Review of Social Studies

Special Issue
5th PhD Methodology Conference
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Editorial Office address: 73 Watling Street London EC4M 9BJ
Website: http://www.rossjournal.co.uk
ISSN No. 2052–448X (Online)
Correspondence concerning editorial content and potential submissions should be addressed to the editor: editor@rossjournal.co.uk

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CONTENTS

ARTICLES

Collaboration through Cartoons: Drawing Cartoons to Assist Collaborative Ethnography with Young Children
Christina Fashanu 1

Opportunities and Challenges in the Diffusion of Social Innovation: French Cooperatives of Salaried Entrepreneurs
Arvind Ashta and George Cheney 19

The Effect of National Culture Differences on Perceived Organisational Support: Examining the Case of India and the United Kingdom
Nimisha Bhatnagar 53

Effects of the Microfinance and Small Loans Centre on Rural Enterprise Growth among Women Beneficiaries in the Brong-Ahafo Region of Ghana
Augustina Naami 69

BOOK REVIEW

How Development Projects Persist: Everyday Negotiations with Guatemalan NGOs (by Erin Beck)
Deo Zihindula Namwira 89
Collaboration through Cartoons: Drawing Cartoons to Assist Collaborative Ethnography with Young Children

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Abstract

Representing participants’ perspectives faithfully is a fundamental principle for collaborative ethnography (Lassiter 2005). Collaboration is difficult to achieve, however, when the participants are young children who do not share a language with the researcher. This article presents an innovative methodological approach that was employed during a twelve month, ESRC funded research project that aimed to explore the communicative practices of young children in a super-diverse, early years educational environment. In addition to writing field notes, the researcher sketched cartoon strips of the events being observed and shared these with the children. The paper describes how the cartoons facilitated a more collaborative approach to ethnographic research as the children became engaged in their creation and interpretation. The findings suggest that cartoons provide an accessible medium that opens up spaces for developing dialogue around the research process. This has important implications for any research that endeavours to listen to the participants’ perspectives, but particularly where the participants are young children or in cases where the researcher does not speak the languages of the participants fluently.

Introduction

This paper describes how cartoons were used to address methodological challenges encountered during a particular ethnographic study working with four and five-year-old participants from diverse backgrounds. While conducting the research I became increasingly aware of the multi-faceted power imbalance between: adult-child, researcher-participant, English speaker- speakers of English as an additional language. While early years’ researchers are becoming ever more conscious of children as active social agents, and accordingly, the necessity to include children’s opinions in the research (Brooker 2011), questions regarding how to do this remain. The method described in this paper is readily available to all researchers as it does not require special expertise or resources and it has the potential to facilitate dialogue between the researcher and children, or indeed any participants who may find it difficult to access the researcher’s notes. Though debates around wider participatory research exist, the focus of this paper will be a specific methodology that emphasises the need to include participants throughout the research: collaborative ethnography (Lassiter 2005).

Aim

With the above introduction in mind, the aim of this paper is to demonstrate how I used cartoons in a specific research project and to explain how this method relates to the four domains of collaborative ethnography, as outlined by Lassiter (2005).
To achieve this aim, the next section will discuss the context of the research, after which the concept of collaborative ethnography will be summarised. I will then look in detail at four challenges for collaborative ethnography and explore how I used cartoons to address each challenge.

The fieldwork

The method discussed here developed in response to methodological challenges faced during a particular research project. The research is funded by the Economic and Social Research Council and aims to explore the communication practices of children in a super-diverse, early years environment. The participants are super diverse in that they come from countries across the globe, they speak English to varying degrees, they came to the school through multiple channels of migration, they had a variety of educational experiences before attending this school and many more variables besides (Vertovec 2007).

The principle method of data collection is ethnography as it is widely used in educational research (Bloome and Green 1997). Ethnography is also particularly appropriate for exploring interactions as they occur in ‘natural’ (as opposed to laboratory) conditions (Hymes 1974). My aim was not only to observe the children’s interactions, but also to provide maximum opportunity for the children to be active participants in the research (Kirk 2007). Conducting research with young participants presents numerous challenges, particularly in terms of power relations between the researcher and the children (Christensen 2004). Issues of representation are common as the researcher endeavours to listen to children’s voices in order to understand and portray their perspectives accurately (Tangen 2008). I wanted address the unavoidable power imbalance that exists between myself as an adult and the children, and myself as a researcher and the participants (Lahman 2008); (Graham et al. 2015). With these aims in mind, I adopted a collaborative ethnographic approach.

When using the term ‘collaborative ethnography’ I am specifically referring to the methodology developed by Lassiter and Campbell (Lassiter et al. 2004). While all ethnographic studies are, to a degree, collaborative, the collaborative ethnography model emphasises the deliberate process of collaboration with the community (Lassiter 2005). In this respect, issues concerning who has the right to be represented by whom and for what purpose date back to colonial anthropology, and collaboration as a response can be traced back to the renowned anthropologist Bronislaw Malinowski, who encouraged researchers to ‘step off the veranda’ (Malinowski 1922). Since then, ethnography has developed an increased consciousness regarding the politics and ethics of representation.
Current collaborative ethnography is designed to overcome four key concerns: 1) ethics and moral responsibility, 2) ethnographic honesty, 3) accessible writing, and 4) collaborative reading, writing and co-interpretation (Lassiter 2012, pp. 77-154). Whilst these domains of concern are potentially difficult to navigate in any ethnographic research project, in my investigation the difficulties were intensified by the nature of my participants - namely young children from diverse cultural backgrounds with varying competencies in the English language.

**Collaboration through cartoons in theory**

The idea of using cartoons with the children evolved from the overall collaborative ethnographical research approach that I had decided to adopt. The aim was to engage the participants (i.e. the children in the class) in dialogue around the ethnographic texts being produced in order to gain deeper insights into their perspectives. In adopting this approach, I recognise that I was, in no way, absolving myself of responsibility for the decisions I made, rather, by providing a mutually accessible platform for communication, I was able to address collaborative ethnography’s four domains of concern (as indicated above), and thereby help to balance the unavoidable unequal power relation between myself and the children (Flewitt 2005). Each of these four key domains will now be considered.

The method discussed here developed in response to methodological challenges faced during a particular research project. The research is funded by the Economic and Social Research Council and aims to explore the communication.

- **Ethics and moral responsibility**

While according to Lassiter, “Collaborative ethnography is first and foremost an ethical and moral enterprise’ (2005, p. 79), there are many aspects of collaborative ethnographic research which pose particularly difficult ethical dilemmas. Firstly, the agenda of the research project must, of itself, be ethical. In this respect, my research project is designed to illuminate the communication practices of four to five-year-old children in a super-diverse environment. The participants are vulnerable, firstly because of their young age. I contend that childhood holds value in itself (Qvortrup 2004) and that children are active social agents, not just incomplete adults (Uprichard 2008). The participants are of minority ethnicities and most of them speak English as an additional language. Thus, the participants are subject to ‘intersecting marginalities’ (Lahman 2008, p.282), making them a particularly vulnerable and under-represented community due to their young age, their minority ethnicities and their varying levels of English competency. Key to the design of the research project was the goal of listening to the perspectives of the children (Christensen 2004; Brooker 2011).
In this respect, the research is aligned with the United Nations Convention on the Rights of the Child which encourages adults to listen to and involve children when making decisions that affect them (UNICEF 1989). Practitioners and researchers engaged in the early years’ education are increasingly adopting the view that children are active social agents and stakeholders with valid opinions and perspectives (Qvortrup 2004; Brooker 2011). As such, children have the right to speak, and researchers have the responsibility to take what children have to say seriously (Brooker 2011). Thus, the use of cartoons is a way of establishing dialogue between the researcher and the children through which it became easier to listen to the latter’s perspectives on all aspects of the research.

In addition to the child-adult relationship, an inevitable power imbalance exists between the researcher and the participants. In the case of Lassiter’s work, an ethnographic study had been conducted in Muncie, or ‘Middletown’ as the researchers called it that almost entirely excluded the African American population of the town. The researchers had the power to choose what to include and exclude from their report, thus it was the task of Lassiter, Campbell and their team to address this power imbalance by conducting collaborative research, involving the participants at all stages of the research project (Lassiter et al. 2004). In the same way I, the researcher, had the power to include or exclude information thus by employing a collaborative ethnographic approach I was able to take steps towards addressing challenges presented by the research-participant relationship.

Despite the inherent asymmetry, there were times when a child took the pencil and paper from me and drew on my notes. By doing this the ‘power’, embodied by my pencil and paper, was not fixed, but fluid and could shift between us (Christensen 2004). This led me to ask the children to draw a picture of themselves, and from that point on I used their own self-portraits as the characters in the cartoons. In this way, I established a channel through which the children could be co-creators of the ethnographic texts I produced.

More broadly, research with young participants is riddled with ongoing debates around consent (Gallagher et al. 2010). With this in mind, and in addition to gaining formal consent from the children’s parents or carers, I chose to ask the children explicitly for their consent, as recommended by the British Education Research Association guidelines (British Educational Research Association 2011). Whilst obtaining consent prior to the start of a research project is typically referred to as ‘informed consent’, it is doubtful whether the consent was, in reality, fully ‘informed’. This reflected the exploratory nature of the project and, hence, the absence of a clearly defined direction of travel as well as to the participants’ young age and their associated difficulties in fully understanding the research project and its consequences. As a result, I used the more appropriate term ‘provisional
consent’ (Flewitt 2005, p.4) - in other words that the participants’ consent was provisional on the basis that the research would remain within agreed boundaries, and the tenets of confidentiality and anonymity would be upheld throughout. This provisional consent was achieved by providing the children with a cartoon strip that summarised the research process, and where possible by using translators armed with the use of the cartoon as a visual aid to explain the project and its consequences to the children in their own language.

Initial consent is necessary when conducting research, but not sufficient (Graham et al. 2015). It was vital that I remained sensitive and responsive to the children’s reactions to my presence and thereby, negotiating ongoing consent rather than assuming that their initial provisional consent held fast for the entirety of the research project (Flewitt 2005). In this respect, I found that by sharing the cartoons with the children I was, in effect, continually reminding them of my role in the classroom as a researcher, and this also resulted in the children being given regular opportunities to respond to the research, in positive or negative ways. As an example, when I shared a cartoon I had just drawn with one boy, he hid his face behind his hand and peered at me around the edge of his fingers - a clear indication that he was not happy for me to include that particular cartoon into my study, and it was withdrawn from the data bank.

The final ethical benefit of using cartoons is that of anonymity. Research participants of all ages have the right to confidentiality, yet researching with children, especially in schools, can make confidentiality difficult as many adults may be curious or concerned for the children (Graham et al. 2015). Photographs and videos are often used to document research with children and can be a powerful tool for capturing observations (Thomson 2010; Murray 2012; Chesworth 2016), however, according to my ethical agreement with the children and parents, these could be published as the children need to remain anonymous. Additionally, as a primary school teacher, I am personally uncomfortable taking any form of digital images of children for use outside the classroom, as this has been ingrained in me after years of following safeguarding procedures. Thus, cartoons enabled me to use a visual medium for representing the children that maintained their anonymity and yet was able to act as a valuable research medium.

- **Ethnographic honesty**

Ethnographic honesty requires the researcher acknowledges the inter-subjective nature of the research process. Thus, they should recognise that it will require them to step out of the shadows, and to shine the light on their own positionality and experiences (Hammond and Wellington 2013). Whilst writing about oneself runs the risk of becoming either self-indulgent
Collaboration through Cartoons, Fashanu

(Mukherji and Albon 2010) or simply futile (Johnson and Duberley 2003), (Lassiter 2005) argues that, on moral and ethical grounds, it is necessary to be open about the researcher’s own experience whilst conducting the collaborative ethnography. In this respect, ‘traditional’ ethnographers have been criticised for using a purely ‘etic’ approach in which they were the sole interpreter of situations that were outside their own experience and for monopolising the dialogue by reporting their opinions as ‘fact’ (Dietz 2011). An alternative position that is commonly adopted is that of the ‘participant observer’, yet (Tedlock 1991) explains the term in itself is an oxymoron as to be involved as a participant implies a relationship with the participants of the research, while observation implies a metaphorical distance between the researcher and the participants. To overcome this confusion of roles, Tedlock recommends the use of the term ‘observation of participation’ (Tedlock 1991, p.78), which places the ethnographer at the centre of the observation, and acknowledges that one’s own experiences will shape one’s interpretations of situations, settings and interactions.

A further complication to the researcher-participant relationship in my research project was that I am an adult and the participants were children-a relationship that is often fraught with cultural notions of power and control (Christensen 2004), compounded by the site of research being a school where there tends to be an established hierarchy of rights. In order to identify the role I would take on it was important to interrogate the often taken-for-granted social constructions ‘adult’ and ‘child’(Heywood 2001). According to Geertz, the notion of a “chameleon fieldworker, perfectly self-tuned to his exotic surroundings”, is a myth (Geertz 1983, p.56). I realised early it would not be possible to pass as a child and instead strove to perform the role of an adult ‘friend’ (Fine and Sandstrom 1988, p.17)– a role that meant I could remain an adult, yet I was different from the teachers and teaching assistants the children interacted with as I was not there to ‘teach’ them or to manage their behaviour. Over time, I realised that the children tended to talk to the teacher and teaching assistant about work or activities they were completing, however, when they spoke to me their conversations were much less formal. Thus, I endeavoured to highlight my involvement by including myself in the observations thereby acknowledging the influence I had on the events.

- Accessible writing

In order to engage the participants in dialogue around the ethnographic texts being produced, the texts must be created in a clear and accessible format (Lassiter 2005). The participants in my research are children aged between four and five years old, and thus I could not share written observations with them, as they would not be able to read the texts. I considered reading the written observations aloud to the children, and then asking them to confirm its accuracy, however, the ability of the children in my study to [understand
and] speak English varied from extremely fluent to absolute beginner. Therefore, conversing with the children in English would create a scenario in which the voices of those who spoke English well would be heard clearly, while those who were less fluent would potentially be ignored. I therefore needed to use a medium that was accessible to all participants, regardless of their age and ability to speak English.

One of Vygotsky’s principle ideas was that in order for humans to convey experiences and thoughts to others a ‘mediating system’ is required (Vygotsky 1962). Whilst Vygotsky names speech as the primary mediating system through which communication is conducted, he also listed both art and drawings among other mediating tools (Brooks 2009). In this respect, drawings are a mode children use to ‘talk’ about their worlds, and children become ‘fluent’ in the language of drawing from a very young age (Anning and Ring 2001). This is exemplified by young children who incorporate drawings into their imaginative play as a meta-communicative tool for mediating collaborative activities (Wood and Hall 2011).

This use of visual aids as a communications medium has been taken up by teachers and practitioners who them when working with children who speak English as an additional language, often employing software such as ‘Communicate: In Print’ which creates low modality cartoon pictures of everyday objects. Such visual aids are available in every classroom at the school where the research was conducted, and children who do not speak English refer to these when trying to communicate, for example, that they need a pencil or the toilet. Cartoons, such as those produced by Social Stories™ are also widely used by practitioners to communicate with children with Autism Spectrum Disorders (The National Autistic Society 2004). While I do not claim that the needs of a child with autism are the same as, or even similar to, the needs of a child learning English, parallels can be drawn from the use of cartoons to improve social understanding while simultaneously helping parents and professionals to understand the perspectives of the student (Glaeser et al. 2003).

Thus, it has been established within both the literature and in practice that cartoons are accessible to young children, and that linguistic interaction is not necessary to interpret their meaning. This made cartoons an appropriate tool for sharing my observations with the children, and for facilitating dialogue around these observations.

- **Collaborative reading, writing and co-interpretation**

In order that ethnographic texts represent the participants’ perspectives accurately, collaborative ethnography argues the participants should be involved in the reading, writing and co-interpretation of the texts. Thus, (Lassiter et al. 2004) discovered that they gained much deeper insights and
understandings using this approach than if they had tried to analyse and interpret situations without consulting the participants. The rationale for this is the simple belief that: “if you would like to know what is going on it is best to ask the people involved” (Roffey et al. 1994, p.15). Similarly (Parker Webster and John 2010) draw on Vygotsky’s notion of the ‘Zone of Proximal Development’ which is a space between people (in this case between the researcher and the participants) that symbolises the level of potential learning that is achievable through collaboration. Thus, while (Field 1999) acknowledges that collaboration at this level is not always achievable or possible, it should at least be attempted – and my research has been designed with this goal in mind.

The core task that I faced was to actively involve the children in the research by creating a stimulus to facilitate dialogue. (Lassiter 2005) outlines numerous strategies for facilitating collaborative reading, writing and co-interpretation however, these methods were inappropriate for my participants. The practical issues that arise when conducting research with young children are widely documented (Ryan and Campbell 2001; Brooker 2001; Fleer 2013), and in the case of this research it would, for example, be difficult to conduct a focus group with children aged four to five as they are often unwilling to sit for lengthy periods of time in order to answer questions. The practical challenges were compounded by the linguistic and cultural boundaries between the participants and myself as outlined above. However, cartoons provided a visual medium that can open up dialogue, thus allowing discussions to occur around their messages, meaning and interpretations (O’Brien et al. 2014).

**Collaboration through cartoons in practice**

The first phase of the analysis was aimed at interrogating the methodology and seeing in what ways the cartoons, in combination with interviews and observations, enabled the children to meaningfully participate in the research. This lead me to categories that will be discussed in an forthcoming publication, however for the purposes and scope of this article, I will select cartoons that enable me to demonstrate how the four pillars of collaborative ethnography (Lassiter 2005) are met by employing this research method. The second phase of the analysis is still ongoing and aims to answer the central research questions of the project by similarly adopting thematic analysis through a constructivist grounded theory approach (Charmaz 2014). The children selected their own pseudonyms, hence some interesting choices of names!

**Vignette 1: Ethics and Moral Responsibility**

This vignette shows three children of Pakistani origin however, Kaylo Ren and Caterpillar have lived in Sheffield since birth and Aman Ali moved here
when he was a baby. Kaylo Ren, who is sitting on the carpet, making a fist with his thumb out horizontally to Aman Ali. Aman Ali notices the gesture and asks Caterpillar what it means. Caterpillar translates the gesture for Aman Ali, explaining it means “a little bit friend, a little bit not”. This lead to Aman Ali going to sit next to Kaylo Ren to work out why he was only a ‘little bit’ friend, resulting in a reconsolidation of their friendship culminating in a full ‘thumbs up’.

Vignette 1: ethics and moral responsibility

I have selected this vignette to demonstrate ethics and moral responsibility for several reasons. First, the vignette depicts a situation that could potentially appear trivial to an adult, as children often seem to fall out with each other and make friends again. Furthermore, the way Kaylo Ren communicated he was cross with Aman Ali could also be dismissed easily as a typical childish gesture- yet these are the very assumptions that imbue discourse around the child-adult dichotomy and need to be interrogated in order to take children seriously. I have argued that childhood is an important state in itself, and not just a stepping stone to adulthood (Qvortrup 2004) and that children are active social agents (Uprichard 2008) possessing the fundamental right to have an opinion (UNCRC 1989) and to have that opinion taken seriously (Brooker 2011). Thus, seemingly trivial interactions, such as the one depicted above, are actually significant events in the lives of children for whom friendships are incredibly important (Roffey et al. 1994; Rubin et al. 2008).

Secondly, the vignette shows how I have incorporated the children’s self-portraits as ‘avatars’ in the cartoons. This came out of an event when I had drawn a cartoon and showed it to a child, pointing out which of the stick figures represented her. She took my pencil and drew herself saying “(referring to my drawing) that’s not me, (referring to her drawing) that’s me!”. The children drawing their own self-portraits meant they felt an
element of ownership over the cartoons and they appeared to be more vocal in their opinions of how the cartoons should look.

The next concern for ethics and moral responsibility that I will explore using this vignette is that of consent. There are two principle stages where the researcher must seek the participant’s consent: initial, formal consent and ongoing consent. Initial, provisional consent was obtained from the parents and the children using a form with a cartoon to illustrate the purposes of the research. The cartoon provided another channel of communication and instigated dialogue around the project’s aims. However, a key part of consent is the constant negotiation and renegotiation of ongoing consent (Graham et al. 2015). By showing the cartoons to the children, I was able to gauge how comfortable they were with me using that scene, and there were occasions where children reacted in ways that showed they did not consent, such as hiding their faces or shaking their heads.

The final reason this cartoon demonstrates how I have considered ethics and moral responsibility is to do with a basic human right that is key to any research project that claims to be ethical: anonymity. The children recognised their own avatars, but I did not share these with others, which enabled me to share the preliminary findings with interested adults, without divulging who was involved in the scene.

**Vignette 2: Ethnographic honesty**

The next vignette demonstrates how I upheld ethnographic honesty by acknowledging and reporting my influence on events. The vignette depicts Caterpillar, whose family speaks Urdu although his main language is English, playing in the role-play area with Aman Ali (who speaks Pashtu and Urdu), and some other friends who were not Urdu speakers. I heard Caterpillar call the other children ‘buday’ which means ‘old people’ in Urdu. I thought it was interesting that Caterpillar was speaking to the children who were not of Pakistani origin (and thereby did not speak Urdu), so I asked Caterpillar if the word ‘buday’ was his language. In honesty, I asked this because I was wondering if he was aware that the word ‘buday’ was not an English word and consequently not everyone would understand him. Aman Ali overheard my question and stated that his language was Spanish. I found this surprising, so I inquired further asking him to say something in Spanish and Aman Ali responded by singing a football chant for Yaya Toure.
Vignette 2: ethnographic honesty

The scene was interesting with regards to my own research questions as it showed how Caterpillar has Urdu words in his repertoire that he used, despite his audience not all being able to understand Urdu. Through my probing, I was able to ascertain he has an awareness that Urdu is a different language to English. Furthermore, the interaction between myself and Caterpillar lead to a conversation with Aman Ali that raises some interesting questions regarding what it means to “‘know’ a language” (Blommaert 2010, p.102) and whether knowing a football chant constitutes knowing a language. These discussions fall outside the scope of this current article; however, it does demonstrate the point: had I not interfered, this dialogue would not have arisen. I was very much a participant in the research at this point, while remaining observant (Tedlock 1991). Furthermore, I was not judgemental or critical of the children’s understanding of languages and in this way I attempted to be an adult ‘friend’ (Fine and Sandstrom 1988, p.17).

Vignette 3: Accessible Writing

The following vignette shows how cartoons can assist communication with participants, especially those who do not speak the same language as the researcher. The two boys, Darth Vader and Igor are Roma and their families are originally from Slovakia. Both speak English at a very basic level. The class had taken a trip to the local Mosque in the morning and I was interested to know how much the boys had understood about the Mosque, given they are not Muslim, nor are they from a majority Muslim country. I asked them if they knew what ‘Muslim’ meant. Darth Vader began to flex his upper arms saying “my dad”, Igor copied Darth Vader’s actions. I realised they had understood ‘muscles’ instead of ‘Muslim’, so I asked if he knew what a ‘Christian’ was. In response both Darth Vader and Igor demonstrated their understanding by performing the posture Christians adopt when they pray. I knew from this action that they understood the term ‘Christian’. I asked if they knew why Christians prayed and Darth Vader said “Devloro”, which I was later able to confirm with a Roma translator is the Romani word for God. I then referred to the sketch of the children performing a Christian praying and again asked if they knew what a ‘Muslim’ was. It appears that providing them with the context of prayer and God, and by looking at the visual images they were able to recall the meaning of the term ‘Muslim’ and they began to
act out how Muslims pray. First Darth Vader declared, “You have to do like this!”, and then Igor replies, “I know about that!” and copies Darth Vader (figure 4.1). When I was leaving the field, I gathered all the participants and showed them a short presentation of some of the cartoons we had created to show to all the children and to generate conversations around what had worked well and what could be improved upon in the future. Several Muslim children immediately commented, “They’re praying!” and began to discuss different ways of praying and the ways their families pray.

Vignette 3: Accessible Writing

The cartoon method was particularly appropriate in this instance because, as the children involved in the scene did not speak much English at the time, they relied heavily on gestures and performance to communicate their meaning (Gullberg 2006). I could have written a detailed description about their actions and poses, however using a visual image is better suiting to capture physical gestures. As they did not speak much English at the time, and I do not speak Romani, cartoons served as a medium for sharing my perception of the children’s conception of religious identities without having to depend solely upon words. The cartoons created a space for dialogue, facilitating the evolution of the conversation from a basic misunderstanding (‘muscles’), to a more sophisticated exchange involving multi-modal embodiment of the message they wanted to communicate. Furthermore, when I shared the vignette with the rest of the participants, their response was instantaneous as they recognised the gesture of praying and this generated further conversations around the different ways of praying in different religions.

Vignette 4: Collaborative reading, writing and co-interpretation

The final vignette demonstrates how the cartoons enabled me to open up spaces for dialogue with the children and to revisit events so they could help be interpret what was happening. In this scene Tomng, a Christian boy from the Tigray region of Ethiopia who spoke Tigrinya was talking to Asad, a Muslim, and Somali girl. Tomng does not have an avatar as he left the school shortly after my research began and I did not have the chance to ask him to draw one. Tomng announces that he found treasure in the sandpit. Asad tells him “say Wallah!” to which Tomng replies “um… Wallah?” in a very unsure
tone of voice. Asad looked very confused. It appeared Tomng was simply repeating the word ‘Wallah’ because he had been told to say it, but it seemed that he did not understand why he was saying it.

Vignette 4: Co-interpretation

I drew a sketch of the conversation, as I did not want to interrupt the flow of their dialogue. When they both returned to playing individually, I showed them the cartoon to help them recall the interaction. Tomng confirmed he did not know what Wallah meant. Asad suddenly understood why Tomng had repeated the word ‘Wallah’. She explained that ‘say Wallah’ means ‘tell the truth’ and that her mum is always telling her sister to ‘say Wallah’ when she lies. This explanation helped Tomng and myself to understand what had occurred and how communication had broken down. ‘Wallah’ is actually a common phrase not only among Arabic speaking communities, but also among Muslim communities worldwide, thus as Tomng was neither an Arabic speaker, nor Muslim, he was unfamiliar with the word ‘Wallah’. The children’s co-interpretation of the situation was vital to my own understanding. While Lassiter (2005) recommends sharing written observations and co-interpretation through interviews, these methods would be inappropriate with such young children (Ryan and Campbell 2001); (Brooker 2001; Fleer 2013) thus the cartoons facilitated the goal co-interpretation through a different, more accessible medium.

Conclusion

In this article, I have shown how I used cartoons to assist the process of collaborative ethnography. I have argued for the need to address the power imbalance between the researcher and the participants who, in this case, are in a potentially vulnerable position due to their young age and their low level of English. Although the findings I present here are from one specific research
project, there are multiple possibilities for applying a similar methodology to other research contexts as, I would argue, all social science research should attempt to engage with the participants and cartoons provide a powerful medium around which dialogue can develop.

I do not claim that I have unlocked the secret to eliminating the inherent asymmetry that exists between adult/child and researcher/participant. Nor do I believe I have created a tool that deems language and cultural barriers obsolete, as I recognise that ultimately, conversations around the cartoons relied on spoken language for clarification. I see cartoons as a vehicle that helps the researcher move towards balancing the power imbalance by creating a space where participants can engage with the research process through an accessible medium.
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Opportunities and Challenges in the Diffusion of Social Innovation: French Cooperatives of Salaried Entrepreneurs

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Abstract
This paper on the diffusion of social-organizational innovation examines a relatively new organizational form in France, one created to overcome some of the poverty traps inherent in a welfare state. The object of study is a Cooperative of Activities and Employment (or CAE), a hybrid organization and shared-enterprise model: it is a cooperative where the members are entrepreneurs and salaried employees. The paper uses in-depth interviews as well as drawing from a variety of research literatures to document and interpret advantages and disadvantages of this model. In particular, the paper brings together theoretical and empirical treatments of social innovation, cooperative functioning, and innovation diffusion to address the barriers to and opportunities for widespread adoption. The paper chronicles the development of a new organizational form, helps to broaden the research on cooperatives, and offers policy makers an analysis of the economic and social tensions inherent in creative enterprises such as CAEs.

Keywords
governance, cooperatives, social innovation, innovation diffusion, institutional and social entrepreneurship, micro-entrepreneurship

Introduction
Although there is considerable research literature on alternative organisations, especially cooperatives and related forms, and on social innovation and entrepreneurship, there have been very few bridges built between these areas. Moreover, when these two areas are linked, discussions have usually focused on the ideas or interventions of founders of cooperatives and other socially inspired organisations. There have been very few treatments of processes by which social innovations of alternative organisations actually develop and spread. This paper describes a specific cooperative social innovation in France—a model pursued for and by entrepreneurs—and analyses its diffusion and impact. Along the way, we consider both the distinctive characteristics of an entrepreneurship-based cooperative and the conditions and challenges for the spread of such a social innovation that unites democratic organising with entrepreneurial enterprise. We conclude with a

1 This study is generously funded by Bank Populaire and Conseil Régional de Bourgogne Franche-Comté.
discussion of implications for similar models in other countries and with consideration of the merits of such projects and enterprises for economic and workplace democracy in general.

Key terms

While social innovation and social entrepreneurship have multiple meanings, we are applying both terms to the context of cooperative businesses, especially to those that are worker owned and governed. We focus on a Coopérative d’Activité et Emploie (CAE) or, in English, Cooperative of Activity and Employment. What distinguishes this business form is that it is a cooperative of entrepreneurs who do not take dividends but do receive a salary. Another use of the term social innovation is for solving a social problem. Above all, the CAE organisation fosters entrepreneurship with the objective of lifting people out of unemployment; in this regard it is aimed at a major social problem and may be considered a type of social enterprise (Mook et al., 2015). We argue that the case of CAEs in France offers an important avenue for investigating the interrelations of democratic organisational forms, social entrepreneurship, and social diffusion. Our discussion proceeds by examining the multiple contexts for these CAEs, their history, characteristics, functioning, actual and potential diffusion, and wider applicability. Our analysis is both empirical and critical in terms of grounding observations about the potential for economic and social transformation in a close assessment of the performance of these French cooperatives. The analysis is interpretive in its reliance on in-depth interviews and individual actors’ understandings of opportunities and difficulties associated with the CAE model.

National and international contexts for the development of CAEs

Recognition of the poverty traps inherent in the welfare state model is crucial to understanding the purpose and functioning of the entrepreneurial cooperative presented in this paper. We believe that the CAE model may be a small part of the solution, for the developing as well for as the developed world. Although the CAE model has been described in research papers in French (Bost, 2011, Charles-Pauvers and Schieb-Bienfait, 2010, Sangiorgio and Veyer, 2008, Stervinou and Noël, 2008), case studies and analyses in English remain scarce (Ashta, 2013a, 2015).

The need for the type of innovation exemplified in the CAE model should be placed in broader socio-economic and business-organisation contexts. A move from the high-growth, mass-production and mass-consumption models of the Fordist era to the low-growth, differentiated production, and selective consumption of the post-Fordist era has also entailed a shift from the centrality of wage relations to that of market relations (Lipietz, 1988, Petit, 1999). In many industrialised countries over the past 35 years, in fact, wage
increases have fallen far behind profits and top-management salaries, leading to increased inequalities, as demonstrated powerfully by Piketty (2014). These income inequalities have reduced aggregate demand and created a rift between individual savings and corporate investment. A myopic focus on short-term growth has also meant that development has not been sustainable for most economies (Azkarraga et al., 2014).

To address both unsustainability and inequality issues, there have been calls for ‘de-growth’ (Martínez-Alier et al., 2010, Speth, 2012), limiting salaries of top managers, increasing minimum/living wages (Ashta, 2013b), making more firms not-for-profit (Lux, 2003) or cooperatives/mutuals (Booth, 1995, Webb and Cheney, 2014), and of course focusing on localisation rather than globalisation as commonly known (Curtis, 2003). In fact, the cooperative model—and here we use the term as an umbrella for a variety of forms of democratic business ownership and governance—has been shown to be surprisingly resilient for members and the market. The social innovation discussed in this paper combines elements of all these approaches to doing business and considers its wider applicability.

Social innovation, social entrepreneurship, and diffusion of social innovations

Schumpeter (1989 [1951]) declared innovation to be "a historic and irreversible change in the way of doing things" (p. 138). For him, this included new products, new methods of production, new markets, new sources of raw material; and even new organisations. Thus, the innovation could be technological, but it might also be social. In this paper, we examine innovation through organisation.

There is a plethora of definitions of social innovation. Some definitions focus more on the new social relationships involved in the enterprise.

'First, social innovations are usually new combinations or hybrids of existing elements, rather than being wholly new in themselves...Second, putting social innovations into effect usually involves cutting across organisational, sectoral or disciplinary boundaries...Third, social innovations, unlike most technological ones, leave behind compelling new social relationships between previously separate individuals and groups.' (Mulgan et al., 2007 p.34)

Other observers of innovation focus on solving a ‘wicked’ problem that may be circular, persistent, without alternative solutions, referring to durable poverty or environmental degradation (Dorado and Ventresca, 2013, Churchman, 1967) or on the satisfying of social needs.
'Innovation that is explicitly for the social and public good; innovation inspired by the desire to meet social needs which can be neglected by traditional forms of private market provision or be poorly served or unresolved by services organised by the state. Social innovation can take place inside or outside of public services and can be developed by the public, private or third sector, users and communities; however, some innovations developed by these sectors do not qualify as social innovation because they do not directly address major social challenges'. (Harris and Albury, 2009 p.16)

These two basic features of social innovation are often combined in practice. For our purposes here, social innovation includes new arrangements in society which help to meet unmet social needs; these actions can take place on local, regional, national or even global levels (Moulaert et al., 2005). For example, group lending in microfinance represented a new arrangement at a local level forty years ago (Yunus and Weber, 2011). On the macro level, the formation of international bodies, such as the United Nations, constituted new social arrangements at an international level.

‘Social entrepreneurship’ is a term that has been used to stress socially inspired and usually leader-driven change in an organisation in any of the three major sectors (See, e.g., Roper and Cheney, 2005). While social entrepreneurship is most commonly associated with an individual, often charismatic leader, the term applies as well to the group or collective context. The matter of institutionalising or finding an alternative to charismatic leadership and its personal energising force is no simple task, as Weber ([1956] 1978) explained so well. Still, an important and necessary advance for social entrepreneurship comes when values, motivation and leadership are shared.

The Mondragon cooperatives of the Basque Country, Spain have embodied social entrepreneurship in several ways. First, the very structures were contemplated and developed as social innovations, particularly the dual governance model of each cooperative, where elected and appointed leaders (president and general manager) work together with a social council explicitly designed to represent workers' interests (Whyte and Whyte, 1991). Second, early on, the system institutionalised social entrepreneurship in a cooperative dedicated to creating new businesses; that was the forerunner to several such co-ops now in existence (Arando et al., 2010). Third, although the autonomy of individual cooperatives has diminished over time as the corporate structure has expanded, we still find distinctive cultures in the cooperatives and latitude for their leaders and members to explore ways to strengthen or revitalise participation (Ortega, In progress). Fourth, the system as a whole periodically undergoes self-examination and policy changes,
sometimes in response to external pressures but also to address internal demands by worker-member-owners that the core values are re-applied for the new times (Azkarraga et al., 2012). In these ways, the Mondragon cooperatives reveal diverse understandings and manifestations of social entrepreneurship, along continua from individual to collective efforts and informal to formal structures. Still, as we emphasise, research has focused perhaps excessively on a few successful cooperative cases and not enough on other replicable cooperative models that, taken together, may make a bigger dent in persistent social problems.

Although some academic as well as practitioner-oriented observers consider social entrepreneurship necessarily for profound innovation (see Perrini et al., 2010 p 515), not all social entrepreneurship is in fact innovative: some initiatives may involve well-worn strategies and techniques; others may be partly or thoroughly novel in their approaches (Grimes et al., 2013). Of course, social entrepreneurs involved in a familiar initiative may also be innovative and use both technological and social innovations for continuous improvement. A good example is SKS Microfinance which distributed standardised loan products in the 2000s inspired by McDonalds and Starbucks as process models and Grameen Bank's group lending product (Akula, 2010). A genuinely new social innovation usually entails untried structures, processes, and/or relationships, such as was the case for Grameen Bank's group lending scheme when it was first introduced in the 1970s (Yunus, 2003). Once a social innovation is found to be workable, it may be scaled up through expansion and/or replication (Perrini et al., 2010). The scaling-up may be a function of the social entrepreneur's moral intensity, which would favour open organisation methods as well as his need for control which would favour closed organisation forms (Smith et al., 2016). Moral intensity includes magnitude of consequences; social consensus; probability of the effect; temporal immediacy; proximity; and concentration of effects. Thus, diffusion of a social innovation involves its thoroughgoing use in the initial or source organisation as well as promoting its replication by other firms.

The idea of this need for diffusion is captured in the definition provided by Mulgan et al. (2007):

Innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly developed and diffused through organisations whose primary purposes are social. This differentiates social innovation from business innovations which are generally motivated by profit maximisation and diffused through organisations that are primarily motivated by profit maximisation (p. 5).
To be scaled up and to be sustainable, social innovation demands essential problem-solving and management skills, such as creating shared values and beliefs (Phillips et al., 2013), motivating people, creating an appropriate organisational framework or rules, and effective leadership (Bry, 2011). This effort may also require normal business functions such as creating effective cultural and political demand for the innovation as well as supply of alternative proposals (Westley and Antadze, 2010). Moreover, social innovation requires creation of new social relations to overcome economic and social exclusion and create empowerment, boosting the confidence of the normally excluded and providing them hope of success through interaction with eminent but locally embedded actors or ‘known strangers’ (Marti et al., 2013), who themselves are motivated either by public awareness or by a dissonant form of loyalty. An example could be local bureaucrats who paid a high price (for exams) for earning their place but do not personally believe in development; however, their presence motivates the poor/excluded (Dorado and Ventresca, 2013). They may require external partnerships to break the vicious circle (Nurkse, 1952) because the social innovator cannot achieve anything alone but requires bringing together not only of financial, technical and human capital, but also bridging, bonding and linking types of social capital (Gerometta et al., 2005, Lybbert, 2008, Putnam, 1995). The successful diffusion requires connectors or ‘bees’, usually individuals and small organisations, who help replicate the social innovation by finding supporting ‘trees’ that are large organisations, the government and/or NGOs (Mulgan et al., 2007).

The complexity of social innovation—and indeed for social enterprise—is observed when institutional actors with different interests join in to solve a common social problem, such as public corporations collaborating with not-for-profits (Harrisson et al., 2012) on training for the unemployed. Such a partnership requires sharing beliefs and objectives, enacting them, and creating frameworks for the collaboration to survive. Whether designed for profit or as not-for-profit, the long-term organisational success of a business demands financial sustainability (Phills, 2009).

Further, successful social innovation requires overcoming inertia in the existing system and resisting cooptation that either perpetuates the exclusion or finds new ways to exploit (Moulaert et al., 2013, Moulaert et al., 2005, Khavul et al., 2013). For example, the poor may come to see their condition as being due to lack of ability or effort. This belief may be nourished by institutional norms justifying that the wealthy are more capable and are getting a return on their abilities. The agency paradox of taking action against norms embedded in the belief system and perpetuated by education and media can be overcome by institutional entrepreneurs who are engaged in transforming systems (Lawrence et al., 2009, Westley and Antadze, 2010).
They do this by creating new networks or using existing networks (Perrini et al., 2010) and by appealing to alternative roles for the embedded conservative forces (Marti, 2009, Marti and Mair, 2009), influencing public policy and legislation.

The actual motivations of social innovators are of course diverse. Social innovators could be philanthropically oriented or driven by a desire to perpetuate an organisation, as observed in the famous John Lewis Partnership (Paranque and Willmott, 2014), where employees as partners influence the governance of the company and receive a significant part of their remuneration from profit-sharing. The timing of new institution creation, even if in accord with market principles, is always a difficult question (Fleck, 2000). Moreover, even successful social innovations, such as the John Lewis Partnership, are for a variety of reasons infrequently replicated (Paranque and Willmott, 2014).

Research methodology

The primary objective of this paper is to discuss central issues in social innovation diffusion via a case study of an entrepreneurship-based, employee-owned cooperative as illustration. The case study illustrates a social innovation and its influences. The CAE is a business cooperative of entrepreneurs who have the status of salaried employees. This is a new organisational form and a social innovation that overcomes the structural and individual barriers to people starting businesses in developed mixed economies. Further, this new organisational and business form represents an important extension of democratic and cooperative organising into domains of explicit entrepreneurship and innovation. This extension has important practical advantages, including the leverage for the spread of cooperativism and the capacity of cooperatives to move further into the mainstream of community and state-level economic development.

Besides accessing secondary sources such as databases and published papers, we conducted seven interviews of CEOs and other personnel of such cooperatives (including the specific one used for an illustration) and solicited their views on advantages and limitations of the CAE model and accelerators for and brakes to its diffusion. For this, we conducted interviews in Paris (two) and Strasbourg (four) but resorted to Skype for the CEO of a cooperative in Toulouse (one). These interviews of 30 to 50 minutes were semi-structured and open-ended. The interviews highlighted key themes yet allowed space for the free flow of discussions.

From the website of an apex network of these CAEs, twenty emails were sent to those within geographical reach, given the budget and time constraints. Those who responded were contacted. An additional interview materialised
from someone who contacted the first co-author for something else. In total, we were able to establish contact with seven such CAEs, including three CEOs, a co-founder, two accountants, and an entrepreneur who was also working part-time as communications support staff in the CAE. All interviews were conducted in French and audio-recorded. One interview was by Skype, and one was in a restaurant. The others were face to face in offices. Citations from the interviews are the first author's translations with careful paraphrasing in line with the spirit of the interview. The size of these CAEs varied greatly and some were in the same group of CAEs. Unofficial figures given to us at the time of the interview indicated that in our sample Coobâtir had five employees, Val-Talents had about 20 associate employees, Coopénates 60 employees; Antigone 80 employees; Artenréel 110 employees, Alter-bâtir 110 employees, and Coopaname had about 700 employees2.

The case

France has been facing relatively high unemployment for many decades. Part of the problem is camouflaged because the ‘long-term unemployed’ are no longer considered as unemployed for statistical records if they cease to actively seek a job. Another part of the problem is obscured if those who are unemployed are undertaking professional training or retraining. It is widely believed that the official unemployment statistics include only half of those who could be considered as unemployed. Nevertheless, even the official statistics indicate that French unemployment is close to 10 percent3 of the labor force.

One of the reasons for this labor market problem, common to many developed countries (see Komlos, 2014), is that corporate globalisation has led to increased competition and ease in the flow of capital across borders. Coupled with the obsession of the financial markets with short-term profits, this has led to firms shedding labor partly because of high minimum wages (that is, as compared to those of developing countries).

Conventional solutions do not seem to work. These include laissez-faire capitalism (which simply does not address the problem); unemployment doles (which tend to create dependency), and state-subsidised jobs (which also conceal the problem)4. One possible solution is the promotion of entrepreneurship through easier entry, public guarantees of loans,

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2 The number of employees changes frequently as some entrepreneurs leave the CAE and others enter. A 2012 flyer indicates 55 entrepreneurs in Coopénates, 70 in Antigone and 120 in Artenréel. The 2013 annual report of Coopaname indicates 672 employees.
3 Source: Lexusmundi who cites CIA Factbook, or any issue of The Economist in 2014.
4 The above listing of possible solutions is of course incomplete and does not include experiments such as work-sharing (the famous 35-hour week), but these other solutions are not pertinent to the discussion here.
accompanying (hand-holding/coaching/mentoring)\textsuperscript{5} by volunteers. This partnership between public and private may offer a scale, which NGOs alone cannot achieve. However, the sparse academic research on entrepreneurship and poverty focuses on institutional voids, especially during the spread of neo-liberal economic principles and the downsizing of governmental social programs; and the research on management and poverty focuses mostly on the potential role of large enterprises to enlist and assist people at the lowest rungs of the economic ladder (Bruton et al., 2013, Prahalad, 2006).

Promoting entrepreneurship, however, is easier said than done. This is because people are not only opportunity-seeking; they are also loss averse, or averse to downside risk (Ashta and Otto, 2011, Quattlebaum, 1988, Tversky and Kahneman, 1991, Thaler et al., 1997, Schmidt and Zank, 2005). Many would-be entrepreneurs know well that a small enterprise can rarely compete with a large one and that they would therefore risk losing their savings if they embark on such a venture without some sorts of downside protection. Moreover, if people are on the dole, they risk losing their benefits if they are employed in their own entrepreneurial venture. Further, while many people may be competent in their trade, they may not have the skills or the time to engage in administrative functions. Finally, this dilemma is hardly unique to France.

- A cooperative solution

According to resource-based theory, firms are seen as a bundle of resources; the extent to which these resources are inimitable, rare, valuable, and non-substitutable determines their competitive advantage and superior performance vis-à-vis other firms (Barney, 1991, Newbert, 2008). One potential solution to compete with large business is that of getting together in cooperatives or marketing federations for economic ends. For example, women's workers' cooperatives such as SEWA (Self Employed Women's Association) in India are good examples of social enterprises to empower women (Datta and Gailey, 2012), and credit and savings cooperatives may be a good solution to develop microfinance for micro-entrepreneurs (Périlleux, 2013), especially if the enterprises are well-governed and members thoroughly trained (Allemand et al., 2013). However, while we have seen workers' cooperatives where employees may get bonuses, and even quasi-cooperatives like John Lewis where workers are partners and get dividends (Paranque and Willmott, 2014, Storey et al., 2014), we had not witnessed

\textsuperscript{5} The French notion of accompaniment translated as accompanying, literally means keeping company with and encompasses more than the notions of sponsoring, mentoring, coaching and even hand-holding or sharing networks: it includes a notion of being present to end the isolation of the entrepreneur.
cooperatives of salaried entrepreneurs. Such a new way of doing business is a social innovation in that sense (Mazzarol et al., 2014, pp 545-6).

Certainly, cooperatives of entrepreneurs need to reduce downside risk for their members who would have variable, irregular and uncertain incomes; therefore, cooperatives should have limited liability. Finally, to overcome the dole poverty-trap, it is important for the would-be entrepreneurs to not only keep getting the dole till their business provides them more, but also that if the business fails to break-even, they should be able to go back to the dole. And yet, if the entrepreneurs do manage to get high returns, they should be able to either keep these for themselves or share it with those who helped them grow.

It is important to understand the institutional blocks that need to be overcome before a solution can be adopted. These include both ‘soft’ (ideology, attitudes) and ‘hard’ (laws, regulations) features. In addition to the risk aversion discussed above, there is the need to locate workers who value being in cooperatives because of job security which mitigates loss aversion (Heras-Saizarbitoria, 2014). An example of ideological block is that in a for-profit business, it is usually expected that shareholders, and not the employees, would gain from dividend and capital appreciation. This ideology could include theory and research that indicate that cooperatives tend to diminish in either economic performance or democratic vitality with time (Storey et al., 2014, Heras-Saizarbitoria, 2014, Cornforth, 1995). Similarly, research in poorer countries also indicates that cooperatives are often less effective in human resource management than traditional firms (Hudon, 2010). An example of a regulatory block would be that French entrepreneurs do not have the right to get dole, which is for former salaried workers. Similarly, the salaried do not normally have a right to share in profits.

Despite these obstacles, several phenomena have helped to foster innovative organisational solutions. Firstly, there has been the rise of the stakeholder theory (Freeman and Reed, 1983) and the notion of corporate social responsibility for stakeholders other than the shareholders (Carroll, 1979, Drucker, 1984, Freeman and Liedtka, 1991, Garriga and Mélé, 2004). Thus, the importance of providing profits exclusively to shareholders is attenuated by a responsibility to include multiple stakeholders on the board of directors and the oversight committees of the firm. Practically, this multi-stakeholder

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6 Note: Storey et al (2014) also validate that there is a regeneration of cooperatives values after some degeneration. Thus, they describe a U-shaped curve.
approach including workers already existed in France in a special type of cooperative called the Société Coopératif et Participatif (SCOP)\(^7\).

Secondly, we have been witnessing the success of a few large cooperatives in the Western world, notably that of Mondragon, which is a Basque worker cooperative with over 75,000 employees the world over in 256 enterprises. This cooperative is well-researched (Flecha and Ngai, 2014, Paränque and Willmott, 2014, Storey et al., 2014, Heras-Saizarbitoria, 2014, Cheney, 2002; Whyte & Whyte, 1991). These success stories were in line with Booth (1995), who had indicated that cooperatives tend to grow faster and use non-labor inputs more efficiently than purely capitalist firms.

Thirdly, French cooperatives such as the SCOP are limited liability companies (Société Anonyme or Société à Responsabilité Limitée), thus reducing downside risk. The challenge was how to use this SCOP form to allow people to keep the dole and yet seek opportunities.

In 1995, a special kind of SCOP called a CAE emerged, according with a shared enterprise model. It is essentially a cooperative of entrepreneurs with each entrepreneur being considered a salaried employee of the CAE. It is *neither strictly a worker cooperative nor a credit cooperative*. In a worker cooperative, the worker-owners do not have their own individual businesses but have a more or less equal ownership stake. In a credit cooperative, the common savings can be distributed to members or non-members as loans. However, in the CAE, each entrepreneur brings one’s own equity and assets specific to the business but also shares common resources in return for a fee. The CAE is a new organisation of economic relations and is therefore a social innovation in that sense, called co-entrepreneurship by their members (Les CAEs, 2014). Since 2001, when another legal form, the SCIC (Société Coopératif d’intérêt collectif)\(^8\) was created, some CAEs are using the SCIC

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\(^7\) In SCOPs, employees have at least 51% of the share capital and 65% of voting rights. Profit sharing includes shares for different kinds of stakeholders, but employees get profit-sharing and incentives in addition to dividends. On average 40 to 45% of earnings are kept as reserves to ensure its sustainability. At the end of 2012, there were 2,165 SCOPs with 43,860 employees. The growth in 2012 has been from new enterprises created (70 percent), as well as transformation from associations (15 percent), transformations from other business firms (15 percent). SCOPS survive better than normal enterprises: The survival rate is 82.5 after 3 years compared to a French average of 66 percent for all enterprises, and 66 percent after 5 years compared to 50 percent for all French enterprises. [http://www.les-scop.coop/sites/fr/les-chiffres-cles/](http://www.les-scop.coop/sites/fr/les-chiffres-cles/) for all figures relating to SCOPs, last consulted on July 24, 2013.

\(^8\) In a SCIC, the governance mechanism uses stakeholder colleges. A minimum of three colleges of stakeholders is required: employees of the cooperative (or, in the absence of employees, producers), beneficiaries, and other natural or legal persons who contribute by any means to the business of the cooperative. The governance principle of cooperatives (each member has one vote regardless of his shares in the share capital) is often changed to one vote in the stakeholder college. Thus, in some SCICs, consistent with this principle but to ensure a balance
legal form too. Today, it is estimated that about 10% of the CAEs are organized as SCICs. One advantage of a SCIC is the ease of getting subsidies, but this has to be weighed against the fact that collective interest has to be demonstrated and approved by the French administration. Another advantage of this type of business is that:

Even if entrepreneurs leave the CAE, they can retain links with the CAE in a SCIC by their new firms becoming stakeholder members of the SCIC (Respondent 3).

Recently, a CAE has been legally defined and this definition has been inserted in the law on cooperatives:

The principal objective of the Cooperatives of Activity and Employment is to provide support to the creation and development of economic activities by entrepreneurs who are physical persons.

These cooperatives provide an individualized accompaniment of the physical persons and shared services. (Article 26-41, clauses 1 and 2)

The CAE employs a few salaried employees who provide structural support and constitute shared resources for the entrepreneurs. Essentially, as with a small business incubator or accelerator, the unemployed people get together and test their ideas. Each cooperative democratically determines what proportion of shared resources it is able to provide the entrepreneurs. This is also enshrined in the new law and added to the Cooperatives Act.

Under this model, there is no need for the entrepreneur to form a separate company to test her idea. She can bill for products and services in the name of the cooperative and obtain legal accommodation. In return, she pays the cooperative about 10 percent of her turnover (it generally varies from 7% to 12% of gross margin) for shared structural expenses. While her initial income is low, she can be considered a part-time worker and continue getting part of her dole money for fifteen months (for the other part of the full time). Moreover, the salary she earns enables her to maintain her right to receive

of power in a diverse shareholder base, the vote of the shareholders in general meetings may be counted by voting college. In this case, no college vote may not dispose of the majority alone (10% to 50% by college vote).

9 The original law was loi n° 47-1775 du 10 septembre 1947 portant statut de la coopération.
10 This new article was inserted into the law of 1947 op cit by the first clause of Article 32 of Act No. 2014-856 of 31st July 2014 pertaining to the social and solidarity economy
11 See Les Caes (2014) Entreprendre pour soi; Réussir ensemble : Projet de loi relatif à l’économie sociale et solidaire -VOLET - Coopératives d’activités et d’emploi. Paris: Confederation Generale Des SCOP. that mentions 7% to 12% of the gross margin. All our respondents mentioned 10% of turnover and we use this figure in the paper, but there is no limit.
future unemployment benefits if her idea does not work out and she becomes unemployed again (Stervinou and Noël, 2008).

If the business grows, the entrepreneur would have the option either to become a member of the cooperative (and therefore participate in electing a representative to the board or being elected to the board herself) or to exit from the cooperative. This model allows the person to avoid downside risk and either to share the benefits or keep them, depending on the inclinations of the entrepreneur. The inherent flexibility of the model makes it more palatable to a wider range of professions than the more traditional worker-cooperative model. It has been observed that of those who exit, 42 percent create their own enterprise, 35 percent find a regular job, and 23 percent go back to the dole. However, some may want to stay with the cooperative since they have formed relationships which work and as pointed out by Kranton (1996), there is a high risk involved in leaving the relationships they already have to venture outside and form new alliances.

- **Focus on a specific cooperative: Coopaname**

We studied the largest of these CAE cooperatives in France, Coopaname, which started in 2003 and is based in Paris. At the end of 2013, Coopaname hosted 676 entrepreneurs. 64 percent of the entrepreneurs are women, and 62% are university graduates. About 80% are unemployed when they come to Coopaname, and about 90% are born abroad, indicating that the cooperative is strongly oriented towards the inclusion of immigrants. The income statement of Coopaname suggests several organisational insights. The income statement is transparent, and the columns show the breakdown of the total income into those of entrepreneurial activities and those of the structure that provides support. The total income for 2013 was 7.6 million euros, of which 9 percent was in the form of government subsidies. These state subsidies are provided to CAEs in the hope that more than this would be saved by not paying doles. An interesting statistic presented by Coopaname is that taxes and social security contributions paid are five times the subsidies that they receive. The CEOs or top managers we interviewed insisted that a CAE should never be started unless the regional government is willing to participate in the process through grants. The Annual Reports also show that the employees of the structure can sell their training services outside the cooperative to raise some additional income. The Coopaname case clearly illustrates the success of the social innovation at a micro-level.

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12 Statistics quoted at an orientation session of a business cooperative in Dijon, *Envol*. Note, another source says a third of those who leave create their own enterprises (ibid.)

13 The last three figures were taken from the 2011 Annual Report. The others are from the 2013 Annual Report.
The CAE, organisational performance, and the problem of systemic unemployment

In a previous section, we discussed the risk reduction through creating viable options for the entrepreneur: the option to go back on the dole if the enterprise does not work, and the option to stay with the cooperative or start on their own, if the enterprise does work. Such options create value (Amram and Kulatilaka, 1999, Dixit and Pindyck, 1995, Luehrman, 1998). In this section, we look at the other organisational advantages of the cooperative.

There are advantages of this organisational model to the entrepreneur because it provides her resources, capabilities and opportunities. Firstly, the entrepreneur obtains the resource advantages of an incubator. She can test her idea and overcome the initial cost obstacles by being legally sheltered by the cooperative. She also gets free advice from the staff of the cooperative—with a mutual interest in making her idea work. The support staff of the structure and the entrepreneurs are thus collaborators and not competitors and would get the benefits of collaborating such as open discussion of problems and controversies and assistance with networks (Tjosvold and Weicker, 1993). More important, the entrepreneur is provided an identity, related to her professional work: "I don't have a job" gets translated to "I am nobody", while "I am a gardener working with Coopaname" is a professional identity. The entrepreneur can take her time to build a solid foundation:

We are not in a hurry: so the entrepreneur can take his time, compared to incubators who want to turn around projects and take on new ones (Respondent 5).

Secondly, the entrepreneur benefits from an accelerator or shared enterprise. Initially, there is mutualisation of costs such as accounting or making collective fliers for advertising as well as collective formalities. Evidently, administrative costs such as tax filing, social security returns and legal documentation are all shared by the single enterprise for all entrepreneurs.

Even the taxation authorities recognise that an entrepreneur spends more than 40% of his time on administration formalities….in a cooperative this is reduced to 10% of the entrepreneur's time, since the support staff do most of the work, thus allowing the entrepreneur to focus on this core business (Respondent 1).

The cost sharing enables lowering of the break-even point. Moreover, because the cost of the support structure is a fixed percentage of the revenue, it means that at the beginning, when there is little revenue, the costs for the budding micro-entrepreneur are minimal. At the same time, she retains the autonomy on her business and gets knowledge and benefits from knowledge-sharing by competitors as well as complementary actors, facilitated by regular contact in workshops and seminars on subjects such as management, marketing and communication. Coaching, training and support services increase the probability of success of the entrepreneur. As the cooperative grows larger,
the members achieve economies of scale as well. Moreover, as they become members, they also get a part of the profit of the cooperative. The member also gets the value of the option of staying within the cooperative or leaving it. With the recent 2014 law, this option must be exercised within three years.

Thirdly, the cooperative acts as a catalyst. This is because the cooperative becomes a network of people who can act collectively to influence the market and bid for tenders, even if individually they would not have the necessary resources. They also have a captive internal market since they can sell to each other, as we showed in the Coopaname case (Sangiorgio and Veyer, 2008). Thus, beyond resources and capabilities, the cooperative is providing the entrepreneurs opportunities to treat each other as potential resources/capabilities in addition to the support staff and the infrastructure.

Fourthly, all this is especially important because start-ups may have initial problems in commercialising their products through alliances. Hsu (2006) summarises four such problems: (a) start-ups face high search costs in locating appropriate cooperation partners; (b) start-ups may not want to engage in cooperative activity because they fear expropriation; (c) start-ups are of unknown quality, and so would-be cooperative partners have difficulty evaluating them; and (d) start-ups are not sufficiently developed to engage in cooperative relationships. In the CAE model, these problems are solved because the recurring geographical proximity between these employer-employees breeds the trust necessary to build up alliances within the cooperative. Once such intra-firm alliances start within the cooperative, the partners obtain relational rents akin to inter-firm alliances, as suggested by Dyer and Singh (1998). These relational advantages include investments in relation-specific assets, knowledge exchange, combining of resources, and lower transaction costs. Again, we are reminded of the capacity of cooperatives to incorporate mixed-motive designs where, in the best cases, individual and collective incentives are in a complementary and balanced relationship (see, e.g., the collection of articles in Pencavel (2013).

All these advantages are of course based on the cooperative's survival. It will survive as long as it is prudent in its decisions and allocations. For this, it is required, for either as a SCOP or as an SCIC, to place a part of its profit in reserves. These ensure the survival of the cooperative, which in turn means that it is sustainable and therefore able to provide its services to the entrepreneurs. As one interviewee commented:

From the moment the entrepreneur decides to bring his project into the context of the social and solidarity economy and to share his company [CAE], to take the plunge to have a form of democratic governance in the company [CAE], then in order to be able to redistribute wealth at the end of the year, he has to consolodate the company's [CAE's] own funds by allowing it to retain 57.5% in equity capital,….we do not
distribute the entire benefits as a dividend to the entrepreneur in order to perpetuate jobs that are sustainable and cannot be relocated out of France. (Respondent 3)

**Potentials and pitfalls of the cae model with respect to social innovation diffusion**

The difference between an invention and an innovation is in the diffusion of the invention. The question therefore is whether this elegant innovation has been replicated and broader support enlisted. The French law has silently accepted this form of cooperatives since 1995:

It was considered as the right to experimenting (Respondent 4).

Although the first such cooperative was formed in Lyon at that time, it was soon replicated and by 2000, there were 20 such cooperatives around France.

These cooperatives tripled in number to 61 by 2006, with over 1500 salaried entrepreneurs, an average of 25 entrepreneurs per cooperative. The growth has been endogenous as well as exogenous. The number of members per cooperative increased to 54 by 2012, and the total number of cooperatives increased to 92. Other statistics show that the median CAE has 37 entrepreneur-employees. There are two outliers who have more than 200 entrepreneur-employees (Les CAEs, 2014). Thirty-seven of the CAEs employ roughly 1000 people, are single-industry firms (example, construction, services to individuals, etc.), while 55 CAEs are multi-activities, employing about 4000 people. Only 20 percent of the employees (that is 1000 out of 5000) have become associates. This is because, if the business model works, many would graduate out of the cooperative. The profile of the entrepreneurs who join is overwhelmingly the unemployed (71 percent) and those who were long-term unemployed (another 20 percent)\(^\text{14}\).

Invariably, the success of the cooperatives requires connecting the bees and trees, meaning large organisations, the government or NGOs (Mulgan et al., 2007) who would provide referrals to the unemployed people to try to form their own enterprises using the CAE model. These would include the unemployment agencies, chambers of commerce, chambers of artisans and other actors in the economic solidarity movement. This requires each cooperative to set up communication links with each of these actors and be present at different forums organised by their movements, with brochures, visiting cards and newsletters. Such networks call to mind the web of cooperatives and supporting institutions in Emilia-Romagna, Italy, where social capital is very strong (Webb and Cheney, 2014). Because the contacts are made at local level, each CAE must independently do this.

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\(^{14}\) PROJET DE LOI relatif à l’économie sociale et solidaire: ESSX1315311L/Bleue, ETUDE D’IMPACT for 2012.
We are even present on Facebook and YouTube. For this, the CAEs communication manager needs to know graphics designing, web design, webmaster, referencing, communication strategy, and community management (Respondent 6).

The cooperative sector is a small but growing part of the economy in France, where the growth of cooperatives has been faster than that of the rest of the French economy, in number and size of establishments as well as in number of employees, during the period 2005-2010. However, the 92 CAE’s collectively constitute not even 1 percent of the cooperative sector. The 5,000 jobs they have created are miniscule in comparison with the needs of the French economy. But the French take each job created very seriously.

The advantages of the model

The advantages to the economy are evident. First, the state can encourage micro-entrepreneurship. Second, as these entrepreneurs become successful, the total cost of the dole reduces. Third, these are all locally anchored initiatives that will not fly away with globalisation. Fourth, there are multiple impacts because cooperation develops citizenship, democratic behavior, civic engagement and an ideology of sharing, all of which are important in building social capital and wealth of nations (Putnam, 1995). Fifth, profit accrues to workers who are members and thus shareholders too (Stervinou and Noël, 2008).

Finally, as one of our respondents remarked:

Crisis often lead to changes in values. Today, people realise that employment is fragile and they would rather invest their energies in creating their own enterprise (Respondent 6).

At the same time, the success of the Cooperative of Activity and Employment and the shared enterprise model that it represents can be best indicated by the imitation it has invoked in Europe. Already, the CAE model has been copied, with local adaptations, in Portugal, Spain, Germany, Sweden, Italy, Switzerland\(^\text{15}\), and Belgium and Quebec\(^\text{16}\). For example, Belgium, which has adopted this innovation, has recently passed a royal decree on the subject.\(^\text{17}\) It will be important to observe related legal and business developments in


opportunities and challenges in the diffusion of social innovation, ashta and cheney

other countries and the extent to which more cooperatives of entrepreneurs appear on the scene.

If the CAE is being replicated in so many countries, we can say that for this social innovation, the business-organisational design seems to be sound. We can also see that while the number of replications in France has been limited (to less than a hundred), within this movement of CAEs, there are firms that can have many salaried entrepreneurs. Thus, it is possible for the model to bring together large groups of entrepreneurs, as anticipated by the existing research (Stervinou and Noël, 2008, Bost, 2011, Sangiorgio and Veyer, 2008).

The crisis and the rupture it has created has made many people think that the wage model is no longer dependable: they may as well develop something of their own which gives them more independence and conforms to their values of getting back to manual work, or sustainable development, or cooperation (Respondent 1).

So there is a need for such enterprises, but most people have not heard of the CAE model. To date, the diffusion has largely been through word of mouth.

Limitations to the CAE model and its diffusion

The progress made by CAEs in solving the unemployment problem has admittedly been limited to date. In the same period of fifteen years, there are movements such as microfinance that reached millions of people. The CAEs have reached only 5,000 in France. Partly, this is because the French population is smaller than that of countries like India, Mexico, Bangladesh or Indonesia; partly because, besides loss aversion, there may be other factors that make French people less entrepreneurial than populations of some other countries. Nevertheless, with three million registered unemployed and another million long-term unemployed, the scope for inclusion was large.

We have stressed that the success of a social innovation depends on the strength of institutional entrepreneurship. With any intervention in the direction of scaling up or institutionalising entrepreneurship, including the bringing together of entrepreneurs to form a new kind of enterprise, the paradox of embedding and fostering agency must be confronted and then managed creatively (Garud et al., 2007, Powell and DiMaggio, 1991). Changing institutions requires identification of the institutions that act as a block, either directly or indirectly, and leveraging partnerships with fitting entrepreneurs to create appropriate institutions, including both hard and soft public policy. There may also be an unclear understanding of whether a social enterprise creation is a ‘snob norm’ or a ‘bandwagon norm’ (Kübler, 2001). If it is a snob norm, then limiting the number of followers creates greater social returns for the incumbent chiefs of CAEs.
The first problem that we see with the CAE regime is that, until July 2014, there was an absence of specific regulation.18 The initial law governing the CAE was that of the SCOP, although later SCICs were allowed also to be used as CAEs. However, one could not find any legislation on how the CAE was related to a SCOP or a SCIC. Therefore, those who like to know exactly what they are getting into must rely on information available from the networks of CAE's, who provide limited information on their own operations, notably financing, on their websites.

The experiences of the respondents of our interviews also showed that the absence of specific legislation produces risks and uncertainties. Although most joiners or recruits of these businesses are committed to cooperative values and respect each other's rights, there are grey areas where the rights are not clear in the absence of legislation. Some contractual and organisational problems indicated by our respondents include:

- The chain of command is not clear. Does the salaried-entrepreneur report to the CEO? Moreover, who really manages the shared-service support staff in a cooperative? The problem of free-riding needs to be solved. The auto-management or joint-production model works well for 10 employees, but is difficult to achieve for 700.

- If an entrepreneur-employee wants an employee, how should the cooperative recruit a salaried employee for her exclusive use? First, this employee may not want to be a salaried entrepreneur but a normal employee, such as support staff. Second, if the entrepreneur-employee quits the cooperative, she leaves the salaried person with the cooperative, who may not have any alternative use for her skills.

- The entrepreneur must have sales to have a salary. If she does not have any activity, the CAE can give her leave without pay. But for this, she has to give a letter but there are people who do not provide any news when they do not sell. The CAE staff loses time for which they are not paid.

- There is also a problem if an entrepreneur quits because the contract has been interrupted because then she asks that the legal indemnity of the rupture be paid as per the labor law. For example, this could be one month's pay for someone who has worked for five years. This indemnity is required for her to get back on the dole. The cost

must be paid by the CAE. These are rare cases only if the person can access the dole.

- A similar problem comes if the entrepreneur wants a loan and the cooperative takes the loan for her activity: If the entrepreneur quits, who repays? If the entrepreneur takes a personal loan, the interest cannot be deducted from her revenue. So she has to share profits with the rest of the cooperative without taking into account this direct expense since the loan is taken by her outside the cooperative.

- How should the reserves created by the cooperative be utilised? Part of these must be reinvested. An example could be a cooperative where graphics designers would like to invest in software, while artists would like to buy a bus to be able to travel together to perform. Is thoroughgoing democracy the best way? What is in the interest of the cooperative enterprise may be very different from the interest of the entrepreneurs. The question is how to serve the common good.

It is interesting to see that these latter questions of surplus-sharing are resolved more easily if one person, such as the chairman in the John Lewis Partnership, has the final decision (Paranque and Willmott, 2014): his decision may be more expeditious but perhaps less democratic. In a democratic structure, all such questions of direction of investment and the use of reserves require the organisation of a meeting and voting. That is, it is time consuming, expensive and reduces the reactivity of the business.

Besides the difficulties faced by the entrepreneur-employee, there are also difficulties faced by the entrepreneur who starts the CAE, who is often the administrator (gérant). First, the initial working capital often must come from the personal savings of the founder-administrator because banks will not lend for such new projects. However, because a cooperative’s capital is shared, it is difficult for the founder to take out his initial capital. This also means that there is no exit value as in the case of a normal enterprise that the entrepreneur sells upon his retirement. Therefore, the administrator who starts a CAE has a set of social-security needs for retirement that other entrepreneurs may not have. So, he is dependent on salaries rather than on a profit motivation.

Second, the administrator has many risks. For example, he has to trust that the entrepreneur-employees will manage their affairs where his legal responsibility is not evoked, leading to imprisonment.
As a result, in a CAE, we are not looking to integrate projects that are profitable, but rather projects that are non-dangerous to the health of the cooperative. This results in choosing projects with low risk, which implies low return (Respondent 1).

There are also risks that the entrepreneur may ask the client to accept a bill or to make a check in his personal name, to avoid paying 10% to the CAE.

Therefore, while the innovation can be set up, its replication is not easy (Cornforth, 1995, Phillips, 2009, Pinnell, 2008). Recognising this problem, in 2014, France introduced a law including a definition of a CAE. The lack of a regulation indicates the inability of institutional entrepreneurs to overcome conservative forces. For example, there may be a well-entrenched belief that only large enterprises are profitable, or that the market is already adequately served by existing organisational forms. In such cases, starting new small enterprises, even as cooperatives, may not seem to be a socially efficient outcome; and the legislator may prefer relying on unemployment programs rather than promoting a new organisational form, especially given the legal and tax-related requirements often associated with the creation of a new category of businesses.

We have mentioned that providing state-aided jobs also reduces employment and provides a social identity to the beneficiaries. If cooperatives are viewed as subsidised efforts to produce the same result, the political actor must balance alternative use of public policy. These subsidies undermine the idea that cooperatives can be self-reliant (Datta and Gailey, 2012). Yet, the CEOs of cooperatives we interviewed were clear that without such subsidies, the model cannot work.

All those who tried to make it work, without subsidies, failed. It was their hubris that made them think they could make it work alone. But without having a partnership with the local government, in the form of subsidies, the model cannot work (Respondent 1).

Additionally, for such a small number of cooperatives, there are two apex federating networks, each providing very different information on their websites. One is Coopéris pour entreprendre http://www.cooperer.coop/ and this website lists 89 CAEs without providing details on their operations, but the link to the 89 members is available. Elsewhere, the website indicates that there are 68 members with 4000 employees. Alongside, there is Copea who indicates that it is an ‘Association nationale des coopératives d’activités’ without adding ‘et emploi’. It has another 23 members. It indicates that it is

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19 LOI n° 2014-856 du 31 juillet 2014 relative à l’économie sociale et solidaire
a cooperative of salaried entrepreneurs. According to many of our respondents, the two networks diverged, owing to disagreements on the working of the CAE model. For example:

The Cooperer pour entreprendre network members provide conventions for accompanying to each entrepreneur while we at Copea enter into a Contract for the Support of the Project of the Entrepreneur (Respondent 3).

Some social movement organisations which have distributed leadership through consensus or rotation (Sutherland et al., 2014), but we cannot comment on this from the standpoint of our study because two federating organisations were created. Recently, some efforts have been made for the two networks to work together, including through a Congress organised in Marseille in 2012.

Although the networks maintain that their role includes representing the sector to the government, there seems to be little action. The ‘news’ section of their websites does not have links to the press and media papers on the movement. The number of entrepreneurial profiles are very limited (three on the Cooperer pour entreprendre network). In short, if the work of the network is to disseminate information on a new business model, it is not being done through the Internet. Rather, it seems to be done by stands at entrepreneurial fairs.

The problem is that too much of the communication of the CAEs was based on the testing of activity. Today, we realise that the model is also for profitable activities. The result of this faulty communication means that people who don't want to test don't come to the CAE. Moreover, prescriptors will send us only those who will need guidance on testing or projects which are not really viable (Respondent 4).

Both of these reasons mean that the CAE spends its time and energy supporting weaker entrepreneurs. The implication for the organisation’s development is that instead of having a representative fair share of profitable and weak project which would give the CAE an equal chance of success as the rest of the economy through cross-subsidization, it is forced to survive based on enormous efforts to support weaker projects.

The image of a cooperative may also not help the CAE movement. In some countries, especially in Eastern Europe, cooperatives may be negatively viewed in that they may be reminiscent of forced collectivization without democratic principles or profit-sharing or ineffective state bureaucratic structures (Lambru and Petrescu, 2014). In other countries, cooperatives could be considered with multi-stakeholder governance structures. Image building may require rhetorical strategies contrasting the business

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22 These support contracts are called Contrat d'Appui au Projet d'Entreprise (CAPE). They were initiated by a law of 2003.
cooperative with charity and doles or against the inequalities generated by market mechanisms. The image would also be boosted if the staff of the structure or those helping the entrepreneurs included, in each CAE, ‘known strangers’ or eminently successful people.

The network would gain momentum if the target audience knew the advantages. Thus, it should be in the interest of unemployment agencies to explain the model to the recipients of doles. However, there is no intrinsic motivation for these agencies to do so. The intrinsic motivation to develop entrepreneurship rests only with the employees of the ‘structure’ of each CAE whose income is a percentage of the turnover of the entrepreneurs, and whose subsidies from regional governments could also depend on the number of entrepreneurs being helped.

The market may not have perfect information; however, if a model works, the market would know it fairly soon and replication would occur. So, perhaps, the problem is that many CAEs have not led to very successful entrepreneurship, despite the promised advantages. This may be because the resources/capabilities of the entrepreneurs may be limited, non-valuable, non-rare, imitable and substitutable and not easy to develop (Charles-Pauvers and Schieb-Bienfait, 2010). Therefore, even if the CAE removes the threats of entrepreneurship (such as loss aversion to losing the dole, limited liability) and provides some amount of relationship rentals, these are neither necessarily present (unless the CAE searches for suitable alliance partners for their members) nor sufficient for micro-entrepreneurs to earn significant competitive advantages. Moreover, the competitive advantage has to offset the transaction costs implicit to any alliance, internal or external. To the extent that internal transfer pricing (between entrepreneurs) or cost-allocation is based on mutual trust and negotiation, there are uncertainties and risks embedded in the system: for example, how do you value free advice given by people to each other? Therefore just as strategic alliances do not perform (Madhok and Tallman, 1998), internal alliances may also be complex and expensive and either not lead to profitability or not undertaken because the entrepreneurs do not have the minimal resources required to take risks. Those who do translate competitive advantage into performance, would rationally leave the cooperative. In terms of cooperative culture and solidarity this means that, once again, the cooperative would be left with unsustainable weaker entrepreneurs and only those strong entrepreneurs who have a very strong cooperative sentiment. One recommendation would be to bolster the spirit of cooperativism during the incubation period so that more successful entrepreneurs stay with the CAE.

To all this, we would add mission drift. Member-based cooperatives have one body of stakeholders with aligned interests. For the CAE, the SCOP regime
involves different stakeholders having different blocks of votes. This may cause mission drift to the concept of a cooperative if one set of members try to dominate others (Mazzarol et al., 2014). For example, the block of workers may dominate the block of customers or the block of financiers may dominate the block of employees.

**Conclusion**

The Cooperative of Activity and Employment (CAE) is an innovative social model to respond to a social problem, which has been confronting many developed countries. Because conventional solutions are not working, the social innovation of the CAE empowers unemployed people on the dole through a new form of cooperative that allows them to remain independent entrepreneurs yet be salaried professionals at the same time, thus removing their downside risk. This model goes against conventional wisdom that cooperatives cannot be successfully in the face of competition from joint-stock companies. This new business model brings entrepreneurs together and creates democratic forums for further social innovation. The example of Coopaname, which now has 700 entrepreneur-members, demonstrates that the model can work and that the enterprise can succeed in the marketplace. However, we have shown how stressing internal stakeholder (or employee-member) interests can create tensions with respect to future investments by the firm and the growth of the cooperative.

We have found that while the business model is sufficiently attractive that other countries have replicated it, within France, the growth seems to be still limited to a few cooperatives jointly employing a few thousand entrepreneurs on part-time and full-time bases. There is a pressing need for broad scale education on cooperative models that includes linkages to communities of professionals engaged in innovation and entrepreneurship.

This study has added to the literature on scaling up social enterprises and diffusion of social innovation. As this study has shown, there are internal as well as external reasons for the slow diffusion of the CAE-type model. A lack of regulation and institutional support, considered vital for this multi-stakeholder organisation to succeed, could be a function of conservative opposition and/or lack of awareness of this organisational option on the part of most policy makers. At the same time, the social innovator may not have taken the necessary institutional entrepreneurial actions and the managerial and marketing activities required for the diffusion of the innovation. Recruitment of new members through successful ‘demonstration projects’ is also crucial. Finally, the study reinforces the view that dynamic systems of training and communication are crucial for replication and the fostering of social entrepreneurship in larger networks (Pinnell, 2008, Perrini et al., 2010).
Future research could look at all these factors through more in-depth qualitative interviews with the principle actors. It may be necessary to establish the recruitment criteria of the CAE structural staff that is subsidised by the regional governments. Similarly, while we know that most of the entrepreneurs were from the ranks of the unemployed, it would be interesting to include their level of education and prior income. Beyond this, a class-conscious analysis of the wider possibilities of the CAE-type model would be valuable. Finally, institutional research may be required to see how to encourage such cooperation in countries that have held to the free-market discourses and neoliberal policies.

It is possible that social innovations such as specific cooperative models may not succeed in their country of origin for a variety of reasons: the idea was not feasible; motivation was inadequate; expertise was lacking; the innovator or founding group was not effective at management; the implementation process was weak; there was a lack of suitable demand or supply for the product/service; appropriate partners were not found who shared the values and orientation; needed regulatory changes were not made; or because of strong opposing market forces. At the same time, these factors may play a different role in other countries, and the success of the diffusion of social innovation would then depend on the conditions in that particular country. The paper is therefore of interest to policy makers and cooperative change agents who aim to experiment with similarly innovative practices in their own countries.

In this study, we have taken a close look at the external and internal dynamics of an innovative cooperative form: a cooperative owned by salaried entrepreneurs in France (or CAE). We have considered the economic and political contexts for this type of social enterprise and shown how general (or popular) assumptions about business and cooperative functioning impact the operations of this model as well as its potential diffusion within and across nations. We have also shown how the mixed motivations built into the model and experienced by members provide lessons for expanding the cooperative economy in the current market context. We urge researchers and practitioners to continue investigations of this and other entrepreneurial types of cooperatives in order to understand better the nuances and possibilities associated with hybrid organisational and business forms.
Opportunities and Challenges in the Diffusion of Social Innovation, Ashta and Cheney

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The Effect of National Culture Differences on Perceived Organisational Support: Examining the Case of India and the United Kingdom

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Abstract
Due to increasing globalisation and expansion of multiculturalism, national culture has become an important area of research. There have been numerous cross-cultural studies exploring national culture differences between countries, and their consequent impact on functioning within a country. There has been considerable evidence that national culture affects the organisational practices. Perceived Organisational Support (POS) has been highly recognised as affecting behaviours that are beneficial for an organisation. However, none of the studies have attempted to figure out whether a relationship exists between national culture and POS.

The aim of this research is to explore national culture differences between India and the UK, and discover the effect on POS. India and the UK were the chosen sample groups due to their variation in recognised cultural perspectives, although they have a shared colonial history. The study consisted of 110 participants (49 and 61 from the UK and India respectively). These participants were aged between 20-60 years and all were working for an organisation. A quantitative approach was taken, where an electronic survey was distributed to be filled out by the sample population. Statistical methods including t-test and multiple regression were performed for the analysis.

The results indicated that there is no statistical difference between the national culture of India and the UK, and that subsequently has no effect on POS. The new cultural findings obtained with respect to India and the UK will direct further research in this field.

Keywords
national culture, perceived organisational support, cross-cultural, globalisation, multiculturalism

Introduction
As the world moves towards a more competitive business place, employment relationships are becoming more critical and have received considerable attention. Perceived Organisational Support (POS), an organisation supportive practice, is a psychological belief gathered by employees about their organisations in context of whether the organisations care about their contributions at work and general wellbeing (Eisenberger et al 1986). Fairness, supervisor support, and rewards and job conditions within an organisation act as predecessors for POS.

POS in many studies has been associated with synergising the wellbeing of employees with the growth of the organisations. It has been found to influence productivity, reduce absenteeism, increase turnover and general
reduction in operating costs (Rhoades and Eisenberger 2002). In a nutshell, this is highly beneficial for accomplishment of organisational goals.

Hofstede defines culture as “the collective programming of the mind which distinguishes the members of one group or category of people from another" (1991, p.5). This further introduces the concept of National Culture, which can be described as a confluence of cultural and social norms, attributes and ethos shared by citizens of a nation within its boundaries that differ from the cultural values of another nation.

Several studies have documented that management and HR practices can be highly productive when they become aligned to the values and responses, specific to a National Culture. Thus, it is imperative that different national cultures have to be supported with a variation in the practices and social rules and regulations, applicable to that in particular (Newman and Nollen 1996). Management practices reinforced via national culture are instrumental in predicting employee behaviour and performance (Wright and Mischel 1987). Congruent management practices with national culture support concentration and managing of expectations within the workplace (Newman and Nollen 1996). For this reason, national culture has a huge impact on the working population of a country.

This relationship between national culture and management practices helps to identify another subject for wider debate: whether differences in national culture impact POS differently?

The study aimed to derive the cultural differences between India and the UK and also investigate the relationship between national culture and POS for both the countries.

**History and Genesis of National Culture**

The term ‘Culture’ carries us back to history in the 1800s; however, it is still a very difficult term to define concisely. The word ‘Culture’ has originated from two words ‘cultus’ and ‘colere’, meaning ‘to care’ and ‘till the ground’ respectively.

National culture can be described as a loose summation of espoused cultural values and beliefs shared by a country. Hofstede (1980) defined national culture as “collective mental programming of the people of any particular nationality.” This programming developed within the society as a combination of attitudes and resultant behavior of citizens of that country, which sustains their priorities.

He introduced the dimensions of culture through empirical research involving 116000 surveys conducted across from 50 countries and 3
continental regions. This data had been sourced from a large multinational company IBM (Hermes). Through this study, he discovered four bipolar dimensions of national culture: - **Power Distance, Individualism, Masculinity, and Uncertainty Avoidance**.

Later in 1991, Hofstede introduced a fifth dimension called ‘**Long-Term versus Short-Term Orientation**’ originally called Confucian dynamism (Hofstede and Bond 1988; Hofstede 2001).

Furthermore, the research by Michael Minkov on the World Values Survey data added new perspective to the fifth dimension and also discovered a sixth dimension called the ‘**Indulgence versus Restraint**’ (Hofstede and Minkov 2010).

- **Power Distance (PDI)**

The degree to which individuals/ members, who are less powerful in a society recognise that power is allocated disproportionately and accept it as being normal, is known as Power Distance.

- **Individualism - Collectivism (IND)**

This dimension indicates the relationship between individuals in a society. Individualism in a society stands for weak relationships within individuals. The individualistic society is accountable only for oneself, their interests and one’s close immediate family. Collectivism in a society is identified by strong and integrated relations that individuals maintain with others. People in this kind of society belong to many in-groups. Such cultures have strong community support. Individuals attain loyalty from these in-groups (clan, work team, organisation, community, country) in exchange for support and protection (VSM Manual 2013).

- **Masculinity- Femininity (MAS)**

This dimension explains the extent to which masculine traits are preferred over feminine traits in a society. It foresees how society places emphasis on the issue of gender and their specific roles. A masculine society is one in which social gender roles are evidently distinct whereas in a feminine society the roles overlap. Masculine traits are identified at this juncture as being assertive, tough, successful and a performer. Alternatively, feminine traits are acknowledged to be modest, demure and relationship oriented.

- **Uncertainty Avoidance (UAI)**

Uncertainty Avoidance explains the degree to which individuals in a society feel threatened with ambiguity or unstructured situations. It explains the way
individuals perceive control over events and how they manage the future. Low UAI in countries identifies a need for clear structure and order. Rules and guidelines in such societies help overcome difficulties faced via uncertainties.

- **Long Term Orientation- Short Term orientation (LTO)**

  This dimension glances at a country’s time and future orientation. Long-term orientation within a society promotes virtues, taking into account future rewards. Patience, perseverance and adapting to changes for a larger good of the future are some characteristics underlying in such societies [VSM 2013].

  Short-term orientation recognises the past and the present. Features like national pride, respecting traditions and fulfilling social obligations is categorised as highly important in such societies.

- **Indulgence-Restrain (IVR)**

  An indulgent society allows free gratification of desires and feelings contextually related to enjoying friends and life. Contrary to this, a restraint society controls similar gratification due to which individuals feel that they enjoy life less than others.

**National culture of India and the United Kingdom**

The two countries share common ground in history as a result of British colonisation in India. Yet, these countries encompass absolutely polarising cultural attributes and beliefs.

The United Kingdom sustains a westernised cultural approach. The country supports a culture wherein community relationships and personal friendships do not take priority over professional engagements. Most of the time, they would appear to be straightforward, clear and concise towards their approaches and thoughts (Trompenaars and Turner 1997). They prefer representing themselves as individuals rather than being considered as a part of an in-group. They also consider themselves to be the sole decision makers (which may not necessitate consulting seniors in decision-making) and are recognised as achievement oriented (Kowol and Szumiel, n.d.).

On the contrary, decision making in India has traditionally been a collective exercise, where familial relationships endure and are necessary, even in business relationships. The age old tradition of the caste system in India further contributes to this loyalty within familial bonds, thus emphasising established hierarchical relationships. A person is deemed to be affiliated to a specific state, region, city, family, career path, or religion, rather than the role of a mere individual. Indians have always been conscious of social order
and their status relative to other people, be they family, friends or strangers. All relationships involve hierarchies. The patriarch, usually the senior most male member of the family at large, is considered the leader of the family. The reporting officer in the office may not be only the proverbial boss, but also the bearer of the ultimate responsibility in business in addition to the well-being of his pack of subordinates. Every relationship dwells upon a clear-cut hierarchy that must be observed for maintenance of the social order. This group orientation emanates from the close, personal ties that Indians maintain with their family, including the extended family. This helps to create a myriad of inter-relationships, rules and structures and along with these mutual obligations, a deep rooted trust sets in among the relatives.

However, increased globalisation, fast urbanisation and general economic development since the ushering in of liberation reforms from the nineties, has resulted in a greater number of nuclear families in cities. This has tended to create a cultural shift towards individualism and personal achievement. Besides, the increased entry of global firms across India due to cheap labour costs and a large domestic market has also impacted both culture and employee expectations (Jacobsen 2014). Nevertheless, the reality and understanding about Indian culture still remains as complex and understated as it was hundreds of years ago.

**National culture in the present scenario**

In the present-day scenario, individuals have started feeling affiliated to various cultural attributes due to the growing globalisation and technological developments. Social and professional networking platforms actively encourage individuals to gain knowledge about the world. This also provides a route for individuals to possess a multiple identity belonging to various sub-cultures. Inter-cultural communication, thus, is crossing boundaries and merging features of various cultures, raising a transcultural world (Welsch 2009, cited in Witchalls 2012). Soderberg (2002) argues that national culture is now obsolete for managing the dilemma within institutions undertaking a transnational approach.

Individuals interpret situations and contexts differently, due to social representations which may be long shared within the nation (Jankowicz 1994). This schema is dependent upon the nation’s history, experiences and current state. Although industrialisation and modernity is bringing individuals together, yet it is their social and cultural systems, which bind meaning to new information gathered through various sources (Witchalls 2012).
Migration is another crucial element in globalisation and research suggests that it has highly added to the development of “colonialism, industrialisation and nation-building” (Castles 2002).

Understanding migration has become highly important, as it facilitates a deeper analysis about the social and cultural shift, paving way for future societal growth and welfare measures.

Currently migration poses a lot of differences, leading way towards resultant globalisation (Castles 2002):

- Migration adds to diversity: bringing different social and cultural backgrounds together.
- Migration brings in development of transport, knowledge and technology amplifying circulatory migration
- A higher number of migrants develop transnational feelings orienting their lives towards two societies and cultural values.

Migration to the UK within the last two decades has become a key matter for research and evaluation. Since 1998, the number of immigrants into the UK has exceeded emigrants from the country by as many as 100,000 persons a year. In 2014, individuals migrating to the UK constituted 13% British nationals, 42% EU migrants, and 45% non-EU migrants (Hawkins 2016). The statistics portray the call for diversity in the UK, gathering different cultural views together.

Records from the British Home Office (cited in Khadria 2006) report that 687,000 Indians were admitted to the UK out of 11,800,000 non EEA in the year 2005. This rate has drastically increased, about 12%, from 2004.

**Perceived Organisational Support**

Social exchange theories highlight that individuals, when involved into any relationship with other people, attempt to maximise their own benefits. In addition, these theories understand the importance of employee motivation and its liaison that fosters the accomplishment of organisational goals (Aselage and Eisenberger 2003).

Organisational Support Theory (OST), a contemporary social exchange theory, assumes that employees develop beliefs as to how their organisation cares for and values their contribution. They also try to relate the organisation’s willingness to appraise an increased work effort with their own well-being, so as to fulfill and nurture their socio-emotional needs. (Orpen 1994).
This belief was termed “Perceived Organisational Support (POS)” in 1986 by Eisenberger, Huntington, Hutchinson, and Sowa. These feelings generated within employees as they allocate human characteristics to their organisations, which creates expectations that help will be assured whenever required by the organisation (Eisenberger et al 1986).

The organisational norms, policies and culture help individuals identify their role behaviour that also captures employees’ personification with the organisation overlooking its individuality. This also takes place due to the moral, legal and financial dependency of an employee over the organisation (Levinson 1965).

National Culture and Organisations: Understanding the differences within nations and the implications for organisations

The previous American Management theory emphasised that ‘one size fits all’. This made us believe that organisational practices and beliefs should be absolutely the same across different countries: be it the US, the UK, China or India. However, a new perspective has now taken over, showing that organisational practices must differ across nations (Newman and Nollen 1996).

Different countries may bind and allude to a wide plethora of various cultural practices, rules, regulations, norms and taboos. Many organisations today are running their businesses across multi-national borders and in differing cross-cultural identities. Underestimating the importance and consideration of local social and cultural values may lead to unexpected hassles, mar interpersonal relationships, and ultimately lower business performance (Ghemawat and Reiche 2011). Evidence in various research also suggests that different countries adopt varied models for their business structure, legislative requirements, employment relationships, HRM competence and decision making to sustain their human assets (Schuler and Rogovsky 1998).

Methodology

Study gathered data from a total of 110 participants, out of which 61 were respondents from India and the rest 49 belonged to the UK. The inclusion criteria of the participants were as follows: they were aged between 20 and 60 years and were working for an organisation in these respective countries.

The research answered the following questions:

1. Does national culture differ between India and the UK?
2. Does Perceived Organisational Support differ in India and the UK?
3. Does national culture have an impact on POS?
4. What are the other useful predictors explaining the relationship between national culture and POS?

The analysis was twofold: Firstly, the data was tested for any significant difference between the national culture and POS of India and the UK. Secondly, statistical techniques were applied to find out if there was significant impact of national culture on POS with control variables as age and tenure. Multiple Regression was performed to uncover this relationship.

**Discussion and Conclusion**

The results posed non-significant results with respect to the relationship between national culture and POS. However, it showed some interesting facts that could suggest a new understanding about the cultural aspects of both India and the UK.

Four new findings were considered of great importance which were: India scored low on power distance index, the UK scored as a collectivistic country, the UK is derived as a feminine country and India is also scored as an indulgent nation. These findings contradict the previous knowledge and literature as investigated (Hofstede et al 2010; Trompenaars and Turner 1997; Kowol and Szumieł, n.d.) Additionally, similar scores on the POS for India and the UK also indicate that similar support perceptions are derived within both countries.

These results question the basic understanding about the cultural values of these nations and raises questions to answer by what means these massive alterations have taken place.

The UK today exists as a diverse and multi-cultural country. Migration statistics (Hawkins 2016) state two major reasons for individuals to shift to the UK: work and formal education. The capital London consists of almost 37% individuals who were born outside the UK. Such a high concentration of diversity, coming from different cultural backgrounds, has extensively contributed to blurring boundaries across nations. This also explains the UK gathering collectivistic attributes within its boundaries, indicating that individuals within the UK now belong to a larger social network. Such a feeling of belonging to various sub-groups considerably affects an individual’s actions and decisions in similar societies. Their adopted country now extends affiliation to their social networks like family, friends and work-groups.

Migration impacts globalisation and cultural changes. Other reasons like increased mobility due to cheap travel facilities and faster transportation modes, technological developments leading to reduction in communication barriers, also impact cultural flow. Such a wide diaspora in a working
population also normalises national attributes, specific to a particular group, thus bringing in a feeling of trans-nationality (not belonging to one particular country) as an emerging theme (Castles 2002).

Globalisation is a dual process wherein both economic and cultural flow simultaneously takes place constituting flow of capital, goods, services, ideas, products and people. It also reduces the core features of a nation (Castles 2002). An intermingling of people from diverse faiths and nationalities, particularly in the form of migration, as has happened in the UK, has consequently conveyed alterations in the country’s ideologies and beliefs.

The UK also tends to change its orientation to that a feminine country. Basic characteristics that distinguish a feminine society include maintaining work-life balance, individuals fostering equality, and caring for other members of the society.

This shift within the UK could be aligned with the elevated focus on work-life balance through government policies, being issued since 1997. Policies propagated, especially during the last two decades, have promoted work-life balance, focusing on maintaining high standards of life through rights like flexible employment patterns, extension of leave, child healthcare benefits, adoption of safe and best practices within the work environment (Lewis and Campbell 2007). The main focus of the policies has been to initiate equitable involvement and care for all members of the society. This appears to be a very strong reason for the UK tending to be a feminine country and establishing general support, uniform care and co-existential relationships as priorities within its culture.

Indian culture is also drastically evolving, bringing in a coalition of the traditional and modern views. M.N. Srinivas (1962) suggested that India was affected socially and culturally through the conquests of alien powers in varied times of its history. It is particularly the British period that caused a change within Indian traditional values. This influenced personal life, religious beliefs and social structure over many centuries in India. The resultant interactions with people from diverse backgrounds also brought about a cultural shift within the Indian population.

The role of foreign entities has often been considered to uphold a major role in changes associated with economic growth, innovation, and entrepreneurial behaviour (Gusfield 1967). A lower power distance in India suggests new entrepreneurial and cultural behaviour in the nation. This also shows that Indian nationals are no longer going to be satisfied with an unequal distribution of power. They believe in attaining autonomy and equitable distribution of resources: whether public or private. Workplaces
now focus on greater involvement and team building, accessible and supportive seniors, and consensual decision-making by all members.

India has been previously recognised as sustaining high inequality of power and wealth within its society (Hofstede 2001; Muduli 2011). This was quite prevalent through social constructs like the caste system within Indian society and superior-subordinate relationships within the organisations. However, globalisation within the current era (specifically in the corporate sector) has led to incredible impacts on roles, lifestyles and relationships, particularly in countries like India (Gopalan and Stahl 1998).

We can relate this to the growing development of India as an after-effect of economic reforms initiated in the nineties. These radical changes in the business environment helped to modify the country’s goals towards faster growth and eradication of poverty, which then became a priority for all successive governments, conveying a perceptible shift within the cultural attributes (Chen 1995). This finding also seems to support the study by Muduli (2011) who found inconsistency within the performance based rewards practice and national culture of India, as Hofstede’s scores formerly indicated it to be a high power distance country. However, caution may be required to generalise these findings to other studies.

India has established various lifestyles within different groups of society. This division within the society expects specific groups to be the carriers of traditional values. Nations adapt to new cultural changes. However, this does not mean that old traditions were completely replaced by the newer ones (Gusfield 1967). Traditions and modernity can simultaneously co-exist and sustain one another under one roof. This further reinforces the viewpoint that Indians in general, are no longer going to be restrained by age old social norms. Change is inevitable and people will adopt the best practices that they see. Thus, India is recognised to be an Indulgent country through the index score obtained.

It is interesting to note that the young and the older generations may maintain substantially different views on any particular subject. With time, the younger generation has tended to be more independent in its outlook in terms of their opinion of life, family, friends, fun, sex and enjoyment. However, for the old, such drastic changes happening in Indian society may still be quite alien and challenging to accept. It may be mentioned that this study relied more on a higher percentage of younger generation (approximately 70%) participating in the survey which may also be bringing forth such results for the country, which are more prevalent in western countries.
With time, Indians are sustaining their cultural values and traditions and passing them on to their future generations. Yet they are also adopting and accepting best practices and views of the western society. Social media, 24-hour television and accessible interactions across the globe could also bring legitimate understanding for this acceptance. “Interactions raise to fusion and mutual penetration” (Gusfield 1967), which explains that these interactions and increased knowledge about the world brings in these Western aspects of gratifying one’s own needs and wants.

It is somewhat surprising that no difference was noted in POS between India and the UK. This showed that similar support systems are provided to the employees within organisations.

The link between national culture and POS was assumed on the basis of them being linked to organisational practices. Studies suggest that organisational practices have been adopted considering the national culture. However, the non-significant relationship found between POS and national culture raise dynamics that are worth mentioning. These are as follows:

- Our sample comprised of the general working population from India and UK, which shows that there was no synchronisation of factors like organisational culture and occupations of the employees. This further lends credence to the view that organisational culture could relatively be an important construct, while taking this relationship into account.
- Another possibility that may rise through context understanding is that POS seems to be a culture free organisational practice. A study undertaken in Egypt by Leat and El-Kot (2007) suggested that some HRM practices could be developed culture free. This study was based upon the Egyptian context; however, it raises an interesting fact due to the ever-growing diversity in culture. In addition, some practices are believed to be becoming culture free as employees tend to become a major asset for growth of their organisations. Thus, organisational support becomes an important contributor to an employee’s ease at work and positive attitude towards their job. Thus, the presence of support is very much required within every culture and thus the organisation.

All these findings offer students and academics the chance to investigate evolution occurring in the global context. The study also makes way to further explore whether organisational culture should be positioned in the literature model developed.
Future Implications

The findings from this research, however, are hard to generalise and pose several implications in the field of cultural and organisational research.

In prospects of cross-cultural research within India and the UK, this study provides novel insights, which can be administered on a larger sample to further refine the findings. The same can be generalised later in greater detail. Additionally, we might be able to develop greater insights by a logical, stratification of the sample through ethnic diversity within the country.

This study attempted to diagnose relationship between national culture and POS, raising a basic framework through literature relevant within organisational research. As per the author’s knowledge, this was a completely new relationship, which was devised within organisational studies. The non-significant results suggest that the model still needs modification to develop this relationship further. The general population considered here also shows that a factor like organisational culture is necessary to investigate this relationship. Further research could be conducted taking into account these factors. This will further clarify whether the understanding of POS is a culturally devised practice or a culture free practice.

The current study also devises practical implications to organisations through its research question. POS benefits the organisation and its employees in many ways. The relationship formulated could bring greater insights within an organisational structure to manage their employees, their assets, in a more productive way, which brings in a further give and take relationship that fosters employee productivity and organisational development.
References


Witchalls, P. J. (2012). Is national culture still relevant?

Effects of the Microfinance and Small Loans Centre on Rural Enterprise Growth among Women Beneficiaries in the Brong-Ahafo Region of Ghana

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Abstract
The study sought to highlight the experiences of women beneficiaries of the Microfinance and Small Loans Centre (MASLOC), with regards to its services and effects on their businesses and lives.

A total of 341 women from 5 districts in the Brong Ahafo Region were selected. Face-to-face interviews were used to collect data. Several relevant statistical tests were used for data analysis. The study reveals that, although the women preferred individual loans, which give more money, the majority received microcredit/group loans due to the lack of collateral security. Politicisation of loans and discrimination also affected women’s access to MASLOC loans. The loans that the women received were lower than stipulated by MASLOC and woefully inadequate, coupled with the fewer numbers of times that loans were received, shorter repayment periods and late disbursement caused meaningful and long-time impact on the beneficiaries’ businesses. Nevertheless, the study demonstrates that there was expansion of the women’s businesses and their ability to provide for the personal and basic needs of their children. MASLOC should consider using guarantors only as requirement for individual loans; commit more resources for its operations in order to perform its role as a pro-poor institution; and use mobile money transfer system for loan retrieval to reduce its overall expenditure.

Keywords
MASLOC, women, microfinance, enterprise growth, poverty

Introduction
Microfinance institutions (MFIs) provide financial services (e.g., savings, loans and insurance) to small and medium enterprises (SMEs). Many microfinance institutions also offer enterprise development services (e.g., business training, marketing and technology services, skills development and sub-sector analysis) and social services (e.g., education, health and nutrition and literacy training). As a strategy to alleviate poverty among the poorest of the poor (Alabi Goski and Ahiarowadzi 2007; Watson and Dunford 2006), microfinance institutions’ services have become even more significant. This is because they fill a gap in providing financial services to poor people living in both urban and rural settings who are unable to obtain such services from the formal financial sector due to the lack of collateral security and higher interest rates (International Fund for Agricultural Development [IFAD] 2006; Tenaw and Sumelius 2008).

Microfinance is important because it encourages the development of small and medium Enterprises (SMEs); increases employment, productivity,
income levels, and consumption; strengthens the sense of dignity, socio-economic participation and general well-being of beneficiaries (International Labour Organisation 2011; Jansen et al. 2007; Goski, Josua and Akrobo 2007; Sakbar, Haroon, Javeed and Zaka 2007). The literature also indicates that microfinance institutions’ saving facility helps low-income households to properly manage their finances, store funds for future use and to build credit history, which could enable SMEs to acquire capital from financial institutions for investment (Kufuor 2008; Sakbar, Haroon, Javeed and Zaka 2007). The institutions also encourage entrepreneurship (International Labour Organisation 2007), enhances the development of microenterprises and the adaptation of modern technology to improve production, while promoting markets, economic growth and development (Ankomah 2012; Goski, Josua and Akrobo 2007; Nana 2008).

Although women are overrepresented among the poor, who microfinance programmes seem to target, opinions diverge about the benefits of microfinance to women. Some scholars (Mayoux 2008; Watson and Dunford 2006; Vyas 2006) indicate that women share in the benefits of microfinance mentioned earlier, while others think differently. There is evidence that women encounter serious difficulties when accessing finance for start-ups, as well as for the expansion of established enterprises, due to gender-based discrimination emanating from our socio-cultural practices (Appiah 2011; International Labour Organisation 2007; Quisumbing and McClafferty 2006). Another factor affecting women’s access to microfinance is the lack of collateral security, which is attributed to women’s lower incomes and their lack of access to ownership of property, such as land (Vyas 2006; Watson and Dunford 2006).

It is against this background that this study sought to examine the effects of the Microfinance and Small Loans Centre (MASLOC), a microfinance institution, on rural enterprise growth among women beneficiaries in the Brong-Ahafo Region of Ghana. Studies on this subject, thus far, have been done in a few regions of Ghana including Ashanti, Eastern, Northern, Upper West and Greater Accra. The majority of the studies focused on only one district or municipality. Most importantly, almost all the studies lumped MASLOC beneficiaries together and reported their collective experiences, thus overshadowing individual women’s experiences. This study departs from previous studies as it focuses on five districts in the Brong Ahafo region of Ghana as well as on women beneficiaries of the Microfinance and Small Loan Centre (MASLOC) with regards to its services and effects on their businesses and on their lives.
Microfinance and Small Loans Centre (MASLOC)

The Microfinance and Small Loans Centre (MASLOC) is a microfinance apex body responsible for implementing the Government of Ghana’s (GoG) microfinance programmes targeted at reducing poverty and creating jobs and wealth (MASLOC, 2008). It was established in 2004 for the purpose of administering microfinance services (MASLOC, 2010; 2011) to economically empower the masses of poor people to reduce poverty and stimulate economic growth (Ayuure 2006). The Microfinance and Small Loans Centre aims to reach Ghanaians in the informal sector who are normally excluded from loans and credit from the mainstream banking sector. It also aims to support the vulnerable (especially women, youth and people with disabilities) in the society (MASLOC 2008; 2011), ages 18-65 years (MASLOC 2008). The Microfinance and Small Loans Centre has established offices in all 10 regional capitals of the country with a head office in Accra as the coordinating and disbursement centre.

The Microfinance and Small Loans Centre offers small or individual loans, micro-credit or group loans and wholesale lending to institutions (e.g., Ghana Cooperative Susu Collectors Association, Ghana Cooperative Credit Union Associations) for onward lending to their members. Under the micro-credit scheme or group loans, the main beneficiaries are groups, each consisting of a minimum of five and a maximum of 25 members. An individual within a group can access a minimum of GHC100 and a maximum of GHC500. The group mechanism (where a whole group is held liable for the repayment of the loan) is applied in this credit scheme to ensure that members pay their loans. The groups are usually held responsible for the loans until every member in the group pays up (MASLOC 2011). Before any group is accepted, they must have elected leaders, laid down internal rules and regulations and they must be registered with a financial institution of their choice. The credit given to any group is disbursed on an individual basis in accordance with the respective amount approved for the individuals (MASLOC 2009).

In the case of small or individual loan schemes, an individual can access a minimum loan of GHC1,000 and a maximum of GHC10,000. However, the beneficiary must provide acceptable collateral security, in addition to a personal guarantor who must be in a position to redeem the loan in case of default. Other requirements are that the individual’s applying for the loan must be engaged in an economic venture. They should also have sound knowledge and experience in the management of the chosen project and evidence of payment of statutory taxes and levies (MASLOC 2008). With respect to the wholesale lending scheme, the potential beneficiary organisation must be a recognised entity registered under the laws of Ghana; be committed to poverty alleviation; submit operational manuals, business
Effects of the Microfinance and Small Loans Centre on Rural Enterprise, Naami

plan or proposal; as well as provide current audited or unaudited financial statements (MASLOC 2011).

Through its services, MASLOC has undoubtedly benefited some citizens across the country in diverse ways. In a study conducted in the Northern Region (Savelugu/Nanton District) of Ghana, beneficiaries reported growth of their income and businesses, as well as improvement in their socio-economic participation and general well-being (Fant 2010). In particular, 75% of the 40 beneficiaries noted an increase in their income (Fant 2010). Similarly, a study in the Wa municipality by Quansah, Amankwah and Aikins (2012) revealed that about 85% of MASLOC beneficiaries in the municipality reported increased profit on their businesses. They also noted improvements in family life and children’s education, enhanced livelihoods, and improved social lives. Furthermore, 80% of the 60 MASLOC beneficiaries who participated in a study in the New Juaben municipality reported increases in their income (Sarpong 2012) while rural enterprise growth in the Ashanti Akim South district increased to 33% between 2005 and 2011 (Ankomah 2012).

These achievements notwithstanding, MASLOC faces certain challenges. The beneficiaries’ perspective of challenges is discussed in this section, but we begin the discussion with one major MASLOC challenge: loan recovery. There is evidence that MASLOC’s beneficiaries consider loans as a gift from the government and, hence, some do not repay their loans (Asiama and Osei 2007; Fant 2008; 2010). Other reasons for defaulting include low patronage of beneficiaries’ products, low profit margins, the use of loans for purposes other than intended (Quansah et al. 2012), short repayment periods of six months (micro-credit) and 12 months (individual loans) usually monthly payment schedule (Fant 2010), late disbursement of loans, (which affects the loan cycle) and scheduled payments (MASLOC 2010; 2011; 2012; 2013 and 2014). It is noteworthy that the majority of the defaulters are males. Females defaulters are few because studies indicate that by their nature they seem to be more sensitive to debt and do not want to get into conflict with authorities (Fant 2010).

Another issue associated with the scheme is the amount of loan that can be accessed that is a maximum loan size of GHC500 per person in a group and GHC10,000 for individuals for one loan cycle. It is argued that the amount of money and the loan cycle (at least three cycles of loans is an ideal cycle) are not enough to make any meaningful and long-time impact on beneficiaries (Ankomah 2012; Fant 2010). Furthermore, conditions for accessing loans, such as opening a bank account has been reported as problematic for beneficiaries in some of the districts (Sarpong 2012). Inadequate and/or lack of enterprise development services (such as business training, marketing and
technology services, skills development and sub-sector analysis) were also reported as challenges.

From the preceding discussion, there is no doubt that MASLOC is making strides in achieving its goal of economically empowering rural enterprises to reduce poverty among the most vulnerable in society. That notwithstanding, it is also evident that beneficiaries encounter several challenges that need to be addressed for MASLOC to achieve its goal of poverty reduction. Studies on this subject, thus far, have been carried out on a few regions including Ashanti, Eastern, Northern and Upper West. Most importantly, almost all the studies lumped MASLOC beneficiaries together and reported their collective experiences. However, it is evident in the literature that although women are overrepresented among the poor, whom microfinance programmes target, gender-based discrimination and other practices impact their experience with microfinance (Appiah 2011; International Labour Organisations 2007; Vyas 2006; Watson and Dunford 2006; Quisumbing and McClafferty 2006).

**Research objectives**

The study sought to highlight the experiences of women beneficiaries of Microfinance and Small Loan Centre (MASLOC) with regards to its services and effects on their businesses as well as on their lives. Challenges women beneficiaries encounter and their recommendations to improve MASLOC’s services to give women a better experience were also explored.

**Materials and Methods**

**Research design**

This is an exploratory quantitative study. Quantitative methodology was used to explore the experiences of female beneficiaries of MASLOC in regards to its services. This design was chosen because there is not much in the literature about how female beneficiaries of MASLOC experience its services. The design will support the use of large data in order to make conclusions about how females benefit from MASLOC’s services.

**Participants**

The study was conducted in five districts of the Brong Ahafo region. Convenient sampling was used to select the districts: Atebubu/Amantin, Sene, Nkoranza South, and Pru West and East. It was convenient because the researchers had access to some of the MASLOC staff in these districts. The staff were contacted for a list of female beneficiaries of MASLOC’s services in selected districts. From the list, a simple random sample was used to select the towns and study participants. The women were then contacted by phone to request their participation in the study. Only those who consented were
interviewed. A total of 341 women beneficiaries of MASLOC participated in the study.

**Measurement and procedures**

A questionnaire which was developed specifically for this study was used to collect data. The questionnaire was divided into three sections: demographic, experiences with MASLOC and recommendation sections. The second section was comprised of questions about the number of times loans were received, the amounts and type of loans received; the conditions for accessing loans, terms and modes of repayment; usage and the impact of the loans; as well as experiences with MASLOC’s staff, and challenges encountered in accessing MASLOC’s services. The last section was devoted to recommendations to improve MASLOC’s services. In total, there were 44 open and close-ended questions. It is noteworthy that the questionnaire was piloted in Yeji (Pru East district) with 20 people. Yeji was selected because it was accessible to the researchers. Feedback from the pilot study was incorporated into the final instrument to improve the reliability of the scale.

Face-to-face interviews, which lasted for about 30 minutes each, were conducted. The researchers administered the interviews. The women were interviewed at places and times convenient to them. Interviews were conducted in English and Twi to allow the women to express themselves in the language they were most comfortable with.

**Data analysis**

To analyse the data, Statistical Package for Social Sciences (SPSS) software was used. Several statistical analyses were conducted, including descriptive, univariate and bivariate statistical analysis. Specifically, the following statistical analyses were used: frequencies, descriptive, cross-tabulations, Spearman’s correlation, Chi-Square Goodness of fit test, Mann-Whitney U test and Kruskal-Wallis test.

**Results**

Study findings are grouped under three themes: (1) participants’ experiences with MASLOC, (2) challenges women beneficiaries of MASLOC encounter, and (3) participants’ recommendations to make their businesses more successful.

**Women beneficiaries’ Experiences with MASLOC**

This theme discusses experiences of women beneficiaries (see table 1 for demographic information about the women) of MASLOC with regards to access to MASLOC’s loans, kinds of loan facilities they received, period and mode of repayment, usage of the loans and the effects of loans on their small business enterprises as well as on their lives.
**Table 1: Demographic information of study participants (N=341)**

<table>
<thead>
<tr>
<th>Age</th>
<th>Mean age</th>
<th>SD</th>
<th>Maximum age</th>
<th>Minimum Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>44 years</td>
<td>8.937</td>
<td>61 years</td>
<td>20 years</td>
<td></td>
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<table>
<thead>
<tr>
<th>Education</th>
<th>JSS</th>
<th>SHS</th>
<th>Tertiary</th>
<th>Technical/ Vocational</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary</td>
<td>102(29.9%)</td>
<td>39(14%)</td>
<td>5(1.5%)</td>
<td>5(1.5%)</td>
</tr>
<tr>
<td>JSS</td>
<td>22(6.1%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SHS</td>
<td>89(25.5%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tertiary</td>
<td>49(14.5%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical/Vocational</td>
<td>17(4.9%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No Education</td>
<td>176(51.7%)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Religion</th>
<th>Muslim</th>
<th>Traditional religion</th>
<th>Other religion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christian</td>
<td>222(65.1%)</td>
<td>15(4.4%)</td>
<td>1(0.3%)</td>
</tr>
<tr>
<td>Muslim</td>
<td>101(29.8%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traditional religion</td>
<td>39(11.4%)</td>
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<td></td>
</tr>
<tr>
<td>Other religion</td>
<td>4(1.2%)</td>
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<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Single</th>
<th>Widowed</th>
<th>Co-habiting</th>
<th>Separated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>234(68.6%)</td>
<td>43(12.6%)</td>
<td>4(1.2%)</td>
<td>7(2.1%)</td>
</tr>
<tr>
<td>Divorced</td>
<td>35(10.3%)</td>
<td>18(5.3%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Widowed</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Co-habiting</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Separated</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Children</th>
<th>Yes, 286(83.9%)</th>
<th>No, 52(15.4%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, 286(83.9%)</td>
<td>83.9%</td>
<td></td>
</tr>
<tr>
<td>No, 52(15.4%)</td>
<td>15.4%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Work</th>
<th>Farming</th>
<th>Cooking</th>
<th>Selling Yams</th>
<th>Fashion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fish mongering</td>
<td>43(12.7%)</td>
<td>3(0.9%)</td>
<td>85(24.9%)</td>
<td>31(9.1%)</td>
</tr>
<tr>
<td>Petty trading</td>
<td>141(41.6%)</td>
<td>36(10.6%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farming</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Grilled foods</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling yams</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Selling cereals</td>
<td></td>
<td></td>
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<tr>
<td>Cooking</td>
<td></td>
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</tr>
<tr>
<td>Grilled foods</td>
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<tr>
<td>Selling yams</td>
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<tr>
<td>Selling cereals</td>
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<td>Selling cereals</td>
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<td>Selling yams</td>
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<tr>
<td>Selling cerea...</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Bono</th>
<th>Ewe</th>
<th>Guan</th>
<th>Mole-Dagbon</th>
<th>Ga-Adangme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bono</td>
<td>73(21.8%)</td>
<td>113(33.2%)</td>
<td>40(11.7%)</td>
<td>15(4.4%)</td>
<td>25(7.3%)</td>
</tr>
<tr>
<td>Ewe</td>
<td>113(33.2%)</td>
<td></td>
<td>40(11.7%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guan</td>
<td>40(11.7%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mole-Dagbon</td>
<td>15(4.4%)</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Ga-Adangme</td>
<td>25(7.3%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>4(1.2%)</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

- **Access to MASLOC loans**

The majority of the women 242 (71.2%) reported in the negative when they were asked “is this your first time getting a MASLOC loan?” (p=0.000). Among those who said they had previously received MASLOC’s loans, 155(45.5%) indicated they had received loans twice, 70(20.5%) had received loans three times, but only one woman each reported having received loans four (0.3%) and five (0.3%) times. A cross tabulation of previous access to MASLOC’s loans by district of residence was significant $X^2(5, N=339) = 15.844, p=0.000$. As indicated in table 2 below, the majority of the women (N=146) who had previously received MASLOC loans were from Pru West, followed by Pru East (N=109) and Atebubu/Amantin (N=32) districts. Nkoransa South and Sene districts each reported (N=8) and (N=8) respectively.
• **Types of MASLOC loans Accessed, Repayment and Payment Arrangements**

The type of loans the women accessed were microcredit/group loans, small/individual loans and wholesale and tricycle loans. Regarding the type of loan facility the women liked best, more than half of the participants 160(52.8%) indicated that they liked small/individual loans, 113(37.3%) stated microcredit/group loans, while wholesale and tricycle loans accounted for only 30(9.9%), (p=0.000). Reasons for the choice of small individual loans include (1) larger sums of money, (2) convenience, (3) no problems with delayed payment or default by other group members, (4) quick decision making. However, it is interesting to note that almost all the women 318(93.5%) reported having received microcredit/group loans (p=0.000), although they preferred small/individual loans. The main reason why they could not access their choice of loan (small/individual loan) was lack of collateral security 339(100%). A few 12(3.5%), however, reported having accessed small/individual loans and tricycle loans 5(1.5%), but none reported having received wholesale lending, which requires that an entity is registered under the laws of Ghana. It is also important to note that a Kruskal-Wallis test showed no significant difference between education and the amount of money the women received \([X^2(5, N=239)=6.054, p=.301]\) as well as the work they did and the amount of money received \([X^2(5, N=239)=8.312, p=.140]\). However, the results revealed that the type of loans the women received significantly related to their choice of work \([X^2(10, N=333) = 23.336, p=.010]\). For example, over half (58.3%) of the women who were engaged in trading received small/individual loans which gives more money. Spearman correlation test of the age of participants and their work showed non-significant results \((\rho=.028, p=.675)\). The interest rates charged on the individual and groups were reported as only 2%.

The loan repayment period reported in this study was six months (100%, N=339). With regards to mode of repayment, monthly payment arrangements recorded the highest 277(83.4%), followed by weekly payment 52(15.7%). Only three people (0.9%) reported bi-weekly payments. When asked whether they had ever defaulted in loan payments, the majority 293(85%) reported that they had not but a few 40(12%) said they had and this finding was significant \((p=0.000)\). Further analysis using Chi-Square test indicated that neither education nor ethnicity contributed to higher loan repayments but religion \(X^2 (1, N=293), 16.900, p=.020\). Using loan money to pay children’s school fees (37.5%) was cited as the main cause of default, followed by unfavorable market conditions (35.0%) and paying hospital bills (27.5%). Find below, in table 3, a summary of MASLOC’s loan services and procedures.
Table 3: Summary of MASLOC Loan Services and Procedures

<table>
<thead>
<tr>
<th>Type of Loans</th>
<th>Microcredit/group loan 318(93.5%)</th>
<th>Small/individual loans 12(3.5%)</th>
<th>Wholesale lending 5(1.5%)</th>
<th>Tricycle loan 0.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terms of payment</td>
<td>Mostly monthly 277(83.4%)</td>
<td>But Weekly as well 52(15.7%)</td>
<td>Bi-weekly is minimal, 3(0.9%)</td>
<td></td>
</tr>
<tr>
<td>Repayment period</td>
<td>Mostly 6 months; 100%, N=339</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate charged</td>
<td>Two percent (2%); 100%, N=341</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Loan requirement</th>
<th>Be 18-65 year</th>
<th>Have a national ID card and have a passport picture</th>
<th>Have an account with any bank</th>
<th>Must be a good standing member of a group</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%, N=341</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4 below gives information about participants’ levels of satisfaction with MASLOC’s services and procedures. Participants said they were satisfied or very satisfied with MASLOC’s interest rate (95.9%), technical support (83.3%), terms of payment (76%) and credit officers (94.1%). The only thing they were not happy with was the amount they received as loans (66.3%).

Table 4: Satisfaction with MASLOC services and procedures (%) (N=341, p=0.00)

<table>
<thead>
<tr>
<th>MASLOC Services</th>
<th>Satisfaction Levels</th>
<th>Very Dissatisfied</th>
<th>Dissatisfied</th>
<th>Satisfied</th>
<th>Very Satisfied</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of Loan</td>
<td></td>
<td>8.8%</td>
<td>57.5.0%</td>
<td>17.5%</td>
<td>13.2%</td>
<td>341</td>
</tr>
<tr>
<td>Interest Rate</td>
<td></td>
<td>0.6%</td>
<td>0.3%</td>
<td>30.8%</td>
<td>65.1%</td>
<td>341</td>
</tr>
<tr>
<td>Terms of payments</td>
<td></td>
<td>34.0%</td>
<td>76.0%</td>
<td>2.9%</td>
<td></td>
<td>341</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td></td>
<td>3.5%</td>
<td>10%</td>
<td>69.8%</td>
<td>13.5%</td>
<td>341</td>
</tr>
<tr>
<td>MASLOC loan Officers</td>
<td></td>
<td>0.3%</td>
<td>1.8%</td>
<td>71%</td>
<td></td>
<td>341</td>
</tr>
</tbody>
</table>
• **How MASLOC’s loans were used**

Not surprisingly, MASLOC’s female beneficiaries in the five districts were engaged mostly in petty trading 141(41.6%), fish mongering 43(12.7%), selling cooked foods and drinks 36(10.6%), selling yam and cereals 85(24.9%) fashion 31(9.1%) which were all traditional female jobs. The cross tabulation in table 5 shows the distribution of trading activities over the districts. It is noteworthy that Pru West led in the majority of trades (farming, selling cooked foods and drinks and fashion). Pru East dominated fish mongering and petty trading and Pru West in the sale of yam and cereals. A Kruskal-Wallis test showed significant difference in the amount of money the women received for the different types of work that they did $X^2(5, N=239)=8.312$, $p=.140$.

*Table 5: Participants’ trade by district (%) (N=339, Districts=5, p=0.00)*

<table>
<thead>
<tr>
<th>District</th>
<th>Fishmongering</th>
<th>Petty trading</th>
<th>Farming</th>
<th>Cooked foods and drinks</th>
<th>Yam and cereals</th>
<th>Fashion</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pru East</td>
<td>29%</td>
<td>66.4%</td>
<td>0%</td>
<td>0%</td>
<td>4.7%</td>
<td>0%</td>
<td>107</td>
</tr>
<tr>
<td>Pru West</td>
<td>4.1%</td>
<td>28.8%</td>
<td>2.1%</td>
<td>11.6%</td>
<td>36.3%</td>
<td>17.1%</td>
<td>146</td>
</tr>
<tr>
<td>Atebubu/Amantin</td>
<td>0.0%</td>
<td>39.4%</td>
<td>0%</td>
<td>21.2%</td>
<td>24.2%</td>
<td>15.2%</td>
<td>33</td>
</tr>
<tr>
<td>Nkoransa South</td>
<td>0.0%</td>
<td>33.3%</td>
<td>0%</td>
<td>33.3%</td>
<td>33.3%</td>
<td>0%</td>
<td>9</td>
</tr>
<tr>
<td>Sene</td>
<td>12.2%</td>
<td>42.6%</td>
<td>1.0%</td>
<td>10.2%</td>
<td>24.1%</td>
<td>9.9%</td>
<td>8</td>
</tr>
</tbody>
</table>

• **Impact/Effects of MASLOC loans on Business and Family**

When asked whether a MASLOC loan had helped their business, everyone who answered the question said “yes” 324(99.4%), except one person (there were 16 missing cases). With regards to the extent of the effect of MASLOC loans on their businesses, 306(91.9%) said “very much” while a few 26(7.8%) said “not much” ($p=000$), one person (0.3%) indicated “don’t know.” The majority of the women 324(99.4%) indicated that they used the loans to expand their businesses. Similarly, in response to the question “tell me how much MASLOC’s loan impacts/improves your life and that of your family?” Almost everyone 306(89.9%) said “very much” but a few 26(7.9%) said “not much.” The impact of MASLOC’s loans on participants and their families is shown in table 7 below. The majority of the participants indicated that they
had more money 234(70.1%), more dignity and respect in the community 237(71%), could provide for their children 245(73.4) and the extended family 182(60.95) as well as make other family contributions 111(37.1%).

Table 6: Impact/Effects of MASLOC loans on the participants and their families (%)

<table>
<thead>
<tr>
<th>Impact statements</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have more money</td>
<td>70.1%</td>
<td>29.35%</td>
<td>100%</td>
<td>334</td>
</tr>
<tr>
<td>I have more dignity and respect</td>
<td>71%</td>
<td>29%</td>
<td>100%</td>
<td>334</td>
</tr>
<tr>
<td>I can now provide for my children</td>
<td>73.4%</td>
<td>26.6%</td>
<td>100%</td>
<td>334</td>
</tr>
<tr>
<td>I can now provide for my extended family</td>
<td>60.9%</td>
<td>39.1%</td>
<td>100%</td>
<td>299</td>
</tr>
<tr>
<td>I can now make other family contributions</td>
<td>37.1%</td>
<td>62.9%</td>
<td>100%</td>
<td>299</td>
</tr>
</tbody>
</table>

Challenges female masloc beneficiaries encounter

- Access to MASLOC loans

Although the majority 179(52.5%) of the participants indicated “yes,” when asked to indicate whether accessing MASLOC loans was an easy process, another huge number 121(35%, missing system values) of the participants were silent on the question (this could be due to the wording of the question) while 41(18.5%) of the participants said “no.”

- Relationships with MASLOC credit officers

More than three quarters of the participants 274(83.4%) indicated that MASLOC’s officials, who were mostly men, discriminated against them. However, they could not identify the sources of discrimination and how it manifested.

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentages (%) and N size (308)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulty in accessing loans</td>
<td>138(45%)</td>
</tr>
<tr>
<td>Inadequate staff and logistics</td>
<td>56(18.5%)</td>
</tr>
<tr>
<td>Politicisation of loans and retrieval</td>
<td>34(11%)</td>
</tr>
<tr>
<td>Inadequate loans</td>
<td>46(15%)</td>
</tr>
<tr>
<td>Inadequate technical support</td>
<td>9(3%)</td>
</tr>
<tr>
<td>Loan delays</td>
<td>25(8%)</td>
</tr>
</tbody>
</table>
Participants’ Recommendations

Table 8: What should MASLOC do about the following? (%)

<table>
<thead>
<tr>
<th>ITEM</th>
<th>RECOMMENDED ACTION BY MASLOC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Access to loans</strong></td>
<td>Relax age requirement 102(32.3%)</td>
</tr>
<tr>
<td><strong>Conduct of Staff</strong></td>
<td>More human relationship training 47(14.4%)</td>
</tr>
<tr>
<td><strong>Amount of loan</strong></td>
<td>Increase the amount of loan 341(100%)</td>
</tr>
<tr>
<td><strong>Interest rate</strong></td>
<td>Maintain interest rates 341(100%)</td>
</tr>
<tr>
<td><strong>Loan retrieval</strong></td>
<td>Longer repayment period 30(9.3%)</td>
</tr>
<tr>
<td><strong>Terms of payment</strong></td>
<td>Increase repayment period 187(57.5%)</td>
</tr>
</tbody>
</table>

Table 8 presents participants recommendations in regards to MASLOC’s loan facilities and staff conduct. With regards to access to loans, over half of the participants 176(55.7%) said the process should be made more flexible and faster, age requirement to loan access should be relaxed 102(32.3%) and access to loans should be depoliticised 38(12%). The age requirement review is important since a Spearman correlation test of the age of participants and their work showed non-significant results (rho=.028, p=.675). All the participants 341(100%) said that the interest rates should be maintained but they wanted the amount of loan money they received to be raised. Although, the majority 252(78%) of the study participants suggested the need to improve MASLOC’s loan retrieval, there were variations about ways to do it. While some 30(9.3%) suggested longer repayment period others 30(5.0%) recommended the use of mobile money transfer system. On the other hand, some participants 25(7.7%) indicated that they were satisfied with the existing loan retrieval measures. While over half 187(57.5) of the study participants indicated the need to increase the repayment period to about a year.
97(29.8%), others 41(12%) maintained that they were satisfied with the existing arrangement.

The majority of study participants 264(80%) were content with the conduct of MASLOC’s staff. Yet, some 47(14.4%) recommended more human relationship training and regular visits to the districts 16(4.9%). Participants were also asked specific questions about how MASLOC could improve its operations. See the results in table 9 below.

Table 9: Participants recommendations (%) 

<table>
<thead>
<tr>
<th>Question</th>
<th>Options</th>
<th>Goodness of Fit Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>What do you recommend MASLOC should do to help your business be more</td>
<td>Giver more money 176(54.2%)</td>
<td>$X^2[2,325] = 99.57, p=0.000$</td>
</tr>
<tr>
<td>successful?</td>
<td>Give loans on time 30(9.2%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Technical support 119(36.6%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>What else do you think MASLOC can do make their clients/customers more</td>
<td>More money 79(24.4%)</td>
<td>$X^2[4,324] = 120.537, p=0.000$</td>
</tr>
<tr>
<td>successful?</td>
<td>Give loans on time 132(40.7%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Technical Support 39(12%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Follow-up visits 58(17.9%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Maintain interest rates 16(4.9%)</td>
<td></td>
</tr>
<tr>
<td>What other suggestions do you have for MASLOC to be a more effective</td>
<td>Longer repayment period 30(9.3%)</td>
<td></td>
</tr>
<tr>
<td>organisation?</td>
<td>Use of mobile money transfer</td>
<td></td>
</tr>
<tr>
<td></td>
<td>system 16(5.0%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Improve it 252(78%)</td>
<td></td>
</tr>
</tbody>
</table>

Discussion

The study discovers both positive and negative experiences of women beneficiaries with MASLOC’s services as well as participants’ recommendations to improve MASLOC’s services and their SMEs. This study, just like others (Ankomah 2012; Fant 2010; Quansah, Amankwah and Aikins 2012; Sarpong 2012), points out the importance of microfinance in the
Effects of the Microfinance and Small Loans Centre on Rural Enterprise, Naami

development and expansion of SMEs. However, it is noteworthy that the women were mostly engaged in traditional gender related jobs including petty trading, fish mongering, selling cooked foods and drinks, selling yam and cereals and fashion. Pru East dominates in fish mongering but this is not surprising due to the location of the Volta Lake. Pru West is known for yam and cereal production hence its lead in the sales of yam and cereal was also expected.
The study also demonstrates significant improvement in the lives of women beneficiaries of MASLOC by providing for their basic needs and those of their children as well as the extended family. Their consumption, socio-economic participation and general well-being as well as self-worth and dignity were also strengthened as evident in other studies (International Labour Organisation 2007; Jansen et al. 2007; Goski, Josua and Akrobo 2007; Sakbar, Haroon, Javeed and Zaka 2007; Quansah, Amankwah and Aikins 2012; Fant 2010; Ankomah 2012).

Regarding the types of loan the women received, the study reveals that the majority received microcredit/group loans [average amount reported was GHC 782.47, SD=244.811, minimum (GHC 250) and maximum (GHC 2,300)]. The amount is woefully lower than stipulated by MASLOC (maximum loan size of GHC1,000 per person in a group and GHC10,000 for individuals). This finding is consisted with other studies which indicate that the loan amount MASLOC’s beneficiaries receive is not enough to make meaningful and long-time impact (Ankomah 2012; Fant 2010). It is therefore not surprising that the participants reported that they were dissatisfied only with the amount of loan received when asked to indicate how satisfied or not they were with MASLOC’s services. Consequently, the women significantly recommended an increase in the amount of loans they receive.

It is interesting to note that, although the beneficiaries indicated that they preferred individual loans than group loans because this loan facility gives more money and also significantly relates to the kinds of work the women could do, lack of collateral security is cited as a barrier to accessing that facility; validating other studies (Vyas 2006; Watson and Dunford 2006). Other challenges identified in this study include short repayment period of 6 months payment schedule (Fant 2010) and late disbursement of loans which is noted to affect loan cycles and scheduled payments (MASLOC 2010; 2011; 2012; 2013; 2014). It is also noteworthy that, although the women indicated that they were satisfied or very satisfied with MASLOC’s credit officers, some of them recommended more human relationship training for the officers on account that some MASLOC’s staff were quick temperament and did not have patience for beneficiaries. Could it be due to the caseload they handle in addition to limited logistics for completing their tasks in a timely manner?

It is noteworthy that significantly more women did not default in loan payments, supporting literature that more men default in loan repayments than women, because women by their nature seem to be more sensitive to
debt and do not want to get in conflict with authorities (Fant 2010). This study further found that neither education nor ethnicity contributed to non-loan default but religion. Consistent with other studies, those MASLOC beneficiaries who defaulted in payment did so due to low patronage of beneficiaries’ products and use of loans for purposes other than intended (Quansah et al. 2012). This study discovered two main unintended purposes for defaulting loan payment: payment of children’s school fees which validates Akoto-Sampong (2011) and paying hospital bills. It is important to note that Akoto-Sarpong could not clarify whether female or male beneficiaries used their loans to pay their children’s school fees. This finding is important given that the women have an average of three children SD(1.29).

**Recommendations and Conclusion**

The findings from this study cannot be generalised as the experiences of female beneficiaries of MASLOC in the 5 selected districts, in particular, and the Brong Ahafo region as a whole. This is due to the sampling procedure used (non-probability sampling). The convenient sample also limits comparisons between districts. Another study limitation is the non-inclusive of male beneficiaries to enable comparison of the different experiences. These limitations notwithstanding, the study highlights key and unique experiences of female MASLOC beneficiaries, which could be useful and helpful to developing measures that could facilitate the growth of SMEs of female MASLOC beneficiaries. Recommendations are categorised under those for MASLOC and social work practice.

- **Recommendations for MASLOC**

The findings from this study cannot be generalised as the experiences of female beneficiaries of MASLOC in the 5 selected districts, in particular, and the Brong Ahafo region as a whole. This is due to the sampling procedure Services and procedures of MASLOC could be improved. In line with participants’ suggestions for access to loans, age requirement for loan eligibility could be extended over 65 years since age does not seem to correlate to the work the women did. Most of the work that participants engaged in is less labour-intensive and, hence age could be a minimal issue in relation to the requirement of having access to money that could provide a source of livelihood for the elderly, so that they do not have to depend on family and/or government support. Family support is noted to have drastically declined in recent times due to nuclear family dominance and urbanisation (Dako-Gyeke, 2014) and government support does not seem to cover citizens above 65 years who are extremely poor.
Another way to increase women’s access to loans is to depoliticise MASLOC’s loans; which this and other studies (Asiama and Osei 2007; Fant 2008; 2010) identify as a barrier to the access and recovery of loans. At the time of the study, about a quarter of the study participants did not have loans and stated that they were either waiting for a response from MASLOC’s officials about their applications and/or simply did not get the loans.

Measures to help raise loan amounts to levels that could positively impact beneficiaries’ SMEs are recommended. This recommendation is in relation to the average loan amount reported in this study (GHC 782.47, SD=244.811) minimum GHC250 and maximum GHC 2300). The minimum amount (GHC250) is 2 times lower than MASLOCs’ stipulated maximum loan (GHC 500) for individual members in a group, while the maximum amount (GHC 2300) is about 4 times lower than the maximum amount for small loans (GHC10, 000). Also, the average loan (GHC 782.47) is much lower than the minimum an individual can receive from a small/individual loan (GHC1,000). Consistent with the literature (Ankomah 2012; Fant 2010) the amount is not enough to make any meaningful and long-time impact on beneficiaries. And, since the majority of participants (93.5%) received microcredit loans and only 3.5% received small individual loans (which the majority of participants indicated they preferred) other measures, instead of collateral security could be used as a requirement for this loan facility. Collateral security is identified as a major constraint to women’s access to credit (Vyas 2006; Naami and Naami 2017; Watson and Dunford 2006). Could MASLOC consider using guarantors only as eligibility requirement for individual loans? Could MASLOC conduct a thorough assessment of the women the institution works with, in order to identify those who have entrepreneurial potential that could be maximised through business, marketing and other technical training to prepare them for small/individual loans? The assessment should be based more on business/entrepreneurial potential rather than academic status, as the former neither affect the type of loan nor the amount received in this study.

In addition, there is a need for MASLOC to commit more resources (human and logistics) for its operations in order to perform its role as a pro-poor institution. Shorter repayment periods (mostly 6 months) and late disbursement of loans, which are noted to affect loan cycle and scheduled payments (Fant 2010; MASLOC 2010; 2011; 2012; 2013; 2014) were attributed to inadequate MASLOC staff and delay of loan disbursements. Inadequate staff and logistics seem to also affect regular follow-up visits to the beneficiaries as well as loan retrieval, which could be a factor in non-payment of loans. Currently, the only mode of loan repayment is the physical presence of MASLOC staff in the catchment areas. Consequently, the use of mobile money transfer system for loan retrieval is suggested. This could help cut down on the already constrained MASLOC resources and travel expenses for collecting payment. Another suggestion is for MASLOC to employ people in
the remote areas, where mobile money transfer is a challenge, to collect payments as scheduled and transfer the money via the nearest money transfer centres to MASLOC’s offices.

- **Recommendations for Social Work Practice**

This study and others (Fant 2010) suggests that not many women default on their loan payments, because women by their nature seem to be more sensitive to debt and do not want to get in conflict with the authorities. Reasons cited for loan repayment default in this study include paying children’s school fees and hospital bills, which are basic necessities. Social workers could compile resources in the study area, which could benefit the women and their children not only in relation to their health and children’s education but their overall well-being as well. The list of resources could be distributed to women’s groups in the area and MASLOC officials for onward distribution to the women. For example, what are the organisations operating in the study area? What services do they provide (educational resources/services? Medical services/support?)? Where are they located? How could they be contacted? What are the eligibility criteria? All of this information could be beneficial for the women. Additionally, capacity building workshops could be conducted to create more awareness about these resources and how they could be accessed. This form of empowerment could help the women to access available resources to better their lives.

It is evident from this study that MASLOC’s services have brought some improvement to the SMEs of women beneficiaries as well as in their overall lives. MASLOC services have also strengthened the socio-economic participation and general well-being as well as self-worth and dignity of these women. These benefits could be improved and sustained to help get rural women, noted to be the poorest of the poor, out of poverty. For this to be feasible, MASLOC should commit more resources (human, logistical, and more loans) for its operations. It is equally important for MASLOC to use effective and efficient loan retrieval measures to avoid nonpayment of loans. This could in turn increase the pool of resources for MASLOC to better perform its role as a pro-poor institution.
References


BOOK REVIEW


The book confronts fundamental issues mostly ignored in development literature and discourses on how projects constitute what determines what happens on the ground. The author, Dr Erin Beck, is Assistant Professor of Political Science at the University of Oregon. Using the case study of Guatemala, she dissects key interacting factors such as international trends, local histories and contexts, development experiences alongside interacting actors including development workers and project beneficiaries, within development interventions. Beck’s argument suggests that these interactions set the conditions of the persistence of development projects. Her argument is drawn from examining and comparing two NGOs, namely Namaste and Fraternity, which use two contrasting approaches to development with microfinance projects targeting indigenous women, who often appear to have different goals from those pursued by the NGOs.

In the book, the author observes these two contrasting approaches to community development that are commonly used by non-governmental organisations (NGOs) and how they respond to the question of which type of NGO and which development model works better. One approach relies on locally sourced means and the other on foreign-funded NGOs. Interventions through foreign-funded NGOs use bureaucratic structures with measurable results, whereas self-reliant interventions adopt a multifaceted approach through their own means in pursuit of goals that cannot be quantified. Within these two approaches, Beck identifies the relationship between empowering indigenous women through economic well-being and lifting impoverished communities out of poverty. Beck notes that women are assumed to be more responsible than men for channelling programme benefits to their families.

The book moves away from a binary assessment of failures or successes of models used to achieve development goals in communities where projects are implemented. Instead, the book supports the idea that projects and NGOs are dynamic as they are transformed by the context and lives of the communities with which they are working. The book emphasises that development models, as designed originally, face realities on the ground that can reshape them through different experiences embedded in the local context. Beck challenges the reader to explore the meanings, motivations and strategies of NGOs under the guise of development with a focus on interactions between international trends and local histories and contexts alongside the interactions between development workers and projects.
beneficiaries. Her analysis reveals that development interventions are interactive processes shaped by these interactions. Thus, her suggestion that “when asking what development does for people, one has to ask as well what people do for development” (Beck 2017, p.4).

Beck’s empirically observable and verifiable proposition is that development projects represent social engineering from above and on the ground. At the same time, Beck considers that development projects show incoherencies that interrupt predictable paths between plans and practices, or input and outputs. They persist and generate many effects including unintended ones that impact local economies, institutions, and consequently people’s lives in multiple ways, some of which are not always positive. In this book, Beck demonstrates that viewing development projects as emerging interactions, encourages us to “abandon quests for the ‘best’ development model, to rethink our evaluation strategies, and to question our results rather than merely reforming our investments, all while simultaneously opening up new lines of inquiry (Beck 2017, p. 8).

In the comparative ethnographies of the two cases, namely Namaste and the Fraternity, Beck’s view is that international trends influence but do not determine development initiatives on the ground. Therefore, the Namaste’s framework is rooted instead in a faith in the market whereas the Fraternity’s organisational model is imbued with Mayan culture along with Christian values. Beck’s work is a great contribution to international development literature demonstrating that development persists even when it fails to develop communities and countries. Rather than focussing on the values of particular development practices, approaches, or organisations, the author underlines the importance development interactional environments, which carry on and can be generalised given that issues addressed in this book are not unique to Guatemala as other developing countries are likely in similar situations.

In this book, Beck has done a good job to enlighten the reproductive or repackaging logic of development projects which perpetuate development interventions not because they are effective but rather as the accidental result of various actors pursuing their own goals. Beck’s view is that project mentalities remain extremely strong and persistent, even in the era where projects in themselves are no longer the favourite tool of international development. While such knowledge appears essential in the book, Beck does not expand on how concrete development mentalities are associated to existing institutions in the community. Theoretically, these institutions, viewed as rules, norms and values, which may be bureaucratic, socially-embedded, or mixed set the context that shapes the environment within which projects take place (Cleaver 2012). Therefore, their consideration as
either part of the problem or part of the solution to community power structure concerns through the two Guatemalan women empowerment projects, could have strengthened the theoretical framework of this book. For instance, in this perspective of institutions, Acemoglu and Robinson (2012) find it useless to implement development projects in contexts of non-inclusive institutions.

This book offers an anthropological insight on ‘development’ from its discourses to its outcomes. It identifies the reasons why ‘development’ projects persist even when they have failed to accomplish their stated goals and recognises their constant changes due to interactional effects on them linked to local realities of actors and contexts. This line of thinking agrees with a proposition by Westley, Zimmerman, and Patton (2009) that development projects take place in unpredictable and complex environments that involve a variety of elements that interact among themselves and with each other. Thus, readers of this book ought to understand the effect of interactions between donors, NGOs and local beneficiaries to ‘development’ and to what it does to communities. Such an understanding can lead to a shift in perceptions, policies, and practices of ‘development’ towards more recognition of these interactions between actors and contexts when the needs of the targeted projects’ beneficiaries are addressed in developing countries.

_Deo Zihindula Namwira, University of Birmingham, UK_

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CONTENTS

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Collaboration through Cartoons: Drawing Cartoons to Assist Collaborative Ethnography with Young Children
Christina Fashanu

Opportunities and Challenges in the Diffusion of Social Innovation: French Cooperatives of Salaried Entrepreneurs
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The Effect of National Culture Differences on Perceived Organisational Support: Examining the Case of India and the United Kingdom
Nimisha Bhatnagar

Effects of the Microfinance and Small Loans Centre on Rural Enterprise Growth among Women Beneficiaries in the Brong-Ahafo Region of Ghana
Augustina Naami

BOOK REVIEW

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