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["Microfinance Institutions", Springer Science and Business Media LLC, 2014](#)

Empirical Evaluation of the Possible Impacts of the Transformation of Microfinance Institutions in Africa John King'athia Karuitha Graduate School of Business Administration University of the Witwatersrand, Johannesburg ii For my parents Justus King'athia and Veronica Wanjiku; My daughter Veronica Wanjiku; My siblings Margaret Njeri, Martha Wangari, Ann Nyaguthii, Caroline Wothaya, and Thomas Kimondo. Acknowledgements While this dissertation bears my name as the author, it is the outcome of many people's direct and indirect efforts. First, much gratitude to my supervisor Professor Kalu Ojah without whose intellectual and material input, it would have been impossible to get this far. From the procurement of data and conferences to painstakingly reading through my work (even when the fonts were tiny), I learned a lot from Professor Ojah. Moreover, I thank my research proposal panellists for providing critical input: Dr Jones Mensah, Professor Chris Malikane, and Dr Diran Soumonni. Further, much gratitude to the leaders of organizations that have partially funded this research; The Bradlow Foundation, BANKSETA, and the AERC. Special thanks to Karatina University for granting a four year paid study leave. I also appreciate Wits University for support through the PMA award and offering a conducive research environment. Many thanks to my family, especially my parents and siblings to whom this work is dedicated (see dedication), for understanding during the many months I was away. Gratitude to residents of 76 Long Street - Muchiri Githiria, Eddy Ombagi, Luicer Ingasia, Wycliffe Nduga, Simon Kamau, George Kariuki, Job Mwaura, Wycliffe Oluoch and Felix Mutunga. I will never forget that wonderful trip to Maputo, Mozambique, and the great moments in Bloemfontein, Brits, Gaborone, Durban, Margate, and Mahikeng. The nights at the Blind PIG and 7th Street Melville are worth the memories. Credit to the people at the R Foundation for availing of such a beautiful data analysis software without subscription fees. I appreciate ALL the people at RStudio and Hadley Wickham for originating the Tidyverse, thereby making data analysis palatable, accessible, and even, at times, fun. These gratitudes should extend to the entire open source community - I have even switched to Linux. Finally, I thank EdX for funding the Professional Certificate in Data Science and 15.071x: The Analytics Edge courses that changed my approach and attitude towards data analysis. Credit to anyone else I may have omitted; a page can only go so far. John King'athia Karuitha Johannesburg, September 28, 2021 Abstract This dissertation explores the impacts of Microfinance Institutions' (MFIs) transformation from Non-Governmental Organizations (NGOs) model to profit-seeking commercial firms' model. Specifically, the research examines the drivers of this MFI operating model transformation and the transformation's attendant effects on financial inclusion in Africa. The study also explores the drivers of financial efficiency, social efficiency and joint socio-financial efficiency of Africa's MFIs. Lastly, the study examines the prevailing financing structures of Africa's MFIs and the factors associated with these MFIs' choice of financing alternatives. Fundamentally, older MFIs and MFIs in civil law countries are more likely to convert their operational mode from the conventional NGO model to the forprofit, financially sustainable model. Additionally, larger MFIs and MFIs located in countries with "other" legal traditions and better institutional quality, are more likely to transform. However, stock market size negatively relates to the odds of transformation. Interestingly, the transformation to the for-profit model negatively affects the depth of MFIs' outreach. MFIs with NGO-based models reach more women and advance smaller denomination loans. Similarly, NGOtype MFIs have markedly better social efficiency and socio-financial efficiency scores than other MFIs models. Only cooperatives and rural banks consistently outperform traditional NGO-type MFIs in financial efficiency. Stock market and private credit market sizes, proxies for financial sector development,