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Organizing logic multiplicity in hybrid organizations: The role of organizational culture

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Abstract

Hybrid organizations must deal with institutional complexity and find ways to manage conflicting demands in their organizational environment to engage in their required, day-to-day activities. The objective of this qualitative research is to elaborate on the mechanisms that hybrid organizations use to mitigate the destabilizing effects of such institutional logic multiplicity in their value creation processes. By combining value configuration analyses and the hybrid organizing concept as a theoretical background, the authors conduct a case study with 14 nonprofit microfinance organizations (MFOs) that illustrates the importance of an integrative organizational culture as a core foundation that can align and integrate social and economic demands. Successful nonprofit MFOs align competing institutional logics in a hierarchy of goals, explicitly defining their means and objectives. Independent of the type of logic multiplicity they face, they use the hierarchy to define their organizational identity and transfer it to a corresponding organizational culture that can balance diverse institutional demands. From a theoretical perspective, this study advances institutional logic approaches; it also identifies effective mechanisms

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hybrid organizations can use to cope with logic multiplicity by applying a value configuration perspective.

KEYWORDS
hybridity, microfinance, nonprofit organizations, organizational culture

1 | INTRODUCTION

Hybrid organizations operate in contexts marked by institutional complexity, which arises because they encounter contradictory prescriptions linked to multiple institutional logics (Greenwood et al., 2011). Institutional logics are "socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality" (Thornton & Ocasio, 1999, p. 804). They guide organizational behavior in various fields of activity (Battilana & Lee, 2014; Greenwood et al., 2011). But in situations that feature institutional complexity, logic multiplicity creates incompatible guidelines for organizational action such that hybrid organizations must find a way to choose the best logics to follow and integrate them into organizational activities (Greenwood et al., 2011; Kodeih & Greenwood, 2014). To combine multiple institutional logics at the organizational level, they also need to develop organizational patterns that reflect this logic multiplicity (Battilana & Lee, 2014).

Prior research has highlighted several strategies that hybrid organizations can deploy to navigate institutional complexity, but we know little about the mechanisms that allow the different strategies to work (Battilana & Lee, 2014)—a surprising gap, insofar as the concept of hybridity has been gaining importance in both academia and praxis. Considering the blurring boundaries among nonprofit, business, and government sectors (Dees & Anderson, 2003), many organizations need to combine multiple institutional logics in their daily operations. Hybrid organizations in any of these sectors must manage logic multiplicity to support their organizational activities (Bromley & Meyer, 2017) and survive, by mitigating the destabilizing effects of multiple logics (Besharov & Smith, 2014).

With this article, we elaborate on the mechanisms by which hybrid organizations attempt to organize such logic multiplicity in their daily activities. With an in-depth comparative case study of seven Peruvian and seven Bolivian nonprofit microfinance organizations (MFOs), as extreme cases of hybrid organizations (Battilana & Lee, 2014), we investigate how organizations respond to institutional complexity and what makes their strategies work. Using a combination of value configuration analysis (Stabell & Fjeldstad, 1998) and the concept of hybrid organizing (Battilana & Lee, 2014), we detail how logic multiplicity can be organized in different parts of the value creation process of hybrid organizations; we also illustrate a main determinant of the stability of organizations operating in contexts of institutional complexity. In particular, we propose that building an organizational culture that aligns diverse institutional logics represents a key management practice.

The contributions of this study in turn are threefold. First, we advance research on hybrid organizations (Battilana & Lee, 2014) and reveal both institutional logic approaches and hybrid organizations' mechanisms for coping with logic multiplicity by adopting the novel approach of applying a value creation perspective. Second, we elaborate on the rarely

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considered role of organizational culture in an institutionally complex context and thereby highlight artifacts such as personnel development, incentives, and performance systems that can embed an organizational culture and balance hybridity. Third, following calls for systematic knowledge on the organizational effects of nonprofits incorporating business practices (Suykens et al., 2019), we provide insights into how nonprofit MFOs manage hybridity in pursuit of both social and economic goals. By applying these results, nonprofit practitioners managing hybrid organizations can develop their own effective strategies in institutionally complex environments.

2 | THEORETICAL BACKGROUND

2.1 | Institutional logics lens on hybrid organizations

The institutional logics perspective has its roots in Friedland and Alford's (1991) argument that macro-level logics define the content and meaning of institutions (Thornton & Ocasio, 2008). They refer to institutions as material practices and symbolic systems that people use to make sense of daily lives such that they are "taken-for-granted beliefs and practices [that] guide actors' behavior in fields of activity" (Battilana & Lee, 2014, p. 402). Whereas Friedland and Alford (1991) focus on institutional logics at a societal level, such logics also might develop at organizational levels (Thornton et al., 2012).

The different institutional logics that are manifest within organizations are central to research on hybrid organizations. The blurred boundaries among nonprofit, business, and government sectors (Bromley & Meyer, 2017; Dees & Anderson, 2003) require researchers analyzing hybrid organizational forms to acknowledge that organizations, independent of their sector affiliation, must follow different institutional logics at the same time. Analyses of for-profit, nonprofit, and government organizations as hybrid organizations thus demonstrate that logic multiplicity needs to be managed actively to mitigate its destabilizing effects, but they also acknowledge that contradictions of institutional logics make room for creative development and reorientation (Skelcher & Smith, 2015).

The co-existence of institutional logics at the organizational level also informs the degree of instability of hybrid organizations (Besharov & Smith, 2014). Leveraging notions of centrality (i.e., "the degree to which multiple logics are each treated as equally valid and relevant to organizational functioning") and compatibility (i.e., "the extent to which the instantiations of logics imply consistent and reinforcing organizational actions"), Besharov and Smith (2014, p. 365) argue that logic multiplicity takes different forms, and each form has different implications for the probability of conflict in, and thus the stability of, hybrid organizations. In aligned hybrid organizations (i.e., high logic centrality and compatibility), the probability of conflict is low and organizational stability is high; the opposite is true for contested hybrids with high logic centrality but low compatibility. Thus, managers must organize their approach to different institutional logics, to ensure organizational survival.

2.2 | Hybrid organizing

On an organizational level, decoupling, compromising, and combining strategies exist for dealing with different institutional logics (for an overview, see Pache & Santos, 2013), but the organizational features needed to make each strategy work remain unclear (Battilana & Lee, 2014). Seeking a relevant conceptual framework, Battilana and Lee (2014, p. 403) introduce the concept of hybrid organizing, defined as "the activities, structures, processes, and meanings by which organizations make sense of and combine aspects of multiple organizational forms." They analyze social enterprises as extreme cases of hybrid organizations and identify five core levels for managing logic multiplicity: organizational activities, workforce composition, organizational design, interorganizational relationships, and culture.

First, managers must choose the degree of the integration of institutional logics in their organizational activities. On the one hand, they might organize their business processes such that all the prescriptions stemming from different institutional logics can be achieved through one value creation process. These organizations typically are called "integrated hybrids" (Ebrahim et al., 2014). On the other hand, they may set up different processes to accomplish goals stemming from distinct institutional logics and thus become "differentiated hybrid organizations" (Ebrahim et al., 2014).

Second, Battilana and Lee (2014) identify workforce composition as crucial for successfully managing logic multiplicity. Through hiring and socialization policies, hybrid organizations can establish an organizational identity to balance the logics' diverse requirements (Battilana & Dorado, 2010). Human resource management thus chooses whether to recruit personnel on the basis of one of the different institutional logics the organization embraces or else search for staff who already integrate multiple logics in their vita and personal identity. In addition, they establish socialization practices, such as professional development training, to enable employees to deal with logic multiplicity in the way the organization prefers.

Third, organizational design, or the formal implementation of strategy in action, must take logic multiplicity into account. When developing incentive and performance management (control) systems, managers of hybrid organizations can integrate prescriptions from different institutional logics into one system or keep them apart. Similarly, they can decide on an integrated or compartmentalized governance structure by assigning leaders who identify with both logics or who take different executive positions representing one logic each. Finally, they have to balance the strengths and weaknesses of an integrated versus a compartmentalized organizational structure, to specify whether activities linked to different institutional logics get undertaken by the same organization members or by different subunits.

Fourth, Battilana and Lee (2014) highlight the importance of interorganizational relationships. Because different partners' unique objectives may influence organizational actions, hybrid organizations need strategies that reflect whether they want integrated partnerships with organizations from the same sector or differentiated ones, where partners have distinct sectoral affiliations.

Fifth and finally, organizational culture is relevant for managing logic multiplicity in hybrid organizations. Similar to the question of whom to hire, managers of hybrid organizations need to decide whether to build up and sustain a culture that integrates the different logics they face or to become multicultural organizations that reflect different institutional logics in distinct cultural profiles of organizational subunits responsible for the respective activities. Figure 1 illustrates the basic rationale of the concept of hybrid organizing.

Despite its relevant insights, Battilana and Lee's (2014) conceptual framework rarely has been applied holistically in empirical investigations; when it has been, the studies examine only single aspects of hybrid organizing. As notable exceptions, Bishop and Waring (2016) and Svensson and Seifried (2017) explicitly apply the concept of hybrid organizing in their investigations of public–private partnerships and sports organizations for peace and development.

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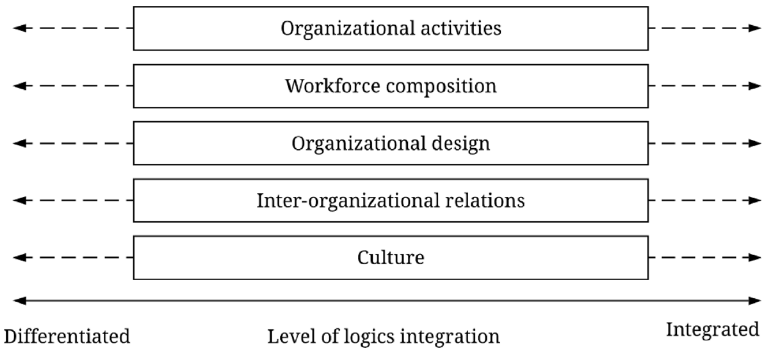

FIGURE 1 Hybrid organizing, based on Battilana and Lee (2014).

Furthermore, prior studies do not address how the different aspects of hybrid organizing might relate to one another. The different dimensions of the hybrid organizing framework also tend to be conceptualized as non-hierarchical and equally important for managing logics multiplicity. Neglecting the interdependencies of different parts of an organization that needs to manage logic multiplicity creates an issue because applying Battilana and Lee's (2014) concept of hybrid organizing cannot convincingly answer how managers can best support the functioning and stability of their hybrid organizations. Therefore, we suggest extending the framework by combining it with value configuration analysis (Stabell & Fjeldstad, 1998), a strategic management instrument to investigate firms' business processes. This concept has been applied conceptually (Schnurbein, 2013) and empirically (Helmig et al., 2008) in nonprofit contexts. Because it focuses on organizational activities relevant to the creation of organizational value, a value configuration analysis offers a promising framework for transforming a static hybrid organizing perspective into a dynamic one such that it can illustrate relationships and interdependencies across diverse organizational activities. In turn, we hope to attain new insights regarding (1) how the business processes of hybrid organizations function and (2) how they can be managed optimally to ensure organizational stability.

2.3 | Value configuration analysis

The basis of Stabell and Fjeldstad's (1998) value configuration analysis is Porter's (1985) value chain, which can decompose firm value creation processes into the strategically important activities needed to create value for clients. Porter (1985) distinguishes between primary and support activities. Primary activities (inbound logistics, operations, outbound logistics, marketing and sales, and service) are directly involved in the production process and the interaction with the customer. Support activities such as procurement, human resource management, technology development, and firm infrastructure are necessary in all parts of the value creation process, and they help ensure the smooth functioning of the primary activities. The objective of value chain analysis is to identify firms' potential for competitive advantage and thus for survival in competitive markets.

Having leveraged value chain analyses in various industries, Stabell and Fjeldstad (1998) argue that the value chain only applies to manufacturing firms, with limited relevance for service organizations. Drawing from Thompson (1967), they argue that firms differ in the

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technology they use to accomplish their organizational goals: Manufacturing firms apply long-linked technology, so they create value by transforming inputs into products. Organizations outside the manufacturing sector instead use intensive or mediating technology to achieve their objectives. That is, they might select, combine, and apply resources to solve an individual customer problem (intensive technology), or they can link customers who are or like to be independent (mediating technology). These technologies imply different logics of value creation, so Stabell and Fjeldstad (1998) develop two additional value configuration models, beyond Porter's (1985) value chain.

In value shops (intensive technology), such as universities and hospitals, value gets created through efforts to solve individual customer problems. Such providers engage in five primary activities that are sequentially and cyclically linked: After (1) identifying the problem, they (2) develop a problem-solving approach, (3) generate and evaluate different solution strategies, (4) execute one of the solution strategies developed, and then (5) measure the degree of problem-solving during control and evaluation phases. The results of this evaluation process inform reconsiderations of the overall problem-solving approach; the cycle restarts if it has failed.

In value networks (mediating technology), such as insurance companies and banks, firms create value by linking independent clients. Acting as mediators that enable connections among organizations and persons distributed across space and time, their primary activities consist of network promotion and contract management—that is, they decide who can(not) join the network, service provisioning— and network infrastructure operations that occur simultaneously and are highly standardized.

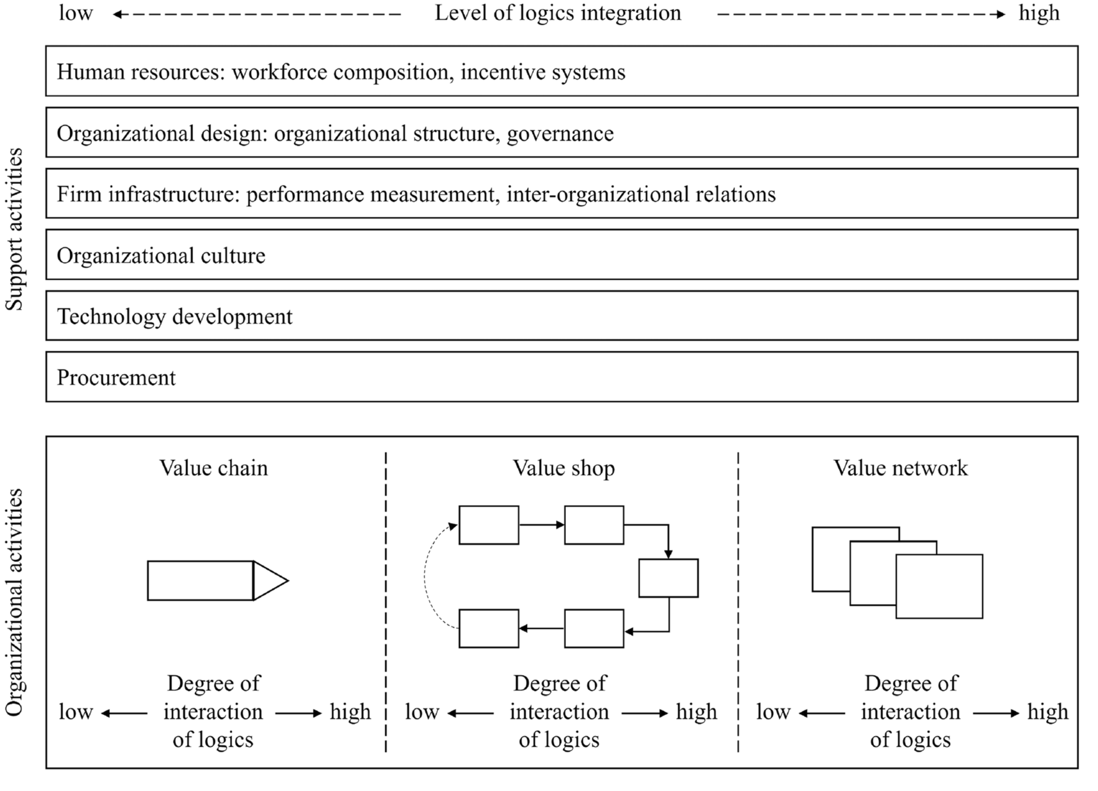

FIGURE 2 Conceptual framework: Value creation in hybrid organizations.

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If we combine a value configuration analysis (Stabell & Fjeldstad, 1998) with the concept of hybrid organizing (Battilana & Lee, 2014), we can define a hierarchy of aspects of organizational life in a logic multiplicity context while taking their interdependencies into account. First, organizational activities can be conceptualized as the primary activities of hybrid organizations; regardless of whether it is an integrated or a differentiated hybrid, these activities directly contribute to value generation for their respective clients and stakeholders. Other dimensions are relevant (workforce composition, organizational design, interorganizational relationships, and organizational culture) but have ancillary functions. They facilitate the smooth functioning of the primary activities, and thus, they can be modeled as support activities.

This theoretical combination of Stabell and Fjeldstad's (1998) and Battilana and Lee's (2014) work also enables us to analyze how hybrid organizations manage logic multiplicity in each primary activity (organizational activities) and suggest how to organize institutional logics in support activities to enable the primary activities to function well. Thus, we identify combinations of logics, based on the integration and differentiation of various activities that lead to stable hybrid organizations, and we elaborate on the reasons for this stability. Figure 2 illustrates the conceptual framework.

3 | METHODOLOGY

3.1 | Research design and sampling strategy

This article is based on two chapters of the dissertation by Pinz (2019). We used a case study methodology and conducted exploratory, in-depth research into value creation processes within hybrid organizations (Yin, 2009). With a purposive sampling approach (Ritchie et al., 2014), we deployed several criteria for the case selection. First, we confirmed that the research objects had operated in an organizational field characterized by a high degree of institutional complexity for some time. This check ensured that they confront the challenges of multiple logics. Second, the case organizations needed long-standing experience in this organizational field. This criterion ensured that managing logic multiplicity would have been an issue for the organizations. Third, because data of failed hybrids were difficult to obtain, we opted for a most-different system design and selected successful hybrid organizations that differ on various dimensions (Anckar, 2008), an approach that allows us to explore commonalities across the research subjects that might explain their organizational stability and survival.

We selected seven Peruvian and seven Bolivian nonprofit MFOs, operating in their respective markets for at least 10 years. Microfinance refers to the provision of financial services to low-income people traditionally excluded from the financial system, with the objectives to reduce poverty and improve well-being (Arch, 2005; Périlleux et al., 2012). What started as a movement mainly driven by nonprofit, nongovernmental organizations (Augsburg & Fouillet, 2010; Dichter, 1996) has become a global industry, serving approximately 200 million customers around the world (Beisland & Mersland, 2014; CGAP, 2015; The World Bank, 2015). Nonprofit MFOs such as BancoSol in Bolivia, Banco Compartamos in Mexico, or SKS in India have transformed themselves into commercial financial institutions (Battilana et al., 2012; Daher & Le Saout, 2013). At the same time, for-profit banks have realized the creditworthiness of low-income people and entered the market, as part of their corporate social responsibility strategy and/or to generate profits (Armendáriz & Morduch, 2010; Valenzuela, 2002). Thus, the microfinance field is characterized by a high degree of competition, manifest as institutional complexity (Battilana & Dorado, 2010; Kent & Dacin, 2013; Khavul et al., 2013).

In this context, particularly nonprofit MFOs have had to add an economic logic to their original social logic (Battilana & Dorado, 2010; Kent & Dacin, 2013; Khavul et al., 2013). Whereas the social logic prioritizes poverty reduction and improved client well-being, considers clients as beneficiaries, and deploys management to maximize social impact, the economic logic aims to cover costs and/or make profits, regards clients as paying customers, and manages in pursuit of profit maximization (Table 1; Battilana & Dorado, 2010). Against this background, we posit that (nonprofit) MFOs are extreme cases of hybrid organizations (Battilana & Lee, 2014) that manage multiple institutional logics and thus are appropriate for addressing our research question.

Our selection of Peruvian and Bolivian nonprofit MFOs is further justified by the particular conditions of their markets for microfinance. According to The Economist Intelligence Unit (2014), the Peruvian and Bolivian microfinance markets were among the most developed in the world in 2014, the time of our data collection. Both countries are characterized by a well-developed regulatory environment and microfinance markets that are innovative and competitive but still focused on client protection; as such, they have similar microfinance market conditions. Thus, the nonprofit MFOs we study are comparable, encounter logic multiplicity, and possess sufficient professionalization to manage it (Trujillo et al., 2014).

Furthermore, the case organizations represent a wide spectrum of microfinance practices in both countries. We used a database created by the Microfinance Information Exchange (MIX), a U.S. nongovernmental organization that collects and publishes financial and social performance data of nonprofit MFOs, as a sample frame. The organizations differ in the role they assign microfinance, pertaining to development work, credit methodology, target groups, and organizational size; in addition to microfinance, some of them offer general development services (health, sanitation, and education). We contacted MFOs operating in rural and urban areas, offering village banks or individual loans. The latter resemble traditional credit providers, whereas MFOs that use a village bank methodology loan money to groups of 20–30 people, who administer the distribution of credit and savings by themselves, under the supervision of a credit officer. Finally, our sample contains both small and large nonprofit MFOs, in terms of the number of borrowers and staff. Table 2 contains the descriptive characteristics of the nonprofit MFOs we research.[1]

3.2 | Data collection

To understand the management of nonprofit MFOs' institutional logics, we combined in-depth interviews with key informants, observations of business processes, and collections of documents and archival data. In total, we conducted 22 interviews with 23 microfinance managers and one credit officer (one group interview with three people) in January and February 2014. The interviews all featured two parts (mission and hybrid organizing), and their average length

TABLE 1 Central institutional logics in the microfinance field.

	Economic logic	Social logic
Goals	Breaking even profits	Poverty reduction Improved client well-being
Target population	Clients as customers	Clients as beneficiaries
Management principles	Profit maximization	Social impact
Value creation	Economic value	Social value

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TABLE 2 Case descriptions.

	MFO 1	MFO 2	MFO 3	MFO 4	MFO 5	MFO 6	MFO 7
MFO type	MFO only	Development MFO	MFO only	Development MFO	MFO only	Development MFO	Development MFO
Main target group	Peri-urban	Rural	Peri-urban	Urban	Urban	Rural	Urban
Main credit methodology	Individual credit	Individual credit	Village bank	Village bank	Village bank	Village bank	Village bank
Additional services	None	None	Yes	Yes	Yes	Yes	Yes
Number of personnel	500–1000	<100	<100	<100	100–500	<100	<100
Number of clients	>30,000	<10,000	<10,000	<10,000	10,000–30,000	10,000–30,000	<10,000
Profitability	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Operational self-sufficiency	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	MFO 8	**MFO 9**	**MFO 10**	**MFO 11**	**MFO 12**	**MFO 13**	**MFO 14**
MFO type	MFO only	MFO only	MFO only	MFO only	MFO only	MFO only	MFO only
Main target group	Peri-urban	Rural	Rural	Rural	Urban	Urban	Rural
Main credit methodology	Individual credit	Individual credit	Individual credit	Individual credit	Village bank	Individual credit	Individual credit
Additional services	None	Yes	Yes	Yes	Yes	None	None
Number of personnel	100–500	>1000	100–500	100–500	500–1000	<100	100–500
Number of clients	<10,000	>30,000	10,000–30,000	10,000–30,000	>30,000	<10,000	Medium
Profitability	No	Yes	Yes	Yes	No	Yes	Yes
Operational self-sufficiency	No	Yes	No	Yes	No	Yes	Yes

Abbreviation: MFO, microfinance organizations.

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was 1.25 h (see Appendix A). The interviews were conducted in Spanish, recorded, and transcribed; participants had the chance to review the transcripts. We observed work by credit officers and microfinance managers in one Peruvian and one Bolivian nonprofit MFO too, while taking detailed field notes. Finally, we collected archival and documentary data from the MIX database and the websites of the sample organizations, related to their mission, vision, product portfolio, history, and general market information (>2000 pages of material). Furthermore, we analyzed business reports about these nonprofit MFOs and the professional associations to which they belong. Through this data triangulation, we ensured construct validity; for reliability, we stored all the collected information in a case study database and applied existing case study protocols (Miles et al., 2014; Yin, 2009).

3.3 | Data analysis

We followed a deductive–inductive approach to analyze our data. First, we used MAXQDA to code all information stemming from the interviews and secondary data sources, applying provisional coding techniques (Saldaña, 2013). For this purpose, we used a codebook based on Stabell and Fjeldstad's (1998) and Battilana and Lee's (2014) conceptual frameworks, which contain notions of value, primary and support activities, and characteristics of respective value configurations as codes. In this process, we remained open to new codes stemming from the data. Applying code mapping (Saldaña, 2013), we then grouped related codes and illustrated the value and value creation processes of the respective nonprofit MFOs with flowcharts. To identify general patterns in value creation processes, we systematically compared the flowcharts using a replication strategy (Yin, 2009). This step enabled us to describe the value configuration of the nonprofit MFOs subject to investigation. To ensure the reliability of the analysis process, we summarized the findings of our descriptive analyses in case summary reports (Miles et al., 2014) and discussed them with a researcher familiar with the

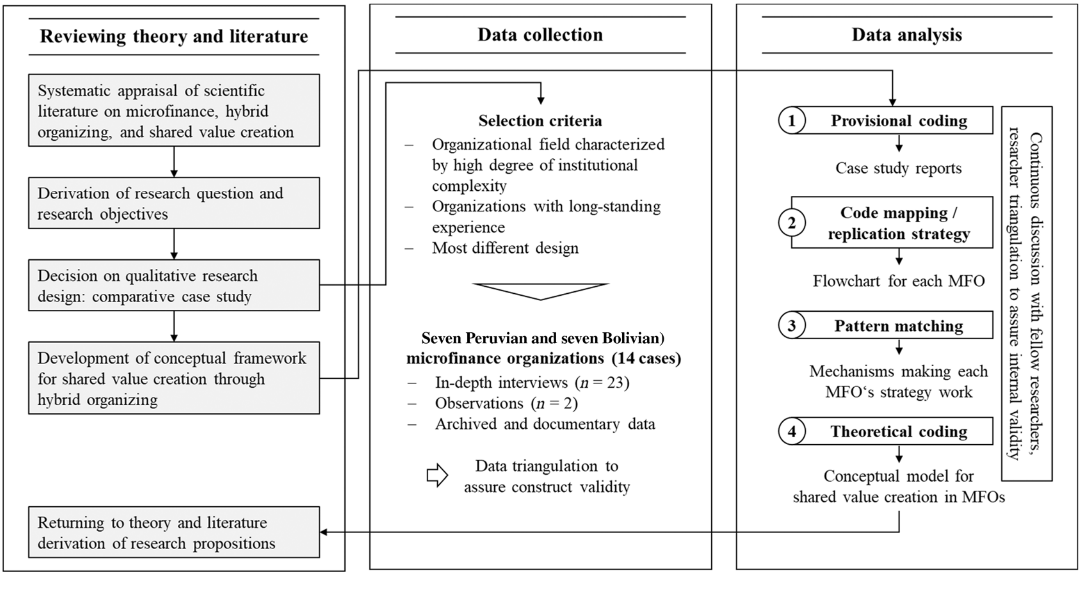

FIGURE 3 Research process. MFO, microfinance organizations.

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interview material. In addition, we summarized the content of the reports in a comparative meta-matrix (Miles et al., 2014).

Next, we analyzed the quotes subsumed in the value creation activities categories for the presence of institutional logics, by applying pattern matching (Reay & Jones, 2016). In this process, we interpreted the categories in light of the prescriptions stemming from each institutional logic, as presented by Battilana and Dorado (2010) (see Table 1). We started with the interpretation of all quotes describing the value that nonprofit MFOs aim to create. Assuming the social and economic logics are both central in the microfinance field, we evaluated their compatibility in the cases, to draw initial conclusions about the strategy applied to handle logic multiplicity, on the basis of Besharov and Smith's (2014) conceptual framework. Then to elaborate on the mechanisms that made this strategy work, we examined the way logic multiplicity was organized in each primary and secondary value creation activity, as also presented in our theoretical framework. Finally, applying theoretical coding (Saldaña, 2013), we developed a conceptual model explaining reasons for the stability of hybrid organizations. The overall analysis process (Figure 3) was validated by continuous discussions with fellow researchers (Yin, 2009).

4 | FINDINGS

This section is organized according to our analysis steps. First, using the analysis of the value that nonprofit MFOs aim to create, we draw conclusions about the overall strategy they apply to deal with institutional complexity. Second, we illustrate how the logics are managed in the primary activities of their value creation process. Third, we outline how the organization of the support activities contributes to the functioning of the primary activities. Fourth, we develop a conceptual model of our major findings.

4.1 | Nonprofit MFOs as aligned hybrid organizations

The analysis of the mission statements and interview responses, regarding managers' primary objectives for their organizations, clearly shows that improving clients' well-being by resolving problems stemming from poverty is at the heart of nonprofit MFO operations. The case organizations seek to improve both economic and social aspects of their clients' lives. With respect to the former goal, nonprofit MFOs strive for the economic development of their customers and offer microfinance products to solve the problem of financial exclusion, which is detrimental to economic development. In doing so, nonprofit MFOs attempt to enable their clients to invest in economic activities and escape the poverty trap in the long run:

> The central idea has always been the fight against poverty. And the means we apply for this purpose is micro-credits. This has always been the original objective and is still reflected in our mission. We want to help poor people to escape poverty. How? With micro-credits. (Organization 13, head of finance[2])

Apart from these economic aspects, MFOs aim to improve social dimensions of client well-being. For example, they seek social objectives such as social inclusion, (female) empowerment, increased education (in areas related to finance, health, and democracy), and regional development. Most organizations offer microfinance products in addition to capacity and infrastructure

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building measures, and through this combination, they aim to create economic and, eventually, social value among low-income people:

> Our job is to provide financial and non-financial services to people who lack opportunities. Our objective is to improve their capacities and to sustainably contribute to their social and economic development. (Organization 3, mission statement)

In addition to a social logic, nonprofit MFOs must pursue an economic logic to survive in competitive microfinance markets. Thus, they strive for good financial performance, by covering costs and deploying a growth strategy. The analysis of financial performance indicators based on the data published by the MIX shows that, with one exception, the gross loan portfolio increased after the global financial crisis in 2008; the same trend holds for assets. Overall, 13 of the 14 organizations were able to cover their costs and generate profits. Noting increasing commercialization trends in the Peruvian and Bolivian microfinance markets, the nonprofit MFOs in our study appear to have acknowledged the importance of an economic logic, as a means to accomplish their social objectives. Thus, they started to consider their clients as not only beneficiaries but also paying customers, as well as to insist on repayments of micro-credit loans. Thereby, clients became co-producers of social and economic value:

> Sometimes we gave credits to clients, and, when they did not repay, we said: 'Look at them, they are poor'. We justified this approach with our social orientation. Nowadays, we operate in a competitive market. Therefore, we have to take our financial indicators, our profitability, into account. There have been tensions between these [social and economic] dimensions, but today there is an agreement that both have to be balanced and integrated. (Organization 9)

Even as the economic logic has gained in importance, nonprofit MFOs primarily refer to economic goals as means to accomplish their social mission. Defining social values and goals as end objectives, they argue that economic value can guarantee long-term survival. Therefore, growth processes are designed in a way that does not harm their social orientation.

> Our primary objective is mission completion with respect to our clients, but without neglecting the objective of financial sustainability. (Organization 9)

The analysis of the goal system of our cases illustrates that, in the nonprofit MFOs under investigation, the degree of centrality and compatibility of the economic and social logics is high. Thus, we can classify them as *aligned* hybrid organizations. The high centrality of logic multiplicity is evident because both are prevalent organizational objectives. In line with the social logic, they consider clients as beneficiaries whose economic and social well-being should be improved. At the same time, they acknowledge the importance of an economic logic as a necessary condition for accomplishing social objectives in the long run. Only if costs are covered can they survive in competitive markets, which is the basis for mission completion. Even though the economic and social logics contain contradicting prescriptions with respect to goals (economic rent vs. poverty reduction), perspectives on clients (paying customers vs. beneficiaries), and management principles (profit maximization vs. social impact), the nonprofit MFOs in our study successfully align both logics in their goal systems. To do so, they define a hierarchy of goals in which mission completion is considered the end, and the

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accomplishment of economic objectives is the means objective. The resulting double-bottom-line orientation is an artifact of a reconciliation strategy (Oliver, 1991), constitutes their organizational identity, and mutually reinforces both logics, thereby assuring organizational stability. Nonprofit MFOs must at least cover their costs to accomplish their social objectives; social objectives must be fulfilled to generate the revenues necessary to break even.

4.2 | Alignment of multiple institutional logics in primary activities based on the value of customer orientation

Our data illustrate that the nonprofit MFOs subject to investigation function as value networks responsible for financial intermediation. As such, they receive money from national and international investors and development agencies and transfer it to low-income people in the form of micro-credits. For this purpose, they set up standardized, bank-like procedures in the form of value network activities (network promotion and contract management, service provisioning, and infrastructure operations) to generate social and economic value at the same time. In each of these primary activities, they align prescriptions stemming from both social and economic institutional logics.

The primary activity, *network promotion and contract management*, includes marketing and sales, evaluation of clients' creditworthiness, and the decision of whether and what kind of credit to offer to low-income people interested in microfinance products. To acquire new clients, MFOs strategically conduct promotion activities. Credit officers travel to target regions, talk to potential new clients, and offer products. Some organizations even use TV or radio advertisements for this purpose. These activities are crucial to the general growth strategy of nonprofit MFOs, aiming to reach more clients and cover costs at the same time.

> Our strategy defines when and how to install new branches. This contains objectives for organizational growth too.... One of the objectives we have is to be present in all the regions of our country. Currently, we operate in six regions. This year [2014], we will work in seven and next year we will be operating everywhere. (Organization 14, head of operations)

In this phase, credit officers take time to explain microfinance products in detail. This transparency is very important; many poor people lack the financial literacy needed to understand how financial products work, so sales activities provide worthwhile forms of financial education. At the same time, they help ensure punctual repayments of micro-credit loans, make revenue streams more predictable, and minimize risks of over-indebtedness.

> Often people can hardly read the contract, do not see the interest rates nor the penalties for non-repayment. We try to explain all this to our clients because we believe that it is good for us as an organization. (Organization 2)

The evaluation process and decisions about credit delivery and amount also feature alignment between economic and social logics. To acquire new clients, credit officers travel to target regions, learn how to talk to potential new clients, and discover how best to offer their products. Gathering information from clients, neighbors, and friends is a time-consuming but valuable cross-validation of information, which paints a coherent picture of credit applicants, their

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current situation, and their community behavior. With this comprehensive, embedded evaluation process, nonprofit MFOs can better judge whether clients can repay the loans, using returns on the investments they make in their businesses, as well as gauge their prospective repayment behavior. Such bank-like evaluation procedures not only help encourage enhanced repayment rates but also give nonprofit MFOs insights so that they can offer microfinance products better tailored to clients' needs. That is, the credit officers gain a holistic understanding of clients' current situation, including both business and living conditions, to decide whether micro-credit is the optimal instrument to improve their economic and social well-being. If not, they may decline a credit request to prevent negative effects due to inadequately applied microfinance products. Then, they cross-validate their evaluation in discussions with colleagues:

> It is very easy to [economically] kill somebody with a credit, or to lift somebody up. I believe that the credit officer must have this principle in mind, and … must be responsible for the overall credit process. (Organization 11)

The alignment of the economic and social logics also appears during *service provisioning*. Reliable customers may qualify for larger credit amounts and credits for different purposes, such as housing improvements. During this process, credit officers may define flexible credit disbursement and repayment schemes, perhaps according to clients' need for money at different steps in a production process. For example, they might grant a maximum loan amount, and the customer decides how much of that credit line to take at a particular point in time. This approach encourages productive uses of the loans, while also reducing interest payments. With this tactic, credit officers invest only in activities that appear likely to accomplish social value, through clients' economic development:

> If I give you a credit of 1,000 USD today, but you need the money for fertilizer only in three weeks' time, and the money for herbicides in two months.... What happens if I do this with people who do not have anything to eat? They will use the money to buy food. Thus, the credit does not support economic development of these people. (Organization 3)

Similarly, nonprofit MFOs adapt repayment schemes to clients' income streams. They do not always use weekly or monthly repayments but instead might have their clients repay only after a time when returns on investment can be expected. This product design is particularly useful for farmers who only earn money several months after investing it. In addition, nonprofit MFOs often enter a communicative process to understand the reasons for repayment problems when clients default. If they identify external shocks, such as illness of a relative, natural disasters, or death of a family member, that absorb substantial funds, they can adapt repayment schemes to enable clients to repay their loans later. Credit products that contain this flexibility uniquely enhance the potential to accomplish social objectives:

> Farmers do not have a monthly income because they have products that they harvest after six months. After that, they sow something new, and harvest three months later. In the following year, the same process starts again. There are yearly products too. If you do not offer repayment schemes fitting to these conditions, then you [financially] kill clients. (Organization 14, head of finances)

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Such measures not only facilitate social objectives but also can enhance economic value because they contribute to higher repayment rates, which represents a primary basis for revenue generation and thus for organizational survival.

In addition, credit officers perform support functions in this context, such as conducting financial education, health, and entrepreneurship workshops to improve clients' capacities. These training sessions contribute to both the economic and social development of clients:

> [Empowerment trainings] focus on self-esteem and leadership qualities of women. Women accomplishing these trainings become self-confident and capable to lead village banks. Domestic violence, communication and leadership skills, as well as gender are some of the topics we address to increase female self-esteem and self-confidence. (Organization 12)

> Empowerment does not only result from having resources. In fact, one has to know how to deploy them. For this purpose, skills are needed. (Organization 5)

Finally, we find the alignment of logic multiplicity in the primary activity of *infrastructure operations*. The analyzed nonprofit MFOs have built a system of branches and cooperatives with other banks, as well as fleets of cars, jeeps, and motorbikes, to facilitate financial transactions in the regions where their clients live. They not only reduce transaction and opportunity costs but also increase client and credit officer safety, by preventing the need to travel with cash. This approach decreases the probability for losses resulting from robberies.

> We have a branch in all the regions we operate in.... Our intention is that [clients] do not have to carry large amounts of cash. (Organization 7)

This analysis of primary activities illustrates that the nonprofit MFOs under investigation align economic and social logics in their organizational activities by orienting toward the improvement of client well-being. The basic rationale for this strong customer orientation is the assumption that accomplishing social objectives will improve the economic development of clients, which increases the likelihood of repayments of micro-credits and therefore the revenues necessary to cover costs. Thus, the hierarchy of objectives defined in the goal system is integrated into the primary value creation activities, and it mutually reinforces economic and social logics in the day-to-day work of the examined nonprofit MFOs.

4.3 | Organizational culture as a core concept for aligning institutional logics in support activities

To ensure that this alignment of institutional logics is functional, nonprofit MFOs establish an organizational culture based on action-guiding principles that reflect the hierarchy of organizational goals (see Appendix B). In particular, customer orientation emerges as the core social value; it ensures that employees put an emphasis on credit being delivered only if it has the potential to improve clients' social and economic well-being. Any negative effects, such as over-indebtedness, are to be avoided. This principle increases the probability of repayment and contributes to better financial performance:

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> If you can afford a credit of 5,000 Soles [approx. 1,753 USD], and I give you 10,000 Soles [approx. 3,507 USD] to accomplish organizational objectives, I play with you and your family. If I give you more, you cannot repay the credit. Thus, I destroy your house, your family, and all the dreams this family ever had. (Organization 1, CEO)

Noting the importance of the organizational culture, human resource managers offer ongoing professional development workshops, to spread and transparently communicate organizational values that reflect the mentioned hierarchy of goals. This effort also can increase organizational identification and commitment:

> We build up an organizational culture. For this purpose, we offer three courses or modules.... In these courses, we teach that it is not just a job, that our contribution is important for the development of our country, that our contribution is important for families, for us, for our children, for our friends.... I think we successfully do that. We have committed staff who denied higher salaries offered by other organizations, and instead work for us. (Organization 10)

Other courses provide the skills needed to implement such an organizational culture. Because the nonprofit MFOs recruit personnel with varying educational backgrounds (economics, finance, social work, and agriculture), human resource managers seek to provide training that equips newcomers with any competencies they may be lacking so that they can successfully support value creation. In their daily work, staff members need to leverage economic knowledge about micro-credit, business insights, or agricultural knowledge to evaluate projects, as well as social insights to assess clients' willingness to repay. These varied skills are crucial to accomplishing the social ends and economic means simultaneously:

> If I employ an agricultural economist, I have to teach her finance, as this will be—without any doubt—her weakness. I have to teach her how to do profit and loss calculations, and how to read financial statements and balance sheets. (Organization 15, head of human resources)

Furthermore, human resource managers can strengthen the organizational culture by designing an incentive-based salary system. Most nonprofit MFOs offer bonuses based on the size of the loan portfolio and its quality: More credits sold increases the variable part of annual wages, but poor portfolio quality has the opposite effect. This design encourages credit officers to offer micro-credits only to clients who have the potential to invest successfully, so it aligns their incentives with the economic development of clients (social value) and high repayment rates (economic value):

> Credit officers do not only sell credits. They are responsible for collecting repayments too. Repayment rates are directly connected with the variable salary part. If I have high default rates, I lose everything I have earned. (Organization 1, CEO)

Beyond human resource management, the organizational structure thus informs whether the organizational culture successfully balances social and economic institutional logics. In terms of governance, the nonprofit MFOs in our sample seek to fill their board positions with people who have both social and economic backgrounds, to ensure board members possess

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complementary competencies and consider both social and economic logics in their strategic decisions:

> We need a board who knows where we want to go. We have a board who tries to balance economic and social demands; we have to be profitable but reach low-income people at the same time. This is our orientation. (Organization 7)

The importance of organizational culture is consistently evident in organizations with a compartmentalized organizational structure and those characterized by an integrated one. That is, in both organizations that strictly separate microfinance from other development activities and organizations where economic and social activities are combined, organizational culture functions as an aligning concept.

The implementation of this critical organizational culture in primary value creation activities is influenced by supportive performance management activities (*firm infrastructure*). The management information systems of the analyzed nonprofit MFOs capture financial performance data, but they also assess information about the social performance of their organizations using indicators provided by CERISE, the Social Performance Taskforce (linked with the MIX), or Grameen Foundation (Progress Out of Poverty-Index). Measuring and publishing financial and social performance data is a steering instrument that nonprofit MFOs use to guide staff actions, in terms of following both institutional logics defined in the hierarchy of objectives. In addition, it helps them build a positive reputation on the procurement market, thereby attracting public and private (inter-)national social investors interested in good financial and social performance. Because communicating comprehensive performance data reflects the strategic orientation of nonprofit MFOs, it increases cooperative opportunities with organizations with similar values:

> The certificates [awards for good performance] help me to deal with donor organizations. They help me in the context of competition because I can say: ‘I have this [certificate]. You don't’. This helps me to knock on an investor's door, in Germany, for instance: ‘I have this [certificate]. I do good work. Let's talk about a financing option’. This provides me with legitimacy when dealing with national and international investors. (Organization 11)

> If you, as an organization, do good work, everyone wants to give you a loan. They [donor organizations] talk among each other and say that this organization is a good one. Then they want to invest into these organizations. (Organization 3)

Our analysis shows that support activities are directed toward the installment and retainment of an organizational culture that includes action-guiding principles, in line with the hierarchy of objectives of the nonprofit MFOs under investigation. Human resource, performance management, and governance efforts all actively contribute to building and retaining this organizational culture, which serves as a way to integrate diverse institutional logics, even in compartmentalized organizations.

4.4 | Hybrid organizing in nonprofit MFOs

Our findings indicate that various mechanisms enable the management of logic multiplicity in the examined nonprofit MFOs. The case firms build their organizational identity on the basis of

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a hierarchy of means and ends. Striving to improve client well-being (end objective), they identify economic objectives, such as breaking even or profitability, as necessary means. Such an organizational identity illustrates the basic tenets of the organization; it also can attract investors with similar mindsets, which then reinforces the alignment of different institutional logics (Figure 4).

By transferring this organizational identity into an action-guiding organizational culture, nonprofit MFOs can align the diverse institutional logics in every primary activity of the value creation process, even if to different degrees. The mechanism they use for this purpose is a particular focus on customer orientation. Only if the primary value creation activities are conducted in line with client needs will they provide for economic development (social objective) and credit repayments (economic objective). Thus, aligning economic and social logics contributes to building a self-sustaining business model that can generate both social and economic value. Human resource management, governance, and performance management provide the means to make this organizational culture work in value creation activities. Human resource management recruits and trains people to ensure they are capable to act in line with the hierarchy of objectives, as defined in the organizational identity and culture. Filling board positions with people who embrace both logics ensures their simultaneous input to strategic decisions. Performance management represents a material practice, illustrating the importance of both logics in day-to-day value creation activities. However, the design of the organizational structure seems to be of relatively minor importance for aligning logics because the organizational culture already encourages different subunits to work toward the same organizational goals.

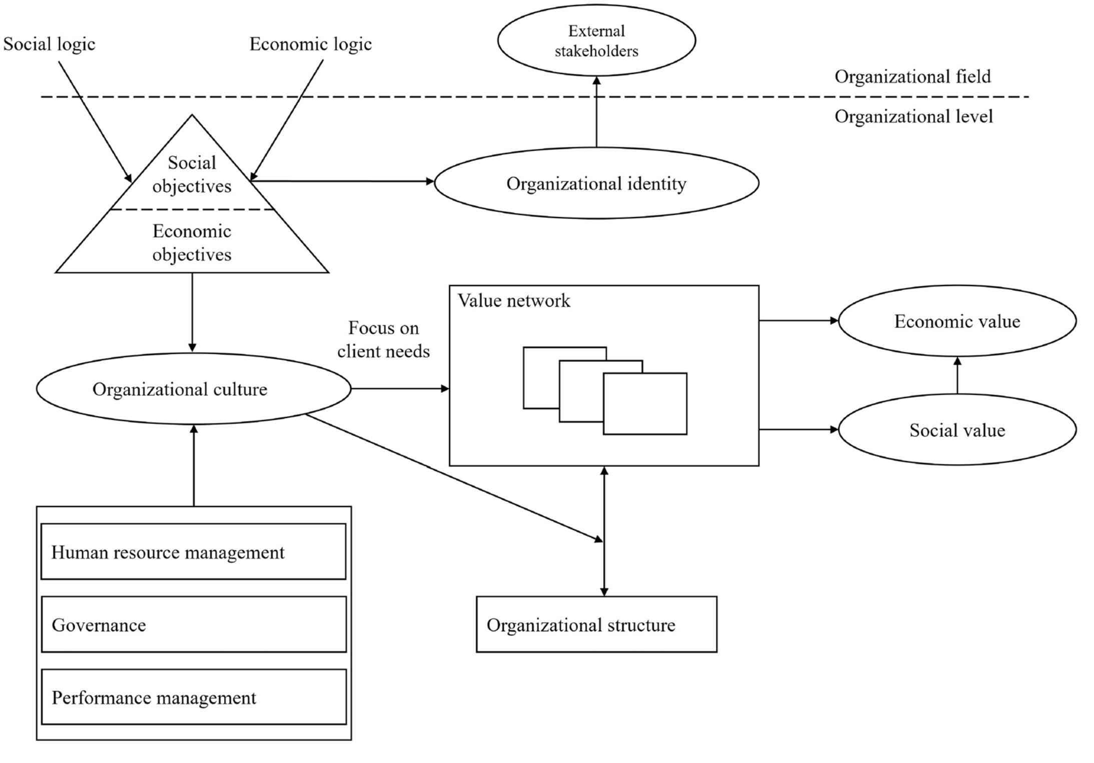

FIGURE 4 Model of hybrid organizing in nonprofit microfinance organizations.

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5 | DISCUSSION

5.1 | Evaluation of findings

The primary objective of this study was to elaborate on how hybrid organizations manage logic multiplicity in their day-to-day actions. An in-depth analysis of nonprofit MFOs, as an extreme case of hybrid organizations, reveals that the alignment of logics in primary value creation processes may be a suitable strategy to increase the stability of hybrid organizational forms. As such, this evidence adds to literature pertaining to responses to institutional complexity (Min, 2022), by confirming the importance of combining multiple institutional logics as a promising management technique (Battilana & Dorado, 2010; Beagles, 2022; Jay, 2013; Tracey et al., 2011). To make this strategy work, hybrid organizations must align competing institutional logics in a hierarchy of goals, explicitly defining both means and end objectives (Helmig et al., 2014). The nonprofit MFOs under investigation primarily focused on improving client well-being (social logic), yet at the same time, they aimed to at least cover their costs through financial transactions, thereby acknowledging an economic logic as a necessary condition for long-term mission completion. Independent of the kind of logic multiplicity they face, hybrid organizations can use a hierarchy of objectives to define their organizational identity (Young, 2003), set action-guiding principles for staff, and illustrate the objectives they stand for to external stakeholders (Albert & Whetten, 1985; Ashforth & Mael, 1996).

> **Proposition 1.** *To achieve organizational stability, hybrid organizations must align competing institutional logics in their organizational identity, by defining a hierarchy of means and end objectives.*

We also learn that organizational culture represents a core response to institutional complexity (Boerner & Gebert, 2005); it lays the foundation for successfully combining multiple institutional logics (Battilana & Lee, 2014). We perceive organizational culture as something an organization *has* instead of *is* (Smircich, 1983). Hybrid organizations must establish a culture that aligns competing institutional logics in a hierarchy of goals and that reflects their organizational identity according to the hierarchy of means and end objectives. The social mission—to improve clients' well-being—is the starting point for organizational behavior and success in the case of nonprofit MFOs (Burfeindt & Schubert, 2023; Sawhill & Williamson, 2001). Whereas Litrico and Besharov (2019) argue that the focus of hybrid organizations has shifted, from mainly a commercial logic to more equal consideration of commercial and social welfare logics, the nonprofit MFOs' economic measures, such as profits, represent (only) means to attain social ends. An organizational culture acknowledging the social responsibility of for-profit enterprises similarly can guide firm actors to design their profit maximization and value creation activities, while taking societal demands into account and recognizing the potential negative effects were they to fail to do so (Helmig et al., 2013). Thus, based on the kind of logic multiplicity they face, hybrid organizations apply different hierarchies of objectives to define their organizational identity (Scherer, 2017), establish action-guiding principles for staff, and illustrate their principles to external stakeholders. In turn, their organizational cultures evolve in an integrated way, rather than separating conflicting subcultures (Ogbonna, 1992). Tensions due to hybrid contexts accordingly can be resolved by moving from "either/or" to "both/and" thinking (Corner & Pavlovich, 2016; Suykens et al., 2019).

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Because organizational identity and culture are mutually dependent (Ravasi & Schultz, 2006), a focus on the hierarchy of objectives, as defined by the organizational identity within an organizational culture, should strengthen the core identity of hybrid organizations. If the relations between organizational goals change due to new developments in their organizational fields for example, an entity with a strong organizational culture can counterbalance the trends. This capacity helps ensure the retainment of a core organizational identity (Ravasi & Schultz, 2006) and contributes to the stability of the hybrid organization.

> **Proposition 2.** *To achieve organizational stability, hybrid organizations must establish their organizational identity with an organizational culture that contains prescriptions for value creation activities, acknowledging both means and ends objectives in the value creation process.*

Finally, organizational culture is a crucial concept for aligning competing institutional logics, independent of the degree to which they integrate (or separate) the different institutional logics across primary and support activities (Boerner & Gebert, 2005). The nonprofit MFOs we investigate display similar patterns in terms of integrating logic multiplicity into their value creation activities, but they differ in the degree to which they integrate the primary activity of *service provisioning* and the support activity of *organizational structuring*. Still, in each case, the organizational culture is characterized by a strong alignment of the economic and social logics. As long as the support activities of human resource management, governance, and performance management successfully build and maintain an action-guiding organizational culture that aligns different institutional logics, stakeholders can identify how value creation activities are (to be) conducted, and the stability of the organization can be assured. In this context, culture is an adaptive learning process that responds to people's needs (Schein, 1985; Smircich, 1983) and integrates the involved interests, beliefs, and convictions, across both employees and clients.

> **Proposition 3.** *To achieve organizational stability, support activities such as human resource management, governance, and performance management should build up and maintain an organizational culture that aligns competing institutional logics.*

A hierarchy of objectives that integrates the different logics that hybrid organizations face thus can function as a core building block of an organizational culture that in turn prescribes their value creation activities. This predefined relationship of objectives should be constituted in a core value system that guides behaviors for every primary and support activity, as well as the development and implementation of management techniques. For nonprofit organizations, a focus on social missions within the organizational culture increases the relevance of social objectives to their organizational identity, enabling them to act as socially oriented, double-bottom-line organizations (Pinz & Helmig, 2015). This capacity increases the compatibility of the economic and social logics while reducing the risk of mission drift (Ebrahim et al., 2014).

In managerial practice, the target should be to establish an organizational culture that highlights the primacy of social value creation (Schnurbein, 2013). Such primacy might be reflected in objective cultural artifacts (Buono et al., 1985), such as leadership behavior, information and communication systems, performance, and reward systems, as well as training activities (Jaskyte, 2004) that focus on integrating core elements of both logics, as we presented when describing the value creation of the nonprofit MFOs we study. If employees and clients perceive the culture, oriented toward a social mission, as intrinsically convincing, they can translate

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cultural beliefs into action. This element also reflects a nonprofit spirit, which can attract intrinsically motivated employees who want to educate microfinance clients who lack some necessary capabilities.

5.2 | Contributions, limitations, and further research

The contributions of our study are threefold. First, combining a value configuration analysis with the concept of hybrid organizing reveals that such an analysis can be applied to understand the business processes of hybrid organizations operating in contexts marked by institutional complexity; it also provides a basis for understanding how organizations function and analyzing the existence of institutional logics in value creation processes. The interdependencies of different aspects of hybrid organizing thus become visible. An organizational culture that integrates different institutional logics may be the result of thoughtfully managed support activities; it is a success factor for implementing primary activities in contexts of institutional complexity. Thus, managers of hybrid organizations can apply our proposed conceptual framework to analyze their own business processes, according to the extent to which their value creation processes integrate competing institutional logics and the implications for organizational (in)stability. Second, we show that organizational culture is a management phenomenon, used actively to balance contradicting institutional logics. Focusing on a core value that is capable of integrating both logics, such as customer orientation, is a promising technique to guide staff and enhance organizational stability. Third, offering more systematic knowledge about the organizational effects of nonprofits that incorporate business practices (Suykens et al., 2019), we suggest how nonprofit organizations can navigate organizational environments characterized by institutional complexity. If social objectives are managed as ends and economic objectives as means, they can overcome tensions stemming from contradictory institutional logics. Without such a hierarchy of objectives, a real danger of mission drift exists—a critique that also applies to philanthrocapitalism, for which the focus on economic returns may lead to activities detrimental to social well-being. A focus on social goals first, without neglecting economic necessities, may help philantrocapitalists make more impactful social investments and earn *appropriate* economic returns.

As with most qualitative examinations, our study is subject to some limitations. First, the generalizability of our findings may be limited. We analyze how nonprofit MFOs manage different logics in just two countries. Our purposive sampling strategy supports inferential generalizations (Ritchie et al., 2014), but continued studies might test the validity of our findings in other fields that feature institutional complexity. Other studies could test the validity of our findings among for-profit MFOs and public organizations and analyze differentiated hybrids (Ebrahim et al., 2014) that use distinct value creation activities to accomplish their goals. Moreover, the mechanisms might be even more complex if more than two logics collide. Noting some critiques that they are too vague (Dembek et al., 2016), further research still might incorporate shared value approaches (Porter & Kramer, 2011) to clarify and specify how to attain shared value in MFOs as hybrid organizations in conflicting, tense organizational conditions.

Second, our interview data could suffer from social desirability bias, although to minimize that risk, we integrated outsider observations of organizational processes in our analysis. Yet some notable concerns of the microfinance industry, such as client over-indebtedness and crowding out of financially less attractive beneficiaries, were not even mentioned by our interviewees. Further studies could examine such manifestations with other techniques, such as by using ethnographic research designs to gather clients' views. These studies then might assess

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potential dynamics in the organizational culture, from both internal and client perspectives. Moreover, such studies might account for how well an organizational culture is embedded in the overarching field-level culture.

Third, our study results should be evaluated according to a careful consideration of the questionnaire that structured our interviews. Relying on open questions, our conversations with managers of nonprofit MFOs took different forms. We do not have the same information pertaining to the distinct activities of each nonprofit MFO and thus could not apply qualitative comparative analysis (Ragin, 1987). Instead, we base our findings on qualitative content analyses. A more standardized questionnaire, citing the artifacts we identified in our study, could help researchers elaborate more precisely on the nature of the configuration of logic integration in value creation activities and how it ensures the stability of hybrid organizational forms.

6 | CONCLUSION

This study highlights an essential role of organizational culture for managing hybridity in nonprofit MFOs. In particular, the value of customer orientation as a central element of the unification of economic and social logics constitutes a cultural element of organizations. If hybrid organizations succeed in building an organizational identity based on a hierarchy of means and ends and transfer this identity into a corresponding organizational culture through human resource, governance, and performance management practices, they can align competing institutional logics in their value creation processes.

Such results are particularly important in the face of ongoing debates about the actual impact of microfinance on customers (Hernandez & Faz, 2022). Abusive lending practices have deeply detrimental effects on customers' lives, so as a first step, MFOs should prioritize enhanced client well-being as core to their organizational culture. The self-sustaining business model that might result could support the accomplishment of social objectives and also better protect customers from the negative effects of micro-credit. In this sense, managing the organizational culture might constitute a key success factor for nonprofit MFOs that compete in contexts that feature institutional complexity.

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DATA AVAILABILITY STATEMENT

The data that support the findings of this study are available on request from the corresponding author. The data are not publicly available due to privacy or ethical restrictions.

ENDNOTES

[1] The values are based on information published by MIX. Small outreach implies fewer than 10,000, medium outreach indicates 10,000–30,000, and large outreach involves more than 30,000 active borrowers.

[2] We indicate the interview respondent's job position only if we interview more than one person from the organization.

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