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Journal Name:	Asian Journal of Economics, Business and Accounting
Manuscript Number:	Ms_AJEBA_88070
Title of the Manuscript:	GOVERNANCE STRUCTURE OF MICROFINANCE INSTITUTIONS: A COMPARISON OF MODELS OF SUSTAINABILITY AND ITS IMPLICATION ON OUTREACH
Type of the Article	

General guideline for Peer Review process:

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Review Form 1.6

PART 1: Review Comments

	Reviewer's comment	Author's comment (if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)
Compulsory REVISION comments	<ol style="list-style-type: none"> 1. A huge number of studies have focused on the trade-off between outreach to the poor and financial sustainability. Many others on the impact of commercialization on outreach to the poor. In my view, the authors compare three different microfinance models/schemes/ownership types to distinguish the differences/similitudes concerning governance structure in the context of Bangladesh, where a huge number of different ownership structures/models of MFIs exist. This issue has been scarcely tackled in previous research, at least to my knowledge. Therefore, the authors can include some core papers analyzing the above-mentioned issues that have been done in previous research and clearly state the gaps in the literature and the core differences to that as well as their main contribution to the scientific literature. 2. The main objectives should be specified throughout the text. It implies maintaining always the link between the main variables to be analyzed: governance structure, outreach and sustainability (one or three types: accountability, sustainability, transparency). It seems in some paragraphs that the objectives are quite different from the initially stated (see observations in the manuscript). 3. Clearly explain to the reader, from the beginning in the introduction that agency theory is used and a conceptual framework including three types of performance indicators: financial accountability, financial sustainability, and financial transparency will be used. It seems that since the formulation of the main objective, the financial sustainability is the only criteria tackled, but when the reader arrives at the end of the literature review and the methods, an emphasis on these three criteria emerges, creating a potential misunderstanding regarding the postulated main objective(s), the theory (framework) used and the proposed methods. 4. It is recommended deeply explain/justify the method employed (causal research design). An assumption of it is the causality between phenomena; for instance: good governance practices cause the outreach of the sector. The authors mentioned that their study has followed the analysis techniques used by Momanyi, Ragama, and Kibati (2018). Yet, it is necessary to justify the choice of the method to tackle the main objectives. In doing so, it is recommended to remark on the differences with other alternative methods that would be used as well as the main attributes that make the analysis robust to draw conclusions. In addition, the main drawbacks of the method to addressing the current objectives can be explained. 5. All variables in Table 3 should be defined/operationalized before the statistical analysis is performed. In doing so, it is recommended to specify clearly which of the dependent/independent variables are related to the main objectives. 6. In Table 4, it is recommended to present estimations of different models testing the link between outreach to the poor and the different indicators of governance structure and or sustainability. Include models/estimations for the different types of MFIs and combinations of financial indicators (accountability, sustainability, and transparency) to evaluate their behavior. Include all goodness of fit required for each particular estimated model. I suggest not including <i>dimensions</i> as predictor variables in the models, as it is difficult to disentangle the main causality between dependent and independent variables. It is advisable to use directly the variables/indicators defined/operationalized as they emanated from the literature and is possible to draw conclusions and discuss with respect to previous findings. 	<p>All the necessary corrections were done as indicated</p> <p>All the necessary corrections were done as indicated</p> <p>All the necessary corrections were done as indicated</p> <p>Corrected all</p>
Minor REVISION comments	<ol style="list-style-type: none"> 1. Standardized all references in the text by including cursives in some cities such as Ahamad <i>et al.</i>, 2022), Bhuiyan <i>et al.</i> (2017), and Hasan <i>et al.</i> (2018), among others. 2. Use the term <i>financial sustainability</i> instead of financial efficiency as the main objective refers to the former (see my suggestions directly in the reviewed version of the manuscript in the attachment). 3. Write down the conclusions in direct association with the main objectives of the study. 4. Update the literature review including some references related with the research objectives. A file is attached to the reviewed manuscript with literature that can be revised to identify some relevant cites to be included. 	
Optional/General comments	<ol style="list-style-type: none"> 1. The manuscript is a good contribution as it allows a better understanding of how microfinance emerged in Bangladesh, with BRAC and the Grameen Bank, and how these two institutions/models differ from a different model, the Microcredit Programme. This geography in the microfinance sector in Bangladesh is replicated in many other countries where similar models are implemented with different results concerning outreach and sustainability. A clear example is Compartamos Bank in Mexico, an MFI with a financial orientation to the expense of outreach to the poor. 	

Review Form 1.6

	<p>2. The manuscript is an interesting contribution to the microfinance literature. The authors examine if there is a relationship between the governance structure and the outreach and sustainability of microfinance institutions in Bangladesh. In doing so, they compare three different models: Microfinance Banks (MFB), Microcredit Programme (MCP), and Rural Development Scheme (RDS). A mix of secondary and primary data was used to tackle the main objectives. The information collected through questionnaires from senior managers/directors of the MFIs is highly valuable as many microfinance studies rely on secondary data from official sources and/or from the institutions.</p> <p>3. The finding suggests the existence of a link between the governance structure of MFI and its outreach and sustainability. The three models differ in the interest rate and repayment time duration. It implies that each type of MFI should be treated and analyzed differently in terms of public policies as their social and economic behavior is heterogeneous. In addition, managers and practitioners in the microfinance arena should adapt their decisions to the expected outcomes that emanate from the MFIs policies regarding interest rates and repayment performance.</p> <p>Literature on governance, ownership, financial sustainability and outreach of MFIs</p> <p>Abdulai, A., & Tewari, D. D. (2017). Trade-off between outreach and sustainability of microfinance institutions: evidence from sub-Saharan Africa. <i>Enterprise Development & Microfinance</i>, 28(3), 162-181.</p> <p>Abu Wadi, R., Bashayreh, A., Khalaf, L., & Abdelhadi, S. (2022). Financial sustainability and outreach in microfinance institutions: evidence from MENA countries. <i>Journal of Sustainable Finance & Investment</i>, 12(1), 238-250.</p> <p>Adhikary, S., & Papachristou, G. (2014). Is there a trade-off between financial performance and outreach in South Asian microfinance institutions?. <i>The Journal of Developing Areas</i>, 381-402.</p> <p>Amha, W. (2004). Managing growth of microfinance institutions (MFIs): Balancing sustainability and reaching large number of clients in Ethiopia. <i>Ethiopian Journal of Economics</i>, 13(2), 61-101.</p> <p>Anwaar, S., Manan Aslam, D., Ullah, S., & Yasin, M. (2020). Impact of Corporate Governance on Firm's Performance: A Case of Micro-Financing Institutions in Sialkot, Pakistan. <i>Governance</i>.</p> <p>Ayayi, A. G., & Sene, M. (2010). What drives microfinance institution's financial sustainability? <i>The Journal of Developing Areas</i>, 303-324.</p> <p>Bakker, A., Schaveling, J., & Nijhof, A. (2014). Governance and microfinance institutions. <i>Corporate Governance</i>.</p> <p>Barry, T. A., & Tacneng, R. (2011). Governance and performance: evidence from African microfinance institutions. <i>Laboratoire d'Analyse et Prospective Économiques (LAPE) Working paper</i>.</p> <p>Barry, T. A., & Tacneng, R. (2014). The impact of governance and institutional quality on MFI outreach and financial performance in Sub-Saharan Africa. <i>World Development</i>, 58, 1-20.</p> <p>Bassem, B. S. (2009). Governance and performance of microfinance institutions in Mediterranean countries. <i>Journal of Business Economics and Management</i>, 10(1), 31-43.</p> <p>Bogan, V. L. (2012). Capital structure and sustainability: An empirical study of microfinance institutions. <i>Review of Economics and Statistics</i>, 94(4), 1045-1058.</p> <p>Duqi, A., & Torluccio, G. (2015). The role of ownership identity on the performance of microfinance institutions. <i>University of Sharjah WP Series in Business Studies</i>, 1.</p> <p>Fithria, A., Sholihin, M., Arief, U., & Anindita, A. (2021). Management ownership and the performance of Islamic microfinance institutions: a panel data analysis of Indonesian Islamic rural banks. <i>International Journal of Islamic and Middle Eastern Finance and Management</i>.</p> <p>Galema, R., Lensink, R., & Mersland, R. (2012). Governance and microfinance institutions. <i>Research Handbook on International Banking and Governance</i>.</p> <p>Gashayie, A., & Singh, D. (2015). Factors that Affect Financial Sustainability of Microfinance Institution: Literature Review. <i>European Journal of Business and Management</i>, 7(7), 223-225.</p> <p>Gohar, R., & Batool, A. (2015). Effect of corporate governance on performance of microfinance institutions: A case from Pakistan. <i>Emerging Markets Finance and Trade</i>, 51(sup6), S94-S106.</p> <p>Gupta, N., & Mirchandani, A. (2020). Corporate governance and performance of microfinance institutions: recent global evidences. <i>Journal of Management and Governance</i>, 24(2), 307-326.</p> <p>Hartarska, V. (2005). Governance and performance of microfinance institutions in Central and Eastern Europe and the newly independent states. <i>World development</i>, 33(10), 1627-1643.</p> <p>Hartarska, V., & Nadolnyak, D. (2007). Do regulated microfinance institutions achieve better sustainability and outreach? Cross-country evidence. <i>Applied economics</i>, 39(10), 1207-1222.</p> <p>Hasan, M. M., Hassan, M. K., & Uddin, M. R. (2009). Local government investment outreach and sustainability of microfinance institutions: A case study of BURO, Bangladesh. <i>The Journal of Social, Political, and Economic Studies</i>, 34(3), 318-346.</p> <p>Hasan, T., Quayes, S., & Khalily, B. (2019). Role of governance on performance of microfinance</p>	
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Review Form 1.6

	<p>institutions in Bangladesh. <i>Eurasian Economic Review</i>, 9(1), 91-106.</p> <p>HIDETO DATO, M., Hudon, M., & Mersland, R. (2020). Board governance: Does ownership matter?. <i>Annals of Public and Cooperative Economics</i>, 91(1), 5-28.</p> <p>Hossain, S. (2013). Does external stakeholder orientation in corporate governance influence in sustainability and outreach of microfinance institutions. <i>Research Journal of Finance and Accounting</i>, 4(14), 25-34.</p> <p>Iqbal, S., Nawaz, A., & Ehsan, S. (2019). Financial performance and corporate governance in microfinance: Evidence from Asia. <i>Journal of Asian Economics</i>, 60, 1-13.</p> <p>Jegade, C. A., Kehinde, J. S., & Akinlabi, B. H. (2012). Trends of outreach and sustainability of microfinance institutions in Southwestern Nigeria. <i>The Business & Management Review</i>, 3(1), 242.</p> <p>Khachatryan, K., Hartarska, V., & Grigoryan, A. (2017). Performance and capital structure of microfinance institutions in Eastern Europe and Central Asia. <i>Eastern European Economics</i>, 55(5), 395-419.</p> <p>Kidzuga, H. A. (2013). <i>The Relationship Between Financial Sustainability And Outreach Of Microfinance Institutions In Kenya</i> (Doctoral dissertation, University of Nairobi).</p> <p>Kipasha, E. F., & Zhang, X. (2013). Sustainability, profitability and outreach tradeoffs: evidences from microfinance institutions in East Africa. <i>European Journal of Business and Management</i>, 5(8).</p> <p>Kyereboah-Coleman, A., & Osei, K. A. (2008). Outreach and profitability of microfinance institutions: the role of governance. <i>Journal of Economic Studies</i>.</p> <p>Lopatta, K., Tchikov, M., Jaeschke, R., & Lodhia, S. (2017). Sustainable development and microfinance: the effect of outreach and profitability on microfinance institutions' development mission. <i>Sustainable Development</i>, 25(5), 386-399.</p> <p>Memon, A., Akram, W., & Abbas, G. (2022). Women participation in achieving sustainability of microfinance institutions (MFIs). <i>Journal of Sustainable Finance & Investment</i>, 12(2), 593-611.</p> <p>Mersland, R., & Strøm, R. Ø. (2009). Performance and governance in microfinance institutions. <i>Journal of Banking & Finance</i>, 33(4), 662-669.</p> <p>Mori, N., & Mersland, R. (2014). Boards in microfinance institutions: how do stakeholders matter?. <i>Journal of Management & Governance</i>, 18(1), 285-313.</p> <p>Nanayakkara, G., & Iselin, E. R. (2012). An exploratory study of the performance of microfinancing institutions using the balanced scorecard approach. <i>International Journal of Business & Information</i>, 7(2).</p> <p>Narwal, K. P., & Yadav, M. K. (2014). Impact of characteristics on outreach and profitability of microfinance institution in India. <i>International Journal of Financial Management</i>, 4(3), 50-57.</p> <p>Nurmakhanova, M., Kretzschmar, G., & Fedhila, H. (2015). Trade-off between financial sustainability and outreach of microfinance institutions. <i>Eurasian Economic Review</i>, 5(2), 231-250.</p> <p>Paxton, J. (2002). Depth of outreach and its relation to the sustainability of microfinance institutions. <i>Savings and Development</i>, 69-86.</p> <p>Piot-Lepetit, I., & Tchakoute Tchouigoua, H. (2021). Ownership and performance of microfinance institutions in Latin America: A pseudo-panel malmquist index approach. <i>Journal of the Operational Research Society</i>, 1-14.</p> <p>Quayes, S. (2015). Outreach and performance of microfinance institutions: a panel analysis. <i>Applied Economics</i>, 47(18), 1909-1925.</p> <p>Sathye, M., Mukhopadhyay, B., & Sathye, S. (2014). 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(2012). <i>Ownership structures, corporate governance and performance of Micro Finance Institutions (MFIS) in Uganda</i> (Doctoral dissertation, Makerere University).</p> <p>Tadele, H. (2014). Corporate governance and financial performance of microfinance institutions-evidence from empirical studies. <i>ZENITH International Journal of Business Economics & Management Research</i>, 4(4), 34-41.</p> <p>Taufil Mohd, K. N., Md Rus, R., & Musallam, S. R. (2013). The effect of ownership structure on firm performance in Malaysia. <i>International Journal of Finance and Accounting</i>, 2(2), 75-81.</p>	
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Review Form 1.6

	<p><i>Tehulu, T. A. (2013). Determinants of financial sustainability of microfinance institutions in East Africa. European Journal of Business and Management, 5(17), 152-158.</i></p> <p><i>Thapa, G. (2006). Sustainability and governance of microfinance institutions: recent experiences and some lessons for Southeast Asia. Asian Journal of Agriculture and Development, 3(1362-2016-107617), 17-38.</i></p> <p><i>Thrikawala, S., Locke, S., & Reddy, K. (2013). Corporate governance–performance relationship in microfinance institutions (MFIs). Asian Journal of Finance and Accounting, 5(1).</i></p> <p><i>Van Damme, P., Wijesiri, M., & Meoli, M. (2016). Governance and efficiency of microfinance institutions: empirical evidence from Sri Lanka. South Asia Economic Journal, 17(2), 236-247.</i></p> <p><i>Wale, L. E. (2009). Performance analysis of a sample microfinance institutions of Ethiopia. Available at SSRN 1398167.</i></p> <p><i>Wamba, L. D., Bengono, I. B., Sahut, J. M., & Teulon, F. (2018). Governance and performance of MFIs: the Cameroon case. Journal of Management & Governance, 22(1), 7-30.</i></p>	
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PART 2:

	Reviewer’s comment	Author’s comment <i>(if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)</i>
Are there ethical issues in this manuscript?	<i>(If yes, Kindly please write down the ethical issues here in details)</i>	