

The SEEP NETWORK

PROGRESS NOTE • No. 2 • August 2004

Analysis of Client Assessment Data

Introduction

Microfinance institutions (MFIs) run into many obstacles as they struggle to implement meaningful client assessment (CA). As part of the Imp-Act program, the Client Assessment Working Group (CAWG) of The SEEP Network examines dynamic changes, challenges, and strategies of the CA process.¹ Questionnaires examine how MFIs approach the development of their CA systems, the constraints they face, and their motivating factors. This Progress Note draws on that data to analyze the process and recommend solutions to common obstacles.²

Background

Imp-Act is a global action-research program designed to improve the quality of microfinance services and their impact on poverty by developing impact assessment systems. It aims to promote credible and useful impact assessment, building on the priorities and agendas of MFIs and their clients.

The Imp-Act questionnaires surveyed a cross-section of 22 MFIs over time. The questionnaire responses indicate that the lack of institutional capacity to analyze CA data formed one of the primary obstacles and challenges to conducting CA in almost half the responding MFIs. Specific obstacles

and challenges included lack of data analysis skills, lack of software programs needed for data analysis, and limited amounts of time and funding available to conduct data analysis regularly. Of the 22 MFIs, 10 (45 percent) mentioned lack of training in data analysis (both quantitative and qualitative) skills as a principle constraint to successfully implementing and institutionalizing their CA systems.

Types of Data Gathered

The responses to the questionnaire indicate that responding MFIs collect quantitative and qualitative data for their CA systems. Table 1 shows the respondents used a wide range of tools.

Table 1 indicates that 96 percent of responding MFIs used qualitative tools, while 88 percent used quantitative tools. Within the group of qualitative tools, focus group discussions were used most commonly (52 percent), followed by semistructured or indepth individual interviews (44 percent). Several MFIs also used other qualitative tools, in particular a set of market research tools developed by MicroSave-Africa (MSA). (Others also indicated their plans to use the MSA market research tools in the future.) MFIs have used structured surveys or questionnaires equally as

Abstract

The SEEP Network's Client Assessment Working Group uses an Imp-Act questionnaire survey to track methods by which MFIs implement client assessment. This Progress Note examines the process MFIs work through to analyze client assessment data.

A Publication of

The Client Assessment Working Group

often as focus group discussions (52 percent), indicating the need for analysis of both qualitative and quantitative data among the responding MFIs.

Nonetheless, several of the respondent MFIs acknowledged weaknesses in applying these tools due to high cost and lack of time and training. CARD Bank said, “Tools are useful only if training [is] received on how to analyze data.”

Current Practice of CA Data Analysis

Figure 1 shows that most of the responding MFIs conducted basic analysis using the Excel or Access programs. Analysis typically consisted of coding and entering raw data into Excel or Access and producing broad, descriptive statistics on total counts, frequencies, averages, and medians. A very small number of MFIs conducted advanced analyses of CA data, such as cross-tabulations and correlation analysis, using specialized statistical software.³ MFIs used more complicated, multivariate statistical analysis only when large studies received funding from external donor agencies.

Among the respondents, several MFIs did not conduct a regular analysis of their data. According to one of the respondents, “There is a lot of data in MIS [management information systems] that has not been analyzed. Unless there is a problem, data is gathered, stored, but never looked at.” This raises the question of how much data should be collected and how frequently. Collecting a large amount of data frequently (more than once a year)

Table 1. Client Assessment Tools MFIs Used (n=25; multiple response)

Tools	Responses	Percentage
Quantitative	24	88
Structured survey	13	52
Loan application/entry form	9	36
Qualitative	30	96
Focus group discussions	13	52
Semistructured interviews	11	44
Other qualitative tools	6	24

risks burdening staff with CA work and diverting them from their work of providing service to the poor. Moreover, none of the respondents mentioned the frequency of their data collection and analysis, suggesting they paid little attention to this issue, thereby possibly leading them to collect too much data and creating a strain on staff time to process the data.

These findings highlight the recommendation that MFIs determine the most essential data and how often they realistically will analyze and use the data in decision making. The answers to these questions depend on the individual MFI’s objectives. A reasonable general guideline is that MFIs should allow sufficient time between rounds of data collection to complete analysis, formulate decisions, and implement actions before the next round of data gathering starts. For example, if an MFI wants to understand the reasons for high delinquency, and it conducts a survey and focus group discussions, it will probably need several months, depending on its capacity, to design the study, gather the data, analyze the findings, understand what the findings mean,

formulate actions, and implement them. After taking actions following the research findings, the MFI needs to give six or more months for those actions to affect its delinquency level, assuming a loan cycle of around six months, suggesting that the MFI should conduct a delinquency study once a year, at a maximum, depending on the extent of the delinquency problem it faces at the time.

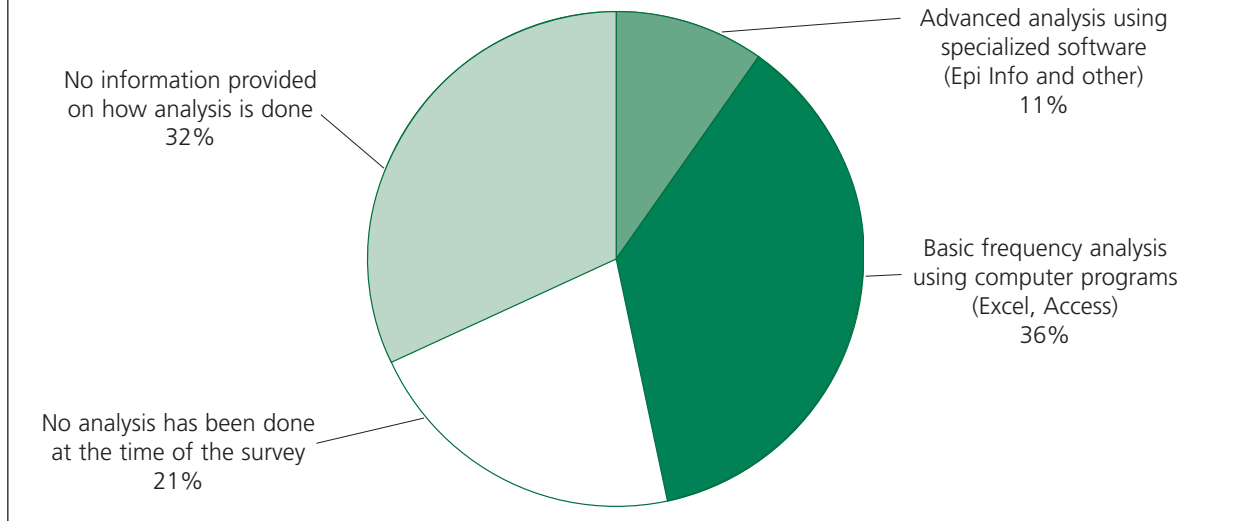
Categories for Analyzing Data

By understanding the factors influencing client impact, needs, and performance, MFIs will be able to make informed policy decisions that increase their developmental impact and improve the sustainability of both the institution and clients. Questionnaire responses revealed a set of data categories used most commonly by respondents in analyzing data (19 MFIs responded to this question).

- Gender: male vs. female (9 of 19)
- Location: urban vs. rural (9 of 19)

Figure 1. Practice of Client Assessment Data Analysis

(n=19, single response)



- Enterprise sector: trade, agriculture, manufacturing vs. service (8 of 19)
- Length of time in the program: older vs. newer clients (8 of 19)

The MFIs that indicated in the survey that they used these categories in analyzing their data had found that these factors, such as location, gender, enterprise sector, and length of time in the program, affected the clients' performance, impact, and use of the program. (The questionnaires also revealed that many of the responding MFIs did not conduct systematic analyses of their client assessment data by specific categories.) For example, according to the Women's Empowerment Program in Nepal (a partner of Pact), data analysis showed that geographical location and enterprise sector were important factors in group performance. CRECER (Credit with Education) in Bolivia, a partner with Freedom from Hunger, integrates informal adult education with financial services in village bank meetings,

with the topics taught depending on the clients' length of time in the program. Consequently, length of time in the program is an important tracking variable for CRECER in analyzing the effectiveness of its education services. For MFIs at the early stages of client assessment, collecting and analyzing data in one or more of the above categories appears a reasonable place to start.

For individual MFIs that analyze their unique data categories, the analysis may be driven by the MFI's specific objectives. For instance, The Association for Social Alternatives (ASA) in India targets dalit ("untouchable") women in the southern part of the country. Consequently, ASA analyzes its client assessment data using the dalit vs. non-dalit category to learn whether and the extent to which dalit women members benefit from the program and use the program services and products relative to the non-dalit women members. In another example, the National Association of Business Women in Tajikistan offers both individual

and group loans. Thus, it compares assessment data on individual borrowers to that of group borrowers.

Suggestions for Improvement

A growing amount of attention and literature focuses on client assessment, but the field still lacks specific guidelines and hands-on training on how to analyze assessment data. As the questionnaire responses demonstrate, MFIs find the lack of data analysis skills and capacity to be one of the primary obstacles and challenges to conducting client assessment and monitoring. An industry-wide effort must address this challenge.

Because the MFIs responding to the questionnaire provided little information about how they analyzed their client assessment and monitoring data, it is difficult to make more specific recommendations about analyzing and reporting data. Several responding MFIs, however, provided information about how they processed their assessment

data. Taking into account this limited available information, this Progress Note recommends the following broad framework for analyzing client assessment data.⁴

1. Description and Analysis.

Describe and analyze findings by organizing raw data into a form that reveals basic patterns. In the context of current practice, this refers to putting qualitative data in the form of a matrix or grid, and quantitative data in an Excel spreadsheet, Access database, or other form of database.

2. Data Analysis. Next, analyze the data using appropriate data analysis procedures. Appropriate procedures are those that are possible given institutional resources and staff skills and that produce reasonably meaningful and easy-to-understand findings.

3. Interpretation. Interpret the findings. Ask: What do the results mean? What is the significance of the findings? Why did the findings turn out this way? What are the possible explanations of the results? Interpretation goes beyond the data to add context, determine meaning, and tease out substantive significance based on deduction or inference.

4. Recommendations. To add action to analysis, interpretation, and judgment—recommend. Ask: What should be done given these findings? What actions do these findings suggest? Formulate only recommendations that follow from the data and are grounded in the data.

5. Judgment. Finally, add values to analysis and interpretation. Determining merit or worth means resolving to what extent and in what ways the results are positive or negative. What is good or bad, desirable or undesirable in the outcomes?

Primary intended users need to become actively involved in all these steps to fully explore the findings and their implications. Very limited information exists on how users are involved in the data analysis process. Moreover, MFI clients rarely are involved in analyzing and interpreting results; yet, involving some clients in these processes could provide an additional check on the data quality and findings drawn from them (Hyman and Dearden 1996). At a minimum, MFIs should discuss the findings in a group meeting with staff and clients and readjust systems for data collection and analysis based on their feedback.

To make analysis more manageable in the planning stage of a client assessment system, MFIs should take into account the following considerations.

1. Define. Before starting collection, define the assessment indicators and types of data to be gathered based on what management needs to know. This will help identify the data analysis categories and make necessary comparisons.

2. Minimize data collection. Minimize the amount of data to be gathered and the frequency of data collection. The decision

on the amount of data and frequency of data collection should be based on how often a change is expected to occur in those variables and on the MFI's data analysis throughput capacity.⁵

3. Use computer programs. With some software, information tabulated and analyzed on computers is exported easily to word processing files as tables, graphs, and text. Computerized software also facilitates a faster analysis process and reduces human error. Although computerized databases are not required for an effective client assessment system, they can make the data more accessible and facilitate better presentation through graphs and tables. Computerized programs, however, can also be expensive for MFIs. Thus, MFIs should seek and make use of specialized software that can be downloaded free of charge. Currently, AnSWR can be downloaded from the Internet for qualitative data analysis and Epi Info for quantitative data analysis.⁶

4. Present findings in simple formats. Although MFIs are encouraged to use sophisticated techniques to confirm the strength and meaningfulness of discovered patterns if they have the skill, they also need to think creatively about how to translate their findings into simple, straightforward, and understandable presentations if the findings are to be accessible to and understandable by key stakeholders.

Guidelines for Analyzing Data by Type

Quantitative Data Analysis.

Responses gathered from structured interviews, such as questionnaires, are usually precoded and thus commonly perceived as easier to analyze than unstructured narrative responses. Computer software with preset programs for running basic and indepth analyses of such precoded responses is available, but these programs are expensive and difficult to master. Nonetheless, methods exist for addressing these challenges. Under the Assessing the Impact of Microenterprise Services (AIMS) project, The SEEP Network prepared a manual for conducting impact assessments (Nelson 2001). The manual includes a section on quantitative data analysis using Epi Info. It also provides examples of analyses of three main types of responses: single answers, multiple responses, and open-ended answers. Moreover, the manual contains guidelines for three basic procedures: frequency

tabulations, cross-tabulations, and means tests. Developed for and by the practitioners, the manual is easy to follow even when MFIs are conducting client assessment using their own staff.

Qualitative Data Analysis. The SEEP/AIMS manual also provides guidelines for analyzing data from qualitative data collection instruments such as focus group discussions and indepth individual interviews. Nonetheless, as the respondents to the CAWG questionnaire indicated, actually analyzing qualitative assessment data presents a major challenge.⁷ Responses are not precoded and qualitative research produces a massive amount of information that often is not grouped or structured in an accessible fashion. Thus, before conducting qualitative analyses, MFIs should design intake forms recording the responses in an ordered and accessible manner. For example, in focus group discussion, MFIs commonly record the data in a matrix format. Later, they consolidate the matrixes of

each focus group discussion into one matrix by counting the similar responses and adding the responses that do not coincide with the previously recorded ones. If following a good practice recommended at the Imp-Act Workshop held September 2003 in South Africa, an MFI would summarize notes from a particular session into a basic matrix on one sheet per session (Johnson 2003) and then tally and consolidate individual matrixes from different sessions.

For narrative responses, MFIs must first read the texts and identify main themes or similar responses before cutting and pasting them into a single document or sheet.⁸ They then code each document or sheet, counting and presenting the number of responses that relate to it with that particular code or category of responses. While MFIs do not need to code every response, they should keep the original version of the raw data in a separate file so they can always revisit the original data to do further analyses or cross-check the original analysis.

Notes

¹ Imp-Act is a three-year, action-research program that aims to improve the quality of microfinance services and their impact on poverty through the development of impact assessment systems. Imp-Act is funded by the Ford Foundation and jointly implemented by a team from three British universities: the Institute of Development Studies, the University of Bath, and the University of Sheffield.

² Client assessment refers to both impact assessment and market research for the purpose of understanding clients' needs as well as the impact of receiving the microfinance services.

³ In this survey, two MFIs used Epi Info, which the SEEP/AIMS manual for quantitative data analysis recommends.

⁴ Adapted from Patton (1997).

⁵ Throughput capacity refers to the speed with which the MFI collects, analyzes, reports, and uses assessment data. Throughput, in turn, is a function of the MFI's resources, time constraints, and staff capacity.

⁶ AnSWR is a software system for coordinating and conducting large-scale, team-based analysis projects that integrate qualitative and quantitative techniques. AnSWR, which supports analysis of Microsoft Word-based data, can be downloaded from <http://www.cdc.gov/hiv/software/answr.htm>. Epi Info, a software system used to rapidly develop a questionnaire or form, customize the data entry process, and enter and analyze data, can be downloaded free of charge from <http://www.cdc.gov/epiinfo>.

⁷ Most of these respondents also indicated they had received training in and had implemented the SEEP/AIMS impact assessment tools.

⁸ For an easier way of cutting and pasting similar responses or text, use a function in Microsoft Word called Spike.

References

Hyman, Eric, and Kirk Dearden. 1996. *A review of the impact information systems of NGOs microenterprise programs*. Washington, DC: AIMS and Management Systems International, funded by USAID.

Johnson, Susan. 2003. Imp-Act East Africa regional and qualitative data analysis workshop. Program reports. <http://www.imp-act.org>.

Nelson, Candice, ed. 2001. *Learning from clients: Assessment tools for microfinance practitioners*. Washington, DC: The SEEP Network.

Patton, Michael Q. 1997. *Utilization-focused evaluation: The new century text*. Thousand Oaks, CA: Sage.

Author

Gaamaa Hishigsuren, doctoral candidate at Southern New Hampshire University, consultant for The Activists for Social Alternatives.

Contact

For additional information or to order additional copies, contact The SEEP Network.
1825 Connecticut Avenue, NW
Washington, DC 20009-5721
Tel: 202.884.8392
Fax: 202.884.8479
E-mail: seep@seepnetwork.org
www.seepnetwork.org

Progress Notes

Previously published in this series: Progress Note No. 1, *Integrating Poverty Assessment into Client Assessment*.

To read other titles from the Progress Note series, visit www.seepnetwork.org.