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Methodological Dilemma in Microfinance Research: Applicability of a Qualitative Case Study Design

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Abstract

This paper sheds light on the methodological dilemma in microfinance research and examines the feasibility of conducting a qualitative case study. Microfinance research is dominated by quantitative impact studies. However, the issues of process and implementation are critical to make an impact. The paper argues that a qualitative case study method can be used as a supplement or an alternative to quantitative methodology, because it is context-specific and naturally enquires research problem. The in-depth and in-detail inquiry make the findings more robust, and readers can understand the meaning holistically by reading stories and quotes. The case study can be used to prove microfinance impacts and to improve microfinance practices.

Keywords

Qualitative, Case Study, Microfinance, Methodology

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Methodological Dilemma in Microfinance Research: Applicability of a Qualitative Case Study Design

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This paper sheds light on the methodological dilemma in microfinance research and examines the feasibility of conducting a qualitative case study. Microfinance research is dominated by quantitative impact studies. However, the issues of process and implementation are critical to make an impact. The paper argues that a qualitative case study method can be used as a supplement or an alternative to quantitative methodology, because it is context-specific and naturally enquires research problem. The in-depth and in-detail inquiry make the findings more robust, and readers can understand the meaning holistically by reading stories and quotes. The case study can be used to prove microfinance impacts and to improve microfinance practices. Keywords: Qualitative, Case Study, Microfinance, Methodology

Introduction

The methodological debate over microfinance studies has led to contested findings. Earlier studies suggest quantitative methodological hegemony in microfinance research, and very few studies attempted to use any type of qualitative methodology. The quantitative studies, most of the cases, have used cross-sectional design and quasi-experimental designs, which produced three sets of results: significant impact, moderate or no impact, and mixed scenarios. However, the robustness of any research design depends on the problem under study and drawing of conclusions through in-depth study. This paper argues that both the intended beneficiary school and the intermediary school of thought analyze microfinance impact from a partial view. The intended beneficiary school assesses microfinance welfare impact on beneficiary, while the intermediary school assesses microfinance impact from market orientation of outreach and sustainability. Table 1 shows the content of both schools. The impacts are not produced in a vacuum, and the analysis needs to include a holistic approach, including historical-socio-cultural-political-religious context, implementation process, and staffs-client relationships, all of which were derelict in quantitative papers. The structural forces (such as kinship, class, gender, norms, and roles) may affect microfinance effectiveness as an anti-poverty intervention. This paper, therefore, examines the feasibility and significance of applying qualitative case study design in microfinance research from a constructivist paradigm.

Table 1. Schools of Thought in Microfinance Research

| <i>Schools of thought</i> | <i>Focus</i> | <i>Level</i> | <i>Assumptions</i> | <i>Measurements</i> |
|-----------------------------|--|---|--|--|
| <i>Intended beneficiary</i> | <i>Assess impact on intended beneficiary</i> | <i>down of the impact chain</i> | <i>Who benefits and how</i> | <i>Impact on income, consumptions, assets.</i> |
| <i>Intermediary</i> | <i>Sustainability and outreach of MFIs</i> | <i>Upper of impact chain; MFIs and its operations</i> | <i>Perfect competition in the market</i> | <i>Repayment and profitability</i> |

Note. Compiled from Hulme (2000)

The paper is structured as follows: the conceptual debate over microfinance and poverty; debates on microfinance findings; methodological debate on applying quantitative design in microfinance research; the applicability of qualitative case study design.

Conceptual Debates on Poverty and Microfinance

In this section, the poverty and microfinance dimensions are discussed to reflect the critical reasons for qualitative study in this field. Microfinance means tiny loans, which are provided to poor individuals to develop or expand entrepreneurs as a way to escape from poverty (Bateman, 2010). Nobel Laureate Muhammad Yunus, the pioneer of microcredit, expresses the confusion over the term microcredit/microfinance suggesting a list of ten types of credit under the broad coverage of microcredit, ranging from traditional informal microcredit to any type of other non-collateralized microcredit. However, he distinguished all other forms of microcredit from his Grameen credit, which provides credit to the doorstep of the poor without collateral for income-generating activities, creating social and human capital. It works based on a group, trust among the group members, obligatory and voluntary saving by the group members. The installment system is weekly or bi-weekly. Grameen Bank evaluates socio-economic improvement through ten indicators which include both economic and noneconomic elements (Grameen Bank, 2019).

Moreover, microfinance (noneconomic elements included) is another term used in conjunction with microcredit. The measurement of poverty is highly resource-oriented, where the existence of non-resource elements cannot be denied. Therefore, microcredit intervention research needs to encompass both economic and non-economic measurements. A qualitative account may provide interpretive evidence, whether microfinance is pro-poor or not, whether it can reach to the poor or not.

There is a debate over how poverty should be measured as it has been seen from different perspectives. A range of approaches has been developed to measure poverty that includes, but not limited to, economic indicators, asset index, happiness measure, and subjective measure. Poverty has also been measured with absolute and relative terms. There is a difficulty when comparing the nature of poverty among countries through absolute and relative poverty as differences exist in terms of the necessities between developing and developed countries. A measurement is important to compare poverty among countries irrespective of time and place (Sen, 2000a). The World Bank measures poverty based on incomes or consumption levels which are required to meet basic needs and maintain a minimum level of living, widely known as “poverty line” (calculates using purchasing power parity). The poverty line is used as a benchmark to measure poverty across nations. The World Bank uses a reference line of \$1.90 per day to consider whether an individual is extreme poor or not and to compare poverty worldwide (World Bank, 2019). Moreover, the World Bank (2018) also uses a multidimensional poverty measurement to include variations in poverty in different countries’ conditions. The dimensions are pronounced deprivation in well-being, low incomes, and inability to acquire the basic goods and services required for living with self-esteem, low levels of health and education, poor access to clean water and sanitation, inadequate physical security, lack of (political) voice, and insufficient capacity and opportunity to better one’s life. European Union (EU; 2019) also gave definitions in terms of both absolute and relative measures with multiple disadvantages. United Nations (1995) poverty dimensions include “lack of income and productive resources to ensure sustainable livelihoods, hunger and malnutrition, poor health, limited or lack of access to education and other basic services, increased morbidity and mortality from illness, homelessness and inadequate housing, unsafe

environments, and social discrimination and exclusion. Poverty includes deprivation in decision-making and in civil, social, and cultural life."

Resource-based approaches measure poverty with resource ownership. Utilitarian approaches define poverty through individual happiness. The subjective approach measures poverty using peoples' perception of being poor or not. Different indexes were also developed to measure poverty (examples, HPI, MPI). Most of the quantitative studies examined the causal link between microfinance and poverty reduction, but both variables have economic and non-economic elements, which imply that only quantification cannot provide a precise causal link. In this connection, Peter Townsend defines poverty as, "the lack of the resources necessary to permit participation in the activities, customs and diets commonly approved by society" (Townsend, 1979, p. 88). This implies that different types of resources, including earnings are to be considered to determine whether an individual is poor or not. Amartya Sen has developed a capability approach to measure poverty comprehensively to include effective functioning of being and doing. Sen draws the limitations of any one perspective of seeing/interpreting poverty. For example, a resource approach is limited by individual variation, as the need for a resource is not equal for an able and a disabled person. The utilitarian approach to poverty is also not sufficient to measure poverty as one may be happy and satisfied with his poor living conditions and may have adapted to such conditions. Sen's capability approach encompasses a holistic view of individual freedoms that every human being should possess to not to be considered poor. These capabilities are invariant right across societies and time. Sen defines "poverty is an absolute notion in the space of capabilities but very often it will take a relative form in the space of commodities or characteristics" (Sen, 1983, p. 161). Poverty is thus the consequence of insufficient entitlements defined as a comprehensive package of rights, including health, education, and freedom without these individuals cannot live a valued life and realize human potential. Sen stressed out that poverty is more than low income; instead, it is a deprivation of basic capabilities. The deprivation in elementary capabilities is evident from infant mortality, malnutrition, persistence morbidity, illiteracy, and other failure. Unemployment may have an impact on individual freedoms and may contribute to the social exclusion of some groups (Sen, 1995). His idea is further developed by some other scholars like Bonvinand Dif-Pradalier (2010), Burchardt and Vizard (2011), Nussbaum (1995, 2000, 2003), and Robeyns (2003).

This discussion suggests that poverty can be accurately measured through a comprehensive framework. Many studies also suggest that poverty cannot only be measured in economic terms, it includes complex social problems (Lister, 2004; Ravallion, 1996; Sen, 2000b; Wagle, 2002). Human Development Report (UNDP, 2010) developed the Multidimensional Poverty Index (MPI) which was developed from an earlier version of the Human Poverty Index. Having three dimensions with ten indicators, MPI includes both multiple deprivation and intensity of deprivation to measure extreme poverty. These dimensions fall under three broad categories: health, education, and living standard. MPI has, nevertheless, several limitations: first, it emphasizes on input (example, cooking fuel) or output (example, year of schooling), rather than capabilities; second, it is less sensitive to minor inaccuracies in estimating deprivations; third, it does not measure inequality among poor and intra-households inequality; and Finally, the measure uses several years data (2006 to 2016-17), which cannot be used for cross-country comparison (UNDP, 2019).

Researchers like O'Connor (2001), Hulme and Shepherd (2003), and Harriss (2009) conceptualize poverty from structural and relational perspectives. Poverty is seen as what has been measured and available for analysis (Harriss, 2009). Professionals tend to define poverty as deprivation in various ways ignoring what poor people really think about their situation. It can be measured ethnographically or applying a case study in terms of qualitative social and psychological aspects of wellbeing. The conventional poverty measures limitation is a trend

toward measuring such elements (income, expenditure) which are readily available for analysis. As Chambers noted,

the poverty line—which is what so much research has been about defining—is not concerned with wealth or material possessions, nor with aspects of deprivation relating to access to water, shelter, health services, education, or transport, nor with debt, dependence, isolation, migration, vulnerability, powerlessness, physical weakness or disability, high mortality, or short life expectancy; nor with social disadvantage, status, or self-respect. (Chambers, 1988, p. 3)

Chamber stressed that the conventional poverty measure poses a lesser threat for the elite to measure and counteract deprivation. He identified multiple aspects of poverty under three categories: survival (income and consumption), security (assets and security) and self-respect (freedom and self-respect). Chamber's idea has brought changes to the World Bank's study of poverty as multidimensional with ten dimensions of powerlessness and ill-being and resulting in a publication "Voice of the Poor" (Harriss, 2009). Harriss (2009) pointed out that the World Bank's shift of the research paradigm restrained itself into the previous measure of earlier literature in which cause-effect mixed-up and characteristics of households/individuals are associated with poverty. The World Bank and Chamber's poverty study failed to demonstrate the structures and relationships which are responsible for poverty. Chambers showed that as a construct poverty is seen by different actors in different ways, and he recognized that the construction is a political act and serves elites' interest. The conventional measure of poverty line (moved in and out of poverty) is a faulty system that ignores the context (Green, 2006; Green & Hulme 2005). The World Bank still uses headcount index of poverty and poverty line based on National Households Income Expenditure Survey. As Green and Hulme stated, "Poverty is then treated as a kind of social aberration rather than as an aspect of the ways in which the modern state and a market society function" (2005, p. 207). Christopher Barrett, Michael Carter and their colleagues developed assets-based approach to poverty measurement that incorporates durable assets to produce income. They consider this approach is better than flow measure, which is prone to error (Barrett, Carter, & Little, 2006). Although this measure identified structural determinants of poverty, it failed to recognize underlying structural positions relying on survey data. Harriss explained the limitations of conventional poverty measure by demonstrating the examples of India and Vietnam. The pro-poor growth of Vietnam economy has been regarded as a success of economic liberalization (Harriss, 2009; Klump & Bonschab, 2004). Households Living Standard Survey seems credible, which show that Vietnam poverty fell by one-third from 2002 to 2004. Although the Vietnam study based on survey data were widely accepted, the survey used different sample design and sample sizes to compare between different periods. Pincus and Sender (2006) demonstrated how the survey underestimated the total number of very poor people as it failed to represent unregistered migrants who are in a great number in Vietnam with rapid urbanization. In Vietnam, the *hokhaus* system of registration of households has been designed to control migration to cities, which makes it difficult for people to migrate legally. Migrants were left out in the survey because the sampling included only official lists of registered households, which is often outdated (Pincus & Sender, 2006). However, it is evident from the survey that a vast number of poorest are living in the geographical areas that conventional poverty analysis has categorized as non-poor. Harriss (2009) stressed that it maybe the intention of the World Bank and the government to portray "a particular picture of poverty reduction in the Vietnam." Referring to the "Great Indian Poverty Debate," Deaton and Kozel (2005) revealed how counting the poor as a scientific inquiry becomes a matter of political tricks. In 1991, after the

economic liberalization in India, critics argued that Indian growth is a “jobless growth” as it has created casual labor instead of formal sector job, resulting in increase of vulnerability and dependency. The casual laborers are at risk of being dismissed at any time. This vulnerability and the loss of job in formal sectors resulted in women and children job involvement. Consequently, male joblessness increases dependency on women. The dependency is also associated with low dignity and self-respect, which have harmful socio-economic consequences (Breman, 2001; Harriss, 2009). Moreover, there exists a gap between data of the National Sample Survey Organization and the National Accounting in terms of measuring consumption categories (Harriss, 2009). Scholars suggest that the conceptualization of poverty need to be contextualized and the complexities of the social world need to be understood instead of searching for universal productive theories (Bardhan, 1989; Flyvbjerg, 2001; Harriss, 2009; Kenny & Williams, 2001; O’Connor, 2001). International poverty research is dominated by the belief that scientific knowledge is the key to resolve poverty (Harriss, 2009). Poverty research has been viewed as scientific, policy relevant, and ideology free. All the monies and efforts are invested in defining poverty anything but an individual condition keeping aside the political economy and the culture of capitalism. Poor is merely defined through individual characteristics and refers to the welfare status of poor, not defined by everyday experience and action. The researcher, politicians, policymakers and think-tanks see poverty either as individual failure or failure of the welfare, instead of an economy where middle, working-class, and officially poor face losing opportunity (O’Connor, 2001). Harriss (2009) argued that international poverty researches have not explained how and why poor fail or welfare system fails from the perspectives and context of political economy and the state, and/or process of capital accumulation in capitalism, or identify how resources and power are distributed. Instead, conventional poverty analysis adheres to a conservative discourse of not investigating the underlying dynamics of poverty. This perspective is not a threat for the elites who are getting benefit from existing structures and relationships that give rise to poverty. In poverty construct, the language of capitalism has been changed to private business or entrepreneurship ignoring the analysis of class and power. The poverty problem has been depoliticized by reducing it into individual characteristics. James Ferguson (1990) thus suggested five steps to reconstruct poverty knowledge.

1. Shifting from explanation of individual deprivation to explanation of inequalities in the distribution of power, wealth, and opportunity.
2. Recognizing that studying poverty is not to be equated with “studying the poor.”
3. Getting away from the research industry model.
4. Challenging the privilege attached to hypothesis-testing models of enquiry.
5. Recognizing that the ideas of value-free social science and of finding scientific “cures” for social problems are chimeras. (Harriss, 2009, p. 218)

Harriss (2009) pointed out that current international research could not give an answer to the questions of impact on well-being or ill-being of liberalized economic reforms. In practice, it provides very little information about the causes of poverty. His suggestion is to redirect research in the analysis of social processes, structures, and relationships which are responsible for creation and re-creation of poverty and embedded within the dynamics of capitalism (Harriss & White, 2006). As Hulme and Shepherd (2003) argue, it is critical to gain insight from people themselves about the relations of knowledge and power responsible for the rise of poverty, and to identify structural determinants of poverty to show how households shift in and out of poverty. As Green and Hulme identified chronic poor are “those in the society who have

minimal or no prospects for economic and social mobility and are structurally constrained by the social relations which produce poverty effects” (2005, p. 9).

Debates on Microfinance Findings

Studies reveal that the findings are contested, and microfinance claims in development do not withstand close scrutiny (Braverman & Guasch, 1989; Hoff & Stiglitz, 1990; Khandker, 1998; World Bank, 1993). There is a debate among development practitioners and academics over the impacts of microfinance. Rajbanshi, Huang, & Wydick (2015) states that practitioners overwhelmingly report microfinance impact on income, wellbeing, and growth in enterprises, whereas academic studies suggest a mixed scenario of microfinance impact. Some studies demonstrated that microfinance have significant impacts on households’ income, consumption, women empowerment and poverty reduction (Augsburg, Haas, Harmgart, & Meghir, 2015; Chemin, 2008; Fenton, Paavola, & Tallontire, 2017; Hashemi, Schuler, & Riley, 1996; Khandker, 1999, 2000, 2005; Mazumder & Lu, 2015; McKernan, 2002; Pitt, Khandker, & Cartwright, 2003; Swain, 2009; Weber & Ahmad, 2014; Wydick, 1999). Other studies suggest that microfinance outcomes are not clear (Banerjee, Karlan, & Zinman, 2015). For example, Rajbanshi et al. (2015) and Crépon, Devoto, Duflo, & Parienté, (2014) studies found mixed impact in two countries (Morocco and Nepal) by applying different methodologies. Both studies demonstrated that microfinance intervention is associated significantly with microenterprise growth and the size of livestock herds; however, the association with consumption is insignificant.

Many studies reported that microfinance impact on poverty is modest or even no impact (Angelucci, Karlan, & Zinman, 2012; Attanasio, Augsburg, Haas, Fitzsimons, & Harmgart, 2015; Coleman, 1999; Desai & Tarozzi, 2008; Hsu, 2014; Karlan & Zinman, 2011; Morduch, 1998; Roodman & Morduch, 2014; Roy & Biswas, 2014). For example, Morduch’s (1998) study on the Grameen Bank in Bangladesh did not find strong differences between control villages and treatment villages regarding consumption and sending children to school. Microcredit reduced only vulnerability, not poverty. The impact also differs by the program participant’s gender (Pitt, 2014; Pitt & Khandker, 1998; Pitt, Khandker, & Cartwright, 2003). Pitt and Khandker (1998) found that microcredit changes the behavior of women. Consumption and expenditure increase more for women than men. In contrast, Roodman and Morduch (2014) study found no difference in impact regarding gender. The above discussion implies that the study of microfinance requires a heuristic design to understand the dynamism of the phenomena. The whole process needs to include institutional aspects and intermediary factors as well as intended beneficiary aspects in a given context. This process will lead to both proving impact and improving performance. In other words, what is the impact on individuals, households and community? What produces the impacts other than the intervention? (Figure 1).

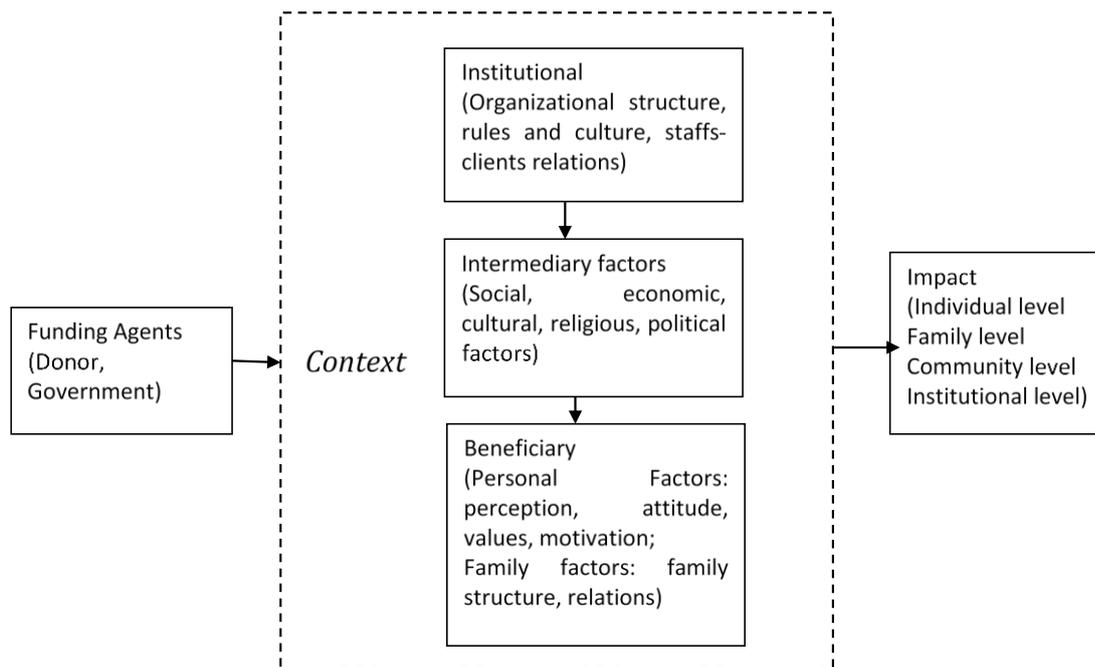


Figure 1. A holistic approach.

Methodological Debate on Applying Quantitative Design in Microfinance Research

There has been much debate over the use of methodologies and econometrics assumptions in microcredit research. Most of the evaluation studies are biased because of the limitation to find an appropriate control group. Consequently, it is difficult to deduce a causal link (Braun & Woller, 2004; Karlan, 2001; Tarozzi, Desai, & Johnson, 2015). The problems include fungibility, endogeneity, and analysis only from demand-side, not from the supply-side. Fungibility is the difficulty to separate households' other funds from microcredit. This problem arises when multiple sources of credit are accessible to households (Khandker, 1998). Endogeneity arises from uncontrolled and unobserved confounding variables (examples, endogeneity of program placement, unobserved individual and households' characteristics). Likewise, when treatment and control groups are selected, the attributes of groups may affect the impact of microcredit. Moreover, in group lending self-selection by groups also have an impact as groups will choose members who they think have repayment ability. Selection bias also arises from the decision to participate or not to participate in a program. In Thailand, a study by Coleman (1999) stressed that most microfinance studies suffer from bias because of endogeneity, which involves decision in program participation. Moreover, bias may arise because of unobserved individual, household, and area characteristics. The experimental studies did not cautiously consider bias concerning self-selection and endogenous program placement; as a result, the findings overestimated the impact significantly. Hulme identified the following sources of selection bias:

- (i) location selection; (ii) difference in "invisible" attributes between the treatment group and control group; (iii) Hawthorne effect of intervention on treatment group; (iv) contamination of control groups by treatment groups; and (v) fungibility of micro credit with other sources of fund of households. (Hulme, 2000, p. 84-85)

Assessing the program placement has an impact on outcome as there is evidence that Microfinance Institutions (MFIs) tend to open their branches in easily accessible areas with developed infrastructure (Khandker, Khalily, & Khan, 1995). However, if the control group can be carefully selected, then selection bias can be overcome. Impact of Micro Enterprise Service (AIMS) study tried to overcome selection bias and fungibility problem through a cross-sectional study using households' economic portfolio. Quasi-experimental research design is also used to overcome selection bias using treatment and control groups. Khandker (1998) recommends that the fungibility problem could be resolved through close monitoring. Case studies and anthropological studies were suggested as other solutions in combination with mixed studies (Hulme, 2000). A quasi-experimental study by Mazumder and Lu (2015) tries to overcome the endogeneity problem through maintaining a distance between treatment and control groups villages (Hulme, 2000).

However, the most debated issue is the cross-sectional study vs. the experimental study. In cross-sectional design, the comparison between participants and non-participants in a specific area is done to examine outreach regarding a specific measure of interest. Lønborg and Rasmussen (2014) criticized cross-sectional data as the total effects of pre-program welfare and program effects are both reflected in the welfare measure applied for program participants. As a result, if the program works, it is difficult to differentiate the condition of participants' welfare between pre-program and post-program. Another aspect is the timing of the data collection researchers commonly applied in a cross-sectional data to compare between participants and non-participants at a single point after the program is running for a while. The problem with cross-sectional design that encompasses participation in a program may be linked to the welfare levels of the participants. Thus, the comparison between participants and nonparticipants at some point after the start of the program can create confusion between program effects with preprogram differences. The results of cross-sectional analysis after implementation of the program may show participants are richer than nonparticipants even if they have identical profiles at the program initiation time (This approach was used by Mohammed, Norris, Evans Alayne, & Timothy, 1999; Navajas, Schreiner, Meyer, Gonzalez-Vega, & Rodriguez-Meza, 2000; Zeller, Sharma, Henry, & Lapenu, 2006). For example, in a study Puhazendhi and Badataya (2002) compared and measure impact through difference in percentages of the means of members' variables before and after Self Help Groups' (SHGs) memberships. Swain (2009) asserts that this kind of analysis does not examine any changes in either observable characteristics or broader economic changes with a control group. Tankha (2002) also stated that as the correction for selection bias is inappropriate in their study, the findings are neither conclusive nor convincing (Swain, 2009). Lønborg and Rasmussen (2014) used panel data to overcome this problem and collected data in two stages. First, they collected data on poverty status from participants before joining in Village Saving and Loan Association (VSLA), and second, recollected the data after two years of participation in VSLA to generate unbiased results. Similarly, Mazumder and Lu (2015) study design includes treatment and control group in combination with two-period data collections.

In microfinance research, experimental design is chosen to examine treatment effect, to diminish the variations in irrelevant variables and foci are on a predetermined set of measures. Evaluation experiment involves well-controlled setting and precise and standardized measured and calculated manipulation of program effects. Crépon, Devoto, Duflo, and Parienté (2011) conducted an experimental study to examine microfinance impacts in a region, which was not under microfinance service previously. Rajbanshi et al. (2015) encouraged by Crépon et al. (2011) study explained the reasons for overestimation of impacts by the development practitioner in "before and after" observations using a theoretical framework. They also demonstrated the underlying reasons of underestimation of average treatment effect in some

randomized trial by conducting a cross-sectional survey of 703 households in Nepal. They found that around 75 percent microfinance impact observed by practitioners is a delusion motivated by correlated unobservable factors. Nevertheless, they found that the rest of this “apparent impact” that exists is nontrivial. Their findings suggest that studies by practitioners reported impact exceedingly, whereas the majority of the recent experimental and quasi-experimental studies demonstrated the impacts lower than those reported by the practitioners.

Another problem with quasi-experimental design includes “any randomly selected control sites may adopt important components of the intervention of interest before the end of the field experiment and no longer qualify as no-treatment sites” (Yin, 2009). Besides, the studies which use future beneficiary as control group may undermine the assessment as the intended beneficiary may answer to questions as the way researcher want to hear. For example, the beneficiaries may report low income both before and after period. Moreover, it is not easy to know households’ income or assets accumulation in a short interview by asking questions like, what is the amount of your income/consumption/expenditure? etc. The experience suggests that during a face-to-face interview, people try to hide the real information. Therefore, time is needed to build a rapport with research participants, which is not suitable for a quantitative study.

Standardized instrument or questionnaire/test may affect program operations by being overly intrusive in experimental design that may cause in gaining an artificial result. Standardized tests can bias evaluation result by creating a conspicuous and controlled environment where encouragement and value are given to creativity, freedom of expression, and spontaneity. The problem of “reactive measurement effect” was illustrated by Webb, Cambell, Schwartz, and Sechrest (1966). They identified that subjects’ knowledge and awareness may distort and confound the study findings. In contrast, daily activities observation and informal interview less hamper program natural operation and reduce distorting reaction to evaluation (Patton, 1987). Consequently, naturalistic inquiry unfolds and understands naturally dynamics of program process and impacts. The failure to find statistically significant differences do not mean that differences do not exist; the differences, in fact, maybe qualitative rather than quantitative. The above discussions imply that the quantitative methodologies have created debates and controversies over findings of microfinance study; therefore, the need to break the old routine and use an alternative methodology to generate new insights about microfinance program. As Hulme (2000) noted, in many cases the conclusion of qualitative works has more validity over survey-based impact studies that pretense as science, but data are not collected with scientific rigor. However, he criticized the previous case studies for ad hoc nature of the investigation.

The Applicability of Qualitative Case Study Methodology

Methodological Choice and Case Study

The research problem and its conditions determine methodological choice (Flyvbjerg, 2006). Yin (2009) has pointed out three circumstances to be considered in choosing a particular research design:

- (a) the kind of inquiry the researcher seeks to examine;
- (b) whether the investigator has the opportunity to control actual behavior of subjects or events; and
- (c) whether the focus is on recent or historical events.

Quantitative research investigates causal relationships explained by theories or models. It does not examine the reasons for peoples' responses and the context of responses. Although peoples' perception, attitude, and behavior govern their responses including causality (Creswell, 2007). In contrast, in qualitative research, it is possible to go further than snapshots of "what?" or "how many?" to illustrate the scenario of what has been going on in the field. In this case, where the researcher wants to know the answer of why and how questions about microfinance programs, the case study method maybe a good option. Ethnographic fieldwork by Goodman (2017) in Uttarkhand, India tried to find answers to questions of why microfinance borrowers use programs differently than expected by the planner and funders. The findings demonstrated that local practices associated with norms and values shape perceptions and influence how microfinance is operated in different places. The study further revealed that though beneficiaries see microfinance programs' success, the projects' senior staff and donors are unaware of the changes of a project in the field. The information is useful to know the unexpected results of a microfinance program. Why some people do not find interest in microfinance.

The research suggests that it is critical to ensure flexibility in program implementation to adapt the project in relevant to local lives and values, because differences in perceptions may exist between beneficiaries and projects' planners. A case study by Dasgupta and Beard (2007) examined the extent of elite capture in the board of Urban Poverty Project (UPP) in seven sub-districts in Indonesia. The findings revealed that elites do not control and capture projects benefits; instead they deliver these to the poor with relation to community capacity. However, in the areas where power distribution is asymmetric, the allocation of resource to poor may be constrained. The study is limited in terms of diversity of local context, a limited number of cases, pre-selected sites with strong capacities for collective action and rich in social capital. Therefore, more investigations are needed to examine whether the parallel effect of elite control could be found with localities with fewer capabilities.

Another single case study (Fenton, Paavola, & Tallontire, 2017), combining quantitative and qualitative data on Satkhira district of Bangladesh, examined context-specific nature of vulnerability and adaptation. The findings supported that microfinance helps clients coping with environmental and climate vulnerability. Survey design, which is limited by the number of variables, is not helpful to find an answer to such exploratory questions. In contrast, variables of interest that are not predetermined can be studied through a case study (Patton, 1987). In a case study, data from multiple sources are collected as a way of data triangulation. Additionally, there is scope for developing research questions or propositions to guide data collection and analysis (Yin, 2009). Many methodologists prefer case study in evaluation research to inquire causality of intervention in real life which is difficult to examine through a survey or an experimental study. The case study makes possible to explain program implementation with program effects.

The case study is also suitable in a situation where the outcomes of an intervention are not clear or precise. (Cronbach et al., 1980; Patton, 2002; Yin, 2009). A few studies of microfinance research linked implementation process with outcomes, which reflex the need for case study design. Furthermore, in microfinance research, the researcher has less opportunity to manipulate or control events and participants' behavior; experimental design/quasi-experimental design is less suitable in such condition. As the study of microfinance is contemporary rather than historical events, a case study can be a good alternative. A program can be improved by detail case studies, a sampling of dropout, failure or success and clients with a different background. In addition, a qualitative case study is open to unanticipated impacts, variations, and important idiosyncrasies of program experiences. The clients' needs are different regarding credit amount, repayment frequency, saving and training. The program effects may be different on different participants that are individualization of program

impacts/outcomes to cater services to the individual needs of the client (Patton, 1987). The qualitative case study is more appropriate when a study objective is to individualize outcome. The process evaluation involves how a product or outcome is produced instead of examining the product itself. The program process evaluation includes answers to following questions:

- What are the factors that come together to make a program what it is?
- What are the strength and weakness of the program?
- How are the clients brought in to the program and how do they move through the program once they are participants?
- What is the nature of staff-clients interactions? (Patton, 1987, p. 19-23)

Process and implementation evaluation are necessary to understand the deviation in program operation from the original plan. The program desired outcome very much depends whether it has been implemented according to the actual design. Moreover, a process-oriented analytical framework is helpful to continually learn from experiences and to improve (rather than prove) program impact of microfinance (Hulme, 2000; Patton, 1987). As Patton stated,

If the outcomes of a program are evaluated without the knowledge of implementation, the results seldom provide a direction for action because the policy maker lacks information about what produced the observed outcome. This is the “black box” approach to evaluation. (Patton, 1987, p. 27)

Epistemology and Case Study

Table 2. Methodological Choices in Microfinance Research

| <i>Epistemology</i> | <i>Approach</i> | <i>Method</i> | <i>Data collection tools</i> | <i>Data analysis</i> | <i>Validity and reliability Vs trustworthiness</i> |
|--------------------------------------|---|---|---|--|---|
| <i>Positivism (objectivity)</i> | <i>Quantitative Method Deductive</i> | <i>Experimental Design Quasi experimental design Cross-sectional design</i> | <i>Standardized survey questionnaire</i> | <i>Econometrics Regression</i> | <i>statistical tools such as Cronbach's alpha, propensity score matching, weighting</i> |
| <i>Constructivism (Subjectivity)</i> | <i>Qualitative Method Inductive</i> | <i>Case Study Ethnographic fieldwork</i> | <i>In-depth interview Observation Focus group interview</i> | <i>Grounded theory Thematic analysis</i> | <i>Rapport building, Triangulation, Saturation</i> |

Note. Compiled by the authors

The quantitative inquiry has been originated from the positivist paradigm that emphasizes objectivity and distance from the object as a way to reduce bias. In contrast, qualitative case study design follows the tradition of constructivism that understanding human behavior can be achieved by putting oneself in to or in proximity to other worlds, how they think, act and feel (Table 2). Major contributions come from scientists' personal experiences (exemplars: Darwin, Newton, Freud studies) which implies that closeness does not necessarily make bias, and the distance does not guarantee objectivity. The qualitative case study approach has been seen under the lens of constructivism which asserts truth as relative and truth as dependent on one's perception. Constructivism assumes that meaning is created through human subjectivity, but it

doesn't reject the significance of objectivity. Constructivism assumes that reality is socially constructed (Creswell, 2007; Merriam, 1998; Patton, 1987; Stake, 1995; Yin, 2009). In other words, "reality is constructed by individuals interacting with their social worlds" (Merriam, 1998, p. 6). The qualitative researchers explain reality and gather multiple interpretations of reality or social-life world. This approach gives importance to openness and close link between the participants and the researcher, where the researcher allows participants telling their experiences and stories. Consequently, the researcher gets the opportunity to understand the participants' actions better from these stories that carry participants' views of reality (Baxter & Jack, 2008; Lather, 1992). As Flyvbjerg noted that,

concrete experiences can be achieved via continued proximity to the studied reality and via feedback from those under study. Great distance to the object of study and lack of feedback easily lead to a stultified learning process, which in research can lead to ritual academic blind alleys, where the effect and usefulness of research becomes unclear and untested. As a research method, the case study can be an effective remedy against this tendency. The second main point in connection with the learning process is that there does not and probably cannot exist predictive theory in social science. Social science has not succeeded in producing general, context-independent theory and, thus, has in the final instance nothing else to offer than concrete, context-dependent knowledge. (2006, p. 222)

The case study makes possible to understand and analyze multifaceted social phenomena. As Yin noted, "The case study method allows investigators to retain the holistic and meaningful characteristics of real-life events-such as individual life cycles, small group behavior, organizational and managerial processes, neighborhood change, school performance, international relations, and the maturation of industries" (2009, p. 4). In other words, a case study is suitable to conduct study in a setting or context through single or multiple cases (Creswell, 2007). A researcher also can test or develop theories by conducting case study research (Eckstein, 1975; Walton, 1992; Yin 2009). Moreover, context-dependent knowledge is the center of case study research (Flyvbjerg, 2006). The case study is helpful to understand contemporary phenomena in a real-life context in which there is no clear line of division between context and phenomenon (Yin, 2009). Besides, it can be studied in both ideographic (particular event or case) and nomothetic (examination of fewer causal factors and a large number of cases) ways to develop a complete picture and a partial explanation (Vaus, 2001).

Heuristics and Case Study

The case study is conducted in a natural setting to collect data from real-life experiences and it interprets data from the perspectives of research participants. Like other qualitative research methods, the case study begins with assumptions using possible theoretical lenses and data that is analyzed through an inductive approach by establishing patterns or themes. Here, the researcher is the key data collection instrument (Bogdan & Biklen, 1982; Merriam, 1988). The case study does use multiple methods of data collection, so the researcher is usually both an interviewer and an observer. But she/he is not necessarily a participant observer (Roulston, 2001). The qualitative case study design is flexible as the data collection procedure can be modified and sites or individuals under study can be changed during the research. The qualitative case study design is naturalistic as the investigators naturally inquire about ongoing activities and process. The investigators also do not manipulate participant behavior or situations like an experiment.

The case study adopts a holistic approach in interpreting and understanding a phenomenon from manifold perspectives specifying various factors engaged in a situation (For example, economic, cultural, social, political context) and complex interactions among factors from insider and outsider sources (Guba & Lincoln, 1981; Patton, 1987). Figure 1 illustrates the holistic approach to be followed in a case study about microfinance. Some qualitative studies explored how microfinance uses are affected by peoples' local cultural and social contexts (Elyachar, 2005; Fernando, 2006; Guerin, Roesch, Venkatasubramanian, & D'Espallier, 2012; Guerin, Morvant-Roux, Roesch, & Moisseron, 2014; Johnson, 2004; Kar, 2013; Lont & Hospes, 2004; Moodie, 2008; Shipton, 2007). Social and cultural context determine both the purposes of taking loan (Elyachar, 2005; Guerin et al., 2012; Moodie, 2008) and determine group interactions, loan distributions, installments collection and repayments (Goodman, 2017; Guerin et al., 2012; Guerin et al., 2014; Tsai, 2004). Moreover, qualitative studies also demonstrated that when microfinance fails to fit with local livelihoods, borrowers are unlikely to respond to such initiatives (Guerin et al., 2014; Pattenden, 2010). The cases are evident in the studies of some development projects (Radhakrishnan, 2015; West, 2006). Interestingly, Guerin et al. (2014) study was conducted through qualitative case analysis with randomization. Their study suggests that the demand and use of microcredit are determined both by the agrological condition and by the demand-supply theory of market. Additionally, norms and perceptions influence the use of microcredit. Moreover, historical, political and social life, such as the role of social actors, local leaders, and credit officers, play decisive role in microcredit use. A qualitative study can also be supplemented by quantitative data (Hulme, 2000). As Patton noted,

Quantitative data may be a part of qualitative case study. In program level, case data may involve program documents, statistical profiles, program reports and proposals, interviews with program participants and staffs, observation of the program and program histories. Example, Kibels' (1999) result mapping. (Patton, 2002, p. 449).

Qualitative data allow the investigator to capture the richness of the participants' experiences in their own term. In-depth analysis, detailed descriptions and verbatim quotations make it possible to understand how meaning emerges. In quantitative evaluation, the questions are structured, which restrict participants to express the reality from their terms. In contrast, open-ended questions permit the investigators to understand participants' views as expressed by the participants. The perspective is not predetermined instead it emerges from reality. The qualitative analysis makes it possible to investigate what is happening in the field as time and situation change. Consequently, elaboration and explanation can be gained instead of summarization, comparison, and generalization through statistics. The qualitative case study follows the strategy of saturation that signals little need to continue data collection and analysis as additional data will serve only to confirm an emerging understanding. Therefore, the researcher does not need to interview a large number of respondents (see relatively Table 2).

Generalization and Case Study

The principal aim of quantitative studies is to generalize findings. The qualitative case study method, like an experiment, is generalizable to theoretical propositions not to statistical generalization of populations. As Flyvbjerg noted, "one can often generalize on the basis of a single case, and the case study may be central to scientific development via generalization as supplement or alternative to other methods" (2006, p. 228). Generalizability can be added in the case study through the strategic selection of cases (Flyvbjerg, 2006). For examples, the

cases (three or four) with different size, dimensions, organization, budget, and location can be chosen to generalize findings. The inclusion and exclusion criterion may include “most likely or least likely case.” This process allows the investigator to collect data on different perspectives (Creswell, 2007). In microfinance research, the sample may entail the most successful case, the unsuccessful case, and dropout at individual or program level. The cases can be identified through purposive, snowball sampling, and community mapping. Multiple cases also serve the purpose of replication logic and multiple experiments (Yin, 2009). Multiple and comparative cases are the means of testing theories (Eckstein, 1975). The case study result can be compared with a prior developed theory as a template to generalize findings. The generalization or replication can be claimed if a theory is supported by two or more cases. The results may be regarded as more robust, if an opposite theory is not supported by the same cases. Moreover, the evidence supported by multiple cases is considered to be more convincing and robust (Yin, 2009).

Conclusions

The reason of much debate over the findings of the quantitative study has been discussed. The debate arises from the application of different quantitative methodologies. The quantitative researchers are divided over whether to use cross-sectional or quasi-experimental design in microfinance research. The use of standardized survey questions also has been under questions in the context of a developing country in terms of high illiteracy, and lack of professionalism in data collection. In contrast, the qualitative case study can greatly add the rigor of study analyzing both the context and phenomena. Case study as an alternative or complementary to quantitative research design can be applied to know what produces the impact by studying implementation process.

Multiple and comparative case studies can be used to generalize findings and to develop a replication model. A wide range of topic related to microfinance, such as attitude, perception, and motivation of individual and group, group dynamics, social capital, social control, impact of socio-cultural-political-religious actors and factors, local norm, values and practices can be studied through the qualitative case study. This may answer to questions like why does microfinance become successful in one place and unsuccessful in another place? Why some people do not find interest in microfinance? Why does microfinance fail to reach the poorest of the poor? Why does delinquency happen among recipients? Why do recipients dropout? How does microfinance work in the field? How does staff-clients relation affect the operation of microfinance?

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