. H. 1994. The decline and fall of the conglomerate firm in the 1980s: The de-institutionalization of an organizational form. ***American Sociological Review***, 59: 547-570.

Deephouse, D. L., & Suchman, M. C. 2008. Legitimacy in organizational institutionalism. In R. e. a. Greenwood (Ed.), ***The SAGE Handbook of Organizational Institutionalism***. London: SAGE.

Delacroix, J., & Carroll, G. R. 1983. Organizational foundings: An ecological study of the newspaper industries of Argentina and Ireland. ***Administrative Science Quarterly***, 28(2): 274-291.

DeVault, M. L. 1991. ***Liberating method: Feminism and social research***. Philadelphia: Temple University Press.

DiMaggio, P. J., & Powell, W. W. 1983. The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. ***American Sociological Review***, 48(2): 147-160.

Djelic, M.-L., & Quack, S. 2007. Overcoming path dependency: Path generation in open systems. ***Theory and Society***, 36: 161-186.

Dobbin, F. 1994. ***Forging industrial policy: The United States, Britain, and France in the railway age***. New York, NY: Cambridge University Press.

Dobbin, F., & Dowd, T. J. 1997. How policy shapes competition: Railroad foundings in Massachusetts. ***Administrative Science Quarterly***, 42(3): 501-529.

Dobrev, S. D., Kim, T. Y., & Hannan, M. T. 2001. Dynamics of niche width and resource partitioning. ***American Journal of Sociology***, 106(5): 1299-1337.

Dobson, W., & Hufbauer, G. 2001. ***World capital markets: Challenges to the G-10***. Washington, DC: Institute for International Economics.

Douglas, M. 1986. ***How institutions think*** (1st ed.). Syracuse, N.Y.: Syracuse University Press.

Duflo, E. 2003. Grandmothers and granddaughters: Old-age pensions and intrahousehold allocation in South Africa. ***The World Bank Economic Review***, 17(1): 1-25.

Duflo, E. 2012. Women empowerment and economic development. ***Journal of Economic Literature***, 50(4): 1051-1079.

Dunn, M. B., & Jones, C. 2010. Institutional logics and institutional pluralism: The contestation of care and science logics in medical education, 1967-2005. ***Administrative Science Quarterly***, 55(1): 114-149.

Durand, R., Rao, H., & Monin, P. 2007. Code and conduct in French cuisine: Impact of code changes on external evaluations. ***Strategic Management Journal***, 28(5): 455-472.

Durand, R. 2012. Advancing strategy and organization research in concert: Towards an integrated model? ***Strategic Organization***, 10(3): 297-303.

Durand, R., & Paolella, L. 2013. Category stretching: Reorienting research on categories in strategy, entrepreneurship, and organization theory. ***Journal of Management Studies***, 50(6): 1100-1123.

Durand, R., Szostak, B., Jourdan, J., & Thornton, P. H. 2013. Institutional logics as strategic resources. In M. Lounsbury (Ed.), ***Research in the Sociology of Organization***, Vol. Institutional logics in action, Part A: Emerald.

Eagly, A. H., & Carli, L. L. 2007. ***Through the labyrinth: The truth about how women become leaders***. Boston, MA: Harvard Business School Press.

Epstein, C. F. 1988. ***Deceptive distinctions: Sex, gender, and the social order***. New Haven: Yale University Press.

Etzion, D. 2007. Research on organizations and the natural environment, 1992-present: A review. ***Journal of Management***, 33(4): 637-664.

Evans, P. 1995. ***Embedded autonomy: States and industrial transformation***. NJ: Princeton University Press.

Ferraro, F., Etzion, D., & Gehman, J. 2014. Tackling grand challenges pragmatically: Robust action revisited. ***Working Paper***.

Finnermore, M. 1996. Norms, culture, and world politics: Insights from sociology's institutionalism. ***International Organization***, 50: 325-347.

Fiss, P., & Zajac, E. J. 2004. The diffusion of ideas over contested terrain: The (non)adoption of a shareholder value orientation among German firms. ***Administrative Science Quarterly***, 49: 501-534.

Fleischer, A. 2009. Ambiguity and the Equity of Rating Systems: United States Brokerage Firms, 1995-2000. ***Administrative Science Quarterly***, 54(4): 555-574.

Fligstein, N. 1997. Social skill and institutional theory. ***American Behavioral Scientist***, 40(4): 397-405.

Fombrun, C., Gardberg, N., & Barnett, M. L. 2000. Opportunity platforms and safety nets: Corporate citizenship and reputational risk. ***Business and Society Review***, 105(1): 85-106.

Frank, C. 2008. Stemming the tide of mission drift: Microfinance transformation and the double bottom line: Women's World Banking Focus Note.

Freeman, R. E. 1984. ***Strategic management: A stakeholder theory***. Boston, MA: Pitman.

Friedland, R., & Alford, R. R. 1991. Bringing society back in: Symbols, practices, and institutional contradictions. In W. W. Powell & P. J. DiMaggio (Eds.), ***The new institutionalism in organizational analysis***: 232-263. Chicago: University of Chicago Press.

Friedman, M. 1970. The social responsibility of business is to increase its profits, ***New York Times***: 122-126.

Garud, R., Gehman, J., & Karnoe, P. 2010. Categorization by association: Nuclear technology and emission-free electricity. ***Research in the Sociology of Work***, 21: 51-93.

Glynn, M. A., & Lounsbury, M. 2005. From the critics' corner: Logic blending, discursive change and authenticity in a cultural production system. ***Journal of Management Studies***, 42(5): 1031-1055.

Glynn, M. A. 2008. Beyond constraint: How institutions enable identities. In R. Greenwood & C. Oliver & R. Suddaby & K. Sahlin (Eds.), ***The Sage Handbook of Organizational Institutionalism***. Los Angeles, CA: Sage.

Glynn, M. A., & Navis, C. 2013. Categories, identities, and cultural classification: Moving beyond a model of categorical constraint. ***Journal of Management Studies***, forthcoming.

Godfrey, P., Merrill, G., & Hansen, J. 2009. The relationship between corporate social responsibility and shareholder value: An empirical test ot the risk management hypothesis. ***Strategic management Journal***, 30(4): 425-445.

Goetz, A. M., & Gupta, R. S. 1996. Who takes credit? Gender, power, and control over loan use in rural credit programmes in Bangladesh. ***World Development***, 24(1): 45-63.

Gonzalez, A. 2010. Microfinance funders profiles: A short guide for young and small institutions still looking for a match. ***MIX Data Brief***, 6.

Goodrick, E., & Reay, T. 2011. Constellations of institutional logics: Changes in the professional work of pharmacists. ***Work and Occupations***, 38(3): 372-416.

Gould, W.; Can you explain Chow tests?; http://www.stata.com/support/faqs/stat/chow3.html.

Granger, C. 1969. Investigating causal relations by econometric models and cross-spectral models. ***Econometrica***, 37: 424-438.

Greening, D., & Turban, D. 2000. Corporate social performance as a competitive advantage in attracting a quality workforce. ***Business & Society***, 39(3): 254-280.

Greenwood, R., Suddaby, R., & Hinings, C. R. 2002. Theorizing change: The role of professional associations in the transformation of institutionalized fields. ***Academy of Management Journal***, 45(1): 58-80.

Greenwood, R., & Suddaby, R. 2006. Institutional entrepreneurship in mature fields: The big five accounting firms. ***Academy of Management Journal***, 49(1): 27-48.

Greenwood, R., Diaz, A. M., Li, S. X., & Lorente, J. C. 2010. The multiplicity of institutional logics and the heterogeneity of organizational responses. ***Organization Science***, 21(2): 521-539.

Greenwood, R., Raynard, M., Kodeih, F., Micelotta, E., & Lounsbury, M. 2011. Institutional complexity and organizational responses. ***Academy of Management Annals***, 5(1): 317-371.

Greif, A. 2006. ***Institutions and the path to the modern economy: Lessons from medieval trade***. Cambridge: Cambridge University Press.

Guillen, M. F. 2001. Is globalization civilizing, destructive or feeble? A critique of five key debates in the social science literature. ***Annual Review of Sociology***, 27: 235-260.

Hall, P. A., & Soskice, D. 2001. ***Varieties of capitalism: The institutional foundation of comparative advantage***. Oxford: Oxford University Press.

Hall, P. A., & Lamont, M. 2013. ***Social resilience in the neoliberal era***. Cambridge: Cambridge University Press.

Hamilton, G. G., & Biggart, N. W. 1988. Market, culture, and authority: A comparative analysis of management and organization in the far east. ***American Journal of Sociology***, 94: S52-S94.

Hannan, M. T., & Freeman, J. 1977. Population Ecology of Organizations. ***American Journal of Sociology***, 82(5): 929-964.

Hannan, M. T., & Freeman, J. 1989. ***Organizational ecology***. Cambridge, Mass.: Harvard University Press.

Hannan, M. T., Carroll, G., Dundon, E. A., & Torres, J. C. 1995. Organizational evolution in a multinational context: Entries of automobile manufacturers in Belgium, Britain, France, Germany, and Italy. ***American Sociological Review***, 60(4): 509-528.

Hannan, M. T., Pólos, L., & Carroll, G. 2007. ***Logics of organization theory: Audiences, codes, and ecologies***. Princeton, N.J.: Princeton University Press.

Hannan, M. T. 2010. Partiality of memberships in categories and audiences. ***Annual Review of Sociology***, 36: 159-181.

Hardin, J. W., & Hilbe, J. 2003. ***Generalized estimating equations***. Boca Raton, Fla.: Chapman & Hall/CRC.

Hart, S. L. 1995. A natural-resource-based view of the firm. ***Academy of Management Review***, 20(4): 986-1014.

Harvey, D. 2007. Neoliberalism as creative destruction. ***THe Annals of the American Academy of Political and Social Science***, 610(1): 21-44.

Hashmi, T. I. 2000. ***Women and islam in Bangladesh***. Hampshire & London: Macmillan Press Limited.

Hausman, J., Hall, B. H., & Griliches, Z. 1984. Econometric models for count data with an application to the patents-R&D relationship. ***Econometrica***, 52: 909-938.

Haveman, H. A., & Rao, H. 1997. Structuring a theory of moral sentiments: Institutional and organizational coevolution in the early thrift industry. ***American Journal of Sociology***, 102(6): 1606-1651.

Haveman, H. A., & Rao, H. 2006. Hybrid forms and the evolution of thrifts. ***American Behavioral Scientist***, 49: 974-986.

Haveman, H. A., Rao, H., & Paruchuri, S. 2007. The winds of change: The progressive movement and the bureaucratization of thrift. ***American Sociological Review***, 72(1): 117-142.

Henisz, W. J., Zelner, B. A., & Guillen, M. F. 2005. The worldwide diffusion of market-oriented infrastructure reform, 1977-1999. ***American Sociological Review***, 70(6): 871-897.

Hiatt, S. R., Sine, W. D., & Tolbert, P. S. 2009. From Pabst to Pepsi: The Deinstitutionalization of Social Practices and the Creation of Entrepreneurial Opportunities. ***Administrative Science Quarterly***, 54(4): 635-667.

Hinings, C. R., & Greenwood, R. 2002. Disconnects and consequences in organization theory? ***Administrative Science Quarterly***, 47(3): 411-421.

Hoffman, A. J. 1999. Institutional evolution and change: Environmentalism and the U.S. chemical industry. ***Academy of Management Journal***, 42(4): 351-371.

Holland, D., Lachicotte, W. J., Skinner, D., & Cain, C. 1998. ***Agency and identity in cultural worlds***. Cambridge, MA: Harvard University Press.

Hsu, G. 2006. Jacks of all trades and masters of none: Audiences' reactions to spanning genres in feature film production. ***Administrative Science Quarterly***, 51(3): 420-450.

Hsu, G., Hannan, M. T., & Koçak, Ö. 2009. Multiple category memberships: An integrated theory and two empirical tests. ***American Sociological Review***, 74(February): 150-169.

Hughes, K. D. 2003. Pushed or pulled? Women's entry into self-employment and small business ownership. ***Gender Work and Organization***, 10(4): 433-454.

Imai, K. S., Gaiha, R., Thapa, G., & Annim, S. K. 2012. Microfinance and poverty: A macro perspective. ***World Development***, 40(8): 1675-1689.

Ingram, P., & Simons, T. 2000. State formation, ideological competition, and the ecology of Israeli workers' cooperatives, 1920-1992. ***Administrative Science Quarterly***, 45(1): 25-53.

Iskenderian, M. E. 2011. Women's World Banking: Annual Report, 2011.: Women's World Banking. http://www.swwb.org/sites/default/files/pubs/en/wwb_2011_annual_report.pdf.

Jaccard, J., & Turrisi, R. 2003. ***Interaction effects in multiple regression*** (2nd ed.). Thousand Oaks, CA: Sage Publications.

Jackall, R. 1988. ***Moral mazes, the world of corporate managers***. New York: Oxford University Press.

Jang, Y. S. 2000. The worldwide formation of ministries of science and technology. ***Sociological Perspectives***, 43(2): 247-270.

Jay, J. 2013. Navigating paradox as a mechanism of change in hybrid organizations. ***Academy of Management Journal***, forthcoming.

Jensen, M. 2002. Value maximization, stakeholder theory, and the corporate objective function. ***Business Ethics Quarterly***, 12: 235-256.

Jones, C., Maoret, M., Massa, F. G., & Svejenova, S. 2012. Rebels with a cause: Formation, contestation, and expansion of the de novo category "Modern Architecture," 1870-1975. ***Organization Science***, 23(6): 1523-1545.

Jones, T. 1995. Instrumental stakeholder theory: A sunthesis of ethics and economics. ***Academy of Management Review***, 20(2): 404-437.

Kalssen, R., & McLaughlin, C. 1996. The impact of environmental management on firm performance. ***Management Science***, 42(8): 1199-1214.

Karlan, D., & Zinman, J. 2010. Expanding credit access: Using randomized supply decisions to estimate the impacts. ***Review of Financial Studies***, 23(1): 433-464.

Keister, L. A. 2008. Conservative protestants and wealth: How religion perpetuates asset poverty. ***American Journal of Sociology***, 113(5): 1237-1271.

Kelley, D. J., Singer, S., & Herrington, M. D. 2012. The Global Entrepreneurship Monitor 2011 Global Report: Global Entrepreneurship Monitor.

Kennedy, P. 2008. ***A guide to econometrics*** (6th ed.). Malden, MA: Blackwell Pub.

Klasen, S. 1994. "Missing women" reconsidered. ***World Development***, 22(7): 1061-1071.

Kraatz, M. S., & Block, E. S. 2008. Organizational implications of institutional pluralism. In R. Greenwood & C. Oliver & K. Sahlin & R. Suddaby (Eds.), ***The SAGE Handbook of Organizational Institutionalism***: 243-275. Thousand Oaks, CA: Sage.

Kreps, D. M. 1990. ***A course in microeconomic theory***. Princeton, NJ: Princeton University Press.

Krucken, G., & Drori, G. S. 2009. ***World society: The writings of John W. Meyer***. Oxford: Oxford University Press.

Lafourcade, A., Isern, J., Mwangi, P., & Brown, M. 2006. Overview of the outreach and financial performance of microfinance institutions in Africa. ***MicroBanking Bulletin***(April): 3-14.

Ledgerwood, J., Earne, J., & Nelson, C. 2013. ***The new microfinance handbook: A financial market system perspective***: World Bank Publications.

Lehrer, E. L. 1995. The Effects of Religion on the Labor Supply of Married Women. ***Social Science Research***, 24(3): 281-301.

Lehrer, E. L. 1996. Religion as a determinant of marital fertility. ***Journal of Population Economics***, 9(2): 173-196.

Levi-Faur, D. 2003. The politics of liberalisation: Privatisation and regulation-for-competition in Europe's and Latin America's telecoms and electricity industries. ***European Journal of Political Research***, 42(5): 705-740.

Li, S., Liu, Y., & Deininger, K. 2012. How important are endogenous peer effects in group lending? Estimating a static game of incomplete information. ***Journal of Applied Econometrics***, forthcoming.

Lounsbury, M. 2001. Institutional sources of practice variation: Staffing college and university recycling programs. ***Administrative Science Quarterly***, 46(1): 29-56.

Lounsbury, M., & Glynn, M. A. 2001. Cultural entrepreneurship: Stories, legitimacy, and the acquisition of resources. ***Strategic Management Journal***, 22(6-7): 545-564.

Lounsbury, M., Ventresca, M., & Hirsch, P. M. 2003. Social movements, field frames and industry emergence: A cultural-political perspective on US recycling. ***Social-Economic Review***(1): 71-104.

Lounsbury, M., & Rao, H. 2004. Sources of durability and change in market classifications: A study of the reconstitution of product categories in the American mutual fund industry, 1944-1985. ***Social Forces***, 82(3): 969-999.

Lounsbury, M. 2007. A tale of two cities: Competing logics and practice variation in the professionalizing of mutual funds. ***Academy of Management Journal***, 50(2): 289-307.

Luminis. 2012. The state of microfinance investment 2012: 1-18: MicroRate.

Luo, X., Chung, C.-N., & Sobczak, M. 2009. How do corporate governance model differences affect foreign direct investment in emerging economies? ***Journal of International Business Studies***, 40: 444-467.

Luo, X. W. 2007. Continuous learning: The influence of national institutional logics on training attitudes. ***Organization Science***, 18(2): 280-296.

Mackey, A., Mackey, T., & Barney, J. B. 2007. Corporate social responsibility and firm performance: Investor preferences and corporate strategies. ***Academy of Management Review***, 32(3): 817-835.

Maguire, S., Hardy, C., & Lawrence, T. B. 2004. Institutional entrepreneurship in emerging fields: HIV/AIDA treatment advocacy in Canada. ***Academy of Management Journal***, 47(5): 657-679.

Mair, J., & Marti, I. 2009. Entrepreneurship in and around institutional voids: A case study from Bangladesh. ***Journal of Business Venturing***, 24(5): 419-435.

Mair, J., Marti, I., & Ventresca, M. 2012. Building inclusive markets in rural Bangladesh: How intermediaries work institutional voids. ***Academy of Management Journal***, 55(4): 819-850.

March, J. G., & Olsen, J. P. 1989. ***Rediscovering institutions***. New York: Free Press.

Margolis, J. D., & Walsh, J. P. 2003. Misery loves companies: Rethinking social initiatives by business. ***Administrative Science Quarterly***, 48(2): 268-305.

Marquis, C., & Lounsbury, M. 2007. Vive la resistance: Competing logics and the consolidation of US community banking. ***Academy of Management Journal***, 50(4): 799-820.

Marquis, C., & Battilana, J. 2009. Acting globally but thinking locally? The enduring influence of local communities on organizations. ***Research in Organizational Behavior***, 29: 283-302.

Martens, M. L., Jennings, J. E., & Jennings, P. D. 2007. Do the stories they tell get them the money they need? The role of entrepreneurial narratives in resource acquisition. ***Academy of Management Journal***, 50(5): 1107-1132.

Mayoux, L. 1999. Questioning virtuous spirals: Micro-finance and women's empowerment in Africa. ***Journal of International Development***, 11(7): 957-984.

McWiliams, A., & Siegel, D. 1997. The role of money managers in assessing corporate social responsibility research. ***Journal of Investing***, 6(4): 98-107.

McWilliams, A., & Siegel, D. 2000. Corporate social responsibility and financial performance: Correlation or misspecification? ***Strategic Management Journal***, 21(5): 603-609.

Mersland, R., & Strom, R. O. 2010. Microfinance mission drift? ***World Development***, 38(1): 28-36.

Meyer, D. S., & Staggenborg, S. 1996. Movements, countermovements, and the structure of political opportunity. ***American Journal of Sociology***, 101(6): 1628-1660.

Meyer, J. W. 1987. The world polity and the authority of the nation state. In G. M. e. a. Thomas (Ed.), ***Institutional structure: Constituting state, society, and the individual***. Newbury Park: Sage.

Meyer, J. W., Boli, J., Thomas, G. M., & Ramirez, F. O. 1997. World society and the nation-state. ***American Journal of Sociology***, 103(1): 144-181.

Meyer, J. W., & Ramirez, F. O. 2000. The world institutionalization of education. In J. Schriewer (Ed.), ***Discourse formation in comparative education***. Frankfurt: Peter Lang.

Milgrom, P., & Roberts, J. 1992. ***Economics, organization and management***. Englewood Cliffs, NJ: Prentice-Hall International.

Miller, T., Holmes, K., Feulner, E., Kim, A., Riles, B., Roberts, J., Foster, J., Anaraki, N., & Ezekwesili, O. 2012a. Index of Economic Freedom: The Heritage Foundation and The Wall Street Journal. http://www.heritage.org/index/download.

Miller, T. L., Grimes, M. G., McMullen, J. S., & Vogus, T. J. 2012b. Venturing for others with heart and head: How compassion encourages social entrepreneurship. ***Academy of Management Review***, 37(4): 616-640.

Modood, T., & Werbner, P. 1997. ***The politics of multiculturalism in the new Europe: Racism, identity and community***: Palgrave Macmillan.

Morduch, J. 2000. The microfinance schism. ***World Development***, 28(4): 617-629.

Moskowitz, M. 1972. Choosing socially responsible stocks. ***Business and Society Review***, 10: 71-75.

Murray, F. E. 2010. The oncomouse that roared: Hybrid exchange strategies as a source of distinction at the boundary of overlapping institutions. ***American Journal of Sociology***, 116(2): 341-388.

Negro, G., & Leung, M. D. 2012. "Actual" and perceptual effects of category spanning. ***Organization Science***, forthcoming.

North, D. C. 1990. ***Institutions, institutional change, and economic performance***. Cambridge ; New York: Cambridge University Press.

Oakes, L. S., Townley, B., & Cooper, D. J. 1998. Business planning as pedagogy: Language and control in a changing institutional field. ***Administrative Science Quarterly***, 43(2): 257-292.

Ocasio, W. 1997. Towards an attention-based view of the firm. ***Strategic Management Journal***, 18: 187-206.

Oliver, C. 1997. Sustainable competitive advantage: Combining institutional and resource-based views. ***Strategic Management Journal***, 18(9): 697-713.

Orlitzky, M., Schmidt, F. L., & Rynes, S. L. 2003. Corporate social and financial performance: A meta-analysis. ***Organization Studies***, 24(3): 403-441.

Otero, M. 1999. Bringing development back into microfinance. ***Journal of Microfinance/ESR Review***, 1(1): 8-19.

Pache, A.-c., & Santos, F. 2013. Inside the hybrid organization: Selective coupling as a response to competing institutional logics. ***Academy of Management Journal***, forthcoming.

Pache, A. C., & Santos, F. 2010. When worlds collide: The internal dynamics of organizational responses to conflicting institutional demands. ***Academy of Management Review***, 35(3): 455-476.

Pachico, E.; "No Pago" confronts microfinance in Nicaragua; http://nacla.org/news/no-pago-confronts-microfinance-nicaragua; April 25, 2012.

Padgett, J. F., & Ansell, C. K. 1993. Robust action and the rise of the Medici, 1400-1434. ***American Journal of Sociology***, 98(6): 1259-1319.

Papke, L. E., & Wooldridge, J. M. 1996. Econometric methods for fractional response variables with an application to 401(k) plan participation rates. ***Journal of Applied Econometrics***, 11(6): 619-632.

Pfeffer, J., & Salancik, G. R. 1978. ***The external control of organizations: a resource dependence perspective***. New York: Harper & Row.

Phillips, D. J., & Zuckerman, E. W. 2001. Middle-status conformity: Theoretical restatement and empirical demonstration in two markets. ***American Journal of Sociology***, 107(2): 379-429.

Plumper, T., & Troeger, V. E. 2007. Efficient estimation of time-invariant and rarely changing variables in finite sample panel analysis with unit fixed effects. ***Political Analysis***, 15: 124-139.

Pontikes, E. G. 2012. Two sides of the same coin: How ambiguous classifications affects multiple audiences' evaluations. ***Administrative Science Quarterly***, 57(1): 81.

Porac, J. F., & Thomas, H. 1994. Cognitive categorization and subjective rivalry among retailers in a small city. ***Journal of Applied Psychology***, 79: 54-66.

Powell, W. W., & Colyvas, J. A. 2008. Microfoundations of institutional theory. In R. Greenwood & C. Oliver & R. Suddaby & K. Sahlin (Eds.), ***The Sage Handbook of Organizational Institutionalism***. Los Angeles, CA: Sage.

Prahalad, C. K., & Bettis, R. A. 1986. The dominant logic: A new linkage between diversity and performance. ***Strategic Management Journal***, 7: 485-501.

Prahalad, C. K. 2010. ***The fortune at the bottom of the pyramid: Eradicating poverty through profits*** (Revised and updated 5th anniversary ed.). Upper Saddle River, N.J.: Wharton School Pub.

Prasad, M. 2005. Why is France so French? Culture, institutions, and neoliberalism, 1974-1981. ***American Journal of Sociology***, 111(2): 357-407.

Pratt, M. G., & Foreman, P. O. 2000. Classifying managerial responses to multiple organizational identities. ***Academy of Management Review***, 25(1): 18-42.

Rahman, M., & DaVanzo, J. 1997. Influence of the Grameen Bank on contraceptive use in Bangladesh, ***Population Council Workshop on Measuring the Impact of Micro-credit Programs on Fertility***. New York.

Ramirez, F. O., Soysal, Y., & Shanahan, S. 1997. The changing logic of political citizenship: Cross-national acquisition of women's suffrage rights, 1890-1990. ***American Sociological Review***, 62: 735-745.

Rankin, K. N. 2002. Social capital, microfinance, and the politics of development. ***Feminist Economics***, 8(1): 1-24.

Rao, H., Monin, P., & Durand, R. 2003. Institutional change in Toque Ville: Nouvelle cuisine as an identity movement in French gastronomy. ***American Journal of Sociology***, 108(4): 795-843.

Rao, H., Monin, P., & Durand, R. 2005. Border crossing: Bricolage and the erosion of categorical boundaries in French gastronomy. ***American Sociological Review***, 70(6): 968-991.

Rastin, T. 2003. Model for development: A case study of Singapore's economic growth. ***Critique***, Fall: 1-10.

Reay, T., & Hinings, C. R. 2009. Managing the rivalry of competing institutional logics. ***Organization Studies***, 30(6): 629-652.

Ridgeway, C. L., & Smith-Lovin, L. 1999. The gender system and interaction. ***Annual Review of Sociology***, 25: 191-216.

Ridgeway, C. L. 2011. ***Framed by gender: How gender inequality persists in the modern world***. New York: Oxford University Press.

Rindova, V., Barry, D., & Ketchen, D. J. 2009. Entrepreneuring as Emancipation. ***Academy of Management Review***, 34(3): 477-491.

Roberts, P. W. 2013. The profit orientation of microfinance institutions and effective interest rates. ***World Development***, 41: 120-131.

Rosa, J. A., Porac, J. F., Spanjol, J., & Saxon, M. S. 1999. Sociocognitive dynamics in a product market. ***Journal of Marketing***, 63: 64-77.

Ruef, M., & Lounsbury, M. 2007. ***The sociology of entrepreneurship***. Amsterdam ; Boston: Elsevier JAI.

Ruef, M., & Patterson, K. 2009. Credit and Classification: The Impact of Industry Boundaries in Nineteenth-century America. ***Administrative Science Quarterly***, 54(3): 486-520.

Rutherford, S. 2009. ***The pledge: ASA, peasant politics, and microfinance in the development of Bangladesh***. New York: Oxford University Press.

Sachs, J. D. 2006. ***The end of poverty: Economic possibilities for our time***: Penguin Books.

Saka-Helmhout, A., Greenwood, R., & Deeg, R. 2014. The MNE as a challenge to institutional theory: Key concepts, recent developments and empirical evidence. ***Journal of Management Studies***, forthcoming.

Sanyal, P. 2009. From Credit to Collective Action: The Role of Microfinance in Promoting Women's Social Capital and Normative Influence. ***American Sociological Review***, 74(4): 529-550.

Sapundzhieva, R. 2011. Funding microfinance - a focus on debt financing. ***Microfinance Bulletin***, November: 1-8.

Sarker, D. 2013. Pressure on Loan Officers in Microfinance Institutions: An Ehtical Perspective. ***Journal of Economics and Sustainable Development***, 4(12): 84-88.

Schuler, S. R., Hashemi, S. M., & Badal, S. H. 1998. Men's violence against women in rural Bangladesh: Undermined or exacerbated by microcredit programmes? ***Development in Practice***, 8(2): 148-157.

Sen, A. 1990. More than 100 million women are missing. ***The New York Review of Books***, 37.

Sen, A. 1992. Missing women. ***BMJ: British Medical Journal***, 304(6827): 587.

Sen, A. 2007. ***Identity and violence: The illusion of destiny***: Penguin Books India.

Simon, H. 1957. A behavioral model of rational choice, ***Models of man, social and rational: Mathematical essays on rational human behavior in a social setting***. New York: Wiley.

Simons, T., & Ingram, P. 1997. Organization and ideology: Kibbutzim and hired labor. ***Administrative Science Quarterly***, 42: 784-813.

Sims, C. 1972. Money, income, and causality. ***American Economic Review***, 62: 540-552.

Sine, W. D., Haveman, H. A., & Tolbert, P. S. 2005. Risky business? Entrepreneurship in the new independent-power sector. ***Administrative Science Quarterly***, 50(2): 200-232.

Sine, W. D., & Lee, B. H. 2009. Tilting at Windmills? The Environmental Movement and the Emergence of the US Wind Energy Sector. ***Administrative Science Quarterly***, 54(1): 123-155.

Smith, R. A. 2002. Race, gender, and authority in the workplace: Theory and research. ***Annual Review of Sociology***, 28: 509-542.

Strandgaard Pedersen, J., & Dobbin, F. 2006. In search of identity and legitimation: Bridging organizational culture and neoinstitutionalism. ***American Behavioral Scientist***, 49: 897-907.

Suchman, M. C. 1995. Managing Legitimacy: Strategic and Institutional Approaches. ***Academy of Management Review***, 20(3): 571-610.

Suddaby, R., & Greenwood, R. 2005. Rhetorical strategies of legitimacy. ***Administrative Science Quarterly***, 50(1): 35-67.

Swain, R. B., & Wallentin, F. Y. 2009. Does microfinance empower women? Evidence from self-help groups in India. ***International Review of Applied Economics***, 23(5): 541-556.

Swidler, A. 1986. Culture in Action: Symbols and Strategies. ***American Sociological Review***, 51(2): 273-286.

Tam, T. 1997. Sex segration and occupational gender inequality in the U.S.: Devaluation or specialized training? ***American Journal of Sociology***, 102: 1652-1692.

Thornton, P. H., & Ocasio, W. 1999. Institutional logics and the historical contingency of power in organizations: Executive succession in the higher education publishing industry, 1958-1990. ***American Journal of Sociology***, 105(3): 801-843.

Thornton, P. H. 2004. ***Markets from Culture: Institutional Logics and Organizational Decisions in Higher Education Publishing***. Stanford, Calif.: Stanford Business Books.

Thornton, P. H., Ocasio, W., & Lounsbury, M. 2012. ***The institutional logics perspective: A new approach to culture, structure and process***. Oxford, UK: Oxford University Press.

Tilcsik, A. 2011. Pride and prejudice: Employment discrimination against openly gay men in the United States. ***American Journal of Sociology***, 117(2): 586-626.

Tolbert, P. S., Simons, T., Andrews, A., & Rhee, J. 1995. The effects of gender composition in academic departments on faculty turnover. ***Industrial and Labor Relations Review***, 48(3): 562-579.

Torfason, M. T., & Ingram, P. 2010. The global rise of democracy: A network account. ***American Sociological Review***, 75(3): 355-377.

Tracey, P., phillips, N., & Jarvis, O. 2011. Bridging institutional entrepreneurship and the creation of new organizational forms: A multilevel model. ***Organization Science***, 22(1): 60-80.

United Nations. 2005. Progress towards the Millennium Development Goals, 1990-2005, ***Secretary-General's Millenium Development Goals Report***. New York nad Geneva: United Nations Publications.

Waddock, S. A., & Graves, S. B. 1997. The corporate social performance-financial performance link. ***Strategic Management Journal***, 18(4): 303-319.

Wagner, J. 2007. What a difference a Y makes-female and male nascent entrepreneurs in Germany. ***Small Business Economics***, 28(1): 1-21.

Walsh, J. P., Weber, K., & Margolis, J. D. 2003. Social issues and management: Our lost cause found. ***Journal of Management***, 29(6): 859-881.

Weber, K., Heinze, K. L., & DeSoucey, M. 2008. Forage for Thought: Mobilizing Codes in the Movement for Grass-fed Meat and Dairy Products. ***Administrative Science Quarterly***, 53(3): 529-567.

Weber, K., Davis, G. F., & Lounsbury, M. 2009. Policy as myth and ceremony? The global spread of stock exchanges, 1980-2005. ***Academy of Management Journal***, 52(6): 1319-1347.

Whitley, R. 2007. ***Business systems and organizational capabilities: The institutional structuring of competitive competences***. Oxford: Oxford University Press.

Witz, A. 1992. ***Professions and patriarchy***. New York, NY: Routledge.

Wooldridge, J. 2002. ***Econometric analysis of cross section and panel data***. Cambridge, MA: MIT Press.

World Bank. 2001. ***Engendering development: Through gender equality in rights, resources and voice***. New York and Oxford: Oxford University Press.

World Bank. 2011. World Development Report 2012: Gender Equality and Development. Washington, D.C.: World Bank.

Wright, P., & Ferris, S. P. 1997. Agency conflict and corporate strategy: The effect of divestment on corporate value. ***Strategic Management Journal***, 18(1): 77-83.

Wry, T. 2009. Does business and society scholarship matter to society? Pursuing a normative agenda with critical realism and neoinstitutional theory. ***Journal of Business Ethics***, 89(2): 151-171.

Wry, T., Lounsbury, M., & Glynn, M. A. 2011. Legitimating Nascent Collective Identities: Coordinating Cultural Entrepreneurship. ***Organization Science***, 22(2): 449-463.

Wry, T., Cobb, A. J., & Aldrich, H. E. 2013. More than a metaphor: Assessing the historical legacy of resource dependence and its contemporary promise as a theory of environmental complexity. ***Academy of Management Annals***, 7(1): 439-486.

Wry, T., & Lounsbury, M. 2013. Contextualizing the categorical imperative: Category linkages, technology focus, and resource acquisition in nanotechnology. ***Journal of Business Venturing***, 28: 117-133.

Wry, T., Lounsbury, M., & Jennings, P. D. 2014. The hybrid advantage: Securing venture capital by spanning categories in nanotechnology. ***Academy of Management Journal***, forthcoming.

Yang, T., & Aldrich, H. E. 2014. Who's the boss? Explaining gender inequality in entrepreneurial teams. ***American Sociological Review***, forthcoming.

York, J., & Lenox, M. J. 2013. Exploring the socio-cultural determinants of de novo versus de alio entry in emerging industries. ***Strategic Management Journal***, forthcoming.

Yunus, M. 1999. ***Banker to the poor: Micro-lending and the battle against world poverty*** (1st ed.). New York: PublicAffairs.

Yunus, M. 2011. ***Building social business: The new kind of capitalism that serves humanity's most pressing needs***. New York: PublicAffairs.

Zacarias, C., & Togonon, S. 2007. Building Human Resources Capacity: Developing Competencies for Microfinance Institutions. : Womens World Banking. http://www.swwb.org/publications/building-human-resources-capacity-developing-competencies-microfinance-institutions.

Zahra, S. A., Gedajlovic, E., Neubaum, D. O., & Shulman, J. M. 2009. A typology of social entrepreneurs: Motives, search processes and ethical challenges. ***Journal of Business Venturing***, 24(5): 519-532.

Zelner, B. A., Henisz, W. J., & Holburn, G. L. F. 2009. Contentious implementation and retrenchment in neoliberal policy reform: The global electric power industry, 1989-2001. ***Administrative Science Quarterly***, 54: 379-412.

Zerubavel, E. 1997. ***Social mindscapes: an invitation to cognitive sociology***. Cambridge, MA: Harvard University Press.

Zhao, E. Y., Ishihara, M., & Lounsbury, M. 2013. Overcoming the illegitimacy discount: Cultural entrepreneurship in the US feature film industry. ***Organization Studies***, 34(12): 1747-1776.

Zhao, E. Y. 2014. Mission drift in microfinance: An exploratory empirical approach based on ideal types. ***Research Methodology in Strategy and Management***, special issue on Research Methods in Social Entrepreneurship (forthcoming).

Zuckerman, E. W. 1999. The categorical imperative: Securities analysts and the illegitimacy discount. ***American Journal of Sociology***, 104(5): 1398-1438.

Zuckerman, E. W. 2000. Focusing the corporate product: Securities analysts and de-diversification. ***Administrative Science Quarterly***, 45(3): 591-619.

Zuckerman, E. W., Kim, T.-Y., Ukanwa, K., & von Rittmann, J. 2003. Robust identities or nonentities? Typecasting in the feature-film labor market. ***American Journal of Sociology***, 108(5): 1018-1074.

APPENDIX A. The Completeness and Accuracy of the MIX Database

The MIX is a leading business information provider dedicated to strengthening the microfinance sector. As their official website states, the MIX is “the premier source for microfinance data and analysis” and provides “unparalleled access to operational, financial and social performance information” on MFOs (http://www.themix.org/about-mix/FAQ). The MIX is by far the most comprehensive cross-country database on microfinance that is publicly accessible.

The MIX takes a number of steps to maximize its data coverage. To identify MFOs, MIX officers in Africa, East Asia and the Pacific, Eastern Europe and Central Asia, Latin America and The Caribbean, Middle East and North Africa, and South Asia compile lists of MFOs that are active in each region. These lists are validated through consultation with national microfinance associations as well as panels of regional MFO experts. The MIX then reaches out to each MFO (through email, phone, etc.) – and follows up repeatedly – to request operating data and substantiating documents. When possible, the MIX supplements this data with information from archival sources (e.g., regulator websites and audit documents).

A number of steps are also taken to ensure the quality and consistency of the data that is gathered. Information about an MFO from different sources (audits, internal financial statements, management reports and self-reported data) is compared and cross-validated. Internally, the MIX also employs a set of standardized procedures for data review and entry which help to ensure that these steps are carried out in a consistent manner. There are also over 135 built-in quality checks to certify the accuracy of submitted data. Finally, over the course of data gathering, interim data is continuously cleaned using an audit system with over 150 audit rules (see http://www.themix. org/about-mix/FAQ)

Overall, the MIX data comprise information on MFOs that account for approximately 85% of microfinance clients worldwide. Still, disclosure is voluntary and many MFOs do not report their data. As such, one acknowledged limitation of the data is that it under-samples small MFOs (see Cull et al. 2009).[17] A potentially more serious issue is that the pattern of missing data is related to the mechanisms I theorize in the paper. To help better understand the nature of the missing data and its implications for the analysis, I worked directly with the Chief Operating Officer (COO) at the MIX and conducted interviews with microfinance experts in the most patriarchal countries in my sample.

Two challenges might be raised to my arguments. First, for-profit MFOs may be strongly motivated to disclose to the MIX because this is required to attract capital from foreign investors. In contrast, non-profit MFOs who rely on different funding sources may find the prospect of spending the resources, time, and money necessary to report to the MIX unappealing. Therefore, a positive association between neoliberalism and the founding of for-profit MFOs may be due to the incomplete coverage of non-profit MFOs. While this appears to be a plausible concern, there are reasons to believe it is not true. First, the MIX’s COO reports that the data submission process is designed to be user-friendly and that MFOs can participate without investing significant amounts of time or money.

Second, MFOs may receive funding from a variety of commercial and non-commercial sources, both of which rely on MIX data when making decisions about which MFOs to support (Gonzalez, 2010). Thus, it seems doubtful that non-profit MFOs would be significantly less likely to report to the MIX for funding reasons.

A second objection may be that the pattern of missing data is related to the level of patriarchy within a nation. MFOs that are more focused on lending to women and operate in more patriarchal countries may want to avoid making their data public by reporting to the MIX because this may lead to public scrutiny and criticism from local observers. If true, this would confound the predicted negative association between patriarchy and MFO foundings as well as their focus on women borrowers. The MIX's COO did not think that this was an issue based on his interactions with MFOs and local microfinance associations in different regions. Nevertheless, I took a number of steps to verify this assertion.

I began by selecting the 4 most patriarchal countries[18] in each of the six regions covered by the MIX, and then identified the microfinance network organizations that serve as professional associations for MFOs in each country. Of the 35 associations operating in these countries, I was able to arrange for interviews with the Executive Director (or equivalent) for 12: Africa (1), East Asia and the Pacific (2), Eastern Europe and Central Asia (2), Latin America and The Caribbean (2), Middle East and North Africa (2), and South Asia (3)[19]. These interactions helped to alleviate data concerns.

Some respondents noted that disclosure to the MIX was most likely among larger organizations with professional managers, and that these were most likely to be for-profit MFOs. Thus, per previous studies, it appears that the MIX undercounts small MFOs. This may include a number of organizations with a strong focus on social outreach, which tend to be smaller on average and may be less likely to be helmed by professional managers. However, respondents were also clear that small for-profit MFOs may neither report to the MIX because they do not want to expose their accounting practices. As such, size, rather than focus appears to be the most relevant factor among non-reporting organizations.

With regard to female clients, more specifically, one respondent noted that MFOs that focus specifically on women are less likely to report to the MIX in his country (Azerbaijan). Still, the majority did not think this was a significant issue, noting that such MFOs may be motivated to report to the MIX for funding reasons since many subsidy providers rely on MIX data. Further, two respondents (from Pakistan and Laos) suggested that MFOs with a strong focus on women may be especially motivated to disclose because it is difficult for them to attract local capital: inclusion in the MIX data puts them on the radar for foreign granting agencies (e.g., Multilateral Agencies, Development Programs, Foundations, and private donors).

Overall, then, while the MFOs that are absent from the MIX sample (mostly smaller MFOs) are not completely "missing at random" (Little and Rubin, 1987), there does not appear to be a self-selection bias in the data that would invalidate my theorized mechanisms or findings.[20]

Table A1. Summary Statistics of Key Variables in Founding Analyses

		Mean	S.D.	1	2	3	4	5	6	7	8	9
1	MFO founding	0.74	1.76	1.00								
2	Real GDP per capita	7.86	0.84	-0.02	1.00							
3	ODA per capita	3.11	1.27	-0.13	-0.24	1.00						
4	Past national founding	0.34	0.56	0.87	-0.07	-0.11	1.00					
5	Past regional founding	2.56	0.91	0.20	-0.05	0.13	0.25	1.00				
6	Democracy	2.47	5.97	0.04	0.38	-0.13	0.04	0.17	1.00			
7	War	0.28	0.58	0.13	-0.25	-0.13	0.12	-0.05	-0.17	1.00		
8	Neoliberalism	4.02	0.18	-0.02	0.42	-0.06	-0.02	-0.07	0.44	-0.22	1.00	
9	Sex ratio	0.99	0.04	0.05	-0.08	0.02	0.05	-0.16	-0.15	0.13	-0.03	1.00
10	Pay inequities	2.14	0.76	0.00	0.29	-0.05	-0.01	-0.35	0.00	0.04	0.19	0.36
11	Parliament seats	0.89	0.07	0.00	-0.19	0.05	-0.01	-0.21	-0.07	0.12	-0.07	0.15
12	CEDAW	0.13	0.33	-0.10	-0.04	0.03	-0.13	-0.19	-0.19	0.13	-0.12	0.09
13	Religion	0.10	0.31	-0.02	0.03	0.00	-0.02	-0.30	-0.23	0.17	-0.13	0.32
14	Neoliberalism X Sex ratio	0.00	0.01	0.02	-0.07	0.04	0.04	0.05	-0.05	0.05	-0.16	0.09
15	Neoliberalism X Pay inequities	0.02	0.12	-0.01	0.06	0.03	0.00	0.12	-0.02	-0.01	-0.08	-0.08
16	Neoliberalism X Parliament seats	0.00	0.01	-0.02	-0.09	0.23	-0.01	-0.11	-0.22	-0.03	-0.18	-0.01
17	Neoliberalism X CEDAW	-0.00	0.04	0.04	-0.01	-0.02	0.05	0.05	0.10	-0.09	0.21	-0.09
18	Neoliberalism X Religion	-0.01	0.09	0.03	0.05	0.11	0.05	0.09	0.17	-0.07	0.47	-0.04

		10	11	12	13	14	15	16	17	18
10	Pay inequities	1.00								
11	Parliament seats	0.16	1.00							
12	CEDAW	0.17	0.11	1.00						
13	Religion	0.41	0.17	0.16	1.00					
14	Neoliberalism X Sex ratio	-0.09	-0.02	-0.11	-0.04	1.00				
15	Neoliberalism X Pay inequities	0.11	-0.09	-0.32	-0.22	0.43	1.00			
16	Neoliberalism X Parliament seats	-0.10	0.08	0.05	-0.03	0.18	0.23	1.00		
17	Neoliberalism X CEDAW	-0.19	0.01	-0.52	-0.17	0.14	0.44	-0.01	1.00	
18	Neoliberalism X Religion	-0.15	-0.04	-0.14	-0.26	0.28	0.53	0.23	0.23	1.00

Table A2. Summary Statistics of Key Variables in the Analyses of Proportion of Women Borrowers

		Mean	S.D.	1	2	3	4	5
1	PWB	0.66	0.28	1.00				
2	OSS	1.16	0.72	-0.09	1.00			
3	MFO age	2.10	0.83	0.04	0.07	1.00		
4	MFO size	4.00	1.44	0.10	0.00	0.37	1.00	
5	Real GDP per capita	7.96	0.74	-0.03	0.04	0.12	-0.03	1.00
6	ODA per capita	2.93	1.14	-0.22	0.04	-0.15	-0.03	-0.31
7	Past national founding	0.79	0.75	0.08	0.00	-0.17	-0.15	0.15
8	Past regional founding	2.95	0.60	-0.16	0.00	-0.26	-0.18	-0.18
9	Democracy	4.28	5.21	0.11	-0.01	0.23	0.08	0.30
10	War	0.33	0.57	0.21	-0.04	0.11	-0.01	0.08
11	Nonprofit	0.64	0.48	0.12	0.01	0.11	-0.20	0.01
12	Neoliberalism	4.04	0.12	-0.10	0.00	0.12	0.08	0.33
13	Sex ratio	0.99	0.04	0.21	-0.03	0.23	0.18	-0.20
14	Pay inequities	2.13	0.68	0.06	-0.03	0.10	0.09	0.25
15	Parliament seats	0.88	0.07	0.07	0.06	0.02	0.10	-0.23
16	CEDAW	0.00	0.03	-0.07	0.00	-0.01	-0.02	0.02
17	Religion	0.10	0.30	-0.02	0.04	0.20	0.18	-0.08
18	Neoliberalism X Sex ratio	0.00	0.01	-0.13	0.01	-0.06	-0.13	0.14
19	Neoliberalism X Pay inequities	0.01	0.07	-0.05	0.01	-0.05	-0.02	0.20
20	Neoliberalism X Parliament seats	0.00	0.01	-0.04	0.03	-0.11	0.00	-0.17
21	Neoliberalism X CEDAW	0.00	0.16	-0.07	0.00	-0.01	-0.02	0.02
22	Neoliberalism X Religion	0.00	0.03	-0.15	-0.04	-0.19	-0.20	0.12

		6	7	8	9	10
6	ODA per capita	1.00				
7	Past national founding	-0.39	1.00			
8	Past regional founding	0.31	0.14	1.00		
9	Democracy	-0.18	0.06	-0.04	1.00	
10	War	-0.49	0.40	-0.26	0.13	1.00
11	Nonprofit	0.01	-0.09	-0.04	0.05	-0.02
12	Neoliberalism	0.11	-0.10	-0.10	0.34	-0.15
13	Sex ratio	-0.42	0.09	-0.38	0.14	0.30
14	Pay inequities	-0.26	0.10	-0.32	0.13	0.13
15	Parliament seats	-0.05	0.03	-0.06	-0.12	0.08
16	CEDAW	0.01	-0.03	0.01	-0.07	-0.02
17	Religion	-0.16	-0.18	-0.33	-0.02	-0.02
18	Neoliberalism X Sex ratio	0.19	0.07	0.05	-0.11	-0.07
19	Neoliberalism X Pay inequities	0.08	-0.06	0.03	-0.07	-0.22
20	Neoliberalism X Parliament seats	0.14	0.04	-0.06	-0.23	0.01
21	Neoliberalism X CEDAW	0.01	-0.03	0.01	-0.07	-0.02
22	Neoliberalism X Religion	0.20	0.14	0.02	-0.11	0.06

Table A2. (Continued)

		11	12	13	14	15	16
11	Nonprofit	1.00					
12	Neoliberalism	-0.03	1.00				
13	Sex ratio	0.06	-0.10	1.00			
14	Pay inequities	0.08	0.13	0.38	1.00		
15	Parliament seats	0.00	-0.28	0.06	0.06	1.00	
16	CEDAW	-0.04	0.02	-0.03	0.03	0.02	1.00
17	Religion	0.10	-0.18	0.32	0.13	0.24	-0.01
18	Neoliberalism X Sex ratio	0.04	-0.05	-0.10	-0.05	-0.20	-0.02
19	Neoliberalism X Pay inequities	0.03	0.03	-0.07	0.40	-0.06	0.03
20	Neoliberalism X Parliament seats	-0.03	-0.20	-0.12	-0.09	0.39	0.03
21	Neoliberalism X CEDAW	-0.04	0.02	-0.03	0.03	0.02	0.97
22	Neoliberalism X Religion	-0.09	0.28	-0.15	0.07	-0.18	0.00

		17	18	19	20	21	22
17	Religion	1.00					
18	Neoliberalism X Sex ratio	-0.13	1.00				
19	Neoliberalism X Pay inequities	0.02	0.31	1.00			
20	Neoliberalism X Parliament seats	-0.03	-0.03	-0.06	1.00		
21	Neoliberalism X CEDAW	-0.01	-0.03	0.03	0.03	1.00	
22	Neoliberalism X Religion	-0.45	0.40	0.15	0.20	0.00	1.00

Table A3. Summary Statistics of Key Variables in the Analyses of Public and Commercial Capital

		1	2	3	4	5	6	7	8	9	10
1	Public capital	1									
2	Commercial capital	0.42	1								
3	Real GDP per capita	-0.05	0.1	1							
4	ODA per capita	-0.07	0.13	-0.3	1						
5	Past national founding	0.11	-0.02	-0.01	-0.37	1					
6	Past regional founding	-0.05	-0.02	-0.28	0.23	0.34	1				
7	Democracy	0.04	0.03	0.2	-0.17	0.09	0.02	1			
8	War	0.15	0.04	-0.05	-0.41	0.44	-0.06	0.2	1		
9	Nonprofit	-0.2	-0.21	-0.01	0.06	-0.12	-0.01	0	-0.07	1	
10	MFO age	0.12	0.03	0.09	-0.1	-0.25	-0.24	0.21	-0.06	0.17	1
11	MFO size	0.68	0.48	-0.08	-0.05	-0.07	-0.14	0.1	0.11	-0.21	0.32
12	Neoliberalism	0.01	0.14	0.37	0.03	-0.06	-0.1	0.33	-0.04	-0.1	0.1
13	OSS	0.04	0.06	0.04	-0.01	-0.01	-0.02	-0.06	-0.06	-0.01	0.04
14	Neoliberalism X OSS	0.03	0.05	-0.03	0.04	0	0.01	0.02	0.02	-0.01	0.01
15	Sex ratio	0.14	-0.04	-0.34	-0.42	0.14	-0.16	0.08	0.35	0.05	0.11
16	Pay inequities	0.19	0.16	0.28	-0.22	0.19	-0.24	0.21	0.39	0.1	0
17	Parliament seats	0.16	0.07	-0.19	0	0.21	0.19	-0.03	0.14	-0.01	-0.09
18	CEDAW	-0.06	-0.01	0.03	0.1	-0.05	0.01	0.02	0.01	0.04	-0.05
19	Religion	-0.01	0.1	-0.18	-0.06	-0.09	-0.12	-0.06	0.07	0.11	0.07

		11	12	13	14	15	16	17	18	19
11	MFO size	1								
12	Neoliberalism	0.05	1							
13	OSS	-0.03	0	1						
14	Neoliberalism X OSS	0.02	-0.02	0.11	1					
15	Sex ratio	0.19	-0.13	-0.01	0	1				
16	Pay inequities	0.11	0.09	0	-0.01	0.33	1			
17	Parliament seats	0.02	-0.14	0.03	0.02	0.03	0.17	1		
18	CEDAW	-0.02	0.01	-0.01	0	0.02	0.04	-0.04	1	
19	Religion	0.13	-0.18	0.02	-0.01	0.29	0.32	0.08	0.04	1

Table A4. GLS Models Predicting Total Number of Women Borrowers

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
OSS	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.03)
MFO age	-0.09	-0.09	-0.09	-0.09	-0.08	-0.07	-0.07
	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)
MFO size	1.03**	1.03**	1.03**	1.03**	1.03**	1.05**	1.05**
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Real GDP per capita	0.04	0.02	0.03	0.04	0.04	0.02	0.04
	(0.09)	(0.09)	(0.10)	(0.10)	(0.09)	(0.09)	(0.10)
ODA per capita	0.03	0.03	0.03	0.03	0.01	0.03	0.01
	(0.05)	(0.05)	(0.05)	(0.05)	(0.04)	(0.05)	(0.05)
Past national founding	0.06	0.06	0.05	0.06	0.05	0.04	0.04
	(0.05)	(0.05)	(0.04)	(0.05)	(0.05)	(0.05)	(0.04)
Past regional founding	0.21*	0.21*	0.22*	0.21*	0.20*	0.23*	0.22*
	(0.09)	(0.09)	(0.10)	(0.09)	(0.09)	(0.09)	(0.10)
Democracy	0.02^{+}	0.02^{+}	0.02^{+}	0.02^{+}	0.01	0.01^{+}	0.01
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
War	0.13	0.12	0.12	0.12	0.12	-0.04	-0.05
	(0.10)	(0.10)	(0.10)	(0.10)	(0.09)	(0.11)	(0.11)
Nonprofit	0.12	0.12	0.12	0.12	0.11	0.20*	0.19^{+}
	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
Neoliberalism	0.34	0.32	0.34	0.36	0.46	0.21	0.36
	(0.43)	(0.43)	(0.43)	(0.45)	(0.40)	(0.43)	(0.41)
Sex ratio		-1.22					-0.96
		(1.45)					(1.47)
Pay inequities			0.05				0.05
			(0.11)				(0.12)
Parliament seats				0.20			0.71
				(0.74)			(0.65)
CEDAW					-4.23**		-4.29**
					(0.07)		(0.10)
Religion						-0.98**	-0.98**
						(0.30)	(0.30)
Constant	1.65	3.03	1.58	1.38	1.29	2.07	1.77
	(1.84)	(2.40)	(1.89)	(2.38)	(1.76)	(1.82)	(2.74)
N	1933	1933	1933	1933	1933	1933	1933
R2	0.66	0.66	0.65	0.66	0.66	0.67	0.67

Standard errors (clustered by MFO) in parentheses. Region and year fixed effects included.
One-tailed tests for directional constructs and two-tailed tests for controls.
Significance levels: + 0.10 * 0.05 ** 0.01

Table A5. Interaction Effects between Neoliberalism and Patriarchy on Total Number of Women Borrowers

	(1)	(2)	(3)	(4)	(5)
Neoliberalism	0.30	0.34	0.38	0.51+	0.37
	(0.43)	(0.42)	(0.45)	(0.40)	(0.44)
Sex ratio	-1.08				
	(1.48)				
Neoliberalism X Sex ratio	-4.71				
	(9.51)				
Pay inequities		0.05			
		(0.13)			
Neoliberalism X Pay inequities		-0.04			
		(0.48)			
Parliament seats			0.49		
			(0.92)		
Neoliberalism X Parliament seats			-4.28		
			(6.11)		
CEDAW				2.43**	
				(0.13)	
Neoliberalism X CEDAW				-1.18**	
				(0.02)	
Religion					-1.08**
					(0.30)
Neoliberalism X Religion					-3.58**
					(1.25)
Constant	2.92	1.59	1.06	1.09	1.38
	(2.43)	(1.86)	(2.47)	(1.75)	(1.88)
N	1933	1933	1933	1933	1933
R2	0.66	0.65	0.66	0.66	0.67

Standard errors (clustered by MFO) in parentheses.
Results on controls dropped for brevity.
One-tailed tests. Significance levels: + 0.10 * 0.05 ** 0.01

Table A6. Models Predicting Proportion of Women Borrowers Using MFO-fixed Effects

A6a.

	(1)	(2)	(3)
OSS	-0.01*	-0.01*	-0.01*
	(0.00)	(0.00)	(0.00)
Neoliberalism		0.07	0.06
		(0.06)	(0.06)
OSS X Neoliberalism			-0.04*
			(0.02)

A6b.

	(1)	(2)	(3)	(4)	(5)
OSS X Sex ratio	-0.17*				
	(0.08)				
OSS X Pay inequities		0.00			
		(0.01)			
OSS X Parliament seats			-0.11+		
			(0.08)		
OSS X CEDAW				0.00	
				(0.02)	
OSS X Religion					-0.02*
					(0.01)

A6c.

	(1)	(2)	(3)	(4)	(5)
OSS X Neoliberalism X Sex ratio	-1.77* (0.95)				
OSS X Neoliberalism X Pay inequities		-0.19* (0.08)			
OSS X Neoliberalism X Parliament seats			-0.31 (0.88)		
OSS X Neoliberalism X CEDAW				-0.31* (0.15)	
OSS X Neoliberalism X Religion					-0.32** (0.13)

Models estimated via GLS. Standard errors in parentheses. MFO and year fixed effects included. Results on other variables dropped for brevity.
One-tailed tests. Significance levels: + 0.10 * 0.05 ** 0.01

Table A7. Cross-Form Differences on MFO Founding and Proportion of Women Borrowers

	(1) MFO Founding	(2) PWB
Nonprofit X Neoliberalism	-1.18[+]	-0.18
	(0.76)	(0.35)
Nonprofit X Sex ratio	1.74	3.90*
	(2.80)	(1.18)
Nonprofit X Pay inequities	0.13	-0.03
	(0.18)	(0.07)
Nonprofit X Parliament seats	0.63	2.03**
	(1.44)	(0.60)
Nonprofit X CEDAW	0.76	0.00[a]
	(1.12)	(.)
Nonprofit X Religion	0.12	0.34[+]
	(0.44)	(0.22)
N	1894	1933
Wald Chi Square	139.39**	1408.81**

Standard errors in parentheses. Results on controls dropped for brevity.
One-tailed tests. Significance levels: + 0.10 * 0.05 ** 0.01
[a] This variable was omitted due to lack of variation on CEDAW among nonprofit MFOs

Endnotes

[1] "Repayment usually begin just a week after the initial loan disbursal and continue weekly after that; this makes the contract look much closer to a consumer loan than a business loan and changes the nature of the risk that the bank is taking on – and the service that it is providing." (Armendariz and Morduch 2007:13)

[2] This study is based on a joint work with Tyler Wry.

[3] G20 stands for "The Group of Twenty Finance Ministers and Central Bank Governors".

[4] There is a general perception, though, that poor women are less likely to default than poor men (Armendariz and Morduch 2010).

[5] Note that I use the term "commercial funders" here instead of "private funders". This is because some private funders, such as foundations and NGOs, often provide funding, primarily grants, to achieve development goals (Ledgerwood et al. 2013). They are more aligned with public funders in terms of motivations and return expectations, and thus should not be grouped with other private funders for whom profitability is a main goal.

[6] Data collection on microfinance organizations is an ongoing, evolving process. The sample sizes of both MFOs and countries covered likely change over time.

[7] This empirical strategy has been used in previously published studies such as Zelner, Henisz, and Holburn (2009).

[8] The ten indicators are not independent from each other. Past studies have suggested that a single factor loading from a factor analysis of the ten indicators explains about 92% of the common variance among them (e.g., King, Montenegro, and Orazem 2010).

[9] See heritage.org for a detailed discussion of the data and methodology used to construct and score each measure. It is worth noting that, while the Heritage Foundation is regarded as Washington's foremost right-wing think tank, the index of economic freedom has been subject to criticism. Some question the fuzziness of its component measures (Karlsson, 2005), while others object ideologically to the assumed correlation between neoliberalism, economic growth, and prosperity (Sachs, 2005). Nonetheless, the overall index of economic freedom represents the best available indicator of neoliberal policy implementation across nations, and thus fits the purpose of this paper.

[10] There are some index variables that measure an overall degree of patriarchy across nations, such as the Gender Empowerment Measure (GEM) and Gender Inequality Index (GII) created by the United Nations Development Program (UNDP) as well as the Gender Gap Index (GGI) constructed by the World Economic Forum. I chose not to use these for both theoretical and empirical reasons. Theoretically, my goal is to capture the cross-level theorization of gender inequality as proposed in gender studies (Ridgeway, 2011). Using an index will obscure the variation in the patriarchal effects across social domains. Empirically, these index variables have been criticized as incomplete, failing to capture some of the most important aspects of patriarchy that we measure. In addition, most of these index variables were introduced post 2010 and, as a result, no data is available for my time window.

[11] The HDR data is rich, but there are some holes in the records and not every variable is updated annually. Following the lead of earlier researchers (e.g., Carroll and Huo, 1996; Haveman and Rao, 1997), I interpolated missing data of these variables for each country (missing due to gaps in the records) by regressing them against time. I used STATA's ipolate procedure to perform this linear interpolation.

[12] Including patriarchy in the professions reduces our sample size by half. Still, a full model including this variable produces results that are largely consistent with those reported. However, given the significantly reduced sample size, I consider these findings to be suggestive, rather than conclusive.

[13] ODA represents the official and concessional part of the international aid flow from OECD countries to developing countries (oecd.org). Since 1969, ODA has been a key measure used widely in practically all aid targets and assessments of aid performance. There is no systematic data across countries on the extent to which ODA is redirected to the microfinance sector. Instead, some studies have pitched microfinance as an alternative, but much more effective, tool than ODA in income and employment generation and in reducing poverty and inequality (e.g., Lacalle and Alfonso, 2011).

[14] Past studies have suggested that including these lagged variables may also help account for unobserved panel dynamics and potential reverse causality concerns (Beck and Katz, 1996).

[15] I took the natural log of total number of women borrowers as the outcome variable and estimated it using random effects GLS models. Standard errors are clustered by MFO.

[16] This outcome variable was again logged (due to its positively skewed distribution) and estimated by tobit models with standard errors clustered by MFO.

[17] MFOs absent from the MIX database might be very small ones. The MIX COO suggested that the top 100 MFOs cover more than three-quarters of the total number of borrowers served worldwide, calculated based on a sample that includes data from the MIX, several regional development banks, Microcredit Summit, and other sources. In addition, the number of MFOs reporting to the MIX is comparable to other prominent organizations that collect microfinance data (see Cull et al., 2009).

[18] Countries include Afghanistan, Albania, Azerbaijan, Bolivia, Cambodia, Chad, Egypt, Haiti, Honduras, India, Indonesia, Iraq, Laos, Liberia, Mali, Morocco, Nepal, Niger, Pakistan, Papua New Guinea, Sudan, Tajikistan, Turkey, and Yemen.

[19] Interviews were conducted by Skype and lasted between 15 and 40 minutes. For respondents who did not speak English (4), questions were translated into their native language (French and Spanish) using Google Translator and checked by colleagues who were fluent speakers. Questions were emailed and responded to textually.

[20] In supplementary models, I dropped India from the sample due to its variant local customs, traditions and religions, as well as the fact that it has the most non-responding MFOs among all countries. Results remained robust.