

Chapter 1. Introduction

Preamble

As of 2010, close to one and one half billion people were living below the absolute poverty line of \$1.25 per day (PPP equivalent) (UNDP 2010:8). This represented approximately 21% of the world's population. While this has dropped from 29% living in absolute poverty in 1990, most of this decrease can be accounted for by increasing incomes in India and China, with Sub-Saharan Africa experiencing an increase in the numbers of extremely poor. The adult literacy rate for low income countries is below 61%, only 87% of the world's population has access to an improved water source, 21% of children under five are malnourished, and only 65% of worldwide births are attended by skilled health personnel (UNDP 2010; World Bank 2011).

Most of these indicators represent an improvement since 1990, although not in all regions. Furthermore, poverty persists in many regions, despite years of focus on 'development', with poverty reduction as its aim, by Non Government Organisations (NGOs), bilateral and multilateral agencies. While theories and practices of development have evolved considerably since World War II, the solution to the problem of global poverty remains elusive.

This thesis examines one of the newer forms of development practice, the social enterprise. While perhaps such activities have existed for hundreds of years or even longer (Dart 2004:421; Dees 2001:1; Mair & Marti 2006:36), the language is new, the literature has proliferated, they have recently become part of mainstream development practice, and considerable hope exists that they could result in significant poverty reduction. While there is a large and growing literature describing such enterprises and the entrepreneurial activity underlying them, there is a dearth of evaluations of social enterprise as a development tool (Mair & Marti 2006:36), a lack of developed theory about their role and even a lack of a clear definition (Stryjan 2006:35; Sayer 2005:262).

This thesis will examine the efficacy of some social enterprises, when used alongside development NGOs in a range of ways, as vehicles for poverty reduction and social transformation. In doing this, it will add to the existing corpus of knowledge about tools for effective poverty reduction and social transformation. The wide range of

definitions of social enterprise within the literature necessitates the adoption of a working definition for the purpose of this study. As described in Chapter Three, social enterprise will be taken to refer to an organisation with a primary and explicit social purpose (such as poverty reduction), but operating commercially within a market economy. The study examines such enterprises operating in conjunction with an NGO to help achieve a common social goal. It will look at the sustainability of such an approach from a number of perspectives, particularly from that of the relationship between the NGO and the enterprise. While developing a systematic theory of social enterprise is beyond the scope of this work, suggestions are made as to the place of social enterprise within the wider development discourse and how such enterprise might best relate to NGOs.

Thesis Objectives

This thesis examines an NGO and a number of businesses, some owned and operated by the NGO as well as independently owned commercial businesses, which the NGO works with for the purpose of providing employment and other social benefits to poor and marginalized people who are the target group of the NGO. This target group is primarily made up of women rescued from sex trafficking in Cambodia. It will explore the success or otherwise of these businesses as a tool used by the NGO for its purposes of poverty reduction and providing assistance to its target group. The thesis also examines the appropriateness of the various business models for the relationship between the businesses and the NGO (in particular, direct ownership compared to a partnership relationship) as well as their viability as businesses.

In particular, the thesis has the following objectives:

1. To determine the effectiveness of social enterprises, working in association with NGOs, as development tools. That is, are they effective in reducing poverty, empowering local people and producing long term benefits for employees or the target community as measured by income level, community integration, skills attainment, resilience, increased gender equity, leadership within the business and outside employment opportunities?
2. To examine the long term viability of the businesses as a development tool through assessment of a number of measures of sustainability including the extent of dependence on external and local leadership, the cultural

appropriateness of management structures and conditions of employment; the relationship with the associated NGO and mechanisms for the resolution of the conflict between the social mission and the profit imperative of the businesses.

3. To determine the extent to which these businesses are financially sustainable as development projects. This will include examination of all subsidies and reciprocal funding flows between the businesses and parent NGOs, as well as the costs of the social mission of the business.
4. To explore the extent to which NGO activities complementary to employment within the enterprise contribute to improved quality of life for employees and contribute to the success of the enterprise.

This thesis contributes to the growing body of knowledge about social enterprises in that it provides an evaluation of social enterprise from a developmental perspective, examining such outcomes as empowerment and resilience in a developing world context. Furthermore, it moves beyond description to critically examine the sustainability of an NGO/business hybrid model and suggests how social enterprise can contribute to poverty alleviation in the future.

Limitations

While it is acknowledged that the broader competitive environment in the country and the particular industry in which they participate will influence the success of these businesses, an examination of these factors is beyond the scope of this research.

While the broad Cambodian context is described and referenced, this thesis will focus on the micro level and factors intrinsic to the organisations under study.

Furthermore, a detailed examination of the regulatory environment of the country and industry within which these businesses operate is also beyond the scope of the thesis. All case study organisations considered are within the same country and subject to the same regime. As explained above, the study examines intrinsic factors within those organisations.

Many NGO initiated or owned businesses sell their products to Western customers, possibly at premium prices, by promoting the social mission behind the business. As such, the market is driven by charitable motives. It is possible that NGO owned businesses may be dependent on such charity driven markets. While some comment is

made, it is beyond the scope of this thesis to examine the markets for the products and services provided by the businesses studied and the motives of the various customers.

A standard measure of sustainability is the examination of environmental impacts. In this instance case study businesses are urban, using locally provided infrastructure and services, and not directly dependent on the physical environment. It is also therefore beyond the scope of this research to examine issues of environmental sustainability.

As described in Chapter Three, the concept of social enterprise is variously understood and a coherent theory has not been developed. While literature has proliferated, to date it has been descriptive, written for and by practitioners or by academics with a quite specific focus (Nicholls 2006:4). It is therefore not possible to place this study in a developed theoretical framework. Furthermore, the case study methodology used makes generalisation difficult. This thesis is therefore empirical, descriptive, and exploratory. While it will engage with aspects of theory, it must be understood in this context.

Methodology

The methodology for this research is explained in detail in Chapter Five. Essentially, this is a qualitative case study of a Cambodian NGO which both owns businesses and partners with other businesses as part of its mission to assist its target group. The context therefore, is Cambodia, a country that, despite strong economic growth over the past 15 years and progress related to poverty and development, remains the poorest in South East Asia and has a history of significant conflict and trauma. Specifically, the target group of the NGO is women rescued from sex trafficking. The NGO aims to assist in recovery, rehabilitation and then reintegration of these women into society. Employment in the businesses is a key aspect of that reintegration and the building of resilience.

The single case study NGO is Hagar Cambodia. Hagar is a long established Cambodian NGO with a strong reputation both for its work among the most difficult cases of trafficked women and for its innovative approach to social enterprise. This methodology was arrived at after considerable preliminary research searching for appropriate NGOs and associated social enterprises. Significant difficulty was encountered in finding both comparable organisations and those who would grant

permission for the research. The final case study organisations discussed herein were the result of this process.

Initially multiple NGOs were sought. However, as the research developed it became apparent that a single NGO, such as Hagar, which has characteristics of a revelatory and exemplary case, combined with a multiplicity of associated businesses, provided the best research design. Their suitability as case studies is described and defended in Chapter Five, which provides a full justification for the research design and methodology.

Hagar runs businesses as a tool for its development activities and also partners with external businesses. Two of these businesses had been through difficult times and, during the research period, had to retrench staff. One actually failed and a second was sold. While this necessitated a change to initial plans for the research, it added to the richness of the data collected both from employees and business management.

Six businesses were examined. The first was one was owned by Hagar throughout the research period. The second and third were two other Hagar businesses which subsequently ceased to operate as Hagar-owned entities during the research period. The first of these two failed but a new business was started using some of its assets and employees, thus creating the fourth case study business. The other was sold to private concerns and became the fifth case study business. These two new entities were quite distinct from their Hagar predecessors in many ways so it was appropriate to count them as separate cases in the analysis. A sixth business had always been independently owned. These six case study businesses represented a variety of ownership models, sizes and industries and all self-identified as social enterprises. Hagar and these businesses are described in Chapter Six.

The research was qualitative and involved data collected from focus groups and semi-structured interviews complemented by documents from both Hagar and the businesses. There are strong reasons for using focus group methodology for gathering data from the employees, relating to their culture and the significant trauma they have suffered. A full description and justification is given in Chapter Five.

The above objectives were realized through the following activities:

1. Preliminary interviews were held with Hagar officers and staff to understand the context of the social enterprises and the particular circumstances and

characteristics of the target group. These interviews assisted greatly in the construction of interview and focus group guides. Prior research and evaluations of Hagar's work were also obtained as useful background. These also provided complementary evidence to the primary data described below.

2. A sample of the employees of these businesses participated in focus groups. Discussion in these aimed to determine the impacts of employment offered by the businesses and associated activities on the life of the employee. This also included ex-employees who had been the subjects of the retrenchments. This provided insight into the developmental impact of the businesses – the first research objective. A female Cambodian research assistant was employed to conduct these focus groups and to translate the proceedings.
3. Interviews with managerial staff were conducted to permit analysis of the operations of the businesses. These provided information about personnel and management policy, as well as the management of the conflicts between social and financial imperatives. These interviews also gave insight into the motivations and approaches of the managers, which had considerable impact on the effectiveness and sustainability of the businesses. In some cases contracts, written policies or other documents specified the priorities of management. Where in existence, they complemented the interview data. This information in part addresses the second research objective, namely, the viability and sustainability of the businesses.
4. The financial records of the businesses were obtained, where possible, and used to assess the profitability of the businesses and any subsidies. This quantitative information was complemented by interviews with management staff to clarify issues not explicit in the financial records. Together with the management interviews, this information allowed conclusions relevant to the third research objective, namely financial sustainability, to be drawn.
5. NGO management staff were interviewed to enable understanding of the complementary activities of the NGO involving current and/or future employees of the businesses. NGO annual reports and evaluation reports for donors were used to complement and verify this information. This information relates to the fourth of the research objectives. The NGO staff also gave

valuable information and insights into the relationships between the businesses and the NGO, as well as enabling triangulation of data related to the impact on employees.

Terminology

Throughout this work, the groups of people towards whom the interventions are targeted are referred to variously as ‘clients’, ‘trainees’, ‘graduates’ or ‘employees’ depending on the context. As this research focuses on the latter stages of their rehabilitation and reintegration process, ‘graduates’ and ‘employees’ are most common terms. Paternalistic terms like ‘beneficiaries’ are avoided except either in direct quotes or when notions surrounding beneficiary status are discussed in general terms.

The terms ‘Western’ and ‘West’ are used to refer to the developed world countries of Europe as well as countries of European colonial origin in the Americas and Australasia. The terms ‘North’ or ‘Northern’ and ‘South’ or ‘Southern’ are used to refer to developed and developing countries respectively.

For the sake of brevity, ‘personal communications’ is abbreviated to ‘pers. com.’ in the in-text references. All currency amounts are in US dollars unless otherwise specified. Australian spelling is used except in direct quotes.

Organisation

The thesis begins with a review of current literature, starting with a broad outline of the development landscape, narrowing in to a discussion of social enterprise. Chapter Two begins with a review of the current state of development theory and briefly outlines the evolution of this theory since the Second World War. The competing discourses of modernisation and post-development are introduced as they are relevant to the discussion of social enterprise and how it might relate to a development NGO.

Chapter Two also explores the meaning of empowerment and issues surrounding gender and development, as this study involves evaluating whether empowerment has occurred for a particular group of women. The poverty addressed by the interventions examined in this thesis is clearly beyond simple economic deficit. The concept of poverty is therefore discussed, including the current understanding of poverty as

encompassing social and psychological factors in addition to purely economic considerations.

Further, Chapter Two discusses Non-Governmental Organisations (NGOs) and their evolving role in development. Of particular relevance to this study are the issues of funding and NGOs' evolving relationship with corporates, as both of these impact on the social enterprise discourse. This chapter also includes a discussion of Faith-Based Organisations (FBOs), as all the organisations studied in this thesis are Christian.

Chapter Three introduces the key concept for the thesis, social enterprise. While there has been a proliferation of literature on the subject, it remains contested even as to definition. There is as yet no coherent theoretical foundation. This chapter introduces the debate on definition and theory, and proposes a working definition for this thesis. The chapter also discusses a range of other issues relevant to the social enterprises examined in this study such as financing, conflicts and difficulties and leadership. It also contains some analysis of microfinance (MF) as it is later conjectured that there are similarities between the trajectories of social enterprise and microfinance.

Chapter Four provides contextual information about the nation of Cambodia, the location of each of the case studies. Cambodia's history of civil war and genocide has created a unique environment of poverty, suffering and potential for exploitation. The particular situation of women is highly relevant to the study and is summarized in this chapter. It also gives some background information on the specific target group that is the subject of the study, namely, victims of sex trafficking and other gender-based violence.

The methodologies adopted for the study are described and defended in Chapter Five, which also outlines the rationale for the development and content of the focus group and interview guides used. Chapter Six introduces the case studies to be evaluated. It describes Hagar, the NGO, and each of the businesses examined. The background and historical context for each organisation is outlined and justification given for the selection of the particular set of institutions that became the focus of this research.

Chapter Seven presents an analysis of the data collected from employees, and seeks to answer the first research question, namely the effectiveness of the particular development approach (that is, the use of employment in social enterprises) in improving the lives of the target group. The data is analysed under a number of

headings related to measures of well-being. The chapter concludes that employment in social enterprise is an effective development tool, facilitating significant empowerment of those involved.

In Chapters Eight and Nine, results from the management interviews and the documentary and financial data from the businesses are detailed and examined. The analysis of this data provides insight into the question of business viability and sustainability across financial and non-financial dimensions. In doing so, they address the second and third research objectives. The Hagar owned businesses are discussed in Chapter Eight and the non-Hagar businesses (including ex-Hagar owned businesses), with which Hagar is in partnership, are discussed in Chapter Nine. The conclusion at the end of Chapter Nine covers the material in both chapters and compares the two models in terms of their effectiveness and sustainability.

Chapter Ten includes broader discussions of the issues raised and speculates on the reasons for the findings. It links the findings back to the literature and theory that were explored in Chapters Two and Three. In particular, it discusses the place of social enterprise in development, the relationship between NGOs and social enterprise, the role of entrepreneurial leadership, and speculates on whether social enterprise is following the path of microfinance in being seen as a new ‘silver bullet’ for poverty. The particular religious foundations of Hagar are also discussed as possible explanations for some of the observations in the study. Suggestions for further research and for those practicing social entrepreneurship as a development tool are made. Finally, Chapter Eleven is comprised of a brief conclusion that revisits each of the research questions and summarises key findings and suggestions for future work.

The issues of poverty, sex trafficking and overcoming trauma are of tremendous global importance. Addressing them involves many academic disciplines in a search for solutions and methods. As described above, this study begins with the discourses of international development, moves to a micro level and examines the new field of social enterprise that sits at the interface between NGOs and the corporate world. It is hoped that it can contribute in a small way to reducing such suffering. The next chapter begins the study with a discussion of development discourse over the past sixty years.

Chapter 2. Development and Poverty

Historical Paradigms of Development

In order to consider NGO development activity and, in particular, NGOs engaging with social enterprise as a solution to poverty, it is useful to consider the historical context and the evolution of both development practice and NGO activities and attitudes. As will be discussed, social enterprise is a market-based solution and the history of development theory and practice could easily be considered as a set of reactions to, and uses of, the market paradigm.

The history of changing paradigms of development theory and associated practice has been well documented (see for example Hettne 1990; Rugendyke 1994:7; Willis 2005). The following discussion therefore is not comprehensive but presents an overview, highlighting in particular those theories and practices that relate to the issues explored in this research. While development has always been taking place in the sense that nations and peoples have always been changing, this summary will focus on the period following the Second World War.

Some deliberate steps were taken in the 1920s and 1930s to assist nations with development, particularly in the Middle East and China (Samuel 1996:12). However, development discourse and practice really started after the Second World War and many point to President Truman's 1949 inauguration speech as the starting point for any consideration of 'development' (Roland-Horst & Tarp 2002:5; Willis 2005:38). According to Truman,

We must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas. More than half the people of the world are living in conditions approaching misery. Their food is inadequate. They are victims of disease. Their economic life is primitive and stagnant. Their poverty is a handicap and a threat both to them and to more prosperous areas. For the first time in history, humanity possesses the knowledge and the skill to relieve the suffering of these people (Truman 1949).

Initially, development focused on economic growth (Todaro & Smith 2009:14; Willis 2005:33-4). Western nations were the model for developing countries and it was believed that the Western process of industrialisation was replicable (Hettne 1990:46ff; Samuel 1996:12). Lack of capital was widely held to be the major obstacle

to growth (Goodenough 1977:32; Rugendyke 1994:10; Willis 2005:34). During the late 1940s and 1950s, Keynesian principles held sway and governments in developing countries created economic plans involving them in significant economic intervention (Hettne 1990:47-48; Rugendyke 1994:10; Willis 2005:34). Rostow was a key figure who argued that under-resourced economies needed an injection of capital at a certain critical point in order to convert them into an economy characterised by sustained growth (Rostow 1960; Rugendyke 1994:11; Todaro & Smith 2009:111; Willis 2005:39). Hettne describes the 1960s, the period during which growth was seen purely as a function of investment and during which it was believed that the whole nation would eventually benefit from the subsequent growth, as ‘truly innocent years’ (Hettne 1982:27). These theories became entrenched, despite failing in practice (Brookfield 1975:38).

These simple growth theories evolved into the modernisation paradigm that aimed to achieve economic growth through industrialisation (Samuel 1996:12). Arthur Lewis summed up the paradigm thus: ‘Developing countries were viewed as having two sectors: a modern capitalist sector and an indigenous non-capitalist sector, dominated by subsistence farming’ (quoted in Samuel 1996:12, also see Hettne 1990:54-55; Todaro & Smith 2009:115ff; Willis 2005:42). Development involved the transfer of labour from the subsistence to the capitalist sector. The subsistence sector was considered unproductive as it produced neither employment nor capital (Hettne 1990:55; Samuel 1996:13; Willis 2005:42). The causes of poverty were seen as cultural attitudes antithetical to economic growth within developing nations (Hettne 1990:55). The solution was to ‘modernise’, by introducing technology and values from the Western world. In practice this was implemented by large scale, centralised projects.

Modernisation theory was more than economic in scope however. It also addressed cultural and social change, predicated on two major assumptions: that all societies travel along a similar path, and that this process produces a tendency towards convergence that is irreversible, lengthy and progressive (So 1990:33). These theories not only involved a transfer of Western values and technology, but also provided an implicit justification for asymmetric power relationships between traditional and modern societies (So 1990:36; Toye 1987:11).

In 1960 the United Nations launched its first Decade of Development and the United Nations Development Program (UNDP) was established in 1966. The UNDP promoted a model of community development in which developing communities would express needs and work together to design and implement development projects (Samuel 1996:13). Implicit in this model were the assumptions that Western democracy as well as technology would be easily be assimilated to communities in the developing world (ibid.).

By the early 1970's it became clear that this model of development had also failed to improve the situation of poverty stricken communities. Benefits of growth did not automatically trickle down to the poor (Hettne 1990:167; Streeten 1978:411; Trainer 1989:485). Basic needs, such as food and healthcare, were no more adequate as a result of the development strategies (Samuel 1996:13; Streeten 1978:411). The lack of trickle-down effect led to the implementation of explicit poverty-focused approaches such as implementing appropriate technology, employment generation, integrated development, gender specific programs and those focused on basic human needs (Hunt 1986:17; Hettne 1990:167ff; Streeten 1978:411).

The World Bank emphasised 'redistribution with growth' (Streeten 1978:412; also Samuel 1996:13). This approach 'correctly emphasized the need to raise production by the poor' but, while necessary, it was not sufficient to eradicate poverty (Streeten 1978:412). It failed in that 'it led in the final incidence to a return to the initial income and power distribution', it 'neglected social services to the poor' and maintained 'an economic emphasis' that did not focus on the broader nature of poverty (ibid.).

These failures led to the Basic Needs Approach: 'The demand now is to put man [sic] and his needs at the centre of development... If this is done, "basic needs" becomes an illuminating, organizing and integrating concept' (ibid.). This new approach was described thus: 'the aims of a basic needs strategy is then, to increase and redistribute production so as to eradicate deprivation that arises from the lack of basic goods' (ibid:413).

It remained unclear whether the Basic Needs approach was about supplying goods or bringing political change (Streeten 1984:974). Streeten argued that 'it is quite clear that a major restructuring in political and economic relationships within a society is a pre-requisite for a genuine pursuit of a development strategy aimed at basic needs'

(Streeten 1978:414). While there was an emphasis on inequality (Seers 2000:192), Basic Needs remained within the general tenets of modernisation theory in maintaining the necessity for economic growth and the need for Northern aid projects and did not seek significant social change (De Beer & Swanepoel 2000: 47; Hunt, 1986:17). It was not an alternative to growth models but an extension and evolution (Streeten 1978:413). It also suffered from lack of objective criteria for defining the ‘basic needs’ and did not address whether local people or ‘experts’ should define them (Seers 2000:190; Streeten 1984:973).

Practitioners and researchers alike increasingly realised that models based on economic growth failed to consider structural barriers to development, such as land ownership, trade policy, and the structure of social and political institutions (Korten 1990:3-4; Reed 1996:32; Samuel 1996:13; Verhelst 1990:10-13). Also, the diversity of developing countries was seen as precluding a single model for development (Hewitt 1992:227). Thus, issues such as land reform and the distribution of political power came into focus. The oil crises in the 1970s also shook conventional wisdom and raised questions about the capacity for continued growth (Seers 2000:210).

Consequently, in the 1970s, a set of ‘radical’ development theories gained support, in particular among third-world intellectuals (Todaro & Smith 2009:122; Willis 2005:69). These theories arose primarily in Latin America and were part of a broader sociological and theological movement that also gave birth to Liberation Theology¹ (Dyrness 1990:71-85; Willis 2005:69).

Modernisation assumed that both high- and low-income countries could benefit from the type of development interventions taking place and the subsequent economic growth. However, the new radical theories, dependency theories as they became known, saw impoverishment and underdevelopment as a result of capitalism rather than its lack (Samuel 1996:13). In these generally anti-capitalist models, international trade was viewed as a zero sum game rather than a positive sum game as predicted by classical economics (ibid.). Frank claimed that underdevelopment in poor countries actually resulted from development in advanced countries (Goodenough 1977:56; Frank 1969; also Hettne 1990:91).

¹ Liberation theology is a movement in Christian theology which interprets Christian salvation in terms of liberation from unjust economic, political, or social conditions.

Within this class of radical development theory there were several quite distinct streams, ranging from a neo-Marxist 'neocolonial dependence model' which directly attributed underdevelopment of poor countries to neocolonial exploitation by rich countries, to the less radical 'false-paradigm model' which viewed well-meaning Westerners as simply failing to understand the complexities of developing countries' cultures (Todaro & Smith 2009:122-125).

A third dependency model is the 'dualistic dependence model' in which the world economy is composed of two poles – the centre and the periphery – with the power and wealth concentrated in the centre (Henriquez 1983:393; also Hettne 1990:86). Chambers notes the same power imbalances in his analyses of rural development (Chambers 1983; 1997). In this analysis, rich and powerful nations (people) exploit poorer nations (people) for their own benefit. As Chambers points out, this power imbalance and consequent exploitation is not necessarily conscious but often resulted from a series of biases on the part of those in the 'centre' (Chambers 1983). The answer to this power imbalance and inherent exploitation of the periphery was believed to be independence and self-reliance rather than integration, in stark contrast to the integration emphasis of modernisation theories (So 1990:105; Hettne 1990:91). While the dualistic model can be seen in neo-Marxist terms, and therefore similar to the neocolonial dependence model, it can be understood more broadly and Todaro and Smith distinguish it as a distinct third model (Todaro & Smith 2009:124-125).

These radical development theories and the neo-Marxist critique of the capitalist orthodoxy, although popular in the 1970s, had a limited influence on policy-making (Hettne 1990:92,95) and came under increasing criticism (Willis 2005:71-72). They have been criticized as idealizing developing countries (Thomas & Potter, 1992:138), for being overly concerned with economic factors (Willis 2005:72) and for failing to explain the uneven pattern of industrialisation in developing countries, given their foundation in the opposition between development interests in the developed and developing world (Corbridge 1988:62; Toye 1987:14). The enduring legacy of dependency theories though has been in the challenge to the equation of development with Westernisation (Corbridge 1988:62) and the emphasis on structural change and power imbalances have remained in the later postmodern, pragmatic theories of development (Rugendyke 1994:23; Hettne 1990:96).

The 1980s in the Western world saw a neo-classical economics counter-revolution, as part of a broader neoliberal political movement, that drove the top-down development policies of Western governments and multilateral institutions (Todaro & Smith 2009:126; Willis 2005:46-7; Toye 1993; Roland-Horst & Tarp 2002:7). According to this paradigm, ‘underdevelopment was the result of poor resource allocation due to incorrect pricing policies and too much state intervention by overly active Third World governments’ (Todaro & Smith 2009:127). The neo-classicists rejected any notion of underdevelopment arising from the activities of Western countries and, with echoes of older modernisation theory, promoted economic growth through extreme market-based solutions. Privatisation, deregulation, direct foreign investment, removal of trade barriers and free movement of capital were the solutions proposed (Todaro & Smith 2009:126-127; Korten 1990:53). In some cases, these prescriptions were imposed on developing countries through the structural adjustment programs of the World Bank and the IMF², the primary multilateral lenders to developing countries.

The neo-classical approach remains a subject of economic debate. Sen describes its limitations, as with the older modernisation theories, as arising from its focus on economics and economic growth: ‘I believe the real limitations of traditional development economics arise not from the choice of means to the end of economic

² The influence of the Western powers in development has often been through the Bretton Woods institutions. These organisations, the International Bank for Reconstruction and Development (better known as the World Bank) and the International Monetary Fund - IMF) were established in 1944 at the Bretton Woods conference. The role of the IMF was to maintain economic stability. The World Bank was established to fund post-war reconstruction but its mandate was extended to development of underdeveloped nations (Power 2003:24; Stiglitz 2002:11-22; Roland-Horst & Tarp 2002:5). It provides loans for development projects and ‘to help countries adjust their economies to globalization’ (Power 2003:24). The World Bank group includes The International Development Association (IDA), which makes soft loans to the poorest nations, and the International Finance Corporation (IFC), which tries to attract private-sector investment to Bank-approved projects. According to a delegate at the 1944 Bretton Woods conference, these institutions were inspired by the desire that ‘happiness [would] be distributed throughout the world’ (quoted in Power 2003:24). Both institutions are governed according to financial contributions, resulting in the US having effective control (ibid). They have generally reflected the development orthodoxy of the Western world.

growth, but in the insufficient recognition that economic growth was no more than a means to some other objective' (Sen 1992:14). Similarly, Korten argues that structural change, along with a transformation in values, must accompany economic growth if it is to aid development (Korten 1990:34).

In fact, many blame deteriorating poverty during the 1980s and 1990s on this neo-classicism and its attendant structural adjustment programs (Stiglitz 2002:14ff; Willis 2005:52). Korten argues that any pure growth strategy will inevitably promote inequality (Korten 1990:55). He goes further to suggest that these programs, the favoured mechanism of the Bretton Woods institutions in this period, were really designed to assist the first world financial sector (Korten 1990:57). Large scale projects were replaced by loans linked to macro-economic reform along free market lines (Hulme & Mosley 1996a:203). These reforms led to large-scale social dislocation due to competition from imports, currency volatility and cuts to public services (Stiglitz 2002:53ff, 198). They are widely regarded as having deepened the crisis in East Asia in the late 1990s (Stiglitz 2002:89ff; Willis 2005:58).

Current Pragmatism: Participation and Empowerment.

By the late 1980s, faith in over-arching theories of development, both of the liberal modernisation and radical dependency varieties, began to wane (Long 1992:8). Shuurman identifies three factors in this decline (2008:13). Firstly, both types of grand theories had failed to significantly impact on global poverty, in fact 'in the 1980s there had been a reversal of some development indicators' (ibid.). Secondly, the advancement of postmodernism within the social sciences undermined the grand narratives of development theories. The third factor was globalisation, which saw the nation state decline in power as an economic force. More detailed summaries of these trends and, in particular, the forces behind them, can be found in Hettne (2008) and Shuurman (2008).

One response has been the discourse of post-development. Post-development is a radical response to the above forces that essentially rejects development as 'a new religion of the West' (Nederveen Pieterse 2000:175). Development is a set of 'knowledges, interventions, and world views which are also powers – to intervene, to transform and rule' (Sidaway 2008:16). As such it is a colonial enterprise. It is debated as to whether post-development really brings a new critique to, say, that of

dependency, or whether it is simply the latest version of a long evident set of criticisms (ibid:17).

There are two major streams of post-development. Arturo Escobar represents the 'anti-development' stream, arguing that 'development functions as a discourse that "created a space in which only certain things could be said and even imagined"' (Escobar 1997:85). Therefore, development discourse actually prohibits real development. He concludes, with others from this stream, that development can never bring about social transformation and that the project should be abandoned. Marginalised people should rather depend on themselves and their own capacities to create their own futures (Escobar 1997; Esteva & Prakash 1998; Rahnema & Bawtree 1997).

A second stream is less pessimistic. It remains highly critical of top-down, hegemonic mainstream development discourse. However, it sees hope in a more bottom-up, participatory approach that allows the poor to define their own problems, goals and solutions (Munck 1999; Friedman 1992). These approaches are discussed further below.

Post-development, particularly the anti-development stream, has been criticised as 'overstating' its case (Sidaway 2008:17.). That is, it rejects all development when not all is bad. However, writers in the less pessimistic stream have rather reframed development so that it is no longer defined by a single world view (ibid:18). It therefore joins post-colonialism (see below) in opening up development to more varied voices and greater plurality.

So, while global macro-economic policy followed neo-classical recipes (as described above), development has moved towards postmodernism with an 'emphasis on plurality, heterogeneity and the marginal' (Slater 1992:290). Thomas and Potter divided development theories by their emphasis on structure and agency (1992:140). The older theories were seen as structural whereas newer, postmodern approaches were more concerned with agency, the source of action.

Corbridge describes a post-Marxism that avoids the grand meta-theories of the 1970s and seeks to reclaim a capitalist development which emphasizes 'contingency, disorganisation and structuration. In place of a top-heavy structuralism, there is a new emphasis upon human agency and upon the provisional and highly skilled task of

reproducing social relations' (Corbridge 1990:633). That is, it avoids economism and provides a role for the social and the human element to return to development. One subset of these post-Marxist approaches is the Regulation Approach (Corbridge 1990; Anderson, Honig & Peredo 2006). In these models an approach to accumulation (the general possibilities for the economy) is joined to a set of 'regulations', that is, a set of social relations, including 'formal structures of government and business' as well as 'modes of socialization which create ingrained habits of behaviour' (ibid:70).

Thus the emphasis changed from growth and structural change to participation; the question became 'whose development' and the desired outcome became empowerment (as Chambers argued for in 1983). In fact, 'Participatory development is conventionally represented as emerging out of the recognition of the shortcomings of top-down development approaches.... Particularly influential in the trend was the work of Robert Chambers' (Cooke & Kothari 2001:5). While this preceded postmodern development theory as such, and can actually be traced to the 1960s (Carmen 1996:42), it laid the foundations for the rise of postmodernism in the 1990s. Postmodernism rejected metanarratives and grand theories and located the source of power in discourse. Hence it deconstructed the key development discourses and sought an approach based on the diverse reality of the poor (Foucault 1972; 1976; 1980; Willis 2005:120).

Another basis on which to view these changes is that of scale: whether the focus of development was at the micro or macro scale. Modernisation, dependency and structural adjustment were primarily concerned with the macro scale and much development practice still targets macro change. However, postmodern development is focused more at local or regional concerns (Knippers-Black 1991:20; Willis 2005:96). Over-riding theories and top-down planning were rejected in favour of localized practical plurality (De Beer & Swanepol 2000:56). Practitioners were generally more interested in power relationships and organisational behaviour at the community level and in emphasising processes over projects (Knippers-Black 1991:21).

In 1987 Mosley formulated the 'macro-micro' paradox which asserted that aid could be effective at the micro level but not at the macro level (Roland-Horst & Tarp 2002:9). Development planning had focused on macro-economic factors; however, poverty was recognized as 'a micro-economic phenomenon, and needs to be

addressed as such with a significant component of development assistance' (Roland-Horst & Tarp 2002:20). The rise and characteristics of these alternative development theories is well documented by Anderson (2003:10-21).

In this postmodern era of more micro-level development with its emphasis on agency and participation, the role of the practitioner becomes a 'catalyst and information broker rather than of decision-maker or information giver, that of promoting self-reliance rather than dependency' (Knippers-Black 1991:21). The aims of such development are less about income and more about social equity, participation and the capacity of communities to control their setting and meet their own goals (Rugendyke 1994:29).

This new emphasis in development reflects earlier work in education by Paolo Freire. His 1970 *Pedagogy of the Oppressed* described oppressed peoples as dehumanised and the path to obtaining freedom as a humanising process which can only be undertaken by the oppressed themselves (Freire 1970). He claims, 'only power that springs from the weakness of the oppressed will be sufficiently strong to free both [the oppressed and the oppressors]' (ibid:26). The liberation that they strive for is to become more fully human, the awakening of critical consciousness that comes through a combination of action and reflection (ibid:47). For outsiders to assist in this process they must work with and not for the oppressed (ibid:30). Freire describes the need for a religious-like 'conversion' and 'new birth' they must undergo in order to be able to work with the oppressed in their liberation (ibid:43). Freire goes on to describe a pedagogy in which the students (the oppressed) are subjects rather than objects. Teachers and students participate equally in dialogue in order to understand the world (ibid:52ff).

Freire's work is reflected in the post-colonial critique of development. These critiques are essentially anti-colonial (McEwan 2008:124). Development that even speaks of the 'developed world' and the 'undeveloped world' is establishing a situation of colonialism with an 'us and them' contest in which the 'developed' world has the power and knowledge which needs to be imparted. In common with dependency it views Western economic wealth as related to 'third world' poverty, thus 'it contributes directly to the economic wealth of Western countries through its labour and economic exploitation' (McEwan 2008:125). However, unlike dependency, post-colonialism postulates the answer is in agency. It 'attempts to recover the lost

historical and contemporary voices of the marginalized, the oppressed and the dominated' (ibid.). In development the key questions become, 'Who voices the development concern? What power relations are played out? How do participants' identities and structural roles in local and global societies shape their priorities?' (ibid:126). Western knowledge is viewed with suspicion since 'the production of Western knowledge forms is inseparable from the exercise of Western power' (ibid:127).

Chambers notes that Freire's work on pedagogy has inspired development practitioners 'who have been seeking methods of research in which rural people are actors rather than objects of observation and sources of data' (Chambers 1983:73). The poor are seen as the oppressed and their liberation from poverty is not seen in economic terms but in terms of the same conscientisation, which in development is manifested as empowerment (Broughton & Hampshire 1997:51). Chambers notes:

For that to happen, power must shift... for them to be better able to participate, control and benefit requires reversals. Among these, one first step is for outsider professionals, the bearers of modern scientific knowledge, to step down off their pedestals, and sit down, listen and learn (Chambers 1983:101).

Freire's work also extends to a critique of 'outsiders' who objectify the poor in development activities (Chambers 1983:73). In addition, 'Early proponents of participatory research drew some inspiration also from the Marxist vision of self-emancipation of the oppressed classes' (Rahman 1995:24).

Although the work of Freire and Chambers demonstrates that participation, agency and bottom-up development were issues in development prior to the rise of postmodernism, the postmodern reaction against 'any overly deterministic grand theory', top-down development and assumptions of homogeneity gave them particular prominence (Corbridge 1991:315-316; De Beer & Swanepoel 2000:56; Willis 2005:120).

Therefore 'development' had become something far removed from its earlier definition as economic growth. Amartya Sen's view of economic growth as merely a means to an end, rather than the end itself, has already been noted. He goes on: 'The point is not the same as saying that growth does not matter. It may matter a great deal, but, if it does, this is because of some associated benefits that are realized in the process of economic growth' (Sen 1992:14).

In fact, Sen defines development as ‘a process of expanding the real freedoms people enjoy’ to which economic growth may contribute (Sen 1999:3). He proposes an ‘integrated process of expanding substantive freedoms’ that includes ‘economic, social and political considerations’ (Sen 1999:8). For Sen, expanding freedoms is both the means and the end of development. Carmen takes a similar approach thus: ‘development is human agency...autonomous human agency rests on four pillars.... Autonomy in the political sphere; cultural sphere; organizational sphere; and in the economic sphere’ (Carmen 1996:2,6). In fact Carmen believes that development is an act of creation, ‘at its core lies the human ability to create knowledge – again and again, and together with others’ (ibid:xi).

Although belonging to the dependency era, Goulet’s understandings of development are similar those of Sen and Carmen. He declares, ‘how development is gained is no less important than what benefits are gained at the end of the development road’ (Goulet 1971:x). He goes to speak of creating new solidarities and optimising ‘esteem and freedom for all individuals and societies’ (ibid.). Furthermore, the goals of development are ‘the ultimate goals of existence itself: to provide all men [sic] with the opportunity to live full human lives’ (ibid.).

Korten’s definition is perhaps representative of how development is defined in this postmodern era.

Development is a process by which the members of a society increase their personal and institutional capacities to mobilize and manage resources to produce sustainable and justly distributed improvements in their quality of life, consistent with their own aspirations (Korten 1990:67).

Chambers emphasizes livelihoods as the key issue. He speaks of ‘An evolving consensus which converges on well-being, livelihood, capabilities, equity and sustainability and interlinked ends and means’ (Chambers 1997:1). Development is seen as de-objectifying the poor (the oppressed) and therefore enabling them to take control of their lives, experience choices and critically analyse their situations (Freire 1970:40-41; Chambers 1983; Carmen 1996:2).

This postmodern emphasis on participation has however also been the subject of criticism as ‘a new grand narrative of development’ (Kothari 2001:139). This emphasis on participation may also be an imposed Western construct: ‘In many circumstances, the very ideas of community participation and democracy can be

externally imposed concepts based on Western ideology rather than local practice' (Dudley 1993:160). In fact, Dudley talks of the impossibility of community control of the development process when external funding is involved (ibid.). He concludes: 'Thus in my view, the most honest and fruitful focus for community participation in the aid process is in influencing the nature of the aid offered in order that the aid can be made more acceptable and relevant to the intended beneficiaries' (ibid:161).

Participatory processes such as Participatory Rural Appraisal³ (PRA) can become top-down impositions despite their original intentions (Mosse 2001:17; Carmen 1996:41f) and 'participatory development can encourage a reassertion of control and power by dominant individuals and groups' (Kothari 2001:142). In fact, even 'the potential that a PRA-based focus on 'people's knowledge' has to provide a radical challenge to existing power structures, professional positions and knowledge systems' has been questioned (Mosse 2001:17), although others still see potential for 'reflexivity and subversion' (Kothari 2001:142).

Others claim, 'there is little evidence of the long term effectiveness of participation in materially improving the conditions of the most vulnerable people or as a strategy for social change' (Cleaver 2001:36) and that "'Participation" in development has been translated into a managerial exercise based on "toolboxes" of procedures and techniques' (Cleaver 2001:53). This reflected in the criticism of the World Bank's 'predilection for participatory form over structural content' (Francis 2001:86). Participation becomes merely an 'apolitical technical process of consulting the poor' that does not address the issue of power (Easterly 2006:144).

One proposed solution is to reject formulaic approaches to participation in favour of a more relationship based approach (Hailey 2001a:88). In fact, the popularity of participatory methods is viewed as part of its failure, with radical action toward liberation and empowerment becoming marginalized as participatory interventions are co-opted by mainstream development agencies which lack a commitment to structural reform (Rahman 1995:25; Carmen 1996:44; Easterly 2006:144).

³ PRA is a development tool that aims to incorporate the knowledge and opinions of rural people in the planning and management of development projects and programmes. Although developed by practitioners around the world, it is associated with Robert Chambers who links it back to the work of Freire (Chambers 1983 & 1997; Freire 1970).

The participatory development paradigm still often assumes external intervention in the form of projects by external agencies (Carmen 1996:45). In summary, participatory development ‘retains the characteristics of classical interventionist development’ (Blaike quoted in Anderson 2003:17; also Carmen 1996:41f). Any relationships between external parties and local communities, despite participatory emphases, is still largely determined by the differential knowledge and financial resources between the partners (Anderson 2003:17); ‘what makes the interventionist project possible is, beyond any doubt, the power of money’ (Carmen 1996:6).

Edwards and Sen also question the assumptions behind an empowerment model of development: ‘The assumption is that greater material security, organizational capacity and political voice will be used to promote the common interest as well as the advancement of those individuals who benefit directly. Is this true?’ (Edwards & Sen 2000:609). They propose going beyond empowerment strategies to transforming inner values to achieve true sustainable impact (ibid). Carmen argues for autonomous development with people as subjects pursuing self-development rather than objects being acted on, even if that action is ‘participatory’ (Carmen 1996:53).

Development and Capitalism

This thesis examines the use of for-profit enterprises in the development process. As such it involves questions of the role of capitalism and Westernisation in development. As discussed above, the modernisation era of development was essentially about spreading Western capitalism to the developing world. However, this was undermined by its empirical failures and the critiques by dependency theory and, later, post-development.

Dependency theory, and in particular the neocolonial dependence model, rejected the international capitalist system as the cause of, rather than the possible solution to, under-development (Todaro & Smith 2009:122). Post-development theory rejected any top-down or externally imposed approach.

Development ethicist Denis Goulet presents the opinion that profit-maximising corporations ‘make things worse by widening gaps between privileged and deprived groups, by reinforcing technical and economic dependency, and by destroying vulnerable cultural values’ (Goulet 1982:221). He considers it self-evident that ‘the

dominant values of just and humane societies and of successful corporations lie in sharp opposition one to another' (ibid:225).

The neo-modernist development approach attending the 1980s neo-classical revolution has been critiqued by numerous authors as a simple implementation failure (Sachs 2005; Stiglitz 2002), a continuation of unworkable top-down plans (Easterly 2006) or as an application of neo-colonialist ideology (Carmen 1996). However, since the end of the Cold War, capitalism remains the dominant global ideology.

Development theory remains split between those espousing further globalisation to open the developing countries to world markets as a means of ensuring economic growth and those committed to more localised, bottom-up and autonomous development with suggestions that, at least at their extremes, these options are 'incompatible' (Binns et al 2004:118; cf Goulet 1982).

However, this polarisation need not inhibit progress. Goulet (1982), writing before this 'counter-revolution' became the dominant global economic paradigm, discusses both sides of this argument. While clearly espousing the negative view, he presents opportunities to rise above the debate and explores new social roles for corporations.

This anticipates the discussion in Chapter Three, which examines social enterprise and microfinance, both of which in some sense can be called 'capitalist', in that they make use of private capital and the profit motive to achieve development outcomes. They can be seen as an attempt to bridge this incompatibility gap in development theory. Microfinance involves economic integration in the world economy and an introduction of capitalist practices while also (it is claimed) attempting to be truly bottom-up and empowering for individuals and communities, and simultaneously contributing to meeting individuals' basic survival needs. Social enterprise, the main approach examined in this study, is a newer (at least in terms of the literature) attempt to close the gap between development as social change and profit-making capitalist enterprises.

This discussion of evolving development discourse has introduced the notion of power and empowerment. These are important concepts for this thesis and hence require a more detailed discussion.

Power and Empowerment

As discussed above, recent development discourse has focused on the aim of empowerment. Critiques of development, from dependency to post-development have criticised the role of power in development. As set out in Chapter One, this thesis aims to examine a development intervention and whether it has resulted in empowerment. However, neither empowerment nor power are precise concepts within the development context (Rowlands 1997:7). It is therefore necessary to consider in more detail what empowerment means in this context, as well as discussing the question of power itself.

Power has been the subject of considerable debate in the social sciences (Rowlands 1995:101). Some definitions locate the concept in decision-making processes, conflict and force. Power then relates to the ability to get someone to do something against their will (*ibid.*). Rowlands lists other definitions that differentiate power as economic power, threat power, or even positively, as power to create friendships, love or respect (*ibid.*). This differentiation pushes the notion of power towards the possession of resources and capabilities. Allen, however, defines power as ‘the relational effect of social interactions’ (2003:2). Such power is always particular, ‘through the rhythms and relationships of particular places’ and not as a ubiquitous presence or force (*ibid.*; also Parpart, Rai & Staudt 2002a:6). He maintains that resources and capabilities can be drawn upon to exercise power, but that power itself is relational (Allen 2003:4).

These relational ties through which power is established can take two forms, according to Allen. One is where power is held over a person and used to obtain leverage (so some people have power or control over others) (*ibid.*:5; Rowlands 1995:101). However, the second form Allen describes as ‘associational, where power acts more like a collective medium enabling things to get done to facilitate some common aim’ (Allen 2003:5). The former is a distributed power, held by some against others. Rowlands points out that gender is often a context for this type of power and this is discussed further below (Rowlands 1995:101). This ‘power over’ manifests itself in a number of ways. Allen lists ‘the erosion of choice, the closure of possibilities, the manipulation of outcomes, the threat of force, the assent of authority or the inviting gestures of a seductive presence’ as ways that power ‘puts us in our place’ (Allen 2003:196). Importantly for this thesis, power can exist less tangibly by

controlling ideas, making it impossible for people to imagine anything other than the status quo (Rowlands 1997:10).

However, the second type represents a means of enablement where there is a common benefit. This ‘power to’ rather than ‘power over’ is what we could call ‘empowerment’ (Allen 2003:5). Rowlands concurs but adds that this “‘power to’ is achieved by increasing one’s ability to resist and challenge “power over”” (1995:102).

How one defines empowerment, therefore, depends on the conception of power. At the least it relates to increased access to decision making processes, within the various spheres of power – economic, political or physical. However, moving to a more relational definition of power, as per Allen, sees empowerment including access to intangible decision-making processes (Rowlands 1995:102; 1997:10). According to Rowlands,

It is concerned with the processes by which people become aware of their own interests and how those relate to those of others, in order both to participate from a position of greater strength in decision-making and actually to influence such decisions (ibid.).

Furthermore, empowerment must include processes that lead people to see themselves as able to, and entitled to, participate in such decision-making (ibid:102; also Kabeer 1999:436). To the extent that people’s perceived or ascribed abilities are socially constructed (as feminists argue is the case for many women – see following section on gender), empowerment must involve undoing these negative social constructions and enabling people to see themselves as capable and entitled (Rowlands 1995:102). It is therefore both personal and relational.

Diener and Biswas-Diener refer to these personal aspects as ‘psychological empowerment’ (2005:125-140). It goes beyond the ability to make decisions and influence one’s environment to the feeling or belief that one can do so. These authors argue that this type of empowerment is highly self-reinforcing: it arises from success. When a person achieves a goal, they grow in confidence and are energised to pursue further goals (ibid:136). This psychological empowerment reduces vulnerability to stress and depression (Narayan 2005:20); its opposite is fear, which freezes action (ibid:21). This thesis examines cases where fear has been dominant, and psychological empowerment is a key goal.

While addressing less tangible notions of power, empowerment also has practical and tangible impacts. Kabeer asserts that empowerment must include increasing the ability to control resources, to determine agendas and to make decisions (Kabeer 1994b:229; 1999:437). This can be understood as the pre-conditions, process and outcomes of empowerment. Kabeer insists that all three must be taken together when measuring empowerment (1999:452). However, empowerment does not stop there. Rather, those empowered must move into the realm of policy making (Kabeer 1994b:262) and impacting larger systems. That is, empowerment must involve choices that are transformative for the society.

Kabeer warns against judging empowerment on the basis of the outcomes because the ability to make choices doesn't imply particular choices will be made (1999:439; also Parpart, Rai & Staudt 2002a:4). In the case of gender, for example, Kabeer points out that women can make choices that suggest they have internalised a position of lower status (*ibid.*). While this does represent choice, Kabeer points out that power can operate through consent and complicity as well as coercion and conflict. Thus, empowerment must involve a critical consciousness, the ability to imagine choices other than those made (Kabeer 1999:441). This is a much-discussed question of women's empowerment in particular as it raises questions of how to address harmful cultural practices when women choose to continue them. An example relevant to this study may be the choice to engage in commercial sex work.

As already discussed, this notion of empowerment is similar to Freire's concept of conscientisation as it involves critical-consciousness leading to action to change circumstances (see Parpart, Rai & Staudt 2002a:5). Both the awareness and action are key elements (Rowlands 1995:102). As such, it cannot be imposed or given from the outside; rather it can be facilitated, or helped, but never controlled. In true empowerment, the outcomes cannot be controlled from the outside (*ibid.*:104; Parpart & Veltmeyer 2004:52; Kabeer 1994b:229).

Post-development, and, in particular, its anti-development stream, would decry the involvement of outsiders in the process, proposing instead that empowerment must proceed autonomously. However, Rowlands suggests outside agents can support, speed up and encourage the process (Rowlands 1995:105). However, she warns that training and social location result in professionals being liable to disempower others and they must consciously modify their behavior (*ibid.*:105). These change agents

must have respect for the individuals involved, humility, willingness for mutuality, and a commitment to the empowerment process (Rowlands 1997:136).

For NGOs, empowerment can never be a project. Projects have fixed time frames and activities. For empowerment, the people themselves must set the agenda and time frame (Rowlands 1997:137). The cases examined in this thesis do not involve people taking autonomous action but employees remaining subordinate to NGO and business staff. As described in the first research question, a key point for examination is whether such a situation can lead to empowerment.

Post-development also emphasises the power of discourse to impact to shape and define the way people think (Parpart & Veltmeyer 2004:52). Hence empowerment must involve different discourses that open up the possibilities of new ideas and ways of being. Kabeer talks of developing new forms of consciousness (Kabeer 1994b:245-246). Again, it is relevant to the first research question as to whether the processes examined open the employees up to new possibilities.

In development, empowerment is often conflated with economic activities and relations. However, this is insufficient: 'a combination of confidence and self-esteem, information, analytical skills, ability to identify and tap into available resources, political and social influence, and so on, is needed' (Rowlands 1995:105). Similarly, participation is not empowerment because of itself, as it does not challenge self-perceptions (ibid.).

Wilson contests much of the empowerment discourse as an agent of neo-liberalism (2008). If power can be defined in terms of an individual and their capabilities and sense of self, the notion of domination and oppression can be lost. Empowerment can happen without disempowerment of oppressive structures. According to Wilson, an emphasis on empowerment as agency, or free will, is a neo-liberal concept that enables the structural powers to remain in place and sees those at the bottom exploited, even if it is now according to their choice (ibid.). She suggests that empowerment must retain the aim of radical social transformation and must not be captured by individualism (ibid:90). Parpart, Rai and Staudt agree, suggesting that empowerment can become a 'motherhood term', used to improve productivity within the status quo rather than foster social transformation (2002a:3). This critique is

highly relevant to social enterprise and, in particular, to employment as a means to empowerment.

Rowlands concludes that empowerment is best considered as a process, rather than an end product, and is highly contextual (1997:129). Parpart, Rai and Staudt assert that both process and outcomes are necessary, albeit with the above cautions on the use of outcomes as a measurement device (2002a:4). These points of view are not as distinct as they may seem as Rowlands does identify a common core to the empowerment process (that could be termed outcomes) that includes ‘increases in self-confidence and self-esteem, a sense of agency and of self in a wider context and a sense of *dignidad* (being worthy of and a right to respect from others)’ (Rowlands 1997:130).

Much of the empowerment discourse is directed towards gender relationships, with women being seen as lacking power and in need of empowerment. Gender relations are seen as a particular example of the exercise of power. Since this thesis concerns a development intervention aimed at women, it is necessary to discuss the issue of gender, both in terms of the development discourse and in terms of empowerment.

Gender and Development

The above discussion on the evolution of development discourses from welfare to structural narratives to participation, empowerment and agency based approaches is mirrored in changing approaches towards the role of women in development. As this thesis involves a female target group, it is valuable to specifically consider the role of gender in development processes.

Prior to 1970, when Ester Boserup published her landmark book on women and development (Boserup 1970), it was thought by development planners that development processes affected men and women in the same way (Momsen 2004:11). Women were considered passive recipients of welfare; wives and mothers, not productive in their own right (ibid:12; Jacquette & Staudt 2006:24; Moser 1993:58). Boserup’s work consists in part of a refutation of this view, demonstrating their significant role in economic processes. Furthermore, she demonstrates how development was actually adversely impacting upon women. Willis summarises Boserup’s thesis thus: ‘that as societies and economies moved from a rural, subsistence base to an industrial core, women were increasingly excluded, leaving

them on the margins of capitalist development and its perceived benefits' (Willis 2005:128).

These new understandings led to the growth of a number of approaches to gender that came under the general label, Women in Development (WID). WID approaches were based on the rationale that women needed to be fully incorporated into development processes (Moser 1993:3). However, they tended to focus on women in isolation and focus on practical gender needs, that is, 'needs women identify in their socially accepted roles in society' (ibid:40). These needs 'are practical in nature and often are concerned with inadequacies in living conditions such as water provision, health care and employment' (ibid.).

Moser describes a number of WID approaches that were introduced from the 1970s on (ibid:58ff). These focused on anti-poverty measures, such as small scale income generating projects, and efficiency measures, seeking greater participation from women, in practice 'extending their working day' (ibid:70).

WID remained within the modernisation paradigm, but, according to Parpart, abandoned any emphasis on equity issues (1993:449). It was criticised by women from the South as a post-colonial, given its top-down imposition of western ideas (Beetham & Demetriadis 2007:201). According to Parpart, 'WID policy-makers and planners focused on modernizing Third World women, not on understanding their lives and experiences' (ibid.; also Rathgeber 2005:480). Furthermore, the WID discourse was viewed as representing women as 'helpless victims trapped by tradition and incompetence in an endless cycle of poverty and despair. The possibility that Third World women (and men) might have skills and strategies to protect themselves rarely surfaces' (Parpart 1993:451). WID approaches maintained that western expertise was necessary for women's development. These critiques challenge the approach taken by the organisations examined in this thesis, which is essentially a WID approach targeting marginalised women with external interventions.

Therefore, as with modernisation, WID approaches did not address issues of societal structure, power and agency and were the subject of significant feminist critique (Momsen 2004:11; Parpart 1993; Rathgeber 2005). These issues of power and agency that WID did not address are classified under strategic gender needs. Moser defined these thus:

Strategic gender needs are the needs women identify because of their subordinate position to men in their society. ... They relate to gender divisions of labour, power and control and may include issues such as legal rights, domestic violence, equal wages and women's control over their bodies (Moser 1993:39).

That is, strategic gender needs are related to structure, relationships and power.

More recently, these strategic needs and, in particular, empowerment, have become the focus of attention (Moser 1993:74; Momsen 2004:13). The newer discourse of Gender and Development (GAD) abandoned the focus on women in isolation and recognised that the real problem lies in women's subordinate status to men (Moser 1993:3). This is not just a problem caused by men, but of colonial and neo-colonial oppression (ibid:74) and in fact by any dominant social group exercising power (Rowlands 1995:101). GAD recognised women's triple roles in society of production, reproduction and community management whereas welfare focused solely on reproduction to which WID added production (Momsen 2004:16).

The definition of gender as 'the socially acquired notions of masculinity and femininity by which men and women are identified' (Momsen 2004:2) places this whole discourse on the level of relationships that necessarily includes issues of power and status. As a result, the GAD discourse generally favoured mainstreaming rather than women-only projects. However, project reviews have concluded that women-only projects are 'still widely and profoundly, if not universally, necessary' (Jacquette & Staudt 2006:31).

There are still significant differences of opinion concerning GAD and how it should proceed. One axis of debate revolves around the question of autonomous development on the one hand and the need for top-down or external action on the other in order to bring change (ibid:37). The question of whether women in a subordinated position can act autonomously to achieve empowerment is relevant to the first research question, as outlined in Chapter One. This subject is returned to in the discussions in Chapters Seven and Ten.

Over the past two decades in particular, globalisation has had a significant impact on women in the developing world. Beazley and Desai (2008) discuss this from a number of perspectives but relevant to this thesis is the feminisation of urban labour. Women, usually young and single, have migrated to the cities to work in factories servicing export industries (ibid:360). This not only disrupts cultural norms but often

results in significant exploitation (ibid.). The garment industry in Cambodia, discussed in Chapter Four is a prime example of this phenomenon.

This shift into cities and formal employment can be accompanied by increased marginalisation. Momsen describes four dimensions of this increased marginalisation (2004:178). These revolve around women being limited to low status, ‘feminised’ jobs with low pay, poor working conditions and lack of job security. This is the outcome of the critique in the previous section of empowerment being co-opted by a neo-liberal agenda. This thesis involves low paid employment in social enterprises as a means to empowerment. Hence, the question of whether it can produce real empowerment has high theoretical interest in terms of this globalisation and empowerment debate.

Over the recent decade the predominant discourse on development has centred on the Millennium Development Goals (MDGs)⁴. While they do refer explicitly to empowering women and girls, it is noteworthy that despite coming after the shift from WID to GAD and the emphasis on strategic gender needs, these needs are not reflected in the goals themselves.

These discussions of alternative development, empowerment and gender bring to focus the fact that neither development nor the problem it is addressing, namely poverty, is purely economic. Rather, poverty is multi-dimensional and linked to issues of power and vulnerability. This multi-dimensional nature of poverty is discussed in greater detail below.

⁴ The eight specific Millennium Development Goals arising from the UN summit in 2000 are:

- Goal 1: Eradicate extreme poverty and hunger
- Goal 2: Achieve universal primary education
- Goal 3: Promote gender equality and empower women
- Goal 4: Reduce child mortality
- Goal 5: Improve maternal health
- Goal 6: Combat HIV/AIDS, malaria and other diseases
- Goal 7: Ensure environmental sustainability
- Goal 8: Develop a Global Partnership for Development (UNDP 2007)

Definitions and Dimensions of Poverty

While development theories may have developed along pragmatic lines to some extent, they have also followed changing understandings of poverty. Myers (1999:57ff), Sen (1999:72ff), Falkingham and Namazie (2002:24ff) and Maxwell (1999) have produced overviews of the evolving understandings of poverty, and Spicker, Leguizamon and Gordon (2007) have given a comprehensive analysis of the various definitions of poverty. Also, volume 27(1) of the IDS Bulletin (1996) contains several articles reviewing the meaning of poverty.

An early view of poverty is that of deficit or lack. People lack food, housing, water, education or skills. This leads to a welfarist attitude to development: 'if poverty is the absence of things, then the solution is to provide them' (Myers 1999:66). In this view not only are the poor 'passive recipients' and mere 'objects of sympathy', but they are in danger of accepting the outside view that they are 'defective or inadequate' (Myers 1999:66; Rahman 1995:30). Such a 'messianic' attitude can 'increase their poverty' (Myers 1999:66).

Many development agencies retain economic or basic needs-based definitions of poverty and these definitions underpin the Millennium Development Goals (MDGs), which focus on income as well as basic needs and human rights (UNDP). The UNDP has developed a Human Poverty Index (HPI) and a Human Development Index (HDI) (Willis 2005:14; UNDP 2006:393ff). While each goes beyond economic measures of poverty to include health and education, they remain quantitative measures, thus risking that, 'poverty becomes what is being measured' (Chambers 1997:46).

Quantitative measures of poverty are important, and income, as a quantitative measure, is certainly one focus of this research. However, dimensions of poverty are far more extensive than quantitatively measurable indicators.

Chambers described poverty in terms of five 'clusters of disadvantage' (Chambers 1983:109). These are material poverty, physical weakness, isolation, vulnerability and powerlessness (Chambers 1983:109). These five clusters interact, producing a 'poverty trap' (ibid:111). Chambers considers that while isolation and poverty are accepted, physical weakness is still subject to debate; and 'vulnerability has been curiously neglected, and powerlessness is a key problem which many outsiders find it uncomfortable to face' (ibid:114).

Vulnerability is a function of external risks, shocks and stresses (Woolard & Leibbrandt 1999:18). It is therefore not the same as poverty, but as Chambers notes, it can be one aspect of poverty. Some groups may have inherent vulnerabilities due to gender, ethnicity, class, or disability, for example, that increase the likelihood of poverty (ibid.). According to Eriksen and O'Brien, 'vulnerability is generated by multiple processes, such as social relations of resource access, political and economic marginalization, loss of employment opportunities, and weakening social networks' (2007:337). A number of these processes apply to the target group of employees in this study.

Barrientos surveys a number of studies that demonstrate that vulnerability to shocks does lead to poverty (2007:5). Amis, in researching urban poverty in India, found that shocks, particularly to health, led to acute poverty (Amis 1995:150). While Morduch notes, as per Chambers, that poverty also increases vulnerability (1994: 224), Barrientos suggests that more empirical evidence is needed on the relationship between vulnerability and chronic poverty or poverty traps (2007:15).

Morduch suggests that formal employment can reduce both poverty (through income) and also vulnerability, through the stability and certainty of income (Morduch 1994:224). Similarly, Eriksen and O'Brien highlight the vulnerability differences between casual employment on the one hand and 'reliable and viable' employment on the other (2007:344). Amis insists that employment in the formal sector is a key to reducing vulnerability and addressing poverty (1995:153-157). Banerjee and Duflo agree: 'a steady and predictable income' provides scope for people to reduce risk and take a longer-term view in decision-making (2011:229). They argue that such an income not only reduces vulnerability, but also may be the best solution to poverty (ibid 230-234).

For Friedman, poverty is a lack of access to social power (Friedman 1992). Each household resides in the context of the state, the political community, civil society and the corporate economy (ibid:26-31). The poor exist in the overlap between these domains of power. While people have bases of social power that enable them to create social space and influence (such as networks, information, time, and finances) those in absolute poverty lack sufficient of these and hence are trapped in poverty. Poverty therefore is lack of social organisation and lack of access to the political process (ibid:66).

Christian furthered this view, including a psychological system as well as Friedman's social system (Christian 1999:139). According to Christian, poverty thus extends, via exclusion from community, to a marred self-identity that interacts with social powerlessness to result in further exploitation:

When the poor are simply used or ignored within a network of relationships, the poor become less than human in the process...marring the identity of the poor becomes a prelude to further exploitation...Oppressive social norms of the community stunt the mind, retard reflexive ability of the poor and reduce the poor to being mere objects, thus marring the identity of the poor (ibid:140-141).

Social powerlessness is internalized to produce a low self-image, thus furthering dependence and powerlessness (Carmen 1996:1; Rahman 1995:30). While this is a psychological process, Christian is clear that it arises externally through marginalisation and oppression and not via any agency of the poor themselves (Christian 1999:140).

Another approach is to view poverty as lack of entitlement or capability to command commodities, rather than as a simple lack of commodities (Sen 1999). Extending this notion, poverty becomes a lack of fundamental freedom, including the freedom to command commodities and to avoid deprivations as well as socio-political freedom (ibid:36).

Jayakaran describes poverty as a lack of ability to cope with change (2003). As change occurs, inability to cope with it results in paralysis with regard to ability to plan for the future: 'they see no hope in the future and become skeptic [sic] about it. Their risk taking ability slowly gets reduced' (ibid:11). Life therefore becomes focused on short-term survival.

As approaches to poverty have become more holistic (that is, moved beyond economic dimensions) and included more qualitative dimensions, the concept of gender has been mainstreamed (Chant 2006). As previously discussed, the marginalisation and poverty experienced by women are in large part an outworking of gender relationships.

Poverty is thus economic, social, political and psychological. While much measurement still focuses on quantitative factors, poverty is clearly a much deeper phenomenon that goes well beyond quantitatively measureable factors and connects deeply with what it means to be human and to be a society. The poverty engaged with

in this thesis is more than material and has significant dimensions related to power and identity.

Poverty is thus a central concept in this thesis, with its focus on poverty alleviation by a Non-Government Organisation (NGO) using social enterprise. It is therefore necessary to consider the place of NGOs in the development process. Their adoption of social enterprise and microfinance relates to their somewhat complex relationship to the capitalist paradigm and the funding issues they face.

Non Government Organisations and Development

Two different evolutionary trajectories of development thinking have resulted in the emergence of Non Government Organisations (NGOs) as key players in development over the past twenty years (Roland-Horst & Tarp 2002:7,31). The neo-liberal era of development has seen an emphasis on the privatisation of development and the replacement of state involvement with non-state actors such as NGOs (Edwards & Hulme 1995:4). At the same time, and paradoxically, the move to human-agency centred and participatory development has also fed the growth of bottom-up social movements, also often organised as NGOs (Anderson 2003:15-16). This chapter examines the current state and role of NGOs in development and the challenges they face into the future. In particular, it examines their relationship with the corporate sector, their financing and their involvement in commercial activities.

The term Non Government Organisation allows for a very broad range of organisations. However, for-profit commercial enterprises (including financial institutions) are generally excluded from the definition (Hopkins & Scott 1999:2). For the purposes of this study, NGOs will be taken to mean voluntary not-for-profit groups. In this work the *raison d'être* of those NGOs referred to is to work for poverty reduction.

NGOs are not a new phenomenon. Churches and other voluntary groups have been involved in welfare and relief activities since ancient times. The New Testament records voluntary relief and welfare activities of the early Christian church and Tandon observes that 'Voluntary association and development action have been part of the historical evolution of many societies' (Tandon 2001:44). Van Rooy (2001), Lissner (1977:53 ff) and Anderson (2003) give summaries of the historical development of NGOs with Anderson focusing particularly on Northern NGOs.

NGO Activities and Evolution

Korten describes four stages or generations of NGO activity that have characterized their evolution (Korten 1990:115f). The first generation strategy was essentially delivery of relief and welfare as a response to an immediate and visible need. Second generation strategies, which generally developed in the 1970s and following, were more concerned with community development. This strategy was about local empowerment and better reflected the NGOs' values than the welfare approach that was criticized for creating dependencies. Korten's third generation of NGO strategies, which he calls sustainable systems development, move beyond the local community to 'seek changes in specific policies and institutions at local, national and global levels' (ibid:120). Third generation strategies saw the NGO moving away from service delivery to catalytic action and advocacy. These moves from welfare to development and justice have not always been easy and often the welfare mindset has lived on (Tendler 1982:57).

Korten sees the progression through these generations of strategies as dependent upon the sustainability focus of the NGO, its attempt to make explicit the theory underlying its activities, and its own critical assessment of its activities (Korten 1990:122). The shortcoming of the third generation strategies is that they consist of many small steps that need multiple replications to bring about major change. Korten therefore proposes a fourth generation of strategy; that of a large scale people movement to bring about significant and widespread social change (ibid:123).

It is important to note that NGOs still operate at all of these stages. That is, welfare, community development, advocacy and movement building remain key functions. While some NGOs operate in one of these sectors, others operate across the boundaries.

NGOs as Value-Based Organisations

What distinguishes NGOs from state or commercial actors is not only their voluntary nature but also an ideological or spiritual commitment to societal improvement (Tandon 2001:44). Tandon points out that their rise to significance in the field of development (as opposed to welfare) came with alternative development in the 1970s (what is described as the postmodern and pragmatic paradigms in Chapter Two above). This generally entailed a commitment to small-scale, local-level, integrated

and participatory development (ibid:45). Whereas mainstream development focused on economic growth and macro-economic indicators, development NGOs retained an ideological commitment to social justice and equity (ibid:46). In fact, the comparative advantage NGOs have in achieving development outcomes has been described as ‘the creation of an institutional environment within the firm which selectively attracts altruists, who have a lower supply price of effective labour than egotists’ (Hopkins & Scott 1999:16; also Tendler 1982:9). Hence the values base is a key part of their ability to deliver desired outcomes.

However, this advantage can also have a downside. Traditionally, NGOs have an image as ‘amateurish, inefficient and lacking in hard nosed financial and technical competence’ (Lissner 1977:105). Their extensive use of volunteers can reduce overhead costs, but also results in a lack of specialist staff and therefore lack of critical expertise. As a result, the amateur image can be true (Cumming 2011; Eikenberry, Arroyave & Cooper 2007). La Barbera notes this in particular with religious NGOs working in more business oriented roles (1991:224).

Hailey considers the value base of NGOs as their key advantage in the competition for funding (Hailey 2001b). Hailey summarises these values as ‘commonly based on ideas of people centred development; participation and empowerment; local legitimacy and sustainability; good governance and democratisation; transparency and shared learning’ (Hailey 2001b:165). On the other hand, Lissner highlights the tension that values and ideology can create for income generation (Lissner 1977:87ff). As discussed in a later section, religious beliefs and ideology can provide a key advantage for funding for Faith-Based Organisations (FBOs).

NGOs values and ideology have led them to become involved in significant critique of the state and the dominant approach to development (Tandon 2001:47). Such a critique was possible as the NGOs involved were independent and, in particular, financially independent of the state (and commercial actors who they also critiqued). Many adopted strong stances on human rights and ‘in most situations, private capital, large plantations, and private ownership of industry were considered somehow injurious to the interests of the vast majority of people in developing countries’ (Tandon 2001:47).

The growth in size and number of NGOs, the fact that NGOs now have a seat at the mainstream development table, and that their agenda for a broader concept of development has been adopted by the major mainstream actors (at least rhetorically), all indicate success (see Tandon 2001:50). However, these factors also create a challenge to the NGO movement amid a fear of co-option into the mainstream agenda (ibid). In fact, there is a significant call for more official engagement with NGOs as deliverers of services on behalf of official agencies (Roland-Horst & Tarp 2002:32). The continuation of global poverty and injustice also demand some critical self-examination.

Anderson catalogues literature that has become increasingly critical of NGOs over the course of the 1990s (Anderson, 2003:2). Much of this criticism relates to funding issues and the relationship to official agencies. These issues are taken up below. However, Anderson also notes accusations that NGOs have ceased to be values-driven in favour of becoming market-driven organisations (ibid). Such tensions were described by Lissner back in 1977 (Lissner 1977). According to Anderson, ideology has lost out to income. While this is debateable, particularly for FBOs, it is relevant as NGOs engage tools such as social enterprise to fulfill their mission.

Korten calls for NGOs to acknowledge the limitations of their existing programs; reconnect to their underlying values; articulate and re-examine the underlying theory as to the cause of the poverty they seek to alleviate; to value, build and deepen their constituencies; and commit to work as advocates, educators and catalysts (Korten 1990:192, 215).

NGOs, Development Theory and Global Capitalism

Back in 2001 Tandon listed a number of key dilemmas for NGOs as they faced the future (Tandon 2001:51-58). In addition to funding issues, which are discussed separately, a number of these dilemmas are relevant to this study as they relate to NGOs' engagement with mainstream development, the corporate sector and globalisation.

The first of these relates to Korten's call for re-assessment of underlying theory and refers to their attitude towards economic growth and private enterprise. Traditionally, NGOs have been associated with the demand for equitable distribution of resources over and above economic growth. However, according to Tandon, 'it is clear that any

improvements in the lives of the poor are inconceivable unless there is economic development and growth' (Tandon 2001:51). Furthermore, the success of microenterprise and other private sector growth has challenged the NGO suspicion of profit-seeking private enterprise. By promoting microenterprise, 'NGOs are wanting to "have their cake and eat it too" – clearly an untenable position' (Tandon 2001:52). Sayer points out that most NGOs don't have a policy relating to the 'role of markets, growth and corporations in the development process' (Sayer 2007b:252). Lissner also discusses NGO beliefs as to the causes of poverty, and the tension this may create for fundraising, communications and developmental work (Lissner 1977:133ff).

Globalisation represents a further challenge. As Tandon states, 'The common NGO reaction has been to shun and condemn globalisation' (Tandon 2001:54). However, this may prevent NGOs from taking advantage of some aspects of globalisation that may actually assist the poor. The challenge of globalisation is taken up by several other authors in the volume edited by Eade and Ligteringen (2001, see chapters by Murphy, Alonso and Joseph). For Murphy, globalisation represents a neo-colonial imposition of values, worryingly similar to the causes of under-development in the first place (Murphy 2001). Joseph sees a particular threat in the 'universal mindset' of neo-liberalism (Joseph 2001:147). He argues that NGOs have not engaged with politics but rather sought to tackle the effects of this mindset, but not critique the philosophy itself. Even the critique that does exist accepts the general framework:

It is possible to criticise the narrowness of the neo-liberal model and its exclusive focus on macro-economic indicators, and to include other issues relating to the social dimensions (income, health, food, education), or gender, or the environment – but still remain within the framework of the same model (ibid:150).

Joseph argues that NGOs must engage in a search for new political engagement and a focus on democracy that is less abstract and pays more attention to the content and meaning of democratic participation (ibid:159-160). Korten calls for a new partnership with the South that avoids any neo-colonial possibilities (Korten 1990:197f).

Once they have a theory of markets, growth and development, NGOs must decide between a position of policy resistance and critique from the outside to a role of policy reform and cooperation from the inside (Tandon 2001:54). For Grzybowski, 'Challenging the philosophical and theoretical order is at the heart of what NGOs do'

(Grzybowski 2001:220). What NGOs bring to the table is solidarity (ibid:219). This implies avoiding a move to Tandon's 'inside' in favour of critique from the outside. Sayer, in discussing NGO engagement with corporates (see following section), describes a categorisation of engagement with corporations according to whether the action is from the inside or outside and whether it is collaborative or confrontational (Sayer 2007a:228). He goes on to highlight the inherent conflicts and difficulties with each approach. This engagement with corporations is discussed in the following section.

NGOs thus face significant issues in articulating what they believe about capitalism, markets, poverty and development in a globalising world. They need to decide how to work to effect change given these beliefs. Social enterprise, introduced in the next chapter, is a new development tool that heightens all these questions. As will be discussed, it is market oriented and uses business methods. However, the question of how much it represents a neo-colonial model that cooperates with global capitalism as compared to a new mode of resistance to global capitalism remains an open question and a key one for this thesis.

Whether due to service provision contracts or as part of the broader engagement with issues of social justice, NGOs are increasingly engaging with corporates. Given the location of social enterprise at the blurred boundary between NGOs and the corporate sector (see discussion in Chapter Three), it is necessary to outline here some aspects of the relationship between corporates and NGOs.

NGO Engagement with the Corporate Sector

The private sector and, in particular, large corporations are increasingly important as development players. This is due partly to their number and size. In 2009 it was estimated that there were 82,000 multinational corporations (MNCs) and 810,000 global affiliates (UNCTAD 2009:xxi). In 2005 such multinationals had total assets in excess of \$13 trillion (UNCTAD 2005:4). In 2010 such corporations produced approximately one quarter of the world's GDP (UNCTAD 2011:24). However, they have also increased their power relative to the state: 'The 2000 UNCTAD World Investment Report noted 1035 global alterations to laws on foreign investment between 1991 and 1999, of which 94% increased MNC influence by reducing the regulatory capacity of national governments' (Kegley & Whittkopf 2001). Their

impact on development is demonstrated by the \$1.24 trillion in foreign direct investment in 2010, actually down 15% on their pre-financial crisis average (UNCTAD 2011:1). Of the \$1.7 trillion in global foreign direct investment in 2008, 43% was to developing or transition economies (UNCTAD 2009:xvii).

Given the nature of NGOs as values-based organisations seeking to empower people on a micro level, it may be expected that their relationship with corporates would be uneasy at best. It has, in fact, been described as ‘antagonistic’ (Gold 2004:634).

However, corporate funding of NGOs complicates this picture, thus: ‘NGOs have traditionally had two primary and quite antithetical areas of interaction with corporations: that of beneficiaries from corporate donations to charity, and that of hostile critics of corporate activities’ (Sayer 2007a:202).

Certainly NGOs have been critical of corporates and engaged in advocacy on behalf of those they see as victims of corporate activity. In response to increasing corporate power and decreasing state regulation,

NGOs have been among the foremost critics of corporations, highlighting corporate malpractice, campaigning publicly against those with poor records on the environment, labour and social impacts and lobbying governments and international meetings in proposing more responsible paths for the corporate sector (ibid:201).

Closely allied to the growth in corporate social responsibility (CSR), these activities have the potential to create a new ‘civil regulation’ or ‘social licensing’ of economic activity (ibid:201).

At the same time however, NGOs have been receiving significant funds from the corporate sector and, in fact, this was the form of the earliest engagement between NGOs and corporates (ibid:226). It is still the case that, ‘for many NGOs, the principal relationship they have with corporations remains that of a recipient of major donations’ (ibid:232). It was only as NGOs moved from responding to poverty and disasters through welfare to seeking to understand the root causes of poverty and viewing empowerment as an end that this uncritical relationship began to change (ibid:226). The conflicts of interest inherent in this dual relationship are discussed in the section below on NGO funding.

However, as a result of the privatisation of development, and ‘the emergence of the private sector as a key driver of the development paradigm’ (Henderson 2001:118;

see also Goddard 2005:433), the relationship between NGOs and corporates has further developed. According to Sayer, 'A third area of contact is growing in importance: cooperation as project partners and consultants' (Sayer 2007a:202). That is, in addition to being beneficiaries and critics, NGOs are also becoming partners. In fact, some suggest that, 'Community development may now require tripartite partnerships between the community, the government, and MNCs' (Goddard 2005:433).

Increasingly, corporates are seeking NGO advice with the aim of being, or at least appearing to be, socially or environmentally responsible (Sayer 2007a:202). In terms of the first two engagements, as critic or beneficiary, this third level may either be instrumental in achieving the social goals of the NGO, or further potentially compromise the social mission by increased dependence on the corporate sector.

This increased engagement has come about as governments have stepped back from their once primary role in economic development and social policy. The prevailing political and economic ideology has forced 'INGOs concerned with poverty and injustice [to] now view the private sector as a significant driver of development, a key engine of growth, but one with little conscious orientation towards ... the distribution of wealth' (Henderson 2001:121).

Bendell describes four categories of NGO engagement with corporates. NGOs can either be inside the market (and dependent on revenue from the market) or work from outside and can be either confrontational or collaborative (Bendell 2000:242-245). For example, those working in the market collaboratively would be engaged in consulting or monitoring; those working in the market in a confrontational style would include 'fair trade and other alternative economic schemes'; collaborative NGOs outside the market would be promoting change through developing standards or codes of conduct; while those outside the market working confrontationally would include campaigners, demonstrators and boycotters (Sayer 2007a:228).

The choice between these various categories of engagement has been described as 'among the most fundamental issues facing NGOs with regards to their policies on the corporate sector' (ibid:235). It is essentially the issue of pragmatism verse idealism, 'the making of short-term gains – or adherence to the dearly held belief that sustainable change needs to be more radical and far reaching' (ibid:235). However,

because corporates are entering into partnerships with NGOs and into social ventures based on a business case (Goddard 2005:435), NGOs must remain wary.

Collaborative approaches, while often producing desirable outcomes (ibid:35-436), are ‘a high risk strategy, with the inherent danger of co-option and being seen giving tacit or overt approval to unsustainable or socially inequitable activities’ (Henderson 2001:124). Some argue for a ‘continued separation of the work of NGOs, state, and market enterprises on the grounds that collaboration under the guise of “corporate responsibility” will only further extend the power of large corporations’ (Gold 2004:634). Even for those admitting the benefits of collaboration, the continuation of outside and confrontational approaches is considered essential to achieve the objective common to all NGOs (Henderson 2001:124).

While in practice there are NGOs at all points in this spectrum and the NGO movement is very diverse in its approach to corporates (see Sayer 2007b for a range of NGO responses), it is less clear that NGOs have positioned themselves as a result of a well articulated belief. In one study, ‘Less than half of the NGOs were working on a normative statement with specific reference to the role of markets, growth and corporations in the development process’ (Sayer 2007b:252). In addition, some were not able to ‘maintain an in-depth analysis of the economic and social structures contributing to the existence of poverty sufficient for public campaigning and debate’ (ibid.).

The literature certainly highlights a deepening and broad engagement between NGOs and corporates. However, it also suggests a possible lack of sophistication in the understanding of the role of markets and corporations in the development process, whether positive or negative.

NGOs and Development Funding

As part of the neo-liberal agenda of the 1990s, NGOs have come to be ‘seen as the preferred channel for service-provision in deliberate substitution for the state’ (Edwards & Hulme 1995:4). This view is echoed more widely, ‘During the 1990s, partly due to their disappointment with governmental actors, the World Bank and the IMF identified the private sector as the engine of economic development. In that framework, NGOs serve as delivers of social service’ (Sadoun 2006:45; also see Malhotra 2000:658; Fowler 2000a:591). Fugere, in discussing the future direction of

NGOs notes that, 'In identifying themselves primarily as service providers available to almost any contractor, some NGOs have crossed the line from being social transformers to becoming small consulting businesses' (Fugere 2001).

These authors all attribute a significant increase in official funding to NGOs as contributing to that shift (Edwards & Hulme 1995:4; Sadoun 2006:47; Hailey 2001b:164). In fact, Lissner described such conflicts in his 1977 discussion of religious NGOs. This growth in official funding has resulted in a situation where 'NGOs which are *not* dependent on official aid for the majority of their budgets are now the exception rather than the rule' (Edwards & Hulme 1995:5). There are dangers of NGOs 'being co-opted into the agendas of others and seeing their independent social base eroded' (ibid.), with evidence claimed to support the view that:

official aid to NGOs and the roles adopted by NGOs under the New policy Agenda can distort accountability upwards and overemphasise linear approaches to performance-measurement, with damaging effects on the ability of NGOs to be effective catalysts for social change (ibid:219).

Official funding, at even 30% of total NGO revenue is claimed to be sufficient to impact the freedom of the NGO, thus: 'This does not mean that it cannot maintain its political independence, but that, often unconsciously, it auto-controls itself in order not to lose the funding needed for survival' (Vincent 2006:23). It is also claimed that specific constraints are imposed by donors, and that lack of financial autonomy affects personnel policy, cash-flow planning, time dedicated to planning and management of fund raising, and long term planning (ibid:24). In summary, 'over-reliance on public funds can and does alter NGDO [non government development organisation] nature and behaviour' (Fowler 2000a:591). In fact, it is argued that official funding distorts priorities (Van Rooy 2001:38) and even that it co-opts NGDOs as part of an essentially corrupt system (Fowler 2000a:593).

Official funding is also viewed as selective, with a claimed shift in funding both to larger organisations and to those involved in project-based work as opposed to organisations aiming for more radical social and political transformation (Morena 2006). Furthermore, as illustrated in a study on NGO fundraising in Brazil, official funding can influence the type of project undertaken, thus:

Similarly, if CSOs [civil society organizations] prioritise doing what individual and corporate donors want, they may find themselves in the politically more comfortable corners of poverty alleviation, at a distance from sensitive issues and the broader agenda of social and economic reform (Bailey 1999:112).

There is a concern that donor priorities may direct NGOs to focus on ‘Cinderella’ projects (those involving children for example) and neglect longer term capacity building programs that are harder to market to donors (ibid:115). Similarly, a study based on the situation in Senegal concluded that government and external funding make NGOs both vulnerable to manipulation and less efficient in their work (Sarr 2006). A South African study led to claims that even corruption can lie at the end of this chain; that donor-imposed monitoring and evaluation systems are inappropriate and lead to fear and deceit (Bornstein 2006:53). While donor funding can contribute to a project focus in NGOs’ development work (Van Rooy 2001:36), surprisingly there seems to have been no correlation between levels of official funding and resources spent on advocacy (Anderson 2001:229).

Looking forward, it is suggested that funding sources that facilitated the significant growth of NGOs are drying up and that global institutions are taking a more balanced view of the role of the various players in development (Fugere 2001). Furthermore, official funding that does ‘continue to flow will be more narrowly focused toward specific areas of interest to the foreign policies of the donor countries’ (ibid).

In addition to official funding, there is also the issue of NGOs being funded by private organisations whose behaviour they have criticized or even campaigned against. For those NGOs opposing global capitalism or criticising exploitation of workers or corrupt corporate practices, receiving funds from most large corporations or even foundations raises questions over the source of the funds and how they have been earned (Ghimire 2006:8,9).

A study of the implications of funding on power relations in the aid chain in Uganda (Oller 2006) concludes, ‘Evidently, the necessary procedures to achieve the requirements of the INGO’s donors have affected the rather flexible approach of the partnership’s programme’ (38). This emphasis on the needs of the INGO and its donors unbalanced the relationship and, in turn, ‘limited the potentialities of action, especially those related to the work with the communities’ (Oller 2006:38). Despite the negative impact on the development outcomes that Oller highlights as a result of

this unbalanced relationship, he puts the burden of change on the local or implementing NGO as ‘it is unlikely that donors would want to alter the existing patterns of strong dependency’ (ibid.). Donor requirements have the potential to compromise not only the practices but the distinctive values of NGOs (Hailey 2001b:166).

One proposed solution is ‘a far more transparent funding process and uncomplicated access to information about it that will serve to strengthen the capacities of Southern NGOs and thereby encourage self-determined sustainable actions’ (Sadoun 2006:50).

Diversification in sources of funds as well as innovative forms of fund raising and partnership are seen as necessary (Bailey 1999). In practice, ‘The strategic options are either to evolve as (hybrid) social entrepreneurs or as more unambiguous civic innovators’ (Fowler 2000a:596). A number of specific possibilities have been proposed: Northern NGOs could provide ‘risk capital’ to Southern counterparts, presumably to begin commercial ventures consistent with their social mission (Bailey 1999:105, 114); economic activities as a possibility for autonomous funding (Sarr 2006:112); and, a premium on fair trade products as way of sustainably funding NGO activity (Yilmaz 2006). A number of international NGOs have already begun to auto-finance using fair trade, ethical investing or event production (Ghimire 2006:9). However, it has been noted (and is discussed at length in this thesis) that for-profit activities can create tensions for NGOs (Fugere 2001).

Some predict a future with rapidly diminishing official aid, but view this as a positive in that an NGO future without such aid may assist NGOs to refocus on social transformation, rather than service delivery (Malhotra 2000). Furthermore,

While this does not imply that NGOs should never be involved in direct poverty reduction or employment expansion programmes, it does imply that their state substitution roles in scaled-up direct service delivery should be limited to situations of short-term crisis and humanitarian response as far as possible (Malhotra 2000:666).

In fact, a reduction in official aid may be an opportunity for a return to a values-based ‘transformative agenda’ that refocuses attention on co-operation and the values that make co-operation work (Edwards & Sen 2000:614). This transformative agenda may be incompatible with the current paradigm of official funding:

Despite the obvious difficulties and challenges, it is still worthwhile and necessary to stimulate a global movement for social change and against poverty that is not premised on the old aid paradigm of resource transfer (Malhotra 2000:667).

Short term ease of financing is claimed to prevent longer term financial reform: ‘the fact that NGOs are able to access certain sums of money from outside sources, at times under easy terms, prevents them from taking major initiatives in order to improve their financial standing’ (Ghimire 2006:8).

Funding represents a key issue for NGOs. Both the past rise in official funding and the risk of a future decrease in official funding create challenges. Within a wider need for renewal, NGOs need to secure more autonomous sources of funding in order to continue their mission of social change.

NGOs therefore have undergone significant evolution over time. They have become part of the mainstream development agenda and recipients of significant official funding. They now face challenges of potentially reduced funding, maintaining their core values and developing appropriate partnerships with Southern organisations and the corporate sector.

Chapter Three examines several strategies that NGOs have adopted to meet these challenges. In particular, it discusses strategies that engage the commercial sector and, in doing so, are potential solutions to the funding crisis discussed above. However, before then it is necessary to briefly discuss faith-based organisations and development, since the organisations studied in this thesis are all Christian, working in a Buddhist country.

Faith-Based Organisations and Development

Faith-Based Organisations (FBOs) play a large role in development and delivery of development services. In some African countries, they account for over half of all health provision (Tadros 2011b:63). FBOs include a wide range of organisations including, but extending well beyond, NGOs as understood in this chapter. Tadros lists a range of FBOs including religious congregations and umbrella organisations (ibid.). However, it is NGOs and community-based development actors that are of interest.

Firstly, it must be noted that the definition of an FBO is contested. Tomalin outlines the various views of this debate (2012:693) but what is clear is that there is no simple

distinction between FBOs and other organisations. Rather, there is a continuum of ‘faith-related’ organisations (ibid.; also Tadros 2010:iii). As Tyndale points out, ‘there are many such organisations whose outlook and practice is very little different from that of secular NGOs, while others prioritise a religious agenda that can imply the manipulation of power, proselytism, exclusivity and/or attitudes leading to dependence and passivity’ (2006:153). Furthermore, Tomalin suggests that the very act of distinguishing between FBOs and other organisations is an imposition of western or Christian undertsandings of religion and does not take into account the pervasiveness of religion in other countries (Tomalin 2012:694).

However, since the 1990s, FBOs have gained prominence in the development discourse and have increasingly become favoured by development donors (Tomalin 2012:690; Tadros 2010:1). Reasons for this include the global resurgence of religion, the demise of the welfare state, US politics post-September 2011 and the acceptance of culture as an important factor in development (Tomalin 2012:690-692; Tadros 2010:3; Selinger 2004:524). Beyond these external factors lies a developed belief that FBOs can offer a unique and distinctive contribution and perhaps even have an advantage over secular organisations in producing development outcomes (ibid:691).

Tyndale (2006), through a number of case studies encompassing organisations professing a number of different religions in a range of countries, finds evidence for a number of these advantages. Firstly, as discussed in Chapter Two, development has often been presented as a Western agenda, promoting modernisation and economic development, as opposed to a people centred empowerment approach drawing on the resources of the people themselves. Tyndale suggests that FBOs, in understanding the world in less scientific and rational terms, can focus more holistically on people, and understand better the non-economic resources they bring to the table (2006:157-166; also Tadros 2010:1; Selinger 2004).

Religions generally promote the idea of the intrinsic value of human beings. This not only shapes the type of development work FBOs might do but also provides motivation to serve others (Tyndale 2006:78-79). The emphasis on the non-material aspects of life can result in the broader dimensions of poverty and human flourishing being addressed, rather than development being reduced to economism (ibid:113; Tadros 2011b:64).

Selinger discusses the role of religion (as opposed to FBOs) in development and concludes that religion, because of its importance to people and to culture, must be taken account of for development work to be effective (2004:540). In such a development landscape, FBOs have an obvious advantage.

Tyndale also finds that an emphasis on community rather than individualism flows from religious affiliation (Tyndale 2006:81). For FBOs, explicit values shape policies and process, rather than theory or policy shaping practice (ibid:162). Sen argues that making values explicit is a way to democratise development as it allows for scrutiny and criticism (Sen 1999:30). However, faith and values are not the same and, as discussed above, most, if not all, NGOs have a strong values base from which they work.

Religion can also impact the FBOs themselves, in terms of the type of leadership they provide. Trust is seen as paramount (Tyndale 2006:54). Strength and determination in the light of seemingly insurmountable difficulties come from the belief in a greater cause and, in the case of many religions, a brighter future (ibid:50, 147). FBOs also have the advantage of religious networks and it is claimed they therefore have a repository of social and human capital upon which they can draw (Tadros 2010:6).

However, these claims are contested. Tomalin analyses a similar set of claims about FBOs from a range of studies and authors. She concludes that there is little evidence to support the claim that FBOs are distinctive or more effective in general (Tomalin 2012:700). She also questions the bias of those making the claims, be they donors to FBOs or adherents of the relevant religion (ibid.). However, Tyndale's book does not make general claims but presents possibilities of what faith can contribute and does in some cases. Tomalin does not deny comparative advantage in some situations. On the other hand, the key concern with respect to FBOs is a mistrust of evangelism and potential exclusivism (Tomalin 2012:690; Tadros 2010:7). Tadros suggests that ethnographic studies have shown that 'services are used overtly or more subtly as a means of seeking to inculcate religious values and ideologies' (Tadros 2010:iii). Development aims can easily be compromised in order to evangelise or proselytize those in development programs.

Funds for FBOs are often sourced from faith communities. This brings a range of expectations on behalf of the donors. As Tadros highlights, these expectations can

range from understandings that the FBO will be non-discriminatory and not proselytise to the exact opposite (Tadros 2011b:65). As she concludes, ‘the nature of the faith constituency that supports an FBO and the extent to which it contributes to overall funding, is one of the critical factors in influencing the level of flexibility allowed on the ground’ (ibid.). Furthermore, Tadros finds that sharing leadership and premises with worship congregations can have similar impacts (Tadros 2010:21).

In relation to gender, a topic of interest to this study, Tadros finds that while FBOs can play a critical role in supporting women’s survival strategies, both materially and psychologically and spiritually, the extent to which they contribute to transforming power relations is questionable (Tadros 2010:22). On this issue, Tadros suggests that, on issues of gender empowerment, at times FBOs are in direct opposition to the relevant organised religious establishment (ibid.).

While Tyndale suggests that all religions provide motivation to work for a better future, she does point out the cyclical nature of Buddhism and Hinduism compared to the more linear nature of Christianity, Judaism and Islam (2006:155). As will be highlighted in the later analysis, this does impact the development context in Cambodia and the work done by the organisations examined in this study. However, before examining that Cambodian context in more details, the following Chapter examines NGO strategies that engage the commercial sector, and in particular, introduces social enterprise, a key subject of this thesis.

Chapter 3. Social Enterprise

Introduction

Chapter Two set out the position of development ethicist, Denis Goulet (1971), that the values of just and humane societies (arguably the goal of development as defined by Sen, 1999, Chambers, 1983, and others) and those of successful corporations are sharply opposed. The previous chapter introduced NGOs, their funding and the uneasy and ambiguous relationship between development NGOs and the corporate world. This chapter introduces social enterprise, the subject of this thesis and a development strategy that does attempt to both make money and to bridge this gap; the gap between profit maximising corporations and people-centred development.

Social enterprise is not the first commercially-oriented development strategy to be employed by NGOs. Microfinance (MF) and the related microenterprise development (MED) have become pervasive in the period since the 1970s. While not an activity of the organisations examined in this thesis, it is discussed here because of the similarities to social enterprise in terms of the amount and level of the rhetoric surrounding it. A discussion of these similarities and the possible implications for social enterprise is included in Chapter Ten.

Most importantly, however, this chapter introduces the concepts of social enterprise and social entrepreneurship. While these concepts are not new, they have only recently entered the literature and become part of the mainstream development discourse. The theory remains under-developed and even the definitions are contested.

Microenterprise Development

The supply of microcredit as a small-scale development strategy has been increasingly used by NGOs and, most recently, by bilateral and multilateral donors. Microcredit is the term used to describe the facilitation of small loans, typically in the order of \$50-\$100, to borrowers unable to access the usual sources of credit available through the formal economy (for example, banks). Because this inability is usually the result of poverty (that is, the borrowers are not considered worthy credit risks and have little or no collateral) and the small size of the loan (thus resulting in very high

transaction costs), microcredit is generally considered to be a tool for lending to the poor.

Where microcredit activities are extended to include other financial services such as savings and insurance the term microfinance is more appropriate. Most microcredit loans are intended for productive purposes, particularly as seed capital for a small business. The general term microenterprise development is used to describe this set of activities. For general descriptions of the provision of finance to small-scale, local level activities see Remenyi (1991) and Hulme and Mosley (1996a).

It is possible to distinguish between these concepts on other grounds, and Elahi and Rahman (2006) see microcredit and microfinance as quite different activities. For them, microcredit involves a subsidized loan program managed by an NGO, whereas microfinance is a for-profit venture involving a wide range of financial services. Hence, their definitions involve not only the services offered, but also the motives and financing behind them. The discussion below will use the term microfinance (MF) to include the full range of local level financial activities but will be limited to those institutions where poverty alleviation is at least a stated aim.

MF is not a new phenomenon. There are reports of six MF institutions operating in Europe in the 19th century (Hollis & Sweetman 1998). In fact, the 2000 FAO report states: 'locally managed credit arrangements have existed for hundreds of years' (FAO 2000). However, modern MF is generally accepted to have begun in the late 1970s in Bangladesh and Latin America (Elahi & Rahman 2006:478; Hulme & Mosely 1996a:7). In 1976 Mohammad Yunus began a university research project by lending \$27 to a poor village woman. This was the genesis of what became the Grameen Bank, one of the biggest and best known MF organisations in the world today with seven million borrowers in Bangladesh as of late 2006 (Yunus 1998, 2007; Karnani 2007:35).

From a theoretical perspective, MF can be seen as a growth strategy in that it assists in the supply of capital to potentially productive enterprises. Remenyi argues that a key cause of poverty is lack of access to investment capital (Remenyi 1991:44). The lack of access to credit is seen as a market failure and, explicitly, MF seeks to correct this failure and thus enable economic development among the poor (Hulme & Mosley 1996a:16). De Soto argues along similar lines that access to property rights would

enable the poor to enter the formal market for financial services and hence contribute to their own economic development (De Soto, 2000:5,6).

MF overcomes this lack of access to capital through innovative contractual practices and organisational forms. There is a wide range of MF institutions around the world. Hulme and Mosley describe some of the varying practices and forms (1996a), as does Remenyi (1991). The innovations include various group-lending structures, lending only to women, frequent repayments, compulsory savings, various screening methods and lending in kind. The additional, and not always admitted, method of overcoming the difficulties in lending to the poor is subsidy. Hulme and Mosley's comprehensive study reveals substantial subsidy inherent in all institutions studied, despite substantial publicity surrounding the profitability of some of the same institutions (1996a).

In fact, many of the world's poor do have access to financial services through the informal sector, that is, village moneylenders (Remenyi 1991, Hulme & Mosley 1996a). This informal sector retains a significant share of credit volumes in many places (Hulme & Mosley 1996b:97). This is particularly the case for consumption lending as many MF institutions lend only for productive purposes (Hulme & Mosley 1996a:134). However, MF is distinguished from informal sector lending and the nature of the relationship between this informal sector and MF institutions is a matter of some debate.

Hulme and Mosley report on two schools of MF theory (Hulme & Mosley 1996a:2f). Adherents of the so-called Ohio School follow an essentially economic rationalist approach. They believe in the efficiency of the informal finance market and oppose both targeting of MF towards the poorest and any form of subsidy in its delivery (see Adams 1984a & 1984b; Gongalez-Vega 1984a & 1884b; Bouman 1984; Adams & von Pischke 1994; Abugre 1994). In fact, Adams suggests that targeted subsidies have a perverse effect on the intended beneficiaries.

The lower the real rate of interest, the more heavily concentrated will be the loans in the hands of relatively few people... The self interest of each lender combines with the excess demand that exists for negatively priced loans to force lenders to ration funds to their most profitable and powerful customers (Adams 1984b:71).

Furthermore, informal money-lenders are considered to provide valuable services and are unfairly maligned. They are not capable of exploiting significant monopoly profits

and should be encouraged and learned from – not outlawed (Adams 1992:14-15; Bouman 1984:243-246; Tun Wai 1992:347). While these views were formed following the failure of the older state-run agricultural schemes, the theoretical arguments against subsidized credit are borne out in the more recent debate about poverty targeting versus sustainability (see below).

The alternate school views informal financial arrangements as ‘monopolistic’ and that these markets fail the poor (Hulme & Mosley 1996a:4, 16). The solution is targeted intervention to correct this market failure. The more recent MF institutions are all subsidized and attempt to overcome the issues raised by the Ohio adherents through explicit poverty targeting and non financial methods of risk reduction (for example, through group decision making and responsibility and intensive collections) (ibid:24f).

Claims About Microfinance

Microfinance has been the subject of some grandiose claims. Dichter quotes the following example:

A Powerful Anti-Poverty Tool... a lasting solution by providing the poor with the means to increase their incomes...long-term solution to some of poverty’s worst suffering...by helping the poor create their own solutions with dignity and self-reliance (Dichter 2006).

He goes to comment on the use of these phrases along with individual success stories: ‘If these tactics are not quite smoke and mirrors, it is still the case that there is considerable exaggeration, and it runs pretty much throughout the microcredit movement’ (ibid.).

Just as Dichter speaks of ‘Microcredit evangelism’ (ibid.), Hulme and Mosley talk about the importance of ‘organisational myth’. They go on to describe the nature and benefits of such exaggerations: ‘Externally, such myths make the management of relations with donors and the domestic political environment easier. Such myths are far from being fabrications: rather, they are exaggerations of what has been achieved’ (Hulme & Mosley 1996a:175).

The key claims about MF that are subject to debate is what Morduch describes as the ‘microfinance promise’ or the ‘win-win’ situation; namely, that MF can alleviate the

poverty of the poorest people, including bringing about structural transformation, while at the same time being profitable or at least financially self-sustaining:

Much of the enthusiasm rests on an enticing ``win-win" proposition: microfinance institutions that follow the principles of good banking will also be those that alleviate the most poverty... If the argument is right, much poverty alleviation can be achieved at no cost to governments and donors or perhaps even at a small profit (Morduch, 2000:617).

These claims abound in literature produced by promoters of MF. For example, Muhammad Yunus, founder of Grameen Bank claims 'Ever since Grameen Bank came into being, it has made profit every year except in 1983, 1991, and 1992' (Yunus 2007). Furthermore, 'GB provides credit to the poorest of the poor in rural Bangladesh, without any collateral. At GB, credit is a cost effective weapon to fight poverty and it serves as a catalyst in the over all development of socio-economic conditions of the poor' (Grameen Bank 2007).

In fact, MF has generated significant publicity and some of the successful institutions such as Grameen have been idealised (Hulme & Mosley 1996:7). The current popularity has created an impression that MF is a 'panacea that will empower the powerless and end poverty' (Kilby 2002:117). There is a view that perceptions have grown beyond reality: 'hope has bred hype' and there is 'a widening gap between reality and propaganda' (Dichter 2006).

However, both sides of the 'win-win' equation are disputed. Firstly, there is a theoretical and perhaps ideological argument as to whether the cause of poverty is a lack of access to financial services and hence that MF is therefore the solution. As discussed above, the Ohio school recognises informal lenders as also providing valuable services to the poor. They dispute the fact that 'commercial bankers refused to fill [the credit needs of the poor] for reasons that were neither commercial nor economic' (Adams & von Pischke 1994:9-1). Similarly, Abugre argues that providers of informal financial services available to the poor are not the 'malignant and exploitative' characters they are portrayed to be by proponents of MF (Abugre 1994:10.5; also Adams 1992:14).

If the informal sector is approximately efficient or at least capable of playing a positive role, then MF is a solution to a problem that does not exist. This is the argument put by Adams and Von Pischke: 'In our opinion, debt is not an effective

tool for helping most poor people enhance their economic condition... In most cases lack of formal loans is not the most pressing problem faced by these individuals' (Adams & Von Pischke 1994:9-6).

Even if MF does fill a gap in the existing market for financial services, whether it significantly benefits the poor is hotly contested. Hulme and Mosley conclude that 'credit schemes are most likely to benefit the incomes of what may be termed the 'middle' or 'upper' poor' and that 'the poorest receive few direct benefits' (Hulme & Mosley 1996a:113). They relate its apparent failure to address the problems of the 'core' poor as stemming from an inadequate view of poverty. To the extent poverty is about vulnerability, protectional strategies such as savings and consumption loans are needed, not promotional credit to produce income (Hulme & Mosley 1996a:105-6).

Others agree that the benefits from MF are correlated with the beneficiaries' initial incomes (Shaw 2004:1247). The reasons include the financial vulnerability and lack of capital of the very poor. Other geographical, human capital and socio-cultural factors all contribute to the poorest receiving less benefit from MF (Shaw 2002:99; Shaw 2004:1255).

Conclusions regarding the ability of MF to reach and benefit the poorest are generally negative, ranging from MF being seen 'as being able to make at best a modest contribution' to poverty alleviation (Kilby 2002:119) to: 'equalizing the situation of the very poorest, would be seen at best as an incidental by-product of universally available credit' (Deasey 2002:104). Others are more direct: 'Our overwhelming finding was that the largest microcredit programmes – the ones being replicated internationally in the name of poverty alleviation – do not and, can not, reach the poorest people' (Hunt 2002:73).

In fact, targeting the poorest people can increase vulnerability. One case study concludes: 'With the best of intentions, it almost tipped these women and their households over the edge of survival, and in the end led to no significant improvements in their lives' (Leach & Sitaram 2002:587). An African case study, in reviewing African MF, agrees: 'other tools are required for the very poor' (Mwangi & Ole Sena 2003:157).

A further promise in the poverty reduction ability of MF is that it can empower the marginalised, particularly women. For example, Getu describes the mission of one major MF organisation:

Opportunity International's impact goal, for example, is not only to increase the amount of money in the pockets of the poor but also to 'enable the poor to become agents of transformation in their communities.' The aim is to use microcredit as a means of facilitating deeper economic, social, political and spiritual changes among the poor (Getu 2000:153).

Similarly, 'We help destitute women earn a living and gain control over their lives in a way which would be unthinkable in our society if Grameen did not exist' (Yunus 1998:148; also 87-90, 231).

This 'promise' is highly contested and while the evidence is mixed, the majority of studies seem to point to it being at best over-stated and, at worst, that the opposite is true. Hulme and Mosley found that while 'credit programs can reduce the relative isolation of women' (Hulme & Mosley 1996a:125), many loans made to women are actually controlled by men (ibid:128). Furthermore, 'when women do fully or significantly control loans, this is most commonly associated with "traditional" women's activities so it represents the reinforcement of existing conceptions of the economic role of women' (ibid). They do see that possible exceptions to this are widowed, divorced or separated women. They conclude, 'in terms of political empowerment, however, we remain skeptical of the claims that financial institutions for the poor can spearhead structural transformation' (ibid:153).

Hunt is also skeptical:

We argue that development agencies committed to the empowerment of women need to question the nature of the link between access to credit by targeting women, and the transformation in gender relations needed for empowerment and equality. Significant research and much anecdotal evidence suggest that this link is certainly not automatic (Hunt 2002:71).

For her, the critical question is: who controls the credit? She concludes that 'many women are merely postboxes' (Hunt 2002:71).

A study of Bangladeshi MF programs concludes, 'Certainly, if empowerment is taken to include challenging rural power structures and gender hierarchies, village women have not gained empowerment through microcredit' (Rozario 2002:69). Furthermore,

MF is ‘a model that is intrinsically opposed to solidarity among villagers, among women, or among the community in any form’ (Rozario 2002:70).

While some studies reveal some success at women’s empowerment (Zafar 2002) others demonstrate that empowerment can take place only if the MF program includes non-financial inputs (Corso et al 2006). Mayoux agrees with this assessment:

Finally, despite the potential contribution of microfinance programmes to women’s empowerment, realizing this contribution is dependent on, rather than a substitute for, adequate welfare provision and feminist mobilization... Unless microfinance is conceived as part of a broader strategy for transformation of gender inequality, it risks becoming yet one more means of shifting the costs and responsibilities for development onto very poor women (Mayoux 2002:80).

Kabeer discusses these variations in evaluations of the impact of MF on women’s empowerment. She notes that there are ‘some evaluations claiming extremely positive results while others suggesting that microcredit leaves women worse than before’ (Kabeer 2001:63). These variations, at least in Bangladesh, according to Kabeer, arise from differences in methodology with quantitative studies giving more pessimistic results than qualitative studies, emphases on process involvement as opposed to outcomes in social relationships and differences in the definition of empowerment (ibid:65-68).

Another claimed benefit to the poor of MF is secondary employment creation (Hulme & Mosley 1996a:35). However, Hulme and Mosley report that employment creation outside the family only occurs in larger enterprises run by those borrowers with higher incomes (ibid:102). Shaw notes that microfinance is least successful in locations where employment is already most difficult to find (Shaw 2002:99).

According to Morduch,

Even in the best of circumstances, credit from microfinance programs helps fund self-employment activities that most often supplement income for borrowers rather than drive fundamental shifts in employment patterns. It rarely generates new jobs for others (Morduch 1999:1610).

Evidence on the second leg of the win-win proposition, financial sustainability and profitability, is also highly contested. Adams and Von Pischke speak of a ‘quest for the institutional form that can “defy the laws of finance”’ (Adams & Von Pischke 1994:9-5). They also describe flawed evaluation methods that underestimate costs

(ibid:9-6). Hulme and Mosley report that all institutions in their survey (which included the Grameen Bank and BRAC, two of the biggest and most proclaimed MF institutions) were subsidized at least 100% (i.e., interest rates would need to be doubled to eliminate the subsidy) (Hulme & Mosley 1996a:43). According to Boumann and Hospes:

Although most NGOs profess to aim at long-term viability and sustainability – magic words that are often heard but rarely addressed seriously by NGOs – the sad truth is that almost no organization or NGO could survive without heavy subsidies and grants from sympathetic, but ill-informed donors (Bouman & Hospes 1994:1.5).

Furthermore, they go on to put the Grameen success in perspective:

In the excitement about the GB success, an almost lone jewel in a series of mostly dismal failures, it is easily forgotten that this bank is, indeed, run by professionals, and yet is, after almost two decades of experimenting, still dependent on outside funds to survive (ibid:1.5).

Some claim that subsidies are self defeating: ‘cheap credit worsens income distribution’ (Adams, Graham & von Pischke 1984a:63) and ‘Low interest rates on loans have a very regressive effect on income and asset ownership in rural areas; the rich gain at the expense of the poor’ (Adams 1984b:72). Furthermore, unsubsidized credit costs are comparable with informal lending, thus negating the purpose of the MF program (Bourne & Graham 1984:38).

It now seems generally accepted that financial sustainability is only achievable by trading off outreach to the poorest potential clients (Von Pischke 1996; Hartarska 2005; Mathie 2002). For von Pischke, this trade off is obvious:

All types of lending face a trade-off between outreach and sustainability within a medium-term horizon such as three to five years. Outreach is measured by numbers of loans made and numbers of borrowers. Sustainability refers to the lender’s capacity to operate for a considerable period of time, measured in decades, independently of subsidy or altruistic support: The conflict between outreach and sustainability is apparent from common sense or when illustrated by extremes (von Pischke 1996:227).

Pretes implicitly acknowledges this tradeoff in arguing that a grants-based system rather than loans has the best chance of reaching the poorest clients (Pretes 2002). According to Morduch, ‘the programs that are breaking even financially are not those celebrated for serving the poorest clients’ (Morduch 1999:1571). Nieto agrees: in discussing private investment as a source for microfinance institutions (MCIs) he

concludes, ‘Of course, the MCIs whose work focuses on the very poorest will continue to need development assistance’ (Nieto 2005:500). Bassau, discussing challenges facing MF institutions, notes that, ‘Tension between financial performance and social impact has led to crises’ (Bassau 2000:69).

Another feature of the MF landscape is the pressure for institutions to become sustainable financially and to commercialize (that is, to exist without continuing subsidy). According to Bassau,

MED is currently the favourite recipient of large bi-lateral and multi-lateral technical donors, including USAID, AusAid, DFID, and the European Community. These donors fund organizations which can demonstrate ‘return on investment viability... According to Beth Rhyne, MED Director for USAID, ‘An interest rate policy to full cost recovery has become sine qua non. Institutions should plan to become viable in 5 to 7 years’ (ibid:68,69).

Mwangi and Ole Sena (2003) note that many MF institutions are driven to commercialisation because of lack of donor funds. Moyo (2003) and Getu and Mensah (2003) all recommend commercial pricing as necessary for best-practice MF. So while there is a tradeoff between financial and social outcomes, the pressure from both donors and within the industry is on the financial side.

Microfinance then has proliferated in recent decades and been the subject of extensive literature and exaggerated claims. Its proponents have suggested it can empower the poor at no financial cost. It has been introduced in this chapter because social enterprise stands in a similar position to that which MF did perhaps two decades ago. This comparison is returned to in Chapter Ten.

Social Entrepreneurship and Social Enterprise

The march of globalised capitalism, innovations in corporate and non-profit legal structures, and political priorities (favouring smaller roles for governments) together with the need for NGOs to replace public funding has led to growth in what may broadly be termed ‘social entrepreneurship’ or the use of commercially oriented enterprises as tools to create social value (Defourny & Nyssens 2009). While this model can be traced back hundreds, if not thousands, of years through many varied enterprises established by religious organisations, it is now encroaching into mainstream development through its adoption by NGOs and other entrepreneurs with a social mission (Austin et al 2007:24; Dees 2001:1; Peebles 2006; McLean & Peredo

2006:56). As Ridley-Duff and Bull note, it may be a new name but there is a long history of previously unrecognised examples in the past (2011:1,60). In fact, as far back as 1907 economist Alfred Marshall was advocating ‘chivalry in business’ that would include social aims for businesses that outweigh financial rewards (Marshall 1907:14).

Recent authors describe social entrepreneurship as both a new field academically (Steyart & Hjorth 2006:3; Bhowmick 2009:659) and simultaneously one with a proliferation of attention among scholars and in the literature (ibid.). It has been described as ‘one of the very latest fashion trends that has penetrated researchers’, politicians’ and journalists’ discourse’ (Dey 2006:121) and the ‘subject of a good deal of energy and enthusiasm’ (Sayer 2005:262). Yet it remains unclear as to both definition and grounding (Stryjan 2006:35; Sayer 2005:262; Nicholls & Cho 2006:99-100).

Definition and Historical Development

The term ‘social entrepreneur’ seems to have been first adopted by the founder of Ashoka (an association of social entrepreneurs), Bill Drayton, around the early 1980s (Light 2006:47). Despite the fact that the model may not be new, Dees considers ‘the new name is important as it implies a blurring of sector boundaries’ (Dees 2001:1). On the other hand, Bhowmick finds the term oxymoronic and suggests alternatives such as ‘social change or social upliftment activity’ (Bhowmick 2009). Swedberg considers its general usage to be more of a ‘slogan or inspiring phrase’ than a meaningful term connected to any theory (Swedberg 2006:21). The very name itself raises questions about the location of concept. Does it belong to business schools and the field of entrepreneurship; is it a fundamentally economic discourse; or does the ‘social’ drive it more to human geography (Steyart & Hjorth 2006:2-3)?

However, the precise meaning of the term remains unclear; it ‘means different things to different people’ (Dees 2001:1; also Stryjan 2006:35). A summary of the range of definitions is given by Weerawardena and Mort (2006:23-24; also Helm & Andersson 2010; Light 2005). This discussion will rehearse some of the definitional issues, as they are relevant to this study.

Globally, the term ‘social enterprise’, is the more common term. However, its development has been quite separate and distinct in the US and Europe, despite being

parallel chronologically (Defourny & Nyssens 2009). In Europe, the emphasis has been on the delivery of public services by so called ‘third-sector’ organisations (that is, charities, cooperatives and mutual organisations), often supported by public funding (Defourny & Nyssens 2009:5; Di Domenico, Tracey & Haugh 2009:982). This has developed for a number of reasons, but a significant contributing factor has been the neo-liberal bias against government and the consequent political desire to find business solutions to social problems (ibid:983-984).

This contrasts with the US, where two further parallel schools of thought have developed. The first centres on the use of commercial activities by non-profit organisations with the aim of supporting their missions financially (Defourny & Nyssens 2009:6; Teasdale 2012:102). While this is not new (some examples are listed below), it expanded through the 1970s and 1980s in order to replace government funding (Defourny & Nyssens 2009:6).

The second US school focuses more on entrepreneurship and individuals pursuing social change through innovation (ibid.). This school was driven by Bill Drayton and Ashoka and points to Muhammad Yunus, founder of Grameen Bank in Bangladesh, as ‘emblematic social entrepreneur’ (Ibid:7).

Light highlights these varying conceptions:

Some use the term social entrepreneurship to describe any form of money making enterprise with a social mission. Others use it to describe any type of non-profit organization that is new to them... The most prevalent use of the term social entrepreneurship, however, focuses on the role of risk-taking individuals, who, against all odds, create social change (Light 2006:47).

Because of the geographical differences and the different historical forces behind the development of social enterprise and social entrepreneurship, the terms remain contested. Light, an adherent to the second US school, proposes the following definition:

A social entrepreneur is an individual, group, network, organization or alliance of organizations that seeks sustainable large-scale change through pattern-breaking ideas in what or how governments, non-profits and business do to address significant social problems (ibid:50).

McLean and Peredo in their review of the concept agree that social entrepreneurship is not limited to individuals or non-profits. They offer the following broader definition, which retains the US emphasis on innovation and risk-taking:

social entrepreneurship is exercised where some person or group: (1) aim(s) at creating social value, either exclusively or at least in some prominent way; (2) show(s) a capacity to recognize and take advantage of opportunities to create that value (“envision”); (3) employ(s) innovation, ranging from outright invention to adapting someone else’s novelty, in creating and/or distributing social value; (4) is/are willing to accept an above-average degree of risk in creating and disseminating social value; and (5) is/are unusually resourceful in being relatively undaunted by scarce assets in pursuing their social venture (McLean & Peredo 2006:64).

In fact, many criticise the focus on individualism in much of the literature (Hjorth & Bjerke 2006:104). Dey argues that the literature creates the impression of a ‘supernatural individual’, thus making entrepreneurship exclusive (Dey 2006:133). Dey even identifies a ‘maleness’ bias in the discourse (ibid:135). Similarly, Young decries an emphasis on ‘entrepreneurship’ at the expense of ‘social’ (Young 2006:59). These authors argue that the concept is more about society, participation, values and ethics than about extraordinary individuals. As such it represents a new narrative for society and development. Writing before social entrepreneurship was conceptualised, Goulet has argued that both economics and development should be moral discourses, not technological discourses requiring exceptional individuals to break the mould as social entrepreneurs (Goulet 1971).

While the title ‘social entrepreneurship’ focuses attention on an individual or organisation taking risk or exploiting opportunities (as in the second US school of thought), Seelos and Mair, following a more European model, refer to ‘social enterprise’ which they describe as creating ‘new models for the provision of products and services that cater directly to human needs that remain unsatisfied by current economic or social institutions’ (Seelos & Mair 2005a:243). This definition does provide a way of bridging the gap between the US entrepreneurship school and the European service delivery model in that it picks up the notion of innovation. This relates back to early 20th century economist, Joseph Schumpeter, and ‘his notion of entrepreneurship as the putting together of new combinations’ (Swedberg 2006:33; Schumpeter 1955:74).

Such social enterprise ‘differs from the traditional understanding of nonprofit organizations in terms of strategy, structure, norms and values’ (Dart 2004:411). Similar to Dees (see above), Sayer (2005:262) defines social enterprise as a midway point between business and NGOs with some characteristics of both. Hemingway defines ‘social enterprise’ as arising from a model of social entrepreneurship in which ‘individuals set up new approaches to specific problems, within the social economy’ (2005:236-237).

Teasdale highlights that the European tradition emphasises organisational form, that is the ‘social’ implies a collective organisational form with no or very limited profit distribution (Teasdale 2012:102). The US terminology, in contrast, emphasised purpose. That is, tackling social problems using market-based approaches (ibid.). Hence, in the US, the emphasis is on the word ‘entrepreneurship’ and in Europe, the emphasis is on ‘enterprise’. A further way to conceptualise different approaches is to view the European model as community enterprises and cooperatives developing in response to market failure and the US model as social businesses (for-profits with a social purpose) developing as a response to state failure (Teasdale 2012:112).

According to Martin and Osberg, social entrepreneurship has the following three components:

- (1) identifying a stable but inherently unjust equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity that lacks the financial means or political clout to achieve any transformative benefit on its own;
- (2) identifying an opportunity in this unjust equilibrium, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state’s hegemony;
- and (3) forging a new, stable equilibrium that releases trapped potential or alleviates the suffering of the targeted group, and through imitation and the creation of a stable ecosystem around the new equilibrium ensuring a better future for the targeted group and even society at large (Martin & Osberg 2007:35).

In summary, it revolves around identifying a social need and implementing a sustainable solution. Hemingway sees it as taking on activities traditionally associated with the voluntary sector but relying on market forces to generate profits that are directed to specific social issues (Hemingway 2005:236-237). Hence it includes both for-profit and not-for profit enterprises (ibid.) but necessarily operates on the market economy. Haugh broadens this to define social enterprise as the adoption of

‘financially sustainable strategies to pursue social aims’ (Haugh 2005:1; similarly Hines 2005). This would include a large range of organisational models. Young argues strongly that social enterprise is not about form but goal; the emphasis must not be on process but on results (that is, the social outcomes) (Young 2006:59).

A more restrictive definition of social enterprise is simply a for-profit subsidiary of a non-profit organisation, that is, the first US school of thought described above (Wallace 1999:155). Such fund-raising activities are often separately held in a subsidiary to protect the tax status of the parent, to protect it from liabilities inherent in the subsidiary or to implement different management strategies (for example, staff pay structures) (Thompson & Thompson 2012).

Oft-quoted examples of such fund raising entities are Sanitarium Health Food Company in Australia, a for-profit subsidiary of the Seventh Day Adventist Church (Gomez 2011) and the Oxfam shops in the UK and Australia (Oxfam 2012).

However, in these well known examples where fundraising is a major aim, both subsidiaries also have a social mission beyond that of fundraising, either complementary to, or an integral part of, the mission of the parent (SDA 2010; Oxfam 2012). Hence these organisations are actually closer to Hemmingway’s conception above. In fact, according to Wallace such an enterprise fills a gap between the state and private sector and is needed because of the failure of the market to meet the particular social need at hand (ibid.). Therefore, they go beyond simply providing finance to actually meeting a need.

Dey seeks to move the concept beyond performative notions of inputs and outputs and an economic discourse to one of morals or ethics (2006). Lamenting the tendency to ‘comprehend social entrepreneurship as an inseparable aspect of the globalized world’ and therefore an economic concept (128), Dey argues for terms like ethics, responsibility and justice as alternative features of any conceptualisation (141). Dey expresses a hope that the ‘social’ in social entrepreneurship can move beyond a ‘supplement’ or ‘instrumental, that is, calculable epithet of entrepreneurship’ to ‘a genuine expression of openness towards otherness’ (142). That is, Dey advocates social entrepreneurship as an altruistic expression, independent of discourses of business or economics. This call is echoed by Hjorth and Bjerke, who similarly lament the business and economic discourse. They argue for a change in name to

public entrepreneurship to represent a concept that belongs to society and promotes participation and responsibility (Hjorth & Bjerke 2006:97).

As mentioned above, the European discourse has emphasised collective organisational forms. In fact, the EMES European Research Network provides a set of indicators for social enterprise that includes ‘decision-making power not based on capital ownership’ but ‘a participatory nature’ (Defourny & Nyssens 2009:12). Clearly, this would exclude many of the US style social enterprises that employ for-profit models towards a social purpose, but does emphasise more of the community building called for by Dey and Hjorth and Bjerke. Such an objective is not easy to achieve as Di Domenico, Tracey and Haugh point out (2009:985-986). However, they do see participation as integrally connected with governance and accountability to the local community (ibid.).

A related factor in the growth of social enterprise has been the convergence, since the 1990s, of non-profits and businesses, driven by the financial needs of the non-profits (as discussed above) and businesses’ increasing desire for social responsibility (Austin et al 2007:24-5; Gold 2004:634). It is reported that non-profits actually earn significant profits; globally they report a figure of 57% of income from profits on sale of goods and services (Austin et al 2007:26). While not a new phenomenon - for example, the Sanitarium Health Food Company has existed since before 1900 (Sanitarium 2012) - the number of non-profit organisations creating for-profit subsidiaries has increased significantly in recent years (IRS 2012; Austin et al 2007:29; Gold 2004:634). However, this argument highlights the dichotomy in the social entrepreneurship discourse as it is here seen as an economic answer – NGOs embracing a business solution to their fundraising problems, exactly what is opposed by authors such as Dey who argue for social enterprise on the basis of a new morality and social contract.

Some describe a wide range of examples of social enterprises, ranging from NGOs to ‘socially responsible’ commercial enterprises (McLean & Peredo 2006:63), in addition to the fundraising subsidiaries discussed above. However, for the purposes of this study and following Dees, Seelos and Mair, the term ‘social enterprise’ and ‘social entrepreneurship’ will be used to refer to activities with an explicit and primary social purpose, but operating commercially in the market economy (Dees 2001:2; Seelos & Mair 2005a:244). The use of business practices and models and

commercial activities distinguishes these activities from more traditional development NGOs. The enterprises studied in this thesis are all structured as for-profit organisations, although they have a variety of ultimate owners (NGOs and individuals).

Wallace divides social enterprises into two categories: ‘affirmative’ enterprises, which provide economic benefits and employment for a target group of people, and ‘direct service businesses’ provide services for the target group (Wallace 1999:164-166). In this study it is ‘affirmative’ enterprises that are of most interest.

Theory of Social Enterprise

Being a new field, at least academically, there is ‘no coherent theoretical framework’ for social enterprise (Weerawardena & Mort 2006:21; similarly Helm & Andersson 2010; Nicholls & Cho 2006:99). As discussed above, social enterprise has developed in parallel trajectories in different places for different reasons. Combined with the fact that the terms are relatively recent, theory development remains in its infancy.

To date, the primary location of the concept has been within business studies. Research methods employed to study it have been based largely on reflection about specific examples of innovative praxis, often underpinned by profiles of ‘hero’ social entrepreneurs (such as Muhammad Yunus for example) (Nicholls & Cho 2006:99). Battle-Anderson and Dees describe this situation as one dominated by rhetoric, not research (2006:145). While such a situation is typical for any new idea, ‘passionate promoters’ who tend to ‘generalize from a small number of highly visible successes’ can dominate this rhetoric (ibid.). These authors call for serious research to build a stronger foundation for the concept that is still in need of a ‘compelling theoretical foundation’ (Battle-Anderson & Dees 2006:145; Nicholls & Cho 2006:115).

A number of difficulties confront this task. Models and networks for knowledge sharing are reported to be non-existent (Chell, Nicolopoulou & Kartas-Ozkan 2010:487), leading to very limited comparative studies across the various geographies (ibid.). The contested nature of the terms, the diversity of organisations characterised under those terms and the competing narratives of practitioners militate against a coherent theory (Teasdale 2012:100; Smith & Stevens 2010:575; Nicholls & Cho 2006:99).

Sitting as it does between business and non-profits and the social sector, and having an historical development trajectory coming out of business (extending the CSR concept), non-profits (seeking sustainability, efficiency and greater effectiveness) and government (seeking to outsource services) (Mulgan 2006:78), it is not obvious as to which current academic field would conduct such research and the theory subsequently developed would be flavoured by this location. Battle-Anderson and Dees argue strongly for business school engagement (2006:158), while others warn of the dangers of capture by the business emphasis (Grenier 2006:138). Battle-Anderson and Dees do acknowledge that research into social enterprise must be cross-disciplinary.

Alter begins this enterprise with a typology of social enterprises (2006:208-209). She presents a scale depending on the extent of the mission focus compared to the financial focus of the enterprise. A 'mission-centric' enterprise has business activities that are central to the social purpose (ibid.). The employment generation enterprises examined in this thesis would be classified as mission-centric. The business itself fulfills the mission. Alter compares this to a mission-related enterprise where there is synergy between the social mission and the business. She gives the example of a women's economic development organisation establishing a fee-based child care enterprise. At the financial focus end of the spectrum is the fund raising entities discussed above. Alter then describes these categories as 'embedded', 'integrated' or 'external' (ibid:211). Again, the enterprises studied for this thesis are embedded, in that the social mission occurs within the business; 'the business activities and the social programs are synonymous' (ibid:212).

Nicholls and Cho suggest the foundations of a theory need to be built around three defining characteristics, namely, innovation (representing the entrepreneurial aspect), sociality (representing the social mission) and market orientation (2006:103).

However, even this simple foundation raises unanswered questions ranging from the question of what constitutes appropriate social goals through to the question of the compatibility of these aspects (ibid.). They then suggest that the sociology of Giddens and the theory of structuration may be a useful framework for a theory of social enterprise (ibid:109-115). Giddens' work operates at the horizon between social structures and personal agency. It has been applied to business and management scholarship, and Nicholls and Cho suggest it can be applied to examine issues such as

‘institutional isomorphism’ (the tendency of institutions towards homogeneity in opposition to entrepreneurial innovation) and organisational legitimacy (the need for social enterprise to become perceived as desirable, proper and appropriate) (ibid.). However, these remain suggestions and the authors simply point to the need for further research.

Philosophically, Grenier suggests that ‘Western thinking and ideas are immanent’ within the social enterprise discourse (2006:139). He sees it deeply embedded within globalisation, playing a mediating role between the local and the global, hopefully playing the role of an ‘ethical thread in globalising social processes’ but at risk of capture to global capitalism and neoliberalism (ibid:133, 138). Young echoes this warning about the potential dominance of the business discourse (2006:70). She insists that social enterprise must be values-based and any discussion of its benefits must be concentrated on these values, rather than efficiency or finances. Similarly, social transformation can be lost if social enterprise were to degenerate into a ‘skill and tool’ based discipline (ibid:61).

So, while engaging with a variety of discourses, social enterprise remains an under-theorised field with many unanswered questions. On the one hand it is a pragmatic phenomenon responding to local contexts; on the other it has strong attachments to business and capitalist discourses. This is just one of the many points of tension in a field almost defined by its competing aims.

Social Enterprise and Development

The number of new social enterprises and the study of social entrepreneurship have been growing significantly in recent years (McLean & Peredo 2006:56; Brock 2008:2; Seelos & Mair 2005b:50; Steyeart & Hjorth 2006). Other than being a ‘trend’ (Dey 2006:121) one reason alluded to in a previous chapter is the problem of NGO funding and how they can resource their growth. According to Fowler, development NGOs face many problems, particularly around the growing dependence on official funding, and need to transform themselves in order to remain a significant force in development. He suggests that one way forward is a transformation to a social entrepreneurship model (Fowler, 2000b:637-638). While this can encompass NGOs running commercial operations simply to raise money, more relevant to this study and more representative of the transformation suggested by Fowler is NGOs using social

enterprise as the means to provide the direct social benefit, that is, embedded social enterprise.

Fowler describes this transformation as ‘the creation of viable (socio-) economic structures, relations, institutions, organisations and practices that yield and sustain social benefit’ (Fowler 2000b:649). Flockhart claims a ‘general acceptance that social enterprises are best placed to impact on a number of key areas more effectively than their private sector counterparts’ (Flockhart 2005:32). He includes, interestingly for this study, provision of employment for those who can be described as ‘hardest to employ’ (ibid).

Easterly laments the failure of top-down planned development aid and suggests this type of social entrepreneurship as a potentially more successful bottom-up style of development (Easterly 2006:370). While small scale and local community development can provide positive and sustainable impact, it is suggested that social enterprise may be a way of scaling up such development. Mair and Marty suggest the relationship between social entrepreneurship and sustainable development requires research, as does the question of how social entrepreneurship can contribute to sustainable development (Mair & Marty 2006:43).

Anderson, Honig and Peredo, in discussing entrepreneurship among indigenous communities, engage the development discourse and place social entrepreneurship in the ‘regulation’ model of development (2006:65f). The regulation model differs from modernisation and dependency in that it includes a

new emphasis on human agency and the provisional and highly skilled task of reproducing social relations ... Regulation theory argues that stability in the global economic system is dependent on the emergence of a further set of social relations that preserve it, at least for a time, from catastrophic internal collisions and breakdowns (ibid:68).

The authors suggest that in social entrepreneurship, such a set of social relations may be created.

Goulet, in discussing trans-national corporations and development, suggests a new social role for corporations that involves ‘contracts of solidarity’ (Goulet 1982:236). These contracts are about channels of exchange between all stakeholders in development to satisfy development needs. They involve recognition of power inequalities and the will to eliminate them (ibid.) As such, these contracts are about

corporates acting with significant social missions, granting significant participation and power to the would-be beneficiaries of their mission. This can be seen as a reconception of business and its role in society and in some ways is a pre-cursor to the more recent social entrepreneurship discourse.

Along these lines of creating new social relations, Hjorth and Bjerke describe an entrepreneurship that is about citizens acting, about participation and about creating a sense of responsibility (2006:99,115). It is about 'creating the organizational possibilities for people to take up new practices' (ibid:115). As such a 'societal force' (ibid:120) it has commonalities with the community development discourse adopted by many NGOs.

Social enterprise has been suggested as a way NGOs can foster 'integrated transformation' (including personal transformation) of societies on a large scale (Edwards & Sen 2000:612). One example they give is social enterprise where 'new forms of enterprise are competing effectively in open markets but distributing work and profits with a social purpose' (ibid). As stated above, social enterprise is a response to market failure to meet particular needs. These new forms, therefore, will depend on the needs of the social problem to be addressed (Austin, Stevenson & Weiskillern 2006:2).

For economist Milton Friedman, profit maximisation had to be the sole motive for firms (Friedman 1970). His economic justification was that owners could use their profits to donate to social causes (such as development activities). However Baron shows that greater social good can be achieved through firms with social missions than by private giving since the opportunity set for social action is increased (Baron 2005). That is, action by enterprises to achieve social change is not necessarily replicable by personal charitable activities. Because of their size, their operations, the goods and services they produce, the people they employ and the customers they sell to, firms have opportunities to create social good that individuals, via donations to charities, do not have. For example, a firm can decide the working conditions for its labour force, but individuals cannot typically, via charity, impact working hours, safety provisions, or pay rates.

Compared to traditional NGO developmental or welfare activities, social enterprises have the potential to produce better or more efficient social outcomes because they

use funds more efficiently, create more sustainable solutions and have increased accountability (Dees & Anderson 2003:18-20; Seelos & Mair 2005b:53). Affirmative type enterprises are suggested to produce empowerment of their target group rather than welfare based dependency (Wallace 1999:164). In this context, Wallace is referring to empowerment as economic and social self-determination. She gives examples of several organisations in the US that provide training, microfinance, and other community development programs that result in people moving ‘from the margins into the mainstream economy’ (ibid.).

Because social enterprises are often run by non-profits, they potentially involve the local community and can assert a democratic influence over local economic development (Wallace 1999:157). According to this argument they can produce the outcomes of more traditional NGO community development projects and hence the community development discourse described above.

Furthermore, it is suggested that social enterprise is a justice based development approach addressing basic capabilities as deemed necessary by Sen (1999). Thus, ‘Succinctly, social purpose enterprises are businesses that protect, produce and enhance people’s basic capabilities. This view is centered on a productive social justice that produces as well as distributes community wealth’ (quoted in Wallace 1999:171; also Dey above).

Social enterprise is often associated with a neo-liberal agenda and ideology (Di Domenico, Tracey & Haugh 2009:984; Grenier 2006:138). Teasdale argues that this label is ‘overplayed’ and social enterprise is a far more diverse arena, representing far more diverse ideologies and motivations (Teasdale 2012:100). However, to the extent it does represent a neo-liberal enterprise it may well work in opposition to more participatory, local and post-colonial development approaches. Grenier (2006:119-140) highlights the possibility of social enterprise being a force for greater agency and social transformation but also expresses concern that it may simply become an ‘expansion of global capitalism and neoliberalism’ as it is captured by the business discourse (ibid:138).

Carmen, in addressing autonomous development in the organisation or management sphere gives examples of several democratic ownership structures for entrepreneurial activity (1996:116ff). He is strongly critical of the imposition of Western enterprise

models upon developing countries. Much social enterprise in the development context would be seen by Carmen as interventionist and neo-colonial, and therefore inherently unjust according to his autonomous development framework. It remains to be seen if appropriately democratic and autonomously conceived enterprise can emerge from the social enterprise discourse.

Young argues that social enterprise can bring about a sustained shift in the social or economic relations of disadvantaged groups (2006:67). The example she gives is of embedded social enterprise employing people from a targeted disadvantaged group (as per the organisations in this case study). Such an enterprise not only empowers the employees, but, through their employment, can shift wider attitudes towards the group.

Alvord, Brown and Letts (2004) authored one study that attempted to examine social entrepreneurship in the light of sustainable development. Their study was a response to the fact that little research had been done on the links between the two. They examined a number of cases of social entrepreneurship, including BRAC and the Grameen Bank in Bangladesh. The focus of the study was the entrepreneurial innovation, expansion and leadership rather than the blurring of business with traditional NGO developmental activities. The activities of the cases included microfinance, education, grassroots community development and capacity building and so were more aligned with development NGOs rather than social enterprise as examined in this study. That is, the emphasis was on entrepreneurialism rather than enterprise.

Evaluation of Social Enterprise

While suggestions as to the potential of such NGO-inspired social entrepreneurship are plentiful (Haugh 2005:1), as are examples of apparently successful social enterprises (see for example, the Stanford Social Innovation Review for a journal devoted to such examples; also the Ashoka Foundation, the Schwab Foundation and the Skoll Foundation for many examples and case studies) there does not yet seem to be a body of literature evaluating the development outcomes: 'to this point empirical evidence is scant' (Dart 2004:418; also Dees & Anderson 2003:22; Austin, Stevenson & Wei-Skillern 2006:1; Sayer 2005:262). As discussed above, research to date has been business oriented and often anecdotal. According to Haugh, 'robust evidence of

their value and contribution remains elusive and theories concerning their creation, management and performance have yet to be crafted' (2005:1).

As mentioned previously, Young refers to an enterprise in southern India employing disadvantaged people. However, despite her assertions about their potential for empowerment and social change, it is unclear as to whether any detailed evaluation of these outcomes has taken place.

The study cited in the previous section by Alvord, Brown and Letts (2004) did examine some significant organisations, however, the focus was not on social enterprise but on the entrepreneurship behind the organisations, and the development activities undertaken that were unrelated to the entrepreneurship behind the organisations. Hence, it does not provide an evaluation of social enterprises as such.

Seelos, Ganly and Mair examined the contribution of social enterprise to the Millennium Development Goals. They concluded: 'their [social enterprise] initiatives help to achieve Millennium Development Goals even in the least developed countries' (2005, abstract). However, their research only evaluated potential impact as they examined the type of work being done and the locations of that work, rather than actual impact or effectiveness of the enterprises.

Typically, evaluative criteria have related to direct outputs (for example, number of jobs created); however, Haugh writes, 'such measures relate to a narrow view of social entrepreneurship, and underplay the significance of social and qualitative outputs' (2005:8). Such social benefits are often 'hard to quantify, difficult to attribute to a single organization, best evaluated in the future and open to dispute' (Dees & Anderson 2003a:7). Similarly, Flockhart notes 'it is far more difficult to measure the wider civic or social impact that social enterprises have and the benefits gained by a community' (Flockhart 2005:32; see also Weerawardena & Mort 2006:32). Some reasons are given by Austin, Stevenson & Wei-Skillern: 'The challenge of measuring social change is great due to nonquantifiability, multicausality, temporal dimensions, and perceptible differences of the social impact created' (2006:3).

Young lists a number of tools for measurement of social impact (2006:63). Generally they have been driven from a business perspective and are often modifications of pre-existing business tools (such as Social Return on Investment – SROI). Young cautions against the illusion of accuracy inherent in these tools (ibid:64). In her

opinion, none are definitive and all tools should simply be starting points for conversation about social value, which she considers subjective and not capable of quantitative measurement (ibid:57,62; also Mulgan 2006:87). This is consistent with a development perspective that focuses on empowerment as a subjective experience and on poverty as multi-dimensional. These themes are discussed again in Chapter Five, which details the methodology for this study.

Similarly, on the benefits of the growing convergence between NGOs and business, current evidence is inconclusive. For example, Gold writes, ‘preliminary research, however, has been inconclusive as to the positive impact that such joint ventures and partnerships can have on poverty alleviation in developing countries’ (Gold 2004:635). Haugh also notes the lack of research on managing the blurred boundaries between social enterprises and traditional for-profit businesses (Haugh 2005:3). She suggests research that investigates the ‘benefits, challenges, barriers and facilitating factors associated with same-sector and cross-sector partnerships would be very useful’ (ibid:8). Tsasis (2009) did examine inter-organisation collaboration, but from the point of view of process rather than outcome. However, he suggested the outcome should be greater capacity to address the underlying social problems.

Given this lack of evaluation and the growing popularity of social enterprise, Dart suggests that social enterprise has gained its legitimacy not from the more efficient production of desirable social outcomes, but from its inherent market based ideology (Dart 2004:419). Because it has coherence with this dominant ideology, it has ‘moral legitimacy’, and ‘need not actually produce valued results’ (ibid.). Dart’s argument may be supported by the suggestion that social entrepreneurs ‘provide fertile ground for corporations to enter developing markets’ (Seelos, Ganly & Mair 2005). As a result of this ideological coherence, Dart suggests social enterprise has an element of myth surrounding it, not unlike microenterprise development (Dart 2004:419). In keeping with his thesis about its ‘moral legitimacy’, Dart claims that research that has been done has tended to focus on the revenue generation, rather than the social impact (ibid.).

Certainly it is not always successful. In terms of general entrepreneurial activity, most entrepreneurs do not succeed. According to one estimate, ‘Only half of all potential founders succeed in creating an enterprise, and fewer than one in ten of them are able to make their organisations grow significantly’ (Aldrich & Martinez 2001:6). Social

entrepreneurs might expect similar success rates. The failure of one such social venture is reported by Jarvis and Tracy (2006), but the broader impact of failure is not well known. Haugh suggests ‘research that investigated causes and consequences of social enterprise failure, and identified strategies to avoid failure would be extremely valuable’ (2005:9).

From a theoretical perspective, the addition of social goals that impact the operation of the business (for example, regarding employment practices) should render a business uncompetitive and therefore unprofitable or at least unable to achieve industry standard return on capital. However, as discussed below, the social capital available to social enterprises may compensate.

However, for entrepreneurship in general, success should be measured not only by the resulting organisation but the larger impact on the economy and society due to the innovation introduced by the entrepreneurial activity. Thus,

Most entrepreneurial efforts do not result in the formation of an organization, and even when they do, the resulting firm is often quite small and short-lived. Nonetheless, the many attempted startups, as well as an occasional moderately successful firm, augment the bubbling cauldron of organizational soup so vividly described by Kaufman (1985) (Aldrich & Martinez 2001:6-7).

Mair and Marty make a similar point. While a particular problem may have been the catalyst for social entrepreneurial activity, the ‘ability to change norms may turn out to be even more significant than the initial problems that they set out to address’ (2006:40; This is also the point made by Young, above). They give the example of Mohammad Yunus and Grameen in Bangladesh, addressing village poverty but beyond that, changing norms about lending to the poor without collateral (ibid.). According to Thompson, Alvy and Lees, ‘true entrepreneurs create “sea-change” movements and either quickly, or over time, have a major impact’ (quoted in Light 2005:4).

In evaluating social enterprise, Dees points out a fundamental difficulty, highlighting the way markets function as evaluation tools for commercial (profit maximising) businesses (Dees 2001:2). Efficient use of resources is ensured by competition and the market mechanism. However,

... markets do not do a good job of valuing social improvements, public goods and harms, and benefits for people who cannot afford to pay. These elements are often

essential to social entrepreneurship. That is what makes it social entrepreneurship. As a result, it is much harder to determine whether a social entrepreneur is creating sufficient social value to justify the resources used in creating that value (ibid:3).

Sustainability

One aspect of success is sustainability. However, the meaning of this has not been made explicit. Wallace claims that in the UK, sustainability implicitly means social enterprises should be grant-free and financially sustainable; they should achieve all of their income from trading, and they should achieve both their financial and social goals (Wallace 2005:78). This is the view of Borshee, who argues the term social enterprise should only apply to earned income strategies applied to social mission (2006:359-360). However, Battle-Anderson and Dees disagree, questioning whether relying on the market or customers for income provides a more or less sustainable social mission than reliance upon donors, or better still, endowments (2006:148).

This highlights the nature of the sustainability discourse as mainly financial.

However, as Wallace says, 'the rhetoric of social enterprise demands that enterprises achieve a triple bottom line of financial, social and environmental goals' (ibid:81).

Similarly, Battle-Anderson and Dees argue for an emphasis on making the social mission sustainable, whatever that means for sources of finance (2006:146-148). Alter agrees that success of social enterprises should not be defined by profit (Alter 2006:208).

Wallace goes on to say that the financial aims stated above are unrealistic and that grants may well be required but should be seen as an investment in the community (Wallace 2005:83). Wallace concludes, 'the majority of social enterprises, especially those engaged in community development and those located in areas of disadvantage, are not, and are unlikely ever to be, financially sustainable' (ibid:85).

Social value created by a social enterprise is usually not captured by a stream of revenue. Hence 'social entrepreneurs rely on subsidies, donations, and volunteers' (Dees 2001:3). This not only makes evaluation imperative for these resource providers, but since it 'further muddies the waters of market discipline' (ibid.), it makes evaluation more problematic.

In fact, the related concept of 'social capital' may be a necessary component of entrepreneurial success, particularly for social enterprises:

The concept of social capital is used to describe the instrumental benefits of social relationships (Aldrich, 1999: 81-88). Although not always accumulated with a particular purpose, social capital may help entrepreneurs in their efforts. Social capital is important because it allows individuals to obtain resources that are otherwise unavailable to them, such as knowledge, capital, clients, and access to suppliers (Aldrich & Martinez 2001:13-14).

Waddock and Post similarly point to the importance of social capital: 'the social entrepreneur generates followers' commitment to the project by framing it in terms of important social values, rather than purely economic terms, which results in a sense of collective purpose' (1991:394). This allows access to lower cost labour and even volunteer labour (discussed below).

The amount of social capital is closely related to the visibility of the social mission and how the enterprise is marketed. Allan claims that social enterprise has much in common with fair trade, the major difference being in promotional strategies (Allan 2005:58). By this he means that fair trade businesses market their goods or services based on its ethical standards. Allan suggests that social enterprise could similarly create a brand or social label in order to increase its consumer appeal (ibid). While Allan lists three models of such branding open to social enterprises, he notes that there is almost no research on consumer's understanding of social enterprise (ibid.)

Another aspect of social capital is relationships and networks. Stevenson and Jarillo note this importance of relationships for entrepreneurial success (1990:21-22; also Mair & Marty 2006 and Holmes et al 2003:75 who deal with small enterprises in general). They claim a network of relationships enables an organisation to operate with much lower transaction costs and can thus be more efficient than larger, more formal competitors.

As discussed above, Hjorth and Bjerke see social entrepreneurship as creating community, enabling mass participation and encouraging active citizenship. This permeation of society with a new active citizenship represents a social sustainability that should be the final aim of such activities.

Focus of Social Enterprise

What has been studied is the outreach and focus of social enterprise. Social enterprises have begun in a wide variety of sectors in both developing and developed

countries. Haugh, writing from a UK perspective in the first edition of the *Social Enterprise Journal*, states,

Social enterprises adopt financially sustainable strategies to pursue social aims, and address a wide a range of social problems, such as unemployment, inequalities in access to health and social care services, low quality housing, high incidences of crime, deprivation and social exclusion (Haugh 2005:1).

The literature includes many examples across all the sectors mentioned by Haugh.

Because the definition of social enterprise is not fixed, it is not possible to definitively describe the sectors in which social enterprise is active. In the US, it began in the 1970s and 1980s providing employment and then moved into general welfare related activities. Commercial activities by non-profits to raise funds for their missions also became popular at that time (Defourny 2009:xii).

In Southeast Asia, social enterprise is involved in a range of activities responding to poverty and economic problems that are not addressed by government (Santos, Macatangay, Capistrano & Burns 2009:78). This is contributing to the development of civil society and volunteerism (ibid.).

Seelos, Ganly and Mair examined the 74 social enterprises on the list of 'Outstanding Social Entrepreneurs' compiled by the Schwab Foundation. They found that 48 of these were explicitly targeting the Millennium Development Goals and that over one-third of these were operating in the Least Developed Countries (LDCs) (Seelos, Ganly & Mair 2005). Over 60% were operating in countries in the lowest three deciles of the Human Development Index. While the Schwab list is not comprehensive in terms of social enterprise worldwide, these authors still conclude that social enterprise is targeting the poorest people and targeting basic needs and human rights (ibid.).

Mulgan explicitly links social enterprise with poverty alleviation (Mulgan 2006:88).

Young suggests three key areas of social value that social enterprise can create: empowerment, innovation and systematic change (Young 2006:70). As described above, Young gives examples from the developing world.

Conflicts and Difficulties

The risks of social enterprises are well documented. The main risk is the compromising of the social mission in order to meet commercial objectives (Dees & Anderson 2003:21; Wallace 1999:162; La Barbera 1991:225; Battle-Anderson &

Dees 2006:148). As mentioned in the introduction to this chapter, Goulet sees a fundamental incompatibility between human development and corporate success (1982:221). This tension is heightened in organisations attempting to achieve both. In fact, Sayer lists putting ‘organisational [financial] health ahead of mission and values and equating and confusing the two’ as a key risk for NGOs and even more so for social enterprises (Sayer 2005:262).

Social enterprises continuously make trade-offs between increasing productivity for financial gain versus increasing productivity for social gain (Flockhart 2005:47; also Dees 1998). These trade-offs are apparent in Roper and Cheney’s claim that ‘in its least problematic formulation, social entrepreneurship seeks to marry rational economic calculation and socially inspired vision’ (2005:102). As discussed, Alter provides a spectrum of priorities from financial profit to social mission. A narrow focus on finances can shift the ‘value proposition’ from optimising social impact to profiting from a social market (Young 2006:60). What adds to the difficulty is the sometimes vagueness of the social objectives and the imprecision in assessing the social impact (Hudson 1995:18-20).

A further aspect of this conflict is when the delivery of social services, for which a social enterprise may earn income and which constitutes its primary aim, conflicts with the broader aim of social transformation. Di Domenico, Tracey and Haugh suggest this is an issue with UK social enterprises contracted to deliver government services (2009:990). This broader aim may represent the motivation of the entrepreneurs but can get diluted when financial sustainability depends on welfare delivery, itself a social outcome but falling short of real transformation. Conflict of this type, between aspects of the social mission, is highly relevant to the enterprises studied in this thesis.

The source of funding itself and, in particular, having mixed funding regimes that draw on gifts and grants on the one hand and investment capital on the other, creates a key challenge (Paton 2003:33). This mix adds to the ‘multiple stakeholder’ problem in that even the financial stakeholders demonstrate significant diversity.

It remains an open question as to the impact of these trade-offs, that is, whether commercial objectives pull social enterprises away from their social mission (Dees & Anderson 2003:22). It has been suggested that significant research is needed into

managing the inherent conflict and even the basic compatibility between financial sustainability, market orientation and the social mission (Haugh 2005:3; Nicholls & Cho (2006:107).

Young relates this conflict to questions of identity (Young 2001). He argues that non-profits (or social enterprise), more than commercial firms, must be clear about their identity, particularly when there are multiple possibilities. 'In short, nonprofit organisations must know who they are to make successful strategic and structural decisions' (ibid:140). Furthermore, he contends that an unclear identity results in uncertainty over strategy, resulting in decisions being driven by other factors (such as outside pressures) or a muddling approach without clear rationale (ibid:155).

Formal planning processes can often be missing from social enterprises and non-profits. A 1997 study did show a positive relationship between the formality of strategic planning and performance (Siciliano 1997), and a further study in 1998 supported the use of management practices, including strategic planning for example, as enhancing effectiveness (Herman & Renz 1998). Krug and Weinberg argue strongly for formality and discipline, starting with a clear mission statement 'to focus the organisation' (Krug & Weinberg 2004:333). Lack of a clear mission results in groups 'splintering their always limited resources on things that are "interesting" or look "profitable"' (ibid.). However, clarification of vision and philosophy has been classified as one of the biggest challenges for organisations in this sector (Beck, Lengnick-Hall & Lengnick-Hall 2008:157).

An interesting concept relevant to mission and identity is that of 'deadly combinations':

Deadly combinations result when organizations adopt programs, policies, or practices that might make sense in isolation but when evaluated within the context of other programs, policies, and practices deployed throughout the firm are a 'recipe for disaster' (ibid:164).

Clearly an absence of a clear mission leaves an environment conducive to such 'deadly combinations.'

Understanding this identity or purpose is only the starting point however. Hudson suggests that determining how to move from organisational 'purpose' to a particular management style and practice is a further key challenge (Hudson 1995:18-20). In

fact, a key debate is the extent to which social entrepreneurs should accept private and public sector management theory (Ridley-Duff & Bull 2011:120). Paton describes this as the challenge of combining 'managerial rationality' with the values of the organisation (2003:33). The other side of this question is the extent to which social enterprise organisations should embrace democratic management styles (Ridley-Duff & Bull 2011:121). Organisational democracy may be consistent with the social mission but arguably in conflict with financial and operational efficiency. Nicholls and Cho see a related conflict between the entrepreneurship dimension (being individually focussed) and social inclusion, which is likely to be an aspect of the social mission (2006:106).

It is argued that social enterprise has both a competitive advantage and disadvantage (Dees & Anderson 2003:27). The advantage comes from a work force motivated by the social mission and hence willing to work for below market remuneration (see discussion below). In addition there is the benefit of social cause marketing (marketing the social benefits of supporting the enterprise). The disadvantage comes from cost of the social mission. It is also possible, depending on the nature of the enterprise, that social enterprises undermine their own indirect social benefits by bringing competition into the community relationships, thus destroying trusting connections between community members (ibid:23).

La Barbera studied social enterprises run by religious organisations and noted some particular difficulties faced by such organisations. In particular, she noted staff difficulties and the problem of attracting appropriate skills to the enterprise. This was primarily a result of low levels of compensation but also would arise from the requirement of a strong values alignment (1991:224). This was especially a problem for business-oriented enterprises (ibid.). Staff were attracted because of the mission, but were less attracted to the business aspects of the enterprise (ibid:229). Employees of non-profits, NGOs and social enterprises are often drawn to the organisations by a sense of calling based on their values, or in the case of faith-based organisations, by their religious faith (Flanigan 2010).

Young argues that a difficulty for social enterprises is to find staff with 'expertise and sensitivity to the social problems being addressed as well as to the business issues facing the organisation' (Young 2001:151). While use of business tools and management solutions from the commercial sector can be effective, their use is often

inappropriate or difficult because of lack of trained staff (Beck, Lengnick-Hall & Lengnick-Hall 2008:153). Although Light suggests the opposite has been the accepted wisdom, namely that social entrepreneurs have been defined by their use of business tools, he disagrees with such beliefs (2005:7). Helm and Andersson propose that the traditional dichotomy between the non-profit service sector and the for-profit sector resulted in minimal transfer of skills between the two (Helm & Andersson 2010:260). The more recent convergence between the two sectors in the form of social enterprise therefore suffers from a lack of appropriately skilled personnel.

Borshee claims the single biggest lesson learned by social enterprises is that they have been led by people with the wrong types of skills (Borshee 2006:362). He is primarily referring to the differences between entrepreneurs, managers and innovators.

However, he goes on to state that scarce resources result in organisations trying to ‘shoehorn people into positions where they do not fit’ (ibid.). Similarly, foregoing the right expertise to save money is a key mistake of social enterprise (ibid.).

It is characteristic of businesses run by non-profits and religious organisations that there is a high use of volunteer labour (ibid.). While this reduces costs it can create management difficulties (La Barbera 1991:230). This reliance on volunteers is common across the social enterprise sector (Haugh 2005:7; Mulgan 2006:80). Mulgan cites it as a comparative advantage but, according to Haugh, ‘little is currently known about the challenges of recruiting, managing and controlling employees and volunteers together’ (ibid.). In fact Austin, Stevenson and Wei-Skillern propose that human resource mobilisation is a key difference between social and traditional for-profit enterprises (2006:3), and suggest that recruitment is overall more difficult than in commercial enterprises. They further suggest that the role of non-pecuniary incentives in social enterprises remains a key research question (ibid:18).

The reliance on volunteers and ‘lay people’ extends beyond staff to organisational governance. Governance is necessarily multi-stakeholder and the involvement of a broad, and perhaps unqualified, group, creates further challenges (Paton 2003:33).

A further conflict is the clash of cultures between NGOs and non-profits, the usual players in the social value space, and social enterprises operating as businesses (Borshee 2006:371). Borshee provides an extensive list of cultural differences ranging

from attitude to profit, planning, management and staff (ibid.). Each of these areas will be highlighted as locations of conflict in the organisations studied in this thesis.

Financing

According to Nicholls and Paton, despite the proliferation of social enterprise and the emergence of practitioner and policy literature around its financing, ‘these new flows of finance have yet to attract a comparable level of academic interest’ (Nicholls & Paton 2009:3). This is despite the fact that ‘social entrepreneurs repeatedly identify resources as being one of their prime strategic concerns’ (ibid.). In fact most entrepreneurs and small enterprise owners draw on their own savings and personal assets in constructing their organisations (Aldrich & Martinez 2001:13; Holmes et al 2003:278).

The type of social enterprise will determine the potential for sources of finance. These sources of capital for are often limited to grants, donations and loans with equity capital being unavailable given the ultimate non-profit nature of the organisation (La Barbera 1991:219). Nicholls and Paton (2009) discuss the notion of ‘social investing’ as the financing side of the social enterprise discussion. As with social enterprise, this concept is not well defined with traditional financial economists denying it exists (since investment preferences depend only on financial risk and return) and traditional non-profits viewing it in terms of grants and donations (ibid:3-4). Since accessing mainstream capital markets implies certain structures and use of existing intermediaries, Nicholls and Paton argue for,

the need to conceptualize it in ways that respect its own logic of action, and that do not assume it is a peripheral variant of another, more established form of economic activity (such as mainstream financial markets, public spending, or philanthropic grant-making) (ibid:3).

They produce a typology of social investment opportunities and set out the possible funding sources for each variant. Limiting discussion here to for-profit social enterprises (since that is the concern of this thesis), they suggest social enterprises ‘access start-up capital from a diversity of public, private, and charitable sources’ and receive investment from shareholders or banks seeking ethical investments (ibid:9). This equity investment, however, remains small with an estimated \$89million invested in 2007 in the UK, one of the more developed social enterprise markets (ibid).

Nicholls and Paton suggest three possible trajectories for such financing in the future (ibid:14-15). The first is absorption into the mainstream. While currently representing the major source of capital, it does raise questions about loss of control (and hence mission drift if new equity holders do not share the mission of the enterprise). There is also the question of whether social enterprises are of the scale to access mainstream financing.

The second is to remain a 'cottage industry' (ibid.). That is, social investing would remain a parallel investment system with its own intermediaries and set of potential investors. One problem with this scenario is the lack of capacity within the sector. Hines suggests that one reason social enterprise has suffered from lack of capital is a lack of financial skills within the sector (Hines 2005:15).

Their third trajectory is for social investing to become mainstream but to transform the mainstream such that social returns become an integral part of all investment decisions. This scenario parallels the discussion earlier in this chapter of the place of social enterprise within development discourse and whether it can become a catalyst for transforming the role of business in society.

The potential for financing for social enterprise however is significant. Socially Responsible Investing (SRI) constitutes an estimated \$3.07 trillion out of \$25.2 trillion in the U.S. investment marketplace in 2012 (USSIF 2012). This demonstrates a growing desire on the part of investors to move beyond the traditional risk and return decision-making and to consider social impacts of their investments. However, the SRI market is currently located within mainstream investing and, as Nicholls and Pharoah point out, there are many institutional barriers between social enterprise and accessing this investment (Nicholls & Pharoah 2008:8-9).

Emerson, Fruendlich and Fruchterman suggest several means to bridge the gap. Firstly, they suggest a new contract between investor and enterprise (2007:18). This new relationship entails much greater communication and joint commitment to the social goals and the associated costs. Secondly, they suggest philanthropy (that is grants and donations) remain necessary for start-up capital and catalysing investment (ibid:19). They suggest that in the case of for-profit social enterprises, private equity is an appropriate vehicle but that it must be designed to ensure alignment of interests and avoidance of mission drift (ibid.).

Mission drift is a key risk with any external financing and little research has been done in the area. Haugh suggests the need for research exploring the financial structure of social enterprises and the impact of different sources of finance on the management and strategy of the organisation (Haugh 2005:7). One study that has taken place is Shaw and Allen's examination of the relationship between grant making bodies and non-profit community enterprises (Shaw & Allen 2009). However, it is inconclusive as to the impact of the funder on mission focus of the enterprise and the impact of more business oriented accountability processes (potentially imposed by the funder) on the social aims of the nonprofit.

Leadership

According to La Barbera, the most important determinant of success for social enterprise (which can be broadly defined) is leadership skill (La Barbera 1991:229; also Borshee 2006:362). In fact, 'it is a long-standing issue in the study of leadership and authority in organisations: can socially responsible, sustainable ventures succeed without charismatic leadership?' (Roper & Cheney 2005:101). Alvord, Brown and Letts note the importance of leadership that can engage a diverse range of stakeholders (2004:274). Waddock and Post (1991:394) argue that the leader must have 'significant personal credibility' for the venture to be successful.

Furthermore, this strong leadership must be associated with good management (Thompson 2002:427). This would include strong planning as described by Austin, Stevenson and Wei-Skillern,

A key challenge for social entrepreneurs is to resist the powerful demand-pull for growth, and to be more deliberate about planning a long-term impact strategy... the organization may need to plan for a long-term growth strategy as it may not have the resources or the capacity to grow immediately (2006:7).

As social enterprises comprise both financial and social missions, the management task is both more ambiguous (financially) and demanding (socially) (Ridley-Duff & Bull 2011:132). Ridley-Duff and Bull quote a large list of management and planning challenges faced by social enterprise management (ibid:132, 159), concluding that 'in social enterprises strategic management and planning is still poorly understood' (ibid:154). Finding a combination of strong leadership and management skill to address these issues is clearly not a simple matter.

Entrepreneurial leadership in general is often distinctive and quite different to managerial leadership. According to Aldrich and Martinez,

Instead of applying rational and scientific principles, entrepreneurs often rely on cognitive biases and heuristics. In the context of a decision making process, biases and heuristics are cognitive mechanisms and subjective opinions that guide behavior (Aldrich & Martinez 2001:12).

They go on to describe the typical biases exhibited in entrepreneurs:

The two most distinctive biases of entrepreneurs are overconfidence and representativeness. In their daily operations, entrepreneurs usually overestimate their capabilities and often generalize about a person or a phenomenon based on a few observations (ibid.)

Shane and Venkataram further describe this over-confidence.

The decision to exploit entrepreneurial opportunities is also influenced by individual differences in optimism. People who exploit opportunities typically perceive their chances of success as much higher than they really are and much higher than those of others in the industry (2000:223).

According to Holmes et al, such overconfidence is exhibited by small enterprise proprietors in general (2003:76).

Stevenson and Jarillo also describe psychological factors in entrepreneurial leadership and motivations including aggression, daring, creativity, control and independence (1990: 20; see also Hemingway 2005:40). This 'daring' is evident in their proposition that entrepreneurs pursue opportunities without regard to current resources (Stevenson & Jarillo 1990:23; see also Roper & Cheney 2005:99). Schumpeter is credited with the major work on the theory of entrepreneurship (Schumpeter 1955). To him, an entrepreneur is 'deviant' – someone who does something new (quoted in Swedberg 2006:25). Furthermore, 'Schumpeter repeatedly refers to this type of person or leader as "Man (sic) of Action" and he describes him (sic) as someone who does not accept reality as it is' (ibid:26).

It is these characteristics that distinguish an entrepreneur from a manager (Hemingway 2005:237). However, it is personal values that distinguish a social entrepreneur from a private or public sector entrepreneur (ibid.). These values are related to social commitment and social justice (Roper & Cheney 2005:99-100). In fact, Jeavons sees the essence of non-profit organisations being in the fact that they

give expression to values (Jeavons 1992:404). Given his definition of ‘nonprofit’ this would also apply to social enterprises giving expression to values of the social entrepreneurs.

While Schumpeter’s entrepreneurs were financially motivated, entrepreneurs may also be driven by ‘a need for personal fulfillment in regard to intellectual and professional goals, which, if achieved, give the entrepreneur a sense of self respect and may be valued by him or her as more important than making money’ (Hemingway 2005:244; also Roper & Cheney 2005:99). In fact, for many small business owners, wealth creation is not the primary motivation. Other motivations such as independence and control as well as those mentioned above often take prominence (Holmes et al 2003:8). Therefore, for-profit activities become a means to an end rather than end in themselves (Roper & Cheney 2005:100).

For Mair and Marty, the difference between entrepreneurship in general and social entrepreneurship lies in the relative priority of economic value and social value creation (Mair & Marty 2006:39). Martin and Osberg reject the simple notion that lack of financial motivation is what separates entrepreneurs from social entrepreneurs but rather see the difference in the value proposition that is oriented towards transformation of an unjust equilibrium (2007:34-35). Similarly, Light argues that social entrepreneurs are ‘deeply committed to their cause, very independent, and able to explain the link between their specific goals and a broader picture of an alternative world’ in addition to the religiousness noted below (Light 2005:10).

Bhowmick also rejects the argument that commercial and social entrepreneurs differ only by respective weights given to competing objectives. He argues that ‘social entrepreneurs’ are fundamentally different to commercial entrepreneurs, seeing the latter defined by wealth creation and the former by altruism. While this is a largely a problem of definition (see earlier discussion of Bhowmick’s position), it is also relevant to this discussion of characteristics and motives.

Weerawardena and Mort suggest a further distinction between social and commercial entrepreneurs. Contrary to some of the prevailing behavioural definitions of social entrepreneurship (for example, see Helm and Andersson 2010:263 who define social entrepreneurship in terms of risk taking), they find that social entrepreneurs are more risk averse than general entrepreneurs (Weerawardena & Mort 2006:31). Rather than

risk taking, they find a primary emphasis on sustainability that may result in conservative decision-making. Austin, Stevenson and Wei-Skillern suggest that the set of motivational constructs of social entrepreneurs are a key research question to be explored (2006:18).

An interesting aspect of leadership among religious non-profits was what La Barbera described as ‘an over reliance on spiritual guidance and a resistance to for-profit thinking on the part of the parent organisation’s staff’ (La Barbera 1991:231). This is particularly significant as Barendsen and Gardner claim that almost all social entrepreneurs are also spiritual or religious (Barendsen & Gardner 2004:46-47; also Light 2005:10).

Summary

While mainstream development has sought to encourage economic growth, largely through the development and growth of the corporate sector, NGOs have traditionally been hostile to the commercial sector. This hostility has come in the context of an ambiguous relationship, with NGOs being the beneficiaries of corporate donations and partners in development projects, but also critics of both corporate activities and pro-corporate neo-liberal policies in general.

In recent decades, however, NGOs have embraced a range of commercial development strategies as a response to funding difficulties and as the task of alleviating global poverty has eluded their traditional activities. Microenterprise development is now a mainstream activity supported by official donors and NGOs alike. Early claims of MF as a ‘silver bullet’ for poverty alleviation have been dismissed as subsequent evaluations have been mixed, however, as to both its ability to assist the poorest people and communities and its financial sustainability.

Social enterprise appears to be the latest commercial development activity to have attracted significant attention. Increasingly, NGOs are establishing for-profit subsidiaries as development tools, and entrepreneurs are creating for-profit businesses with dominant social missions. This latest innovation has attracted much attention and numerous descriptive case studies, but is still lacking in theoretical grounding and there is little by way of evaluations of its social or development impact.

Schumpeter, in his work *Capitalism, Socialism and Democracy*, ‘isolated entrepreneurially driven innovation in products and processes as the crucial engine

driving the change process' (Shane & Venkataraman 2000:219; also Schumpeter 1934). Schumpeter was referring to traditional for-profit entrepreneurial activity. Whether social entrepreneurship can similarly be a key change agent is unknown. In fact, much about the field remains unknown. Some key questions remain unanswered. Is it about bringing management discipline into charitable and developmental activities, traditionally the domain of the NGO? Is it facilitating the expansion of global capitalism? Or is it about 'heterogeneity and democratic spread in society' (Steyart & Hjorth 2006:2)? Is it a new way of building community and social capital? How can the many inherent conflicts be managed? Can it be used to empower the poor?

These are the gaps in current knowledge which this research seeks redress, albeit incompletely. Social enterprises are embedded in specific contexts; thus generalisations are difficult. Therefore this thesis follows a case study approach to examining these phenomena. While unable to draw general conclusions, it provides some conclusions specific to those cases and points to directions for further research. Before describing the methodology in more detail, however, the following chapter gives some background on Cambodia, the location of the case study organisations.

Chapter 4. The Cambodian Context

Recently, Marshall and Zambra wrote, 'It would be difficult to imagine any development challenge that Cambodia does not face' (2011:2). This chapter presents the background to the current development context in Cambodia and, in particular, describes the situation with respect to women, trafficking and the role of faith based NGOs.

History

A brief summary of the recent history of Cambodia is given in the 2007 Human Development Report (UNDP Cambodia 2007:15), and a more detailed history of the nation and its people is given by Chandler (2000). It is difficult for either account to do justice to the immense suffering of the Cambodian people under years of civil war and a four-year period generally described as genocide.

Cambodian pre-history includes human occupation dated back to 4000 BCE. However, it is the Angkorean period (802-1431CE) that represents the height of ancient Cambodian civilisation. Following the decline of the Angkoreans, Cambodia came under increasing foreign pressure, both from Vietnam to the east and Thailand to the west. In fact, Chandler summarises the past 200 years of Cambodian history as attempts by the Cambodian elite to either prefer one or the other, or appeal to an outside power as a way of dealing with the problem. From 1863 to 1953, Cambodia was a French protectorate. It gained its independence in 1953 along with many colonies of European powers. However, both internal politics and external events, in particular the Vietnam War, resulted in a US-backed coup in 1970. However, the new regime was unstable, and US bombing of eastern Cambodia further destabilised the country. In 1975 the Cambodian communists, known as the Khmer Rouge, took Phnom Penh and founded Democratic Kampuchea.

The current Prime Minister, Hun Sen, describes the Khmer Rouge period as 'nearly four years of almost total destruction of social and economic institutions and decimation of manpower' (IMF 2006:i). The IMF refer to 'near total destruction of all its assets -- human capital; economic, educational and social institutions; government structures; physical assets in infrastructure' (ibid:1). The period following the end of the Khmer Rouge regime in 1979 saw continued civil war and 'the absence of crucial

humanitarian and development aid from much of the world' (ibid.), thus making reconstruction and development a difficult task.

This destruction of assets included significant social capital. Families were broken up and communities destroyed to such an extent that trust between people became non-existent (see Kiernan 2002 for a full account of this period). The revolution pushed an extreme communism that, perhaps ironically, promoted an extreme individualism. Without community or family structures, people were left to fend for themselves, not knowing whom, if anyone, could be trusted. Loung Ung, a victim, gives a first hand account of these breakdowns (Ung 2000). The actual human toll is not known exactly with estimates varying. Kiernan presents a number of estimates and concludes that the death toll must have been at least 1.5 million (Kiernan 2002:456-460).

The Khmer Rouge period ended in 1979 when the Vietnamese invaded Cambodia. Their occupation continued for 10 years. This period was one of ongoing civil war (with the remnant of the Khmer Rouge among other groups) and international isolationism. The Vietnamese-backed state, the People's Republic of Kampuchea (PRK), was never recognized internationally, and the deposed Khmer Rouge government continued to occupy Cambodia's UN seat until 1991 (Chandler 2000:6). As a result, the damage and losses from the Khmer Rouge period: physical, psychological and social, were not addressed in any significant way for many years.

This period of conflict and isolation came to end with the Paris Peace Accords of 1991 that led to elections in 1993. From 1979 to 1993, 'everything had to start from scratch, from below ground zero' (IMF 2006:1). This may be something of an exaggeration: Heder describes significant attempts to improve education by the PRK government (Heder 2007:13.7) and Slocomb describes agricultural and forestry development over the same period (Slocomb 2002). Both however, highlight the slow actual progress and the difficulties faced after the destruction of the Khmer Rouge period and the subsequent international isolation due to Vietnamese involvement (Heder 2007:13.7; Slocomb 2002:775; also Sophal 2007:73). The following period, from 1993 to 1997, saw development proceeding, 'when, in mid-1997, the country was suddenly overwhelmed by two unrelated crisis, viz., externally the East Asia economic crisis and internally the sudden divisions and disruptions, both occurring almost simultaneously' (IMF 2006:1). The 1990s were a period of intense 'foreign interest and interference in Cambodian affairs' but this interest 'waned at the end of

the 1990s, and Cambodia found itself... more or less on its own' (Chandler 2000:228).

It wasn't until 1996 that the remnants of the Khmer Rouge finally came apart, although it was only in 2009 that the first trial of a Khmer Rouge operative took place. In 1997, Hun Sen launched a coup (the internal disruptions mentioned above) against his coalition partners in government and has since remained in power (Chandler 2000:243). Since 1998, Cambodia has enjoyed a 'period of peace, stability and uninterrupted growth and progress. Indeed, while most work up to 1997 was somewhat in the nature of rehabilitation or "Band-Aid" efforts, serious rebuilding work commenced in 1998' (IMF 2006:1). The lack of effective rebuilding of institutions post-genocide is implicit in Chandler's claim that conditions in Cambodia at the end of 1990s were 'worse than ever' in terms of child mortality, poor education, poverty, violence and health (Chandler 2000:244).

Post 1993 the economy grew strongly but remained largely agricultural and heavily dependent on the weather. The other industries that did develop were the garment industry and tourism (UNDP Cambodia 2007:22). Being dependent on exports and foreign investment, these were significantly impacted by the 1997 Asian economic crisis and then the 2009 Global Financial Crisis (GFC) (Japan Bank for International Cooperation 2001; Poree 2009). Despite this growth, Cambodia remains one of the most aid-dependent countries in the world with Official Development Assistance (ODA) averaging 12% over the decade to 2007 and covering half of the national budget in the 1990s (Ek & Sok 2008:24, 40; Sophal 2007:69). However, it seems that this high aid inflow has coincided with and perhaps contributed to a deterioration in the quality of institutions in Cambodia. Sophal suggests that massive aid inflows have drained the government and private sectors and that top-down approaches to institution building have been counter-productive (Sophal 2007:75-76, 85). In particular, Sophal notes a deterioration in infant mortality and in the development of justice institutions (ibid:85,89).

This high level of aid dependence, its ineffectiveness in driving institutional change, the donor driven nature of much of this aid and the lack of coordination among the large number of donors, both official and private (Ek & Sok 2008:40) reflect two of the key themes that Chandler identifies running throughout Cambodia's history that have relevance for this study. First is the pervasiveness of 'patronage and hierarchical

terminology in Cambodian thinking, politics and social relations' (Chandler 2000:2). The fact that identity is so related to subordination has a significant impact on the country's development and in particular, the issues raised later in this study.

Ledgerwood describes Khmer patron-client relations as follows:

Both sides provide goods and services to the other. The patron possesses superior power and influence and uses them to assist his clients. The clients in return provide smaller services and loyalty over an extended period of time. The relationship is complementary, with both sides benefiting. The client is protected and assured a minimum level of subsistence. The patron in turn has followers, who serve to increase his power (Ledgerwood 2012:1-2).

The underpinnings of this societal structure is found in the Buddhist religion (ibid:2). However, in Cambodia they may go beyond those found in other Buddhist societies. Tan suggests the absolute nature of Cambodian patron-client relationships derives from the Angkorean era (Tan 2007:22). This hierarchy is so entrenched that it reflected even in the language (McKenzie-Pollack 2005:292). Interestingly for this study, Tan describes patrons as providing jobs for their clients as part of this relationship (ibid.).

Second is the societal inertia, 'the way things had always been done, in the village and in the palace, was also seen as the way things should be done' (Chandler 2000:2). Chandler is not alone; Landau similarly notes "'traditional" values of Khmer society were based on values of non-confrontation, patron-client relationships and deference to authority' (Landau 2008:249) and according to Mehmet, 'Khmer society has always been conservative and elitist' (Mehmet 1997:676). Again, this conservatism has relevance to the goals of empowerment discussed later in the study. In particular, one aspect of this is the strong desire to avoid conflict, including any direct questioning or confrontation (McKenzie-Pollack 2005:293).

A further point of Khmer culture that is relevant for this study is the foundational status of the family. Walsh explains,

the family is at the core of Cambodian society and plays a vital role in meeting the economic, social and emotional needs of its members. In contrast with other Asian cultures, the reference for household composition in Cambodia is the nuclear family (Walsh 2007:8).

McKenzie-Pollack adds that ‘family is central to the survival of the individual. One’s sense of wholeness comes from belonging to a family’ (2005:292). Again this derives from the Buddhist heritage but also from the social history. Family relationships are also highly stratified, as in general society, with male headship and priority a key feature (ibid.).

Poverty

As the Cambodian government reports, ‘Over the last decade, Cambodia has achieved full peace, security, political stability and solid economic growth, maintained sound macroeconomic stability, and made remarkable progress in both human and economic development’ (Cambodian Ministry of Planning 2007:1). Several of the MDGs are on target to be met (ODI 2010:1). In fact, Cambodia has already achieved its targets on HIV/AIDS (ibid.).

However, significant poverty remains. There is uncertainty as to whether MDG 1 (extreme poverty) targets will be met (ibid.). In 2007, Cambodia ranked 129/177 on the Human Development Index (UNDP Cambodia 2007:3). Although the economy has grown strongly since the end of the civil conflict (average growth of 8.3% in constant 2000 prices from 1994 to 2005), this growth has occurred across a narrow base of garment manufacturing, tourism, construction and paddy cultivation (ibid:3,21). During this same time period, literacy has risen (67.3% to 73.6% from 1998 to 2004) and infant mortality has fallen (95 deaths per thousand live births in 2000 down to 65 in 2005) (ibid:29). Although accurate data is not available, it seems that poverty has decreased and also the depth of poverty (the gap in per capita consumption between the poverty line and that of the poorest households) has decreased (ibid:23).

However, maternal mortality remains high at 450 per 100,000 in rural areas (ibid:9). School retention rates are low despite increasing enrolments: less than 50% of children complete school to grade six and the average number of years of education in 2003/04 was 3.7 (ibid:9, 27). Child labour (proportion of children under fifteen employed for economic gain) remains at 23% (ibid:28). Furthermore, inequality has increased since the end of the conflict; ‘consumption by the poorest one-fifth of the population improved by eight percent from 1993-94 to 2004, while that of richest rose by about 45 percent’ (ibid:23). Over one third of Cambodia’s population still lives

below the poverty line (IMF 2006:vii). ‘Twenty percent of the population remains food poor and do not get the minimum average of 2100 calories per day to satisfy basic nutritional needs’ (UNDP Cambodia 2007:9). The IMF lists a more comprehensive set of indicators of the current state of Cambodia (IMF 2006:xv-xvii).

Although being Southeast Asia’s most ethnically homogeneous nation (95% ethnic Khmer), Cambodia does have minority populations that suffer discrimination and marginalisation. Both the Vietnamese and the Chams (Cambodian Muslims) suffered discrimination and genocide under the Khmer Rouge (Kiernan 2002:460ff). This continues, and the Asian Forum for Human Rights and Development describes land confiscation issues, legal discrimination and trafficking that affect these communities (2007).

Figures on unemployment in Cambodia are hard to interpret. Official figures (National Institute of Statistics 2010) put unemployment at very low rates of around one percent. CIA figures show unemployment at rates of between two and three percent over recent years (CIA 2009). However, Cambodian Communities out of Crisis, a British NGO, suggests official definitions of employment involve only one hour’s work per week. They also refer to newspaper articles suggesting unemployment of 20% in 2006 (Cambodian Communities out of Crisis 2011). Furthermore, they quote a 2006 Economics Institute of Cambodia report claiming 85% of Cambodians have no formal job (ibid.); however, this may not indicate high unemployment but simply the informal nature of the Cambodian economy.

As stated above, the garment industry is the dominant export industry in Cambodia. In 2007 it employed over 320,000 people and earned over 80% of the country’s export earnings (Lum 2007:8). Walsh’s summary highlights the growth in the industry:

In 2001, the garment industry was responsible for producing 90% of the country’s merchandise export income and, in 2003, was employing approximately 20% of women aged 18-25. There are currently 180,000 young women employed in more than 200 garment factories in Cambodia (Walsh 2007:6).

Over 90% of workers in the garment industry are women (ILO 2006:i). However wages are low, and excess labour creates the environment for exploitation as Walsh describes, ‘The legal minimum wage for a garment worker is \$45 a month for a 48-hour week. Due to the number of surplus female workers on the labour market, however, employers regularly flout the legal requirements for regular and overtime

wages' (Walsh 2007:6). This reflects trends across developing countries in the era of globalisation (Beazley & Desai 2008:360) and results in many seeking to supplement their income in the sex industry (Walsh 2007:6).

Cambodia had developed a reputation for relatively good labour practices in its textile factories due to a 1999 agreement with the US that traded increased quotas for good labour practices (Lum 2007:8). At that time, 'the economy was opened to foreign investors, who poured money into the garment industry, taking advantage of supports granted to Cambodia such as the Most Favored Nation (MFN) and the Generalized System of Preferences (GSP)' (Poree 2009; Wells 2006). However, in 2005, Cambodia joined the World Trade Organisation (WTO) and quotas on textile trades were terminated. From that time Cambodia has been subject to global competition, and labour standards were no longer part of the trade mechanism under the WTO rules. However, the major export market remained the US. Walsh's descriptions above may be the result of this subsequent period of lower regulation or non-compliance during the pre-WTO time period.

As a result, the GFC of 2009 hit Cambodia's garment industry particularly hard. According to Poree, exports dropped by 30% in the first half of 2009 and one in six employees in the industry was laid off (Poree 2009). A further 100,000 jobs may have been lost in the construction industry (Chan & Ngo 2010:viii). This crisis impacted many poor families. Coping mechanisms included reduced and lower quality food, increased migration to find work, and an increase in debt, mostly for consumption (ibid:x). These coping mechanisms 'disproportionately fell on Cambodian women as they reduced their food consumption so there was more for men' (ibid:67). A further result of this financial crisis was that many, particularly women laid off from the garment industry, were forced to turn to the sex industry (Poree 2009). While the extent of this is difficult to quantify, a United Nations survey was able to confirm the phenomena (UNIAP 2009).

Women and Poverty

A number of groups within Cambodia represent particular 'poverty groups'. These are landless farmers, residents in areas with land mines, households with disabled persons and female-headed households (Japan Bank for International Cooperation 2001). In particular, women remain over-represented among the poor and marginalised. Adult

literacy rates remain 20% lower for females than for males (UNDP Cambodia 2007:25), and maternal mortality rates remain ‘alarmingly high’ (ibid:29). It is estimated that 50% of rural women are illiterate and have not completed their primary education (Walsh 2007:7). On the Gender Empowerment Measure, Cambodia ranks lowest in Asia and 68th out of 75 countries (ibid:34).

The position of women in Cambodian society remains a cause of concern for development NGOs, expressed thus:

Every day, women in Cambodia suffer excruciating violence. This occurs as a result of living in such a patriarchal society and due to their lower status as women, which makes them vulnerable to exploitation by their husbands, fathers, neighbors, authorities and others in society (CAMBOW 2007:27).

A key study of the status of women in Cambodia was by Melanie Walsh, jointly sponsored by local advocacy NGO, Licadho, and the University of Quebec as part of the Project on Women’s Rights in Cambodia (Walsh 2007). As the most recent major study known to this author, it is the key source used in the following discussion.

As discussed, family is at the cultural core of Cambodian society, and in Cambodia this means the nuclear family (Walsh 2007:8). The genocide and subsequent conflicts resulted in the growth of women-headed households, which created additional problems because ‘female heads of households are not readily accepted in the community’ (Walsh 2007:8). Single women are taken advantage of by men and looked upon with suspicion or even hostility by married women (ibid.). In general, the conflicts in Cambodia led to a decline in the status of women within the family and increased domestic violence towards women (Kumar, Baldwin & Benjamin 2001:42).

Women have lower status than men and are expected to show men deference, respect and obedience (Walsh 2007:9). The traditional folklore, the *Chbab Srei*, teaches women to serve and respect their husband at all times (ibid.). A woman must be faithful regardless of her husband’s infidelity. According to Walsh, ‘Violence against women in Cambodia is linked to traditional stereotypes and particularly the persistence of *Chbab Srei*’ (Walsh 2007:10). This set of ‘rules for girls’ has long been included as part of the high school curriculum for girls (Eng et al. 2010:239).

The impact of sexual violence and trafficking (see below) is partially explained by Cambodian attitudes to female sexuality. Walsh explains,

Cambodian beliefs place a high value on virginity, which is seen as a necessary condition for marriage. A girl who loses her virginity before marriage brings shame to her family's honour and status. A well-known Cambodian saying explains that "a man is gold, and a woman is cloth." In other words, gold does not lose its shine or its value, but cloth becomes useless when it tears or gets dirty. The saying makes it clear that a Cambodian woman must be careful to ensure that she remains pure and complies with the codes of behavior (ibid.).

Female poverty is exacerbated by wage inequality, even when age and education is taken into account. In fact, 'on average, women are paid 30% less than men for commensurate work' (Walsh 2007:5). Women do participate in the labour force and actually dominate non-agricultural work. However, these jobs are in less secure and less skilled positions. In particular, in 2003, women made up 87% of workers in textile factories (Walsh 2007:5), the major non-agricultural industry in Cambodia.

According to Santrey, women had a more powerful position in society in the seventh century than in the 1990s (Santrey 2005:241). In the 1990s,

the majority of women were struggling to survive under the shadow of poverty and a male-dominated society. Widows were particularly disadvantaged, being four times poorer than the rest of the population due to loss of land, lack of assets, labour, power and knowledge (cf. 8.1). Cambodian women continued to be sidelined, devalued, abused and, in many cases reduced to a commodity to be sold into sex slavery (ibid.).

Walsh further explains how the decades of war exacerbated the position of women within the society, adding to violence, poverty and vulnerability (Walsh 2007:11).

A further issue for women is the social stigma of working away from their family. Walsh explains, 'In Cambodia, the social stigma attached to young single women who have lived outside family control makes life difficult for them, even on brief visits home' (Walsh 2007:6).

The dominant religion in Cambodia is Buddhism. As explained by Walsh, this religious culture further exacerbates the powerlessness of female victims of violence:

On one hand, Buddhism represents an ethos of non-violence and compassion, but on the other hand it promulgates the rather merciless law of karma, according to which your present life situation is the cumulative result of deeds in your previous incarnations. So if you have a violent husband it is because of your karma, and there is little you or any anyone else can do about it. The rape victim may also be blamed not only for inciting the attack through her behaviour, but for unfavourable actions in a previous life (Walsh 2007:15).

People Trafficking and Sexual Violence

Domestic violence, discriminatory marriage laws and customs, rape and human trafficking all result in much suffering for Cambodian women (CAMBOW 2007; also Kumar, Baldwin & Benjamin 2001). As of 2007, reports of each type of sexual violence against women had been increasing (Walsh 2007:18). Each is exacerbated by ‘cultural traditions of inferiority and subservience of women’ (CAMBOW 2007:7).

Domestic violence remains a key concern, despite progress made on gender equality. The government’s own report in 2007 described it as a ‘major problem’ (Cambodian Ministry of Planning 2007:2). Studies have shown it to be widespread, involving approximately one quarter of all women, often extreme and largely unchecked (Walsh 2007:3,22; Eng et al. 2010:237). Victims are generally ashamed of the abusive relationship; unlikely to talk about it or report it, they feel they have no way out of the situation (Walsh 2007:3,22). To expose such behavior would be seen as betrayal and bring dishonor to the family (ibid.). Eng, Li, Muslow and Fischer found domestic violence in Cambodia linked to male domination. Husbands used violence to justify or prove their power (Eng et al. 2010:243). Traditional beliefs are inculcated generationally so that ‘it is accepted in Cambodia that men control women and/or husbands beat their wives. This cycle is repeated across generations’ (ibid.).

Rape is one of the most common crimes reported against women in Cambodia with some victims as young as four and five years old (CAMBOW 2007:19; Walsh 2007:3). Rape victims are also often blamed for inciting the attack and often believe they are at fault (Walsh 2007:15,24).

Rape has long lasting impacts for victims. According to the CAMBOW report, ‘Traditionally, women are expected to remain virgins until marriage, and a girl who loses her virginity beforehand (even through rape) is often considered to be “unmarriageable”’ (CAMBOW 2007:19). Walsh further describes these consequences,

Survivors of rape often face discriminatory attitudes from a society that considers them as “fallen women” (*srey khoic*). Social scorn and family shame resulting from loss of virginity through rape are powerful forces that make some victims feel that the only profession left for them is prostitution. Some parents even encourage their daughters to take up prostitution if they are no longer virgins. In other cases, the victim is forced to marry the man who raped her, in a bid to preserve her family’s reputation (Walsh 2007:27).

Such shame and lack of marriage prospects can also lead to rape being a prelude to trafficking, as parents may view ‘sale’ as a way of exploiting or dealing with their daughter’s misfortune (E. Goddard, pers. com., October 13, 2009).

Trafficking of women and children in Cambodia is significant, although clear statistics on its prevalence are not available (CAMBOW 2007:23). According to the CAMBOW report, it is mainly for sexual exploitation and forced domestic labour. Cambodia is a source, transit and destination country and while clear statistics are not available, a large number of women are affected (ibid.). Poverty and migration are quoted as the main causes with “selling” a daughter to cover debt via forced labour being quoted as a common occurrence (ibid.).

Victims of such trafficking, already often poor, marginalised and vulnerable, suffer immensely from multiple violations:

A trafficked woman sold into the sex trade, for example, is essentially raped on a daily basis. She will also likely be beaten or given narcotic drugs by her pimp, to keep her submissive and less likely to escape. Similarly, a woman forced into domestic labor is extremely vulnerable to physical or sexual abuse by her employer or others in the house (ibid:24).

According to Santry, increasingly younger women are being trafficked as prostitutes (Santry 2005:247-8). She places the roots of this trade in cultural and historical factors: ‘Reinterpretations of Cambodian traditions of slavery, where slaves were seen as ‘property’ in the same way as cattle, led to increased levels of trafficking among poor rural young women and girls, from both Cambodia and nearby Vietnam’ (ibid.). In the 1990s, the sexual demands of UNTAC personnel, some of whom demonstrated little respect for Cambodian women and their culture, were often met by women who had been ‘bought, stolen and sold, and beaten into submission to serve as imprisoned prostitutes’ (ibid.).

These cultural and historical factors also impacted the demand side of the equation, that is, the male customers:

The cultural model of females as simultaneously helpless victim/child and saviour/woman was similarly reflected in the psyche of many men. No longer bearing responsibility for their family of birth, they were able to absolve themselves from responsibility, with increasing violence towards their wives and access to young prostitutes in the hope of avoiding HIV/AIDS culturally condoned (ibid.).

Male demand for prostitutes is accepted as a normal habit, necessary to fulfill their sexual needs. According to Zimmerman,

The general attitude toward men seeing prostitutes is that they are fulfilling a need. Men's sexual desires are considered insatiable. One Cambodian proverb says: "Ten rivers are not enough for one ocean." Seduction and sexuality are not supposed to be part of the marital relationship; to realize their sexuality, men go to prostitutes. Most women accept their husbands' visits to prostitutes as a normal male habit (quoted in Walsh 2007:10).

As discussed above, marriage and family fulfill social purposes other than sexual fulfillment.

This trafficking, slavery and sexual abuse had a devastating effect on the victims. In addition to physical and psychological impacts, there was a significant social impact as well. According to Santry,

Up to half of these unwilling captives whose lives had been shattered and shortened became the source of an HIV/AIDS epidemic. They had little choice of ever marrying or being socially accepted, and many of those rescued from this exploitation were reviled by society (Santry 2005:248).

Santry goes on to state that prostitution (for money, rather than forced by violence) was often the only option for these victims (ibid.).

Although exacerbated by cultural and historical factors discussed above, Walsh locates the root cause of prostitution and sex trafficking in poverty.

Poverty compels many destitute women to seek their livelihood in commercial sex work. Many impoverished families also sell their daughters into prostitution, sacrificing one child for the survival of the family. Young women are often tricked into prostitution with the promise of good jobs and high salaries (Walsh 2007:10).

NGOs in Cambodia

Santry reported that 'Cambodian NGOs have been active in Cambodia since 1991 and, supported by international donors, increased from twelve in 1992 to between 500 and 700 by the year 2000' (2005:16). During this period Cambodia was ruled by an interim United Nations government and this opened the country to international NGOs which then spawned domestic NGOs (Frank, Longhofer & Schofer 2007:282). Parks attributed this growth to the availability of donor funds at the time. As a result,

many lacked capacity and experience and according to Parks, some were just in it for the money (Parks 2008:217).

This aid funding declined over time (Ek & Sok 2008:17) and by 2005, ‘even the most respected Cambodian advocacy NGOs were under intense pressure to follow donor priorities in order to maintain their funding’ (ibid). Landau agrees and, in respect of the many local NGOs, concludes, ‘Many of these organisations, however, remain heavily dependent on foreign aid and heavily influenced by foreign agendas and values’ (Landau 2008:247).

The push was therefore towards service delivery rather than advocacy related issues. This is illustrated by Ek and Sok who show that, of core NGO funds, 56% was spent on health projects in 2006 and only 0.6% on projects relating to governance and administration (2008:19). 15% was spent on community and social welfare. Total NGO disbursements in 2006 was \$113 million, with just under half of this representing core funding, as opposed to specific project funding (ibid.).

However, the total number of NGOs in Cambodia is still high. The Cambodian NGO Forum, a membership based organisation for NGOs working in Cambodia, lists 94 members, including 33 international NGOs and 48 local NGOs (NGO Forum).

However accurate numbers are difficult to estimate. Ek and Sok quote a number of 1500 local NGOs and 340 international NGOs in 2006 (Ek & Sok 2008:16). In 2011, a news report suggested that there were over 3000 NGOs operating in Cambodia and that their growing influence was demonstrated by the fact that the government was proposing to regulate them (Radio Australia 2011). All NGOs, international and domestic, remain reliant on foreign funds (Parks 2008:219).

While Cambodia is a Buddhist nation, it is also committed to religious freedom and so many faith-based or faith-inspired NGOs have become active in the country (Marshall & Zambra 2011:2). The Muslim minority was particularly oppressed by the Khmer Rouge and after 1979 foreign Muslim groups provided aid (ibid.). Buddhist practices were targeted by the Khmer Rouge and, although permitted under the PRK, recovery has been slow (ibid.) and exiled monks did not return until 1992-3 (Haynes 2009:69). Haynes describes a socially engaged Buddhism, drawing from transnational and interfaith interactions, targeting peace building and welfare activities (Haynes 2009:68-71; also Appleby 2008:130-135). According to Engelkamp and Fuchs, ‘local

NGOs in Cambodia used traditional Buddhist actors, norms and institutions to propel a bottom-up reading of what development might mean in a Cambodian context' (2011:16). For example, Ledgerwood and Un describe how local human rights organisations 'have used Buddhist ideas about morality and proper behavior to translate the notion of human rights into Khmer society' (2003:532).

A number of large Christian NGOs re-entered Cambodia in 1979. Maher lists World Vision, Mennonite Central Committee, Lutheran World Service, and Church World Service as among those celebrated at a 20th anniversary function in 2000 (Maher 2010:3; also Whaites 1999 and Appleby 2008:133). A number of secular agencies were also in this group. In addition, Christian relief workers were common in the refugee camps on the Thai border (ibid.). Initially, these agencies were engaged in relief and welfare activities (Whaites 1999:415). It was after 1989 that World Vision, for example, got involved in issues of landmines, gender and child rights (ibid:419).

The end of the Vietnamese-backed PRK regime in 1989 saw the return of many refugees and the beginnings of an influx of Christian aid workers (Marshall & Zambra 2011:2). In the absence of strong institutions (as described above) NGOs, including the Christian NGOs, worked with Cambodians throughout the 1990s to establish institutions such as the legal system and the courts (Appleby 2008:134). Many indigenous NGOs began in this period as a result of collaboration with the international organisations (ibid.).

Since that time, faith-based NGOs have become 'present in virtually all Cambodian communities, including those in the most remote areas. They are active in all development fields, and, with years of experience in every corner of the country, have accumulated a wealth of experience' (Marshall & Zambra 2011:3). This is in the context of a country in which there were virtually no Christians in 1990 (Kimura 2007:14). This had risen to approximately 2% by 2006 but this community was characterised by extremes of understanding of their faith and significant divisions (ibid.).

These Christian NGOs are afforded significant freedom by the government, despite Buddhism being the official state religion. Religious freedom is enshrined in law although some types of proselytization are prohibited (Thuy, Hoershelmann & Juergensen 2012:109). Government tolerance of Christian NGOs is most likely

attributable to the need for the money they bring into the country and the services they provide (ibid:107). Dalaibuyan, who did case studies in Mongolia, another Buddhist country, also attributes this to Buddhism's lack of a notion of absolute truth and hence does not seek absolute loyalty (2008:5). It therefore has an ability to co-exist with other religions. A further factor is that in Mongolia (as in Cambodia), Buddhism had been weakened through persecution (ibid.).

These organisations are characterised first of all by their diversity. They include large international NGOs as well as small local groups (Marshall & Zambra 2011:3). However, Marshall and Zambra do identify some commonalities, namely, 'poor coordination, fragile financing structures, and inadequate data to measure impact' (ibid.). They describe financial support as coming from diverse sources but being characterised by 'uncertainty and discontinuity' (ibid.).

The diversity is also reflected in the framing of development issues. Many faith-based NGOs 'highlight the cultivation of morally and ethically conscious individuals, healing physical and psychological trauma, and promoting the spiritual transformation of individuals as key aspects of truly sustainable development' (ibid:4). In fact, according to Marshall and Zambra, 'Questions about the very purpose of the development enterprise are rarely far from the surface' (ibid.). However, despite this questioning, the majority of the work was highly pragmatic.

Reflecting the particular circumstances of Cambodia, faith-inspired NGOs are heavily involved in issues of human trafficking, orphan care and peace and conflict resolution (ibid:6). Marshall and Zambra find that these activities are not well integrated into development activities and suggest integration could better serve efforts to solve these problems (ibid:9).

In fact, they find that the NGO community suffers from lack of coordination and that faith-inspired NGOs perhaps suffer from this more than the general NGO community (ibid:8). Coordination and effectiveness could be improved by partnerships but 'with some evangelical and church-linked organisations, hesitation to engage in partnerships is driven by a fear of potentially "watering down" the religious dimension of their work' (ibid:7). Kimura's observation that Christianity in Cambodia is characterised by extremes of understanding and division is consistent with this fear.

A significant number of NGOs in Cambodia are involved in addressing gender-based violence and trafficking. The CAMBOW report lists 34 NGO members working in this field (CAMBOW 2007:34). The humantrafficking.org website lists 23 NGOs working in the anti-trafficking field. Advocacy, legal assistance and education/prevention are the most common areas of activity. Seven are named as running shelters, although some of these are primarily for children. Seven are also listed as focusing on reintegration. Only one was listed as working in rescue. The shelters are described as providing not only physical care but also counseling and other psychological services necessary to recovery.

A USAID study (USAID 2007) evaluates the use of shelters for the rehabilitation of trafficked persons. It lists a wide variety of shelter types, from emergency drop-in centres to short and long term residential facilities. Only long-term (six months or longer) shelters provide for reintegration into society (ibid:2). Critical in this integration is the provision of education, economic opportunities and significant psycho-social care (ibid.). The report recommends strong linkages between NGOs providing services at different stages (that is, rescue, emergency care, longer term residential care leading to reintegration and advocacy and legal services). Importantly, they note, ‘follow-up and continuity of care are an integral part of the rehabilitation, recovery, and reintegration process’ (ibid:4).

Hagar describes the process for assisting trafficked women as involving rescue, recovery, rehabilitation, reintegration and resilience (see Chapter Six for more details on Hagar’s process). Emergency and shorter-term shelters (the majority) focus on recovery and rehabilitation. The longer-term shelters (a minority) aim for reintegration. This typically involves empowerment through education and providing economic opportunities. Resilience is a term used by Hagar that does not seem common among other NGOs. Typical programs of shelters include standard literacy training, education and vocational training (USAID 2007). Hagar found these inadequate for the empowerment needs of the clients and moved, as also recommended by the USAID report, to a more case-managed approach. Frieson noted that lack of specialised focus in Cambodian shelters (2007:v) and notes that Hagar has led the sector in providing such specialised care.

Summary

Despite strong economic growth and significant progress towards achieving some of the MDGs, Cambodia remains a very poor country with significant marginalised sub-populations. Its recent history of war and genocide has exacerbated poverty and poverty-related suffering through the breaking down of traditional support structures. Women in particular suffer from impacts related to poverty, and trafficking and violence are particular manifestations of this. The target group for the development work examined in this study consisted of female victims of extreme poverty, domestic violence and trafficking for sex.

Large amounts of foreign aid have flooded Cambodia over the past 20 years and many NGOs, both local and international, are working in the country. However, the effectiveness of this effort is unclear at best. The NGOs remain uncoordinated, driven by donors and desperate for funds. The religious freedom creates an environment for many faith-inspired NGOs such as Hagar, the subject of this study.

Working in the field of gender-based violence is a common activity in Cambodia and a number of NGOs run residential shelters. These vary in terms of the services provided and whether they aim for recovery, rehabilitation or reintegration. Most offer some type of empowerment programs. Hagar, the NGO studied in this thesis, runs a long-term shelter program aiming for reintegration into society through provision of empowerment opportunities and the creation of resilience. Hagar is discussed further in Chapter Six.

Chapter 5. Methodology

In attempting to improve the lives and livelihoods of people in the communities in which they work, NGOs today run a wide range of social enterprises. The range and diversity of enterprises and the many variables impacting on each makes it difficult to conduct comparative studies which will yield reliable data which can be generalised. The circumstances and history of the target group, the cultural context, the type of industry, the economic environment, the type of associated NGO activity and the size of the enterprises all make each case practically unique.

The background of the researcher is in mathematics and finance, both highly quantitative disciplines. However, as set out in the research questions, this study relates to social processes and organisational behavior; it involves people and organisations in particular contexts and decisions and actions that can only be understood in that context. These are the precise conditions under which qualitative research is appropriate (Myers 2009:5). This study has therefore adopted a qualitative research methodology. This was chosen because ‘qualitative research methods are designed to help researchers understand people and what they say and do’ (ibid.).

This is not to dismiss quantitative methods; in fact, some quantitative analysis is used where appropriate. However, while some aspects of the improvement in the lives of the women employees can be quantified, much is about self perception and the ‘goal of understanding a phenomenon from the point of view of participants is largely lost when textual data is quantified’ (ibid:6). In fact, to study a particular subject in depth, qualitative methods are necessary (ibid:9). Qualitative methods have been common in sociological research for some time (Leedy 1997:155) but only become frequently used in business research since the 1990s (Myers 2009:x). However, according to Myers, ‘It is my view that qualitative research is perhaps the best way for research in business and management to become both rigorous and relevant at the same time’ (ibid:14). Because qualitative methods are relatively new to business research and this thesis crosses into that discipline, a detailed justification for the methodology is provided in a later section in this chapter.

Not only must the research be qualitative, it must adopt an interpretive/constructionist epistemology (Myers 2009:37-38; Cooksey & McDonald 2011:314). The reality being investigated in this study is largely not objective but understood through social

constructions. The focus is on the meaning in context. Hence a positivist approach would be inappropriate.

The research strategy adopted is that of the case study (see Yin 2003; Myers 2009; Hartley 2004; Flyvberg 2011:301). A case study can be defined as ‘an intensive analysis of an individual unit (as a person or community) stressing developmental factors in relation to environment’ (Flyvberg 2011:301). As Flyvberg explains, it therefore has clear boundaries around the object of study, involves in-depth analysis of the ‘case’, stresses evolution through time or through interrelated events (that is, it can be studied as a dynamic process), and focuses on the ‘case’ in its context (ibid.).

In fact, case studies are ‘the preferred strategy ... when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real life context’ (Yin 2003:1). Yin goes on to explain that the case study method arose ‘out of the desire to understand complex social phenomena’ and ‘allows investigators to retain the holistic and meaningful characteristics of real-life events’ (Yin 2003:2). Myers emphasises that case studies examine the subject matter in context (Myers 2009:76). They recognise that the boundaries between the phenomenon and the context are not clearly evident (Yin 2003:13). As such, they are particularly useful for examining social processes and how they are influenced by organisational factors (Hartley 2004:325).

Yin’s descriptions are applicable to the question of social enterprise that is under investigation. Social enterprise seeking to alleviate poverty is a contemporary phenomenon in which the researcher has little or no control over the processes being investigated which consist of real-life events (the role of the researcher in this study is described later in the chapter). This project therefore fits Yin’s descriptions of an appropriate study for a case study methodology. It also exactly fits Hartley’s criteria of social processes (the empowerment of the women in the target group) being influenced by organisational factors (the social enterprise model).

Furthermore, case studies are ideal for emerging processes, that is, the early stages of research into a phenomenon (Myers 2009:72; Hartley 2004:325). As such, it is very appropriate for research into social enterprise and social entrepreneurship. Finally, such a case study approach to businesses is well attested. Case studies are the most popular qualitative research method for organisational and business research (Myers

2009:80). According to Yin, 'research on business firms has frequently assumed the form of case studies' (Yin 2003a:82). Furthermore, according to Gummesson, 'Qualitative methodology and case studies provide powerful tools for research in management and business subjects, including general management, leadership, marketing, organization, corporate strategy, accounting and more' (Gummesson 2000:1). Myers suggests this popularity is primarily because of what he called 'face validity', that is, the case study represents a real story with which readers can identify (Myers 2009:80).

The research questions in this study relate to the efficacy of social enterprise in bringing about life changes for the employees and its sustainability across a number of dimensions over time. While it was only possible logistically to collect data from the employees at one point in time, the questions put to them covered changes in their lives that had occurred over the period of involvement with the social enterprises. In considering the enterprises themselves, documentary data for some was available that covered a number of years but the primary data used was interview data collected in late 2009. Developments within those businesses subsequent to that date were also used in the analysis.

Therefore, a single cohort of employees from the case study businesses creates a cross sectional study, while the data relating to the businesses themselves contains some longitudinal aspects. This is appropriate as the research aimed to examine the effectiveness of the businesses in poverty alleviation (determined from the cross sectional beneficiary data) and the sustainability of the approach which requires at least some examination over time. A full longitudinal study following the employees over time would have been preferable but, for logistical reasons, this was not possible (difficulties in gaining access NGO target groups and data is discussed below). It is discussed as a recommendation for further study in Chapter Ten.

The study involved a single NGO rehabilitating marginalised women through employment in a number of social enterprises. Six social enterprises were examined. Use of a single NGO reduces some of the dimensions of variation. All employees will have a common recovery and rehabilitation experience. They will all derive from similar cultural backgrounds and have suffered similar poverty related trauma. While they are victims of trafficking for sexual exploitation or extreme gender based violence, for most, the root cause of their disadvantage is poverty (E. Goddard, pers.

com., October 13, 2009). They will be receiving the same follow up care during their employment. This model thus allows for a comparison between the different enterprises. Other more pragmatic reasons for the use of a single NGO are discussed below.

Case Selection

Initially the intent of this research was to examine multiple NGOs who were incorporating commercial enterprises into their development activities. With the very contextual nature of the data it was obvious that these NGOs would all need to be operating in the same country. On my first trip to Cambodia in 2008, I visited four NGOs as candidates for possible study. These four had responded positively to my email communication asking for a meeting to discuss the options. Others had declined to participate even at that early stage.

Upon visiting these NGOs it became apparent that the scale of commercial enterprises and its centrality to the development models of the NGOs varied widely. On the other hand, one of the organisations had a commercial enterprise but no NGO; that is, it worked in partnership with other NGOs to source employees. Only two of the four NGOs visited followed a model of development in line with the one the study proposed to examine. Of these, only Hagar offered to cooperate sufficiently to enable gathering the data necessary to complete substantive research. One reason for Hagar's willingness to cooperate was the connection between TEAR Australia (by whom the researcher was employed throughout the research period) and Hagar. TEAR Australia had funded some of Hagar's training projects, although not their social enterprises. This certainly opened the door to the possibility of the research. The impact this may have had on the data collected is discussed below.

The reasons for the difficulty in gaining permission from NGOs relate to the nature of the issues faced by the people with whom they are working. The organisations have a strong desire to protect from the demands of researchers those people who have suffered extreme trauma and marginalisation. Furthermore, NGOs face their own resource constraints and struggle to support outsiders seeking access to information. A further issue faced was that one organisation considered its operational model to be proprietary and commercially sensitive and so were concerned about maintaining confidentiality.

However, Hagar Cambodia is a suitable NGO for a single case study for a number of reasons. Firstly, it can be considered an exemplary case. Beginning in 1997, Hagar was an early entrant into the field of social enterprise development for poverty reduction, and therefore has had a significant track record and period of development. At their peak, its three businesses in Cambodia employed a combined total of approximately 300 employees, about half of whom were Hagar graduates. As described above, while many NGOs talk about enterprises, only Hagar has developed multiple enterprises to the scale required for this study.

Hagar and its founder, Pierre Tami, have been recipients of numerous awards, including awards from the Schwab Foundation for Social Entrepreneurship, the government of Cambodia, the US State Department and the World Bank (HOT 2009:9). The Sahametrei Gold Medal of National Construction, the highest award in The Kingdom of Cambodia, has been awarded three times. In 2004, the US State Department named Tami and the Hagar Project as one of its six international heroes in the struggle against the global slave trade (Batstone 2007:28). In his 2007 book, David Batstone claims ‘the story of how Pierre [Tami] created one of the most innovative programs for freed slaves will inspire even the most entrenched critic’ and ‘where Hagar is unique is in its commercial enterprises’ (ibid:28, 68). Thus, Hagar has developed a reputation as an innovative leader in social enterprise.

In addition, Hagar also has a reputation for its Women’s Program. Goddard described it as “the one known over all Cambodia” that takes the “most difficult cases” (E. Goddard pers. com., October 13, 2009).

Secondly, Hagar can also be considered a revelatory case (Yin 2003:42). Significant negotiations have been required to gain permission for the study from Hagar management. The particular experience of trauma suffered by the Hagar clients makes privacy particularly important and therefore access to data about employees can be difficult. The operational details of most social enterprises remain confidential and public disclosure levels are low. The pressures involved in running a small to medium sized business discourage management from allowing researchers the time and access to gather data. The businesses are privately owned and do not publish data publicly. The access gained to the Hagar staff and the businesses they ran makes this study a unique opportunity to examine this phenomenon. As discussed above, NGOs are generally reluctant to grant such access, and other NGOs approached did decline the

opportunity to be involved. Furthermore, the reputation of Hagar within Cambodia assisted greatly in gaining the cooperation of non-Hagar businesses that employ Hagar graduates.

What also became apparent through the research was that Hagar's target group, largely consisting of people rescued from sex trafficking, had suffered in a particular way and had particular characteristics. Other NGOs running social enterprises, which were potential inclusions in this study, were targeting a different group of people. While comparisons between the groups may have been interesting, it would have represented a different research question to the ones being pursued in this study. That is, the homogeneity in Hagar's target group was important when considering the impact of the businesses and comparing the businesses.

Another feature that became apparent throughout the study was that the businesses associated with Hagar varied significantly. It therefore became possible to shift the focus of the study towards the businesses and away from the NGO, such that the homogeneity of the workforce and their NGO experience became important in examining the businesses in which they worked.

Six social enterprises employing Hagar graduates were examined. Prior to 2009 Hagar owned and operated three businesses. One of these (Hagar Catering) remained fully owned by Hagar through the Hagar Social Enterprise Group until late 2010. One (StopStart Enterprises, formerly Hagar On Time or HOT) was on the brink of insolvency in 2009 and was sold by Hagar. A third, Hagar Soya, also failed in early 2009 but the final general manager of Hagar Soya purchased some of the equipment and employed some of the Hagar Soya staff to found a new business, So! Nutritious, in 2009.

The study included Hagar Catering and Facilities Management (HCFM), Hagar on Time (HOT), Hagar Soya, StopStart Enterprises (SSE) and So! Nutritious. A further case study business, Café Living Room is, and always was, independent of Hagar. Thus a total of six businesses were examined. However, as is clear from the description above, not all were in existence at the same time and two of them (SSE and So! Nutritious) were, to a greater or lesser extent, continuations of two earlier businesses.

These six businesses represent four different industries and markets. HCFM runs commercial catering in local factories and embassies as well as two restaurants. HOT (later SSE) produced textiles for the export market. Hagar Soya and So! Nutritious produced soya milk for local consumption. Café Living Room is a restaurant catering mostly to the expatriate community.

The six businesses also represent a variety of ownership structures. HCFM was owned by the NGO Hagar (at least throughout the data gathering period) and therefore was ultimately a non-profit organisation. Hagar Soya and HOT were also fully owned by Hagar until their closure and sale respectively in 2009. SSE, So! Nutritious and Living Room are privately owned and therefore technically for-profit businesses. Two (SSE and So! Nutritious) have histories as NGO owned businesses (owned by Hagar), enabling some direct comparison between ownership structures.

While the Hagar owned businesses and their successors are obvious choices, Café Living Room was chosen as it was presented as an exemplary partner in the 2008 Hagar annual report (Hagar 2008a:18). A further necessary condition was that the proprietor was willing to provide data and be interviewed.

Therefore, the study consisted of multiple cases of social enterprises relating to graduates from a single NGO. The study was an embedded case study (Yin 2003:42)⁵ with multiple units of analysis within each case. Within each business, different levels of analysis will involve the Hagar graduate employees, the business managers, and the business itself (that is, the finances and management policies and practices within each of the businesses).

Data Gathering

Three trips to Cambodia were undertaken to gather data. The first, from February 15 to March 7, 2008, involved a number of preliminary meetings with Hagar personnel and other potential case study organisations. It yielded significant background information on Hagar and facilitated the shift in focus to a single NGO, as explained previously.

The main data-gathering trip was from October 6 to October 21, 2009. During this trip, I conducted the majority of the management and Hagar staff interviews as well as

⁵ An embedded case study has a number of sub-units within the single case. In this study, each social enterprise is a sub-unit under the single case of Hagar.

trained the research assistant. I visited the sites of all the businesses except for Café Living Room. The first of the focus groups were held during this stay. The trip did not need to be longer as I decided it was in the best interests of the research not to be present in the focus groups. Hence they continued after my departure from Cambodia. The decision not to be present is discussed in more detail below but essentially relates to cultural reasons and the fact that I do not speak the language used in the groups. Although I was not present in the groups, I did meet with the research assistant both before and after the groups (and in particular, after the first group) to discuss their conduct.

A third trip to Cambodia was undertaken from January 4 to January 18, 2010. This trip allowed for follow-up interviews with business management and Hagar staff. It was on this trip that I visited Café Living Room and interviewed its owner. I also held a further debriefing with the research assistant and we discussed the focus group transcripts in detail. Further developments with the businesses were obtained via phone and email communications.

Data gathering consisted of several methods, each appropriate to the unit of analysis to which it was applied. Data on the businesses themselves was gathered from business documents such as management reports and accounting reports as well as semi-structured interviews with the informants. This data is a combination of quantitative (accounting information) and qualitative data (interview records). Qualitative data will form the primary source of information, with the quantitative financial data providing supporting evidence.

The documentary data was collected mostly via email but also in person on the trips outlined above. While some documents were available early in the process, it was only after personal meetings were held, and after rapport and trust were established, that significant further documents were furnished, often via email over the ensuing months.

Documents consisted of annual reports for Hagar, which were available on-line for more recent years. Older reports were collected from the project officer responsible for Cambodian projects at TEAR Australia, a funding partner of Hagar. TEAR Australia was also able to provide evaluation reports on Hagar's work in Cambodia, dating back to 2002.

Emilita Goddard from Hagar's women's program provided a number of further documents including templates of agreements between Hagar and partner businesses, internal research reports, internal statistics relating to graduates and their training and employment, overviews of Hagar's Career Pathways training curriculum and lists of partner NGOs and businesses. These documents were provided after meeting with Ms Goddard in October 2009.

Tim Rann of Hagar Social Enterprises Group (HSEG) provided financial data for the Hagar owned businesses (the periods covered by the data is listed in Chapter Six), internal management reports and board presentations, business plans, marketing documents seeking donation capital for the businesses, press releases and concept papers for the Career Pathways program. Mr Rann also provided the 2007 US Department of Labour report on Hagar's program. These documents were provided over time, beginning with the first contact with Mr Rann in early 2008 through to 2011.

Hagar CEO, Talmage Payne, provided a number of research papers following the meeting with him in October 2009. Hagar board member, Harvey Collins provided some board documents relating to Hagar's purpose and identity. After the visit in 2009, Graham Taylor provided the business plan for So! Nutritious. Financial information for SSE was provided verbally by Hugh Marquis and co-owner David Batstone in a series of meetings in 2011.

Ethics approval was sought at two stages of the research. In March 2009 approval was granted to conduct interviews with Hagar staff and business management. This was an expedited process as all interviews were conducted from within Australia with native English speakers and the issues discussed were not sensitive or likely to cause any harm or discomfort to participants. In August 2009 a further application was made to the Human Research Ethics Committee in relation to the interviews to be conducted in Cambodia and, in particular, the focus groups. The application was granted on the proviso that neither Hagar nor the businesses would be aware of the identity of the participants of the focus groups. While this made recruitment of participants more difficult, it did have the additional impact of leading to better data as participants could have confidence that there would be no disclosure of information to their employer.

Throughout the research, ethical issues under consideration centred on the impact of the research on the women. Care was taken not to focus on personal histories, so as to avoid revisiting trauma. Anonymity was important so participants could be confident the discussion would not impact their relationship with their employers or Hagar. All direct costs were covered so participants were not at any financial disadvantage as a result of their participation. The selection of the research assistant included consideration of cultural factors so as to increase the comfort of the participants, as well as to maximise the quality of the data.

The plain language information statements and consent forms required by the ethics committee are attached in Appendix Four. For Khmer participants, the documents were translated by the research assistant before use.

The interviewees (as opposed to focus group participants) were chosen on the basis on their positions within the organisations, rather than a sampling approach. Each business manager was interviewed, along with Hagar senior management and those staff responsible for the Women's Program and liaison between the two. An additional interview was conducted with a volunteer researcher who was completing her work at the time I was collecting the data.

The interviews also furnished data about the business managers themselves and their attitudes, practices and motivations as well as the organisation of the businesses and their relationship to Hagar. This data was qualitative; because of the small number of participants involved, quantitative data is not possible. These interviews were generally of the realist type⁶, covering insights provided by the interviewees into their 'psychological and organizational lives outside the interview' (King 2004:12). That is, the interviews were about real life situations outside the interview.

Semi-structured interviews⁷ were used with open-ended questions used to gather data about the attitudes and motivations of the managers related to the social mission of each enterprise and their target employee group. More direct questions were used to

⁶ A realist approach assumes the account produced in the interviews bears a direct relationship to the participant's real experiences in the world beyond the interview. This is contrasted with 'radical constructionist' approaches which focus on the text produced within the interview and analyse it in its own right, without reference to the world outside the interview. See King 2004:12).

⁷ A semi-structured interview does not have a pre-set list of questions but rather follows an interview schedule with suggested themes. See Willis 2006.

gather facts and histories about the businesses and their operations. These interviews were complemented by the collection of documentary evidence such as annual reports, financial accounts, management reports, business plans, evaluations and policy documents. Additional interviews were also conducted with Tim Rann of HSEG, Analiese Christen⁸, a volunteer with Hagar who completed a comparative research project on social enterprise partners in Cambodia, Alison Davies⁹, a former employee of Career Pathways and Harvey Collins, the chair of Hagar International.

Some interviews were conducted electronically. Tim Rann, Alison Davies and Mark Dennert were all interviewed by phone with the conversations recorded by agreement and later transcribed. Further interviews with Tim Rann were conducted via email.

While electronic interviews can lack rapport between interviewer and interviewee (Morgan & Symon 2004:29), care was taken in all cases, particularly with Rann (due to the email conversation), to establish a relationship that enabled free conversation.

All personal interviews were recorded and transcribed exactly. This was important as, while the study did not engage in discourse or conversation analysis, it did enable uncertainty, hesitation and other nuances to be recorded. As stated elsewhere, the interviews proceeded along easy conversational lines. Such an approach would have been difficult if written notes had been taken throughout. The recording enabled a more natural conversation. There was a risk with recording that interviewees felt inhibited (see Willis 2006:150). However, it seemed to me that the conversations before, during and after recording all had the same conversational feel to them. The interviews did not appear in any way to suffer inhibition due to the recording. Interviews ranged from thirty minutes to ninety minutes long.

It was clear that as the researcher, I was not an objective observer with the interviewees being indifferent to my presence. In most interviews, I introduced myself as having three relevant characteristics in common with the interviewees, namely, my Christian faith, my NGO career and my business career. By placing my background on the table, interviewees were able to relate to me and divulge information to a 'sympathetic' ear and knowledgeable conversation partner.

⁸ Not her real name.

⁹ Not her real name.

Holstein and Gubruim (1995) describe what they call an ‘active interviewer’ (ibid:38). Far from being a passive, ‘disinterested catalyst’ who ‘soaks up information’, they describe the interviewer as an active part of the conversation, ‘activating narrative production’ (ibid:39). The very introduction of the interviewer can provide points of reference for the conversation to come. Furthermore, the very identity of the interviewer can prime respondent’s stories (ibid:41). It was with this type of active interviewing in mind that I introduced my background and the subsequent conversations indicated that it did indeed act as a primer for conversation beyond what might have been told to a more anonymous interviewer. Holstein and Gubruim’s suggestions as well as my experiences in the interviews are backed by older psychological research indicating that self-disclosure on the part of the interviewer models disclosure for the interviewees and richer information is thereby gathered (see Jourard & Jaffe 1970 for example).

It is possible that my employment with an NGO (and in particular with TEAR Australia) could have limited the information divulged in these interviews. However, the impression given during the conversations was that these points of connections, particularly the business background, led to increased rapport and hence increased disclosure rather than diminished disclosure. This was confirmed by candidness apparent in the resulting transcribed interview data.

Furthermore, my role at TEAR was exclusively an Australian role and I had never been involved in project management or funding decisions. This was made clear to all Hagar staff. In addition, the TEAR project officer visited Hagar in 2008 and at that time clarified my role. TEAR’s funding was for three-year periods and a future trajectory of the partnership was discussed at that time, independent of my role or research. Importantly, TEAR had never had any relationship with the Hagar enterprises. I therefore believe that the TEAR connection, while opening the door to the research, did not impact on the quality of the data.

The semi-structured interviews conducted by the primary researcher were quite reflexive. As described below, interview guides were developed following initial interviews with key Hagar personnel. Over the ninety minutes most interviews took, there was significant scope for exploring issues and responding to answers. Although written interview guides were used, the interviews were dominated by the interviewees who drove the conversation. This was important to avoid preconceptions

influencing the conversation (Cooksey & McDonald 2011:318). Only in the interview with Stephen Jackson¹⁰ did the interviewee not significantly drive the flow of the conversation. The impacts of this are discussed in Chapter Nine.

Triangulation was achieved through examination of business documents including financial accounts as well as interviews with Hagar management and staff. The various interviews were also cross-referenced. Some previous research and evaluations were available and provided additional evidence. In addition, business managers offered opinions about other businesses in the study.

Information about the impact on the lives of the employees was gathered from business and NGO records, prior research and focus groups. Business and NGO records, along with prior research, furnished information about the background and lives of the employees prior to entering the Hagar program and Hagar employment. Interviews with staff of the Hagar Women's Program also contributed to this data. These sources also provided data on the incomes, living arrangements and family situations of the employees. This data consists of summary statistics as well as qualitative narratives.

Data about the progress of the employees towards empowerment and community reintegration were gathered from focus groups. The reasons for these data collection methods are discussed below. This data was also qualitative in nature.

Collecting this data necessitated the recruitment of a capable and experienced research assistant, fluent in the local language, to conduct group discussions (see Binns 2006 for a discussion on the practical issues relating to overseas and cross-cultural fieldwork). Not only was this necessitated by language concerns and the need to interpret non-verbal communication, but it was vital that implicit and explicit power relationships between researcher and subjects be considered (Hay 2005:23). By employing a Khmer female research assistant, there was less likelihood of perceived power imbalances inhibiting or biasing responses.

After seeking recommendations from a range of sources, a suitably qualified research assistant was recruited to undertake this task. This person was a Khmer national and married to a Canadian. She had lived in Canada for a significant period before returning to Cambodia. She was therefore uniquely positioned to understand both the

¹⁰ Not his real name.

requirements of the research (understanding the Western style communication contained in the written focus group guides) and the communication styles of the Khmer participants. This research assistant has worked for both international and local Cambodian NGOs variously since 1991. She has facilitated many focus groups, including groups of farmers, business people and other community groups. I specifically appointed a female assistant due to significant evidence that female participants are more open to a female researcher (Scheyvens, Scheyvens & Murray 2005:170).

As provided for in the ethics approval, the identity of the participants was not known to the Hagar staff or business managers. Participants were volunteers, rather than a fully random sample. Availability at the time of the groups had some impact on selection, although the researcher paid all direct costs. Hagar staff facilitated the invitation to potential participants but did not record names of those accepting the offer. Participants were told, via the Plain Language Statement in Khmer, the purpose of the research and chose to participate on that basis. This, combined with the lack of discussion in the groups about participants' histories, resulted in some lack of clarity about the exact backgrounds of the participants, but it did create the required level of anonymity. Details are given in the following chapter about the broad make-up of Hagar's clients and it is reasonable to conclude that the participants are representative and have suffered significant gender-based violence.

To ensure indirect benefit to the participants, the results of the research have been communicated to Hagar management and the business managers. Further publication is planned.

I met with the research assistant on two occasions prior to her conducting the first focus group for training purposes. Both of us also met with a psychologist from the Hagar Women's Program so as to better understand the issues facing the group participants, their general backgrounds, their development through the shelter and training programs, and their likely state of mind. We discussed the focus group guide (Appendix One) in detail and the type of data required for the research. I ensured she understood the purposes of the research and the reasons for the method adopted. The research assistant was instructed to use a range of group methods including pictorial methods to elicit the best responses from the group. The focus groups were each ninety minutes long.

I was not present for the focus groups. While each participant received a translated statement outlining the purpose of the research and signed a consent form according to the ethics guidelines, I concluded from conversations with the research assistant and from the literature (in particular, Scheyvens, Novak & Scheyvens 2005:149ff) that the conversations would proceed more freely and result in richer data if I, an outsider, a man and a Westerner, was not present. The significant and unavoidable difference in power between the participants and myself could have been intimidating, and the cultural tendency to please those in positions on power could have influenced the answers in the direction of what the participants judged I wanted to hear (ibid). Low self-esteem can also make women reluctant to express themselves in front of an outsider (Scheyvens, Scheyvens & Murray 2005:169). A further practical reason was that I did not speak the language used in the groups.

The groups were held over two weekends, at times most convenient to the participants and ensuring they did not forego income to attend. They were reimbursed for all transport costs incurred. The groups were held at the Hagar Changann Bistro (see Figure 5.1 below), as participants identified this location as safe, secure and familiar. A private sound-proof room was used and no Hagar staff were present at any time. The conduct of the groups was consistent with the principles described by Lloyd-Evans (2006:159)¹¹.

The groups had between four and ten participants. The preferred number would have been between eight and ten per group however, the numbers were dictated by the recruitment process, which was constrained by the requirements to maintain anonymity, and the small number of employees at some of the businesses. A further factor was that Hagar had been through a partial shutdown in 2009 due to financial constraints (no new entrants were taken for a period of time). As a result, there were limited numbers of trainees. The Soya business had closed in early 2009 and the employees had dispersed to some extent making recruitment difficult. However, the smaller groups did allow for more in-depth discussion among those participating. The high degree of agreement across the groups on key issues (see Chapter Seven)

¹¹ The principles outlines by Lloyd-Evans include production of a discussion guide, provision of stimulus material, provision of drawing material, introductions made and ground rules explained.

demonstrates that the group process was sound, despite the fewer-than-ideal number of participants.



Figure 5.1 Hagar Shelter and Changann Bistro. The focus groups were held in the room at front right. The Shelter is at the back.

Following the group sessions, the assistant provided me with written transcripts (translated into English) which were partially summarised rather than being word-for-word. I met with the research assistant to discuss the transcripts and she described the dynamics of the group sessions to me.

Details of the participants' backgrounds were not the subject of the focus groups. The women have suffered severe trauma and the groups did not revisit that trauma out of respect for the privacy and well-being of the women. However, details of the backgrounds of the Hagar graduates were available through documents held by Hagar and NGO staff interviews. Also, the trafficking industry in Cambodia is well documented (see discussion in Chapter Four) and the socio-economic status of the victims is well known (described in general in Chapter Four and in reference to Hagar specifically in Chapter Six). Senior staff at Hagar were interviewed to discover the state of the women as they arrive at the shelter and to determine their progress upon

moving into employment. This included both the head of the Women's Program and the senior psychologist.

In addition to interviewing business managers and conducting the focus groups, Hagar management and senior staff were interviewed using a semi-structured approach. The aim of these interviews was to gather information on the operations of the businesses, business organisation and strategy, recruitment policy, remuneration policy, labour conditions, promotions policy, business mission, management motivations, and business finances. As outlined above, this data provided triangulation as well as assisting in the formation of the focus group and interview guides.

In order to more accurately frame all interviews, determine which documents would be required and to adequately train the research assistant conducting the focus groups, it was necessary to conduct prior informal discussions with some of the senior key people involved with HSEG and Hagar. Therefore it was important to interview the chairman, the general manager and the founder of Hagar to get a clearer picture of the mission, the purpose, the history and the motivation behind HSEG and the use of partner businesses. These interviews were informal and consisted of open-ended questions around these topics.

Justification of Data Gathering Methods

While some forms of qualitative research have existed for many years, 'a new critical form of inquiry' emerged during the 1960s and 1970s and has been in the ascendancy since the 1980s in social science research (Burns 2000:388; Hay 2005:10). It is based on 'a more diffuse recognition of the implicit relationship between knowledge and human interests' (Burns 2000:388). According to Burns, 'The qualitative researcher is not concerned with objective truth, but rather with truth as the informant perceives it' (ibid. also Mayoux 2006).

Furthermore, qualitative research assumes reality is socially constructed, variables complex and interwoven, and its purpose is interpretation and understanding the perspectives of others (Burns 2000:391; Folch-Lyon & Trost 1981:444). It aims at 'holistic understanding of complex realities' (Mayoux 2006:117), investigates social structures and individual experiences (Hay 2005:5) and can empower the voices of

multiple groups, aiming to ‘put fewer words into respondents mouths and to listen more effectively’ (Desai & Potter 2006:7-8).

In this study, the businesses form one set of units of analysis. The interest is in their organisation, motivations and processes. According to Gummesson, ‘Among the methods available to the traditional researcher, qualitative (informal) interviews and observation provide the best opportunities for the study of processes’ (Gummesson 2000:35). Myers considers interviews the technique of choice for business and management research, with semi-structured interviews being the most common and these done most often with individuals (Myers 2009:124). Cooksey lists semi-structured interviews as a key method for interpretive/constructionist research and particularly for grounded theory research where no prior theoretical frame is present (Cooksey & McDonald 2011:313, 317). Such interviews are described as being useful when multiple levels of meaning are sought (King 2004:21) as in this study where both factual data and motivations and opinions form part of the data. Mercer, focusing on research involving NGOs, suggests interviews with NGO staff and focus groups with employees as among the most helpful methods (Mercer 2006:96).

These semi-structured interviews allowed for interviewees to tell some stories about themselves and their organisations, rather than follow a list of pre-set questions (see Willis 2006). These ‘emotionally and symbolically charged narratives’ (Gabriel & Griffiths 2004:115) gave deeper insight into both the people and the organisations. As Gabriel and Griffiths note, stories can give insight into ‘organizational lore’ (ibid. 114). They yield a mixture of facts, history and subjective elements as required for this study. It is a method consistent with interpretive/constructionist research that can provide deeper insights than straightforward questions and answers (Cooksey & McDonald 2011:327). There was also an element of life history in the interviews. Such data allows additional illumination of how organisations and individuals function (Mussen 2004:36).

In this study, the important data from the employees is their changed self-perception as a result of employment, their perceptions about how their lives have changed as a result of their employment, how they perceive the relationship with their employers and the perceived impact of that relationship. Objective data as to their income and living arrangements were available from management records and prior evaluations of

Hagar's Women's Program. Hence, data to be gathered from the employees themselves needs to be qualitative.

One of the key aims of development work is empowerment. This concept can be difficult to define. Chant describes empowerment as 'growth in capacity to make choices' (Chant 2006:101). As a result, 'access to work or income is often seen as the *sine qua non* in this process' (ibid.) and so empowerment inevitably has a quantitative aspect. However, while it includes access to, and participation in, decision making, empowerment also includes processes and self perceptions (Rowlands 1995:102). Rowlands emphasizes this subjective aspect of empowerment: 'The meaning of "empowerment" can now be seen to relate to the user's interpretation of power' (ibid.). It is a contextual concept (Chant 2006:92). As a result, 'Qualitative indicators are, self-evidently, central to the evaluation of empowerment' (Rowlands 1995:106).

A key outcome, stated by several senior Hagar management staff, is resilience (E. Goddard, pers. com., October 13, 2009; T. Payne, pers. com., October 13, 2009). In fact, the head of their Women's Program saw it as the key success factor Hagar could bring to the traumatised women (E. Goddard, pers. com., October 13, 2009).

Resilience in relation to trauma victims can be defined as being 'present when subsequent events have no deleterious impact, presumably because the individual is able to mobilize internal resources' (Harvey 2007:7). Harvey argues from the field of community psychology that 'Resilience is the result not only of biologically given traits, but also of people's embeddedness in complex and dynamic social contexts' (ibid:10). Hence the reintegration model adopted by Hagar and the employment with Hagar enterprises and other partner businesses is key to developing resilience in Hagar's graduates.

Resilience is closely related to empowerment. Richardson lists empowerment, self-esteem and finding a constructive use of time as key factors leading to resilience (Richardson 2002:310). The role of empowerment in producing resilience is also discussed by Harvey (2007) and Johnson, Worrel and Chandler (2005). Harvey further discusses the role of social environments in producing resilience (2007:14,20). She concludes:

Whether initiated at individual, community, or societal level, interventions to promote and sustain resilience must enhance the relationship between person and context. Communities characterized by a wide diversity of resources and multiple opportunities

for community members to influence community life are ideal contexts for persons to become resilient (ibid:20).

Therefore measuring empowerment will give insight into whether the conditions for resilience are being produced. Furthermore, as Harvey states, resilience is closely related to a person's relationship with their context – in this study that would be their relationship to their place of work and employer. As with empowerment, then, this is a subjective characteristic, and best measured using qualitative tools.

A written survey of the employees was considered but rejected in favour of focus groups both because of the types of qualitative information required as well as the particular advantages of this method for these particular informants, as outlined below. The lack of literacy among the employees would also have made a written survey difficult, if not impossible. As highlighted in the focus group transcripts, a significant proportion of participants were illiterate.

The psychological harm done to victims of human trafficking and forced prostitution is well documented (Freed 2004; Harvey 2007:5; M. Jones, pers. com., October 15, 2009). Obviously Hagar is working to bring about recovery. According to Yehuda, 'The normal path is recovery, which is facilitated by a supportive environment' (Yehuda 2004: 35). It is vital that data collection takes place within this supportive environment and does not increase the trauma or place recovery at risk. For this reason, group methods are favoured over individual interviews where pressure might be felt. The questions also avoided the subject of the participant's past trauma.

As described in Chapter Six, the relevant employees in each business are women rescued after being trafficked into the sex industry, victims of rape or domestic violence or suffering from extreme poverty. The women have limited literacy and often no formal education (E. Goddard, pers. com., October 13, 2009). In fact, Hagar have deliberately targeted the worst cases of such abuse (ibid.) and so their clients have particularly low capacity. In this situation, interviews and focus groups leave less scope for misunderstanding (Selltiz 1976:296).

Furthermore, these methods are recommended 'when a method is required that shows respect for and empowers those people who provide the data' (Hay 2005:80). This is an important consideration in this study as the subjects have suffered significant abuse in their lives prior to their involvement with Hagar.

Answers to direct questions, such as those asked in a survey, may not provide a true indication as cultural mores may result in women answering according to what they expect the questioner wants to hear. The Cambodian culture is very hierarchical, contains natural social inequity and a strong sense of patronage (Hinton 1998:98). As a result, answers tend to be very polite and emphasizing respect for and obedience to perceived superiors (Hinton 1998:99; Nicholson & Kay 1999; Uba 1992:546). These characteristics are often duplicated in the development relationships (O'Leary & Nee 2001) making surveys and other direct questioning problematic.

According to Hay, 'Understanding key informants in complex cultural situations usually requires semi-structured, in-depth interviewing or observational methods' (Hay 2005:71). Survey accuracy can only be relied upon to provide simple demographic or other superficial information (ibid:161). As described previously, this information is already collected both by Hagar themselves and as part of an external evaluation of Hagar's Women's Program, is held by HSEG and was available as documentary evidence without need for further surveys.

Informal discussion, use of drawing and explanations and open ended questions in a small group context hold the best hope of gathering reliable information about the impact of the employment and the women's attitude to HSEG and its interventions. These methods are considered more appropriate for complex and emotional subject matter about events, experiences and opinions such as those found in this case study (Selltiz 1976:296; Hay 2005:80). Open-ended questions are best for exploring a process and the individual's formulation of an issue (Selltiz 1976:316-7). Less structure in the interview allows more intensive study of perceptions, attitudes and motivations and is likely to bring out the affective and value laden aspects of participant's responses (ibid.). Pictorial methods are beneficial when literacy is limited, when situations are difficult to describe; they uncover reactions that are difficult to obtain by other methods and there is often less resistance to them (ibid:324).

In addition to the cultural barriers to direct communication mentioned above, 'Cambodian interactions are also often characterized by indirect speech, circumlocution, and the avoidance of conflict and/or sensitive topics' (Hinton 1998:103). This results in non-verbal communication becoming quite significant: 'A person who wants to express displeasure usually does so through slight changes in

posture, facial expression, manner of eye contact, gestures and tone of voice – shifts that are often almost imperceptible to a foreigner’ (ibid.).

Informal focus groups are more likely to be culturally appropriate and not ‘intrusive, rigid and exploitative’ as they can be run in such a way as to ‘not conflict with local etiquette about social interaction and communication because they can be interactive discussions or conversations in which there can be reciprocal exchanges of information’ (Hay 2005:45). The use of indirect questions helps save face (Hinton 1998:104). With appropriate facilitation, group discussions can include disagreements and significant depth of sharing (Nicholson & Kay 1999). A key advantage of focus groups as listed by Lloyd-Evans is they are ‘good for discussing sensitive topics among people whose lives are influenced by the same issue’ (Lloyd-Evans 2006:155).

Morgan notes that in-depth interviews are often paired with focus groups as data gathering methods, and that the data is complementary (Morgan 1996:133, Kaplowitz & Hoehn 2001:245). Individual interviews produce more ideas but lack the benefits of the group synergy (Morgan 1996:138). One comparative study found that focus group participants raised more general issues and individual interviews led to more detail oriented problems being discussed (ibid.). However, controversial information may be more forthcoming in an individual interview:

Focus groups conducted by specially trained moderators with appropriate discussion guides (scripts) are often used to explore controversial topics. However, the reported results do demonstrate that, all else equal, individuals may feel more comfortable volunteering controversial information unknown to researchers during individual interview sessions rather than sharing that information in a focus group setting among people from their locale (Kaplowitz & Hoehn 2001:245).

However, given the recent trauma these employees have suffered and the type of data required, it was considered appropriate to use only focus groups. The data required does not involve delving into past traumas but rather requires a group setting to draw participants into a discussion about their perceptions of their employment and its impact on their lives.

Focus groups are a key method of social constructivism and are useful for exploratory research such as this study (Steyart & Bouwen 2004:140-141). Focus groups allow the researcher to ‘hear different accounts at the same time on the same phenomenon’ (ibid:143). Each story expands or aligns or contrasts with other stories. This ‘makes

differences and similarities between the different participants, and also the dynamics between the perspectives on a problem, directly visible' (ibid.).

Focus groups have been used successfully in Cambodia to research similarly sensitive topics (see Tarr & Aggleton 1999; Busza & Schunter 2001). The value of focus groups in research has been recognized and their potential increasingly valued since the 1970s (Schearer 1981:407). They allow for interaction between respondents and it has been proposed that this synergistic effect results in far more information being generated in focus groups than in other research methods (Hay 2005:117). Morgan (1996) surveys the wide use of focus groups and concludes they can be adapted to a variety of settings and cultural practices. They have the potential to give a voice to marginalised groups (Morgan 1996:133), which is an important consideration in this study. Focus groups can also be an empowering method that allows participants to retain control over the interactions (ibid.).

Folch-Lyon and Trost elaborate on the synergistic effect referred to by Hay:

The group situation may also encourage participants to disclose behaviour and attitudes that they might not consciously reveal in an individual interview situation. This occurs because participants often feel more comfortable and secure in the company of people who share similar opinions, attitudes and behaviour, or simply because they become carried away by the discussions ... Personal revelations are facilitated by other group members who support, comment or disagree, as well as the relative homogeneity of the group, which acts as encouragement for all to express strong opinions or ideas ... A group discussion with 10 participants yields much more and richer information than ten individual interviews (Folch-Lyon & Trost 1981:445).

More accurate and richer information is often the result of focus groups since 'group pressure acts as a deterrent to possible exaggeration' and 'the contribution of one participant spurs others to offer additional information' (ibid.). The group process itself stimulates the quality and quantity of ideas (Steyaert & Bouwen 2004:150). This was furthered in this study as focus group participants had many shared life experiences and in some cases had prior relationships with each other. This enhanced group comfort and led to greater information sharing.

Focus Group Guides

There were three variations on the focus group guide. One was for those currently employed by the businesses, one for current trainees not yet in employment and one

for ex-employees, most of whom were laid off during the 2009 global financial crisis. Each of these three guides is set out in Appendix One. As discussed above, the aim of these focus groups was to determine the wellbeing of the employees, particularly focusing on empowerment, resilience, decision-making and longer term planning. Economic wellbeing was an important factor and was included, but can be mostly inferred from other data such as salary information. As business documents and interviews with management and Hagar staff gave detailed information about salaries and other employment benefits, these details did not form a major part of the focus group discussions. The impact of the employment on wellbeing was a particular focus and so questions also revolved around the employment experience and how that had led to improved life indicators.

The interview guide for employees contained twelve basic question areas to address the issues referred to above. These question areas and the specific questions within them were determined from the literature and from interviews with those involved with these women. As discussed above, senior staff of Hagar (including the Shelter as well as Career Pathways) were interviewed in order to gain insights into appropriate indicators of empowerment, resilience and social reintegration as well as economic improvement. They were asked about the state of the clients upon arrival at the shelter and what indicators they, as case workers and NGO management, were looking for in the women.

The first question area was to engage the employees in a general discussion about their workplace – what they did, what they enjoyed and what they didn't enjoy. Not only did this give context to later answers, but it allowed a general assessment of the employment by the women. As empowerment includes positive self-evaluation and self-esteem (Johnson, Worrel and Chandler 2005:112) and resilience is related to the relationship between person and context (in this situation, the workplace), this question therefore begins to give insight into empowerment, resilience, and psychological and sociological wellbeing.

Learning is addressed in the second question area. Development of skills is not only necessary for economic wellbeing and self-sufficiency but also an important component of empowerment and resilience as it adds to self-confidence and self esteem (ibid.).

Question area three examined ambition within the workplace and asked whether the women could see themselves doing their supervisor's job. Ambition is opposite to hopelessness, a key result of the trauma these women have suffered (Farley 2004:xx). Furthermore, this area was designed to give insight into the perceived gap between these employees and the supervisors. As trauma and marginalisation lead to a sense of worthlessness (ibid; Freed 2004:143), it is insightful if the employee can picture themselves in higher roles within the organisation.

The next two questions were about the employee's response to the workplace and its impact on them. Question four was an open discussion about significant events or happenings at the workplace. This allowed discussion about relationships with employers, fellow employees, new skills, new roles and other significant things that could demonstrate development in the areas of reintegration into society, empowerment and resilience. Question five asked about employees who had left the workplace. Again, this was to gauge attitudes towards the workplace and also to discover whether the workplace was perceived as a positive place and whether they viewed it as a transition or a refuge. It was also important for resilience measurement to gauge how the employees dealt with setbacks like redundancies or dismissals.

As mentioned above, one of the impacts of trauma and marginalisation is hopelessness and lack of self-worth. The sixth question area targeted these characteristics by asking about long-term plans, dreams, and dreams for their children. Both because of their recent trauma as well as the prevailing poverty that led to it, these women suffered from low self-esteem and low self-confidence (M. Jones pers. com., October 15, 2009; A. Davies pers. com., August 25, 2009). Upon arrival at the shelter the women are without the ability to think long-term or have any hope for the future (M. Jones pers. com., October 15, 2009; Long C., pers. com., October 12, 2009).

Richardson lists hope for the future and dreams as key aspects of empowerment (Richardson 2002:310). As discussed in Chapter Two, poverty reduces people to a focus on short-term survival, but long-term thinking and planning demonstrates some progress from this position. Long-term thinking is often indicated by plans for a better life for their children, or future family if they don't have one yet (M. Jones pers. com., October 15, 2009). Question area seven probed this theme by asking about the employees' children and expectations for these children with regards to education.

A key indicator of change and development is decision-making ability. Decisions that are made with respect to family reintegration, living arrangements, employment choices and financial decisions are common examples (ibid.). Brooks (1994:546) lists a sense of personal control as being a key driver of resilience. The eighth question area explored decision-making, asking not for examples but how respondents felt about making these decisions. The ninth question area asked about future plans at the workplace and how long these women saw themselves working there. This also assisted the researcher in understanding the employee's general relationship to the workplace.

It was clear that one of the key issues was anxiety (M. Jones pers. com., October 15, 2009) and another was fear (Farley 2004:xviii; Long C., pers. com., October 12, 2009). In particular, the women were highly anxious about their families and their ability to earn sufficient income. Anxiety over their children was particularly strong (E. Goddard, pers. com., October 13, 2009). A third major issue was trust (Freed 2004:143). Many women had been tricked into their situations, and re-establishing the ability to trust was key to their recovery and reintegration (M. Jones, pers. com., October 15, 2009). Question area ten asked about the employees' fears and worries and how these had changed over time.

While people of lower socio-economic levels and lower educational achievements can find abstract concepts difficult to discuss, Jones indicated that the concepts of fear and worry were well understood by the employees (M. Jones, pers. com., October, 15 2009). Lack of control over their lives is a significant fear and progress on this front would be important to observe as an indicator of success of the program (ibid.).

Often the context of the deception that led to the trauma was related to helping their families financially, and therefore the ability to earn money was an important part of recovery (ibid.). According to Freed 'Material survival is crucial and without profitable sustainable employment there is a strong likelihood that the women and adolescent girls will have no choice but to return to prostitution' (Freed 2004:145). Furthermore, financial wellbeing is in itself an indicator of interest in this study. Therefore, question eleven addressed income sufficiency, access to healthcare, and living arrangements.

Relationships are also an area where improvement is sought. The trauma suffered causes 'disconnection from self and others' (Freed 2004:143). Furthermore, the stigma and shame of their past makes social reintegration difficult (ibid:145; Pok K., pers. com., October 12, 2009) because in the Cambodian culture, shame is a significant issue (Pok K., pers. com., October 12, 2009). As described in Chapter Four, just being a single woman away from family can create a stigma. According to Shih, the overcoming of stigma is most likely related to empowerment of the individuals involved (Shih 2004:181). A further factor to consider is the importance of relationships within the Cambodian society (Freed 2004:145).

The Hagar staff reiterated these observations from the literature. Women begin their time at Hagar Career Pathways being very shy and anti-social (Ong B., pers. com., October 12, 2009; Long C., pers. com., October 12, 2009; A. Davies, pers. com., August 25, 2009). Upon arrival at the shelter, women typically demonstrate a complete lack of trust of other people and minimal ability to relate to others. In particular, relationships with men, especially with male managers, is a key area where development is needed (M. Jones, pers. com., October 15, 2009). Many are very quiet and do not wish to talk with others (Ong B., pers. com., October 12, 2009; Long C., pers. com., October 12, 2009) and many suffer from anger (Long C., pers. com., October 12, 2009).

Overcoming this, gaining friends and social standing and being able to express themselves appropriately is a key indicator of successful change (A. Davies, pers. com., August 25, 2009; T. Payne, pers. com., October 13, 2009). One very tangible indicator of improved social standing is attendance at friends' weddings (A. Davies, pers. com., August 25, 2009). The final question area therefore, asked about friendships, living arrangements and attendance at weddings. Employment and the income it brings can allow women to reintegrate without 'loss of face' (E. Goddard, pers. com., October 13, 2009; Pok K., pers. com., October 12, 2009). Therefore, new and renewed social relationships and family relationships are an important indicator of reintegration and indicates acceptance in the community.

According to a survey conducted by Hagar, the women seek sufficient food and shelter; health, income, education and clothing are all important factors described by the clients themselves (E. Goddard, pers. com., October 13, 2009; TEAR 2008:12; Pok K., pers. com., October 12, 2009). These all result from secure paid employment.

Other factors described by Hagar staff include hope for the future, dreams for their children, having friends (E. Goddard, pers. com., October 13, 2009), social skills and self confidence (Pok K., pers. com., October 12, 2009). Absence of violence is also significant for these traumatised women. They fear violence and success in a workplace requires them to feel secure and safe (E. Goddard, pers. com., October 13, 2009). These issues are all addressed by the question areas described above.

The disruption to the businesses in 2009 and the sale of HOT and rebirth of Hagar Soya as So! Nutritious had the potential to impact the employees negatively. Pok suggests that the women worried a lot about these changes (Pok K., pers. com., October 12, 2009) and Long recounted that it caused great difficulty for the women involved (Long C., pers. com., October 12, 2009). Therefore, separate groups were run for employees from these businesses and also for ex-employees of HOT who were laid off during the financial crisis of 2009. These events raised the issue of trust (Pok K., pers. com., October 12, 2009) which was viewed as a key element of the recovery from trauma (M. Jones, pers. com., October 15, 2009). The focus guide for these people included a question area about their departure from the business and how they felt about that event.

As stated above, the focus group guides are included in Appendix One. The facilitator (research assistant) was given the further instructions to probe the following areas of discussion:

- Economic security (secure job, sufficient income for food, health, education, school).
- Community/friends/family life. Acceptance and voice in the community.
- Hope, thinking of the future, dreams.
- Empowerment and decision making, having choices, making informed rational decisions.

She was encouraged to use various techniques that she considered appropriate in the circumstances to get the women talking freely about their experiences so as to gain insight into perceptions, attitudes and motivations. As described above, this can arise from open-ended discussion, rather than fixed questioning.

Six focus groups were run. Group Four contained Hagar graduates employed in non-Hagar (and non ex-Hagar) businesses, which included Café Living Room. The schedule for the focus groups is included in Appendix Two. The focus groups were recorded and transcribed, translated and summarised by the research assistant.

Interview Guides

Interview notes and transcripts from the initial informal interviews, together with documentary evidence relating to the history, mission, purpose, operations and finances of Hagar, HSEG and the individual businesses were used to form a detailed description of the organisations. From this detailed description a further set of questions was formulated as the basis of the further interviews with management and senior staff.

Two interview guides were prepared: one for NGO staff and one for business management, and are included in Appendix Three. The interviews with NGO staff were aimed at better understanding the processes within Hagar that led to employment with the enterprises, gaining an understanding of how these enterprises were viewed from within Hagar, the relationship between Hagar and the enterprises, and the relationship between Hagar and the employees.

The interview guides included questions intended to inform the focus group guides. These questions were regarding the state of the women pre-employment, evidence that Hagar may have collected as to the effectiveness of the employment, Hagar's definition of success for the enterprises and how Hagar measures wellbeing for the employees. It also included questions aimed at gaining Hagar's view on non-Hagar enterprises as compared to Hagar enterprises. A specific question on the redundancies in 2009 was included.

The business manager interview guide was aimed first at understanding the person, their qualifications and experience, their remuneration and their motivation for the role. This also included seeking the manager's understanding of the social mission of the business. Secondly, it sought information about the business in order to determine its sustainability. This included the business mission, structural information, market information, and financial information (including salaries for employees). Thirdly, the managers were asked about the Hagar graduates – how they were employed, how they were treated within the business and ongoing interactions with Hagar. Particular

questions were asked about the financial crisis of 2008/09 and any redundancies involved at that time.

Data Analysis Methods

There are a wide variety of methods for analysing qualitative data and, in many cases, the distinction between data gathering and analysis is problematic or blurred (Myers 2009:165). The very nature of semi-structured interviews allows for ‘real time’ decisions to explore issues raised. Furthermore, Myers notes the usefulness of combining elements of different analytical methods (ibid:166).

The primary mode of data analysis was content analysis. However, there were differences across the two parts of the study. The research assistant reported exercising some reflexivity in her facilitation in order to draw the focus-group participants into the most useful conversation but the primary researcher only received final transcripts of the group conversations.

These transcripts were coded broadly into categories reflecting the dimensions of well-being under investigation. Although this began with a template (essentially the themes used to construct the group guide), some additional themes emerged and the headings in the following chapter reflect the final coding.

The analysis of the management and staff interview data consisted mainly of basic content analysis with the transcripts being coded into the themes outlined in Chapters Eight and Nine. However, some elements of a wide range of qualitative analysis methods were employed.

As described earlier, I presented my background to the business management interviewees, which impacted on their openness in answering questions (in my view creating a more open, candid conversation). In that context, however, some hermeneutical understanding was required to interpret their stories and analysis of events. That is, the way they told the story was not independent of the researcher. In particular, I needed to be aware that they saw me as a Christian and as a business person with experience of working in an NGO.

Significant comparative analysis between the interviewees from the different businesses was carried out, although the full specifics of grounded theory were not. Being a case study of a very particular case from a broad phenomenon, it was not

possible to achieve ‘theoretical saturation’ (see Lansisalmi, Peiro and Kivimaki 2004:242), that is, sufficient data to ensure the concepts are fully developed. The development of a full conceptual scheme for the field of social enterprise will require further study beyond the present work, although this present study will make a contribution to that development. However, the coding and comparisons did allow for significant conclusions to be drawn and potential theory postulated as outlined in Chapter Ten.

Another analysis method drawn on in this research was attributional coding (Sylvester 2004). This involves analysing transcripts to see how interviewees attribute outcomes to causes. Sylvester estimates that in semi-structured interviews an attribution occurs at the rate of one to two per minute (ibid:231). While full attributional coding and subsequent quantitative analysis was not completed, an attention to attributions did assist in gaining insight from the interview transcripts.

As described above, the data separates into two sets. The research findings, presented in Chapters Seven to Nine follow the logic of the data. The data from the focus groups concerns the experience of the employees. It is analysed and written up in Chapter Seven. The businesses, the subject of the interview data, are analysed separately in Chapters Eight and Nine. This write-up schema not only reflects the logic of the data but also the research questions, with one question relating to the impact on the employees and the others relating to the businesses themselves. There is some cross-referencing between the data sets to assist with triangulation.

Summary

To address the research questions outlined in Chapter One, a case study methodology was adopted. A single case with multiple embedded units was used. Hagar was chosen as the single case for a number of practical and theoretical reasons. Hagar is an exemplary NGO, an award-winning innovator in the use of social enterprise, and the researcher’s role with TEAR Australia facilitated access to Hagar’s clients, staff and documentary data.

Because the study was related to a phenomenon (social enterprise) involving social processes and organisational behavior in a particular context, a qualitative method was chosen. The data collected consists primarily of transcripts from semi-structured interviews and focus groups. These data gathering methods were chosen after

consideration of the type of information sought and the backgrounds and status of the participants. A female Khmer research assistant was employed to conduct the focus groups in order to ensure cultural sensitivity and to promote openness and disclosure in the groups.

Detailed focus group guides and interview guides were written and used in all interviews and groups. The group guides were developed after significant literature review and consultations with Hagar staff. The research assistant was trained in both the guides and the nature and purpose of the research. All groups and interviews were recorded and transcribed.

In addition, a substantial number of documents were obtained from Hagar and the businesses. These provided primary information on the enterprises as well as background information on the population from which the group participants were drawn. These documents formed the basis of the case study descriptions set out in the next chapter.

Analysis of the interview and group data was primarily content analysis. Analysis of the primary data begins in Chapter Seven with the focus group data. The interview data, relating more to the business operations and the NGO-business relationship is analysed in Chapters Eight and Nine.