

# Female Leadership, Performance, and Governance in Microfinance Institutions

“This paper investigates the relations between female leadership, firm performance, and corporate governance in a global panel of 329 Microfinance Institutions (MFIs) in 73 countries covering the years 1998–2008. The microfinance industry is particularly suited for studying the impact of female leadership on governance and performance because of its mission orientation, its entrepreneurial nature, diverse institutional conditions, and high percentage of female leaders.” (Strom et al., 2014).

## Quick facts

### Barriers addressed



*Human Resources*

[Lack of women in leadership at DFS providers and policy-makers >](#)

### Segment focus

1 2 3 4

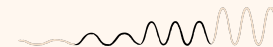
### Geography

Global

### Sources

[Strom et al., 2014.](#)

### Customer Journey Relevance



### Key stakeholders involved

329 Microfinance institutions (MFIs)

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## Key activities

The data set is “based on rating assessment reports gathered by specialized rating agencies and encompasses 329 MFIs operating in 73 different countries worldwide in the years 1998–2008. At each rating, the raters collect data for the rating year and years immediately preceding. In this way, up to six years of data for an MFI are available for the period 1998–2008.” The authors use several variables for this analysis, including female leadership, corporate governance, financial performance, and general characteristics. Each of these variables are defined by a set of sub-variables. For example, the female leadership variable is measured through having a female CEO, having a female Chair, having one or more female Directors, the number of female Directors, female Directors as a fraction of all Directors, and the number of female Directors if there are three or more. The authors use “a straightforward probit method to predict the female leadership variables” and measure relationships.

## Outcomes/results

The study finds “female leadership to be significantly associated with larger boards, younger firms, a non-commercial legal status, and more female clientele.”

Furthermore, the authors find that “a female Chief Executive Officer and a female Chair of the Board are positively related to MFI performance.”

“Female leadership is more likely in MFIs that have a gender bias toward female clients, in MFIs concentrating on the urban market, in NGOs, and cooperatives more than in shareholder-owned MFIs (the omitted category), and in younger MFIs.”

“Female-led MFIs perform better with less oversight and less monitoring.”