Financial Cooperatives and the Development of Social Capital

by

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BA (Honours)

Submitted in fulfilment of the requirements for the degree of

Doctor of Philosophy

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September, 2014
DEAKIN UNIVERSITY
CANDIDATE DECLARATION

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Presentations and Publications as PHD Candidate

2010
Value of Social Capital: Credit Unions in Australia and the Asia Pacific Region, Advancing the Co-operative Movement in Australia and Italy - A Three Year Research Project, 15 Feb 2010, University of Sydney

Social Responsibility versus Building Social Capital - Mutual Aid, Reciprocity and Building Trust: Creating Shared Values and Norms, Association of Asian Confederation of Credit Unions, 8th September 2010, NACUFOK, Seoul, Korea

2011
Balancing the Books: Culture, Community and Capital, Symposium on the Role of Cooperatives in Indigenous Communities, 12 December 2011 Sydney University

Pacific Islanders Demand for Financial Services, Pacific Microfinance Week 2011, 26 – 29 July 2011, Port Vila, Vanuatu

2012
Social Capital Adequacy of the Australian Mutual Sector, World Council of Credit Unions Conference 2012, 18th of July 2012, Gdansk, Poland

Credit Union Approach to Microfinance - Radio interview (taped) 21 August 2012 (broadcast) 22 August 2012 Radio 107.3 2SER – AidWorks – Sydney

2013
Swinburne University - Hawthorn, Melbourne - 10 May 2013 - Seminar on Social Inclusion Initiatives: Australasian Experience

Swinburne University - Hawthorn, Melbourne - 24 May 2013 – Credit Unions: Balancing the Books – Credit Union Theoretical Foundations

WOCCU Conference - Ottawa, Canada - 15 July 2013 - Volunteering: Social Benefits for Developing Credit Unions


2014
WOCCU Conference – Gold Coast, Australia – 30 July 2014 – Financial Inclusion in Asia
Abstract
The modern form of financial cooperatives have existed since the mid-1800s and were a response to economic hardship and exclusion. The response created a people centred institution which was not driven by the state or the market but emerged from the collective action of people. The power of cooperation, solidarity and mutual aid, the building of trust, and the strengthening of social connections permeated into other areas of community life and interaction. There is historical and contemporary evidence within this research of the influence of financial cooperatives to play a role in transforming and empowering communities through the generation of social capital. Social capital is now seen as an instrument to understand “the social” within business, economics, organisational behaviour, political science, and sociology, and is often defined as the advantage created by a person’s location in the structure of relationships.

The aim of this thesis was to research the generation and expenditure of social capital within financial cooperatives in Cambodia, Timor Leste and the Solomon Islands to uncover the reasons why in some communities where social capital looks to be in abundance, financial cooperatives appear to fail and yet in other communities that suffer from a lack of trust, and where it appears there is a lack of social capital, financial cooperatives are successful.

Utilising the Social Capital Schematic results and the Social Capital Development Framework I developed within this study, I have compared and contrasted the similarities and cleavages in the location and the creation and destruction of social capital. The research data demonstrates that the financial cooperatives in each of the research locations were clearly in different stages of their lifecycle in terms of their social capital and institutional development. The financial cooperatives which are contained within this research can be categorized in three ways. Those that are emerging and developing or in other words in their infancy, those that are perhaps young adults and are socially strong although perhaps not financially independent and those that are on the road to maturity.
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## Glossary and Acronyms

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<th>Full Form</th>
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<tr>
<td>ABRI</td>
<td>Angkatan Bersenjata Republik Indonesia</td>
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<tr>
<td>ACCU</td>
<td>Asian Confederation of Credit Unions</td>
</tr>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>AML</td>
<td>Anti-Money Laundering</td>
</tr>
<tr>
<td>Ausaid</td>
<td>Australian Aid</td>
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<tr>
<td>AUSTRAC</td>
<td>Australian Transaction Reports and Analysis Centre</td>
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<tr>
<td>CAC</td>
<td>Cambodian Association of Cooperatives</td>
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<td>CAC</td>
<td>Cooperative Association of Cambodia</td>
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<td>CCSF</td>
<td>Cambodian Community Savings Federation</td>
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<tr>
<td>CFIN</td>
<td>Cambodian Community Foundation Network (formerly Cambodian Community Finance Network)</td>
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<tr>
<td>CGAP</td>
<td>Consultative Group to Assist the Poor</td>
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<tr>
<td>CPAM</td>
<td>SOCAT – Community Profile Asset Mapping</td>
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<td>CQ</td>
<td>SOCAT – Community Questionnaire</td>
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<tr>
<td>CUFA</td>
<td>Formally Credit Union Foundation Australia Pty Ltd</td>
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<tr>
<td>DFAT</td>
<td>Department of Foreign Affairs and Trade</td>
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<tr>
<td>DFID</td>
<td>Department For International Development</td>
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<tr>
<td>ETADEP</td>
<td>Yayasan Ema Mata Dalan Ba Progressu (Road to Progress Association)</td>
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<tr>
<td>FCP</td>
<td>SOCAT – Financial Cooperative Profile</td>
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<tr>
<td>FHM</td>
<td>Federation of Hana Malu</td>
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<tr>
<td>FLIFLY</td>
<td>Farmer’s Life Improvement and Future Light Youth</td>
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<tr>
<td>GNI</td>
<td>Gross National Income</td>
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<td>GNP</td>
<td>Gross National Product</td>
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<td>HQ</td>
<td>SOCAT – Household Questionnaire</td>
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<td>ICA</td>
<td>International Cooperative Association</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>JICA</td>
<td>Japan International Cooperation Agency</td>
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<td>MDG</td>
<td>Millennium Development Goals</td>
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<tr>
<td>NGO</td>
<td>Non-Government Organisation</td>
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<td>OCCUL</td>
<td>Oceanic Confederation of Credit Union Leagues</td>
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<td>OPI</td>
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<td>PFIP</td>
<td>Pacific Financial Inclusion Program</td>
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<td>RAMSI</td>
<td>Regional Assistance Mission to the Solomon Islands</td>
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<td>SEDOC</td>
<td>Socio Economic Development of Cambodia</td>
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<td>SHG</td>
<td>Self Help Groups</td>
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<td>SICB</td>
<td>Solomon Islands Central Bank</td>
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<td>Solomon Islands Credit Union League</td>
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<td>SIPEUCU</td>
<td>Solomon Island Public Employees Union Credit Union</td>
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<td>SOCAT</td>
<td>Social Capital Assessment Tool</td>
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<td>SPSS</td>
<td>Statistical Package for the Social Sciences</td>
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<td>TNI</td>
<td>Tentara Nasional Indonesia</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Program</td>
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<tr>
<td>UNTAC</td>
<td>United Nations Transitional Authority in Cambodia</td>
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<td>WOCCU</td>
<td>World Council of Credit Unions</td>
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Chapter One: Introduction

1.1 Background

This thesis originated from a desire to understand what I was seeing out in the field as a development practitioner. I have worked across the Asia Pacific region in a number of post conflict zones where people were rebuilding their lives and reestablishing not only social relationships but institutions. They wanted better lives that saw their children getting an education that they had been denied, or access to health care that they had been unable to secure, or simply to build some assets to protect their family from future economic shocks. I wanted to understand the role of the financial cooperatives in the development of social capital and how this could impact on people’s lives.

In this study I look at three countries, Timor Leste, Cambodia and the Solomon Islands. I have utilized an applied approach as the data within this research and the resulting analysis can be used to inform further work in the field. The research covered 3 countries, 33 site locations and 1,425 respondents. As a financial cooperative development practitioner in the Asia Pacific region I am involved in the decision making of how best to utilize Australian aid and publically donated funds to develop financial cooperatives to assist in the efforts of alleviating poverty through a range of financial inclusion strategies. The implementation and the resulting impacts and outcomes of the development of financial cooperatives in the Asia Pacific region is reported to the Department of Foreign Affairs and Trade which contributes to the Australian Government’s decision making in terms of the alignment of their strategic objectives with the aid budget.

Each of the countries studied have been through significant social upheaval, some externally influenced and others internally influenced. The common experience is the effect this upheaval has had on the economic and social life of the people. In each case I wanted to examine the interplay between the people and the economic institution where they were both members and owners, and to examine the tensions that lie between the institutions and the people as they go about trying to build a better life for their family and their communities. I wanted to understand the space between the people and the institution. This space is often ignored and yet has a dramatic impact on the social and in this case the economic health of the community.

This thesis examines the generation and expenditure of social capital within financial cooperatives in Cambodia, Timor Leste and the Solomon Islands. By utilizing an institutional lifecycle approach I seek to uncover the reasons why, in some communities where social capital looks to be in abundance, financial cooperatives appear to fail and
yet in other communities that suffer from a lack of trust, and where it appears there is a lack of social capital, financial cooperatives are very successful. The scaling of the institution within a lifecycle framework helps to position the financial cooperatives comparatively at a macro country level. From this macro level the social capital determinates can then be discussed in relation to the financial cooperative’s development.

Financial cooperatives develop both at an economic and social level. The social development of financial cooperatives has to date, been mostly explored from a functionalist perspective, that is, from the mechanisms that are used by the membership to engage with the institution (Brian Branch and Baker 2000; Lennon and Richardson 2002). An objective of this research is to understand not only the structural reasons for member participation but also the cognitive and social aspects of engagement and the contribution this has to the institution’s success. I have developed a theoretical framework to uncover these areas by looking at the environment within which the financial cooperatives and the members are located. I look at the structural and cognitive effects of the organisational governance as well as the trust inherent within the community and the institution. I seek to examine the role leadership and reciprocity play as well as the connections of network and the resulting norms that emerge from the financial cooperatives and the resulting consequences for not only the institution but also the community.

1.1.1 Research Purpose and Approach
The research undertaken within this thesis was informed by the need of the writer to understand what was being observed in the field. What are the social capital impacts on the success or otherwise of financial cooperatives in the Asia Pacific region? This research seeks to understand why in communities where there appears to be strong cultural and social bonds the financial cooperatives struggle to develop and mature yet in locations where there appear to be weak societal bonds the institutions thrive and grow. As my field work continued questions kept emerging as to whether the strength of the financial cooperatives was due to cultural differences within those communities or simply if it was subject to good leadership, strong solidarity, processes of reciprocity or a sense of trust. Was it a combination of these and other factors and what was the agency of the individuals and the community?

In order to gain a detailed understanding of the dynamics that were occurring in the locations studied, I used an approach that not only considered the quantitative environmental, that of the social and economic data but to also ensured that the voices
of the members within and outside of these institutions were evident in the findings of this research. This approach uncovered a more comprehensive understanding of the perceptions and the lived experiences as members, participants and beneficiaries of these institutions.

The lived experience of respondents within this research speaks to their agency within the development of the financial cooperative. The role of everyday life (de Certeau 1984; de Certeau et al. 1998; Lefebvre 2003) and the ‘reflexive re-enactment of a proscribed series of roles and expectations … provides spaces for minor occurrences of subversion’ (A. Bennett 2005: 3). The social identity and the performances (Goffman 1973) within both the community and the individual play a role in the financial cooperative’s operations and its potential to meet the needs of the community.

1.1.2 Objectives of the Research

The objective of the research is to understand the impact of social capital on the development of financial cooperatives in three culturally and geographically different locations. This research will seek to position the various components of social capital within the community, the individual or the institution to understand their ongoing survival and longevity. This research will attempt to speak to policy makers and development practitioners to demonstrate the position of financial cooperatives within the community and therefore the value they have and create for their communities. The research endeavours to show financial cooperatives provide not only financial services and products but broader community benefits that can emerge from the social capital inherent in the act and activities of the financial cooperative.

Over the years financial cooperatives have fallen in and out of favour with development practitioners. During the 80’s and early 90s cooperatives were seen as a viable option to bring financial services to the underserved1. Later in the 1990’s microcredit arose as a “silver bullet” to alleviate poverty (Bateman 2011; Dichter and Harper 2010). In the early part of the first decade of the twenty first century it was evident to many microfinance organisations that savings products that were absent in microcredit programs were

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1 The underserved is a phrase that is used to refer to those that are unbanked, they have little to no access to financial services. Development organisations have extended this concept to create a discourse around the term “financial inclusion” that refers to a broad range of financial products including savings, loan and insurance.
critical for poor people in their fight to lift themselves out of poverty (Conroy 2003; Westley and Branch 2000). The second decade of the twenty first century has seen many NGO’s move away from shifting external capital into communities in favour of generating savings within communities for creating loan capital. Financial cooperatives have for over 160 years focused on providing somewhere safe for people to save and to borrow (Seibel 2003). Financial cooperatives in one form or another operate in over 100 countries (World Council of Credit Unions 2011b)² and have been adapted by their members to fit within a multiplicity of economic, geographic, cultural and political environments. As evidenced within Timor Leste and Solomon Islands they have endured and survived civil conflict and social upheaval.

The common factor underpinning all of these institutions regardless of their environment is the ownership structure. A structure that deserves a detailed examination to seek to understand why they continue to survive and in many cases thrive, and to understand what is the engine that drives these institutions and their membership to continue to provide financial products and services to their community.

There is still debate within development circles (Simbe 2011) as to the value and utility of financial cooperatives, especially as the bottom up or group approach frustrates many development practitioners and multinational organisations due to it being a slower grassroots type of approach. And while the development sector community espouses participatory development practices none are all too keen on participatory approaches that allow more than the donor allocated time to produce impact. Commercial and/or top down NGO supported Microfinance Institutions (MFIs) suit multilaterals and the donor and market imposed time constraints that they must work within. Financial cooperatives operated by community members whom may have little education and even less knowledge of running a financial institution often make mistakes, are very risk averse and who are usually volunteers, are not seen by the development sector as necessarily the right vehicles to drive forward a financial institution and therefore their development agenda. However, financial cooperatives have longevity, sustainability and a durability that appears to not always be present in other types of top down financial institutions. Financial cooperatives outlive conflict, social upheaval, political change, natural disasters

² The official statistics only recognise financial cooperatives that are formally linked through regional bodies to the World Council of Credit Unions. Countries such as Federated States of Micronesia, Timor Leste, Tuvalu, Samoa etc. are not counted in the official statistics regardless of their operational longevity.
and government and outside interference. The essence of their indefatigability I will argue within this thesis is within the social capital that is generated.

1.2 Financial Cooperatives and Social Capital

The reason I seek to view the financial cooperatives through the concept of social capital is due to the applicability of the theory’s utility. Financial cooperatives cannot develop and grow without the development of social capital. Without mutual aid, solidarity and cooperation, financial cooperatives will not thrive, conversely financial cooperatives and the principles upon which they are founded are fertile soil for social capital. The theoretical utility of social capital was chosen due to its universality across cultural and political contexts (Bjornskov and Svendsen 2003; Svendsen and Svendsen 2004). The indicators through which to view social capital are applicable to the very principles upon which financial cooperatives are founded and can therefore be universally applied. Additionally the dual endogenous and exogenous nature of social capital allows the research to understand not only the institutional influences but also the individual and the community influences in the creation of the financial cooperative. The influences, development and maturation of the financial cooperative using social capital can be understood from a holistic viewpoint which has enabled this research to position the institution in relation to its development and provide an understanding of where it is in its lifecycle.

1.2.1 Financial Cooperatives

In the following section I lean heavily on my field experience of working with financial cooperatives in a range of developed and developing countries particularly in the Asia Pacific region. Understanding the influences in the emergence of financial cooperatives will help to position the social capital in the following chapters. As the concluding chapter will demonstrate the context and environment within which financial cooperatives develop significantly impact on the inherent social capital and therefore on the lifecycle of the institution and the members resulting interaction.

The membership of each financial cooperative institution originates differently depending upon the socio-economic, political and geographical environment in which the people find

---

3 Australia, Cambodia, Federated States of Micronesia, Fiji, Myanmar, Philippines, Samoa, Singapore, Solomon Islands, South Korea, Sri Lanka, Timor Leste, Tonga, Tuvalu, and Vanuatu.
themselves. Often the institutions arise through the endeavors of individuals within the community and at other times through government or INGO or local NGO intervention. These factors can affect the institutional sustainability, ownership and commitment not to mention the types of social capital that may be generated and expended during the organisation’s emergence and development.

Financial cooperatives that emerge through the efforts of a local group of people can be in response to a number of external and societal factors, including the exclusion from the formal economy, that is, through the exclusion from access to the various commercial forms of financial services. Often this is due to geographical isolation such as the case in many places in the Solomon Islands and Timor Leste. Sometimes the desire to develop a financial cooperative is in response to the local financial institutions not meeting the needs of the community, due not only to access but the types of financial products these institutions offer, perceived unaffordability of interest rates, or financial products that do not meet cultural, social or agricultural needs. Other causes of the development of financial cooperatives is that of a sense of control, a desire to put in the hands of the community the financial destiny and control of the financial resources that a community generates. Often there are outside influences that have sought to convince the local community of the need to develop their own institution. Sometimes the main actor influencing community action is the government that seeks to address a market failure. Commercial financial entities may deem the geographic location is an inhibiting factor or that the demographic that is to be served is not seen as commercially viable due to the lack of assets. The population may have a high risk profile due to their economic activities such farming which has a high risk of crop failure or low crop yields.

The emergence of collective action through a group coalescing together has numerous motivating factors which are not always necessarily driven by external forces. Bonds of membership are often driven by the desire to strengthen existing bonds of relationship and community similarities. Many of the Timorese and Solomon Island financial cooperatives have been developed based on an existing sense of commonality and sense of belonging. Some of the Dili based financial cooperatives have emerged from individual public service entities whereby the employees have banded together, albeit in small groups, to create their own employee credit unions. Similarly one of the largest financial cooperatives in the Solomon Islands is the Public Service Credit Union, however there are also financial cooperatives for other types of employees such as Police, Nurses and Health Workers, Teachers and Prison Workers along with communities of interest such as the Melanesian Crusaders Credit Union which is an Anglican Church credit union for employees. Other groups have also created their own financial cooperative such as
the Lord Howe Island credit union which is made up of internally displaced people living in a small enclave along the ocean front of Honiara. It must be recognized that many of these financial cooperatives were the result of proactive stance of the Solomon Island Government and the Department for International Development (DFID) in the late 1980s early 1990s.

In summary, financial cooperatives can be broadly based on geographical bonds and industry or professional sector bonds. They emerge due to varying circumstances but can develop due to internal efforts of community leaders or self-identified needs, government activity or through either local or international NGO initiatives.

1.2.2 Social Capital
Utilizing social capital as a tool to examine the “social” in financial cooperatives is fitting for a number of reasons, firstly it speaks a language that is appropriate and familiar to those within the financial cooperative movement. ‘Social capital is coming to be seen as a vital ingredient in economic development around the world,’ (Putnam 1993a: 5). Social capital can be quantifiable in nature and discussed and aligned in the form of a type of capital. It is however, as discussed in proceeding chapters, a neo-liberal hijacking of social impact and development analysis that is an anathema to many scholars in the social sciences.

‘In the past, economics imperialism achieved a modicum of success, not least where rational choice approaches have been accepted. The old imperialism depended upon treating non-market phenomena as if they were like market phenomena or, at least. As if each agent pursued their own self-interest regardless of activity and context’ (Fine 2003: 10).

It is nevertheless a useful and connective language in relation to financial cooperatives which are driven by rational systems and processes. It fits neatly into the lexicon of financial cooperatives. My approach in using what can be quantified and measured and identified speaks to those outside the social sciences in a way that may resonate and ultimately provide a gateway for those that value the economic over the social to engage more deeply with the importance of the social within the development of financial cooperatives.

1.3 Significance of the Study
This research fills a gap in the literature in a number of ways. Firstly the current literature is heavily influenced by a focus on economic features and performance issues (Matthews 2006; Richardson 2002; Sharma and Matthews 2010; Westley and Branch 2000) with a
dearth of literature that examines the social capacities and impacts of financial cooperatives. Secondly there is little published research in any form on the financial cooperatives in the countries contained within this research and there has certainly been no comparative study undertaken. To date there has not been a synthesis of the social capital theories into a cohesive framework that enables the study of institutions that also considers the community and the individual and their role and contribution in generating social capital from a financial institutional context. I have developed the Social Capital Schematic (Figure 6) as a way to compare and contrast from a country perspective the institutional performance as it pertains to social capital. This thesis could be the beginning of further exploration and development of a tool that could be used by governments and multilateral development organisations at not only a macro level but also by NGOs and community organisations at a regional or individual institution level. The schematic could be further enhanced to identify the minutiae of individual communities and the impacts at a very micro level.

This study can contribute to how individuals and their associated communities can contribute to not only financial cooperative development but other forms of institutional development where a community driven approach is applied. The new frameworks and schematics which have been developed in this thesis contribute to the study of cooperation, mutual aid and solidarity and could be adapted to examine community strengthening approaches taken in other institutional development contexts.

1.4 Research Methodology

Chapter Three provides an outline of the research methodology in a comprehensive manner, however it is necessary to state early in this thesis that given the type of research which I have undertaken has never been done in any other geographic locations, there was the need to build on existing survey tools and theories to develop a way of examining and positioning the phenomena of social capital within financial cooperatives.

The use of the Social Capital Assessment Tool (SOCAT) tool ensured the data, both quantitative and qualitative, had foundations in a survey tool that had been extensively tested by the World Bank (De La Pena 2008; Grootaert and Van Bastelaer 2001; Grootaert et al. 2004; Harpham 2008; Kahkonen 2002; Krishna and Shrader 2002; Pantoja 2002; Reid and Salmen 2002; Yuasa et al. 2007) and utilized in a variety of geographical environments and for a range of social capital research purposes. It also addressed my need to understand the location of social capital, be it in the institution, the community or the individual.
The methodology that I have developed ensures that the data I have collected can be analyzed and discussed in a manner that answers the research question posed by this thesis. The biggest challenge found in undertaking this research was attempting to consider the theoretical elements of each component of the community, the institution and the individual, and to encompass all of these in a cohesive and theoretically sound framework. The Social Capital Schematic is the end point of this part of the journey which brings together the data as well as the theory in a form that allows a comparative analysis. This new way of presenting social capital development allows the conversation to open up from viewing only the economic impacts to also include the social impacts of the development of financial cooperatives.

1.5 The Structure of the Thesis

The thesis is structured into seven chapters. Chapter Two provides a literature review of both financial cooperatives and social capital. The chapter provides an historical view of financial cooperatives and examines the structural position of the institutions in the community and the broader economy. A detailed view of the philosophy and principles that underpin financial cooperatives is provided as well as an examination of how financial cooperatives emerge within the community. Chapter Two also includes a detailed study on the contested nature of social capital and its theorist’s arguments. It also seeks to unpack the concept to provide an appreciation of the elements that contribute to the development and destruction of social capital. Lastly the chapter endeavours to connect social capital to “the economic”, that is, the role and function of the financial cooperative to provide financial services and products within an environment that is developed utilizing social assets.

The theoretical framework and research design is discussed in Chapter Three and seeks to step the reader through the development of a methodology that is practical, philosophical and theoretically rigorous. This then forms the basis for the author’s own work in developing a theoretical framework and consequently a Social Capital Schematic that provides the basis for comparative analysis. The chapter also acknowledges some of the challenges encountered and the strategies and tactics employed to address these issues.

The research findings for each country are found in Chapters Four, Five and Six and speaks to the environment in which the communities and the financial cooperative resides. Using the Social Capital Schematic the research findings are unpacked and analyzed for unique characteristics from both a cognitive and structural perspective.
A comparative analysis and conclusion is detailed within Chapter Seven and seeks to provide the reader with both a headline analysis at a broad institutional, community and individual level as well as discuss and compare the various elements contained within the schematic. At the conclusion of the chapter the consequences and outcomes are outlined. This chapter discusses the lifecycle of the financial cooperative and how social capital affects, and is affected by, its own generation, expenditure and destruction. The chapter also outlines how this thesis contributes to the body of knowledge in relation to financial cooperatives and social capital and the implications of the study in terms of the duality of the economic and social nature of financial cooperatives. The thesis has uncovered many more areas for further research which are also outlined in this chapter.

1.6 Limitations of the Research

The research question is ambitious and the difficulty in understanding and representing how the structural and cognitive components of the financial cooperatives, the community and individuals are composed is immense and required numerous decisions in order to develop a suitable framework in which to analyse the data and answer the research question. While the assumptions and decisions made during the development of the Social Capital Schematic and Framework could be disputed, I have ensured that the methodology and assumptions are clear within this thesis so that the results could be replicated and tested.

This study looks at three countries that have financial cooperatives, Cambodia which is firmly rooted in Asia, Solomon Islands which is clearly located in the Pacific and Timor Leste which could be argued is in Asia but is made up of a predominately Melanesian and Austronesian population with European roots and religious beliefs whom have until recently lived within a dominate Malay political and cultural environment. Three distinct locations within the Asia Pacific region with definite cultural identities. The research is, however in some ways, reductionist in its examination especially where quantitative results are utilized. I want to recognize that the participants within this study cannot be reduced to necessarily be representative of the entire country. For example, the people interviewed in Honiara whom are urban middle class and whose ideas and comments are not representative of the people that may live only two kilometers away who are from Lowe Howe Island and who are internally displaced. I have endeavoured to address this limitation within the quantitative data collected by ensuring the voice of the participants
within this research is evident to temper the perceptions of the reductionist nature of some sections of the thesis.

1.7 Conclusion
This chapter provides an outline of the main components of the thesis and the background for why this research is necessary. The purpose of this research is explained along with the objectives and the structure of the thesis. There is also a small discussion of the necessity to develop a framework and schematic to view and analyze the data. While I have outlined the limitations of the research I have also detailed the significance of this thesis and referred to its contribution to the body of knowledge of both social capital and financial cooperatives.
Chapter Two: Financial Cooperatives and Social Capital: A Literature Review

2.1 Introduction

In the previous chapter I wrote of my objective to understand how financial cooperatives can build social capital, I continue this journey by providing an understanding of what a financial cooperative is and its place and function within the community. I will also outline the current social capital debates and offer a brief literature review and demonstrate the intersections through which financial cooperatives and social capital connect. This chapter will assist in understanding how financial cooperatives function in relation to the development of social capital. The following sections outline the activities that occur in the operations of financial cooperatives which act as tools in the generation and expenditure of social capital. The social capital discussion flowing from understanding how financial cooperatives operate will assist to frame the social capital development tools which are unpacked in more detail within Chapter Three.

2.2 Financial Cooperatives

Financial cooperatives in various guises have a long history of people coming together to informally save and borrow from each other (Moody and Fite 1984). They are an expression of people understanding that together they can improve their individual circumstances (Evans et al. 2006). While financial cooperatives are spread across the globe in 103 countries (WOCCU 2013) the effectiveness and utility of financial cooperatives is often contested. Many local and international NGOs and multilaterals which are tasked to alleviate poverty seek to “deliver” services ‘that tends to reward need rather than initiative’ (Ellerman 2010: 153) and are too impatient to build capacity of the community. They attempt to deliver economic development outcomes from a top down rather than a bottom up or grassroots directed approach of financial cooperatives. Often the failure of the cooperative model (Harper 2010) is deemed to be too higher a price for the agency and initiative that is derived from those institutions. Additionally there is a neo liberal tendency to conflate the process of empowering communities with economic growth (Y. Levi and Davis 2008; Parzen and Kieschnick 1992). Economic development through top down financing models is often privileged (Christen and Drake 2002) over

\footnote{The WOCCU official statistics only account for those organisations/countries that provide data. Unofficially there are financial cooperative movements in numerous other countries.}
empowering and building long term capacity of communities through a slower, often more sustainable model of cooperative development (Lewis 1996; Robb et al. 2013).

For the purposes of this research I have used the term financial cooperative to capture a wide range of institutions that have at their core, a number of key elements which I will explore later in this chapter. Timor Leste, Cambodia and the Solomon Islands each have a range of financial institutions that vary in form, procedures and processes but their commonality is that they are owned and managed by their community. In the Solomon Islands there are Credit Unions, Savings Clubs as well as Village Savings and Loan Associations (Drummond 2008; Government of Solomon Islands 2002a) similarly in Timor Leste industrially bonded credit unions prevail along with numerous self-help groups (Ferreira 2012). Cambodia has Village Savings Banks, Community Based Microfinance Organisations, Credit Unions and various forms of Tontien5 and many village based Self-Help Groups (Matthews 2005). The commonality of these institutions lies within the member based ownership and control, and in most cases the democratic nature of the institutional structure. Many of these institutions emerge from a desire to have access to simple savings and loan services (Robb et al. 2013). Many of the communities may not have access to formal commercial financial institutions or the formal financial institutions do not meet their needs or are unavailable in their village (Matthews 2005; Moody and Fite 1984). Many commercial financial institutions do not wish to service the needs of the poor as they are only able to deposit and borrow small amounts of money. A high volume of small transactions from the poor can make the community commercially difficult to service (Slocomb 2010). Other socio-economic segments of the community may be unattractive to commercial financial institutions due to their location in sparsely populated areas or because of the geographical barriers that also make servicing their financial needs unprofitable. Similarly this has now become the experience of many larger microfinance organisations who were originally established to serve the poor but who now have moved to serve the middle class (Slocomb 2010) due to the high costs associated with high volume of small transactors.

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5 Tontien, named after the Neapolitan banker Lorenzo de Tonti, are a method for groups to raise capital and traditionally features an annuity and a lottery. In Asia Tontiens are found in various forms and are used for securing loans from the members of the group. This is often seen as a form of gambling and does not play a formal role in the microfinance sector.
Financial cooperative members, especially in the rural areas tend to include both the poor and those that have greater financial means.

2.2.1 Brief Global History of Financial Cooperatives

Mutuality and reciprocity have been the cooperative tools of communities for centuries. They provided socially structured protection for common risks, crop failure, poor health, old age, and death, access to reasonably priced food and/or access to finance. The cooperative nature of communities is evident throughout history. The reciprocity of people providing communal solutions to everyday individual problems. In the development of European economies, cooperatives emerged and started to become institutionalized in the eighteenth century. This was partly due to the urbanization of communities along with the movement of people from their birthplace. Additionally, as the markets were beginning to develop there were deficits within what the market was beginning to supply, as the market was not yet sophisticated enough to address all of the needs that were becoming evident in the rapidly changing social and economic environment.

This thesis is focused on the emerging economies of South East Asia and the Pacific, however the history outlined below of the development of financial cooperatives in Europe draws on lessons of rapidly changing social, political and economic environments similar to that which is occurring in the regions of this research. The comparative lessons can be drawn from both the macro level historical and environmental influences as well as the micro communal resources that communities possess. The necessary shift of reciprocity founded in personal relationships to that of institutionalized provision of goods occurred during the industrial revolution in Europe. These same shifts in the Asia Pacific region are now occurring as the movement of population increases and the economies of the countries studied formalize and are incrementally being linked to the global economy.

Cooperatives were emerging around Europe in the mid nineteenth century (Birchall 2013b) in response to a number of political, economic and social factors occurring at the time. Britain was undergoing a fast transformation through the industrial revolution, the German states where serfdom had been abolished in the earlier part of the century saw independent farming arising where farmers were having to cope with a more market driven environment with a monetized economy taking the place of subsistence and a trade based exchange environment. The mid nineteen hundreds also saw famine throughout Europe due to poor wheat harvests and a blight on the potato crop in Ireland. Throughout Europe there was a lack of affordable food due to the shortages.
The emergence of institutionalized cooperativism in Britain was caused by the depression in the weaving industry (Birchall 2013b). The contributing factors included the consolidation of the sector from an artisan lead sector to that of large merchants who were able to force the earning capacity of the weavers down through their monopolistic behavior. Additionally the arrival of mass production and the development of a factory system further alienated the workers from their output and began to create a divided and deskilled labour force. There was loss of status among the people along with an urbanization and a rise of various health problems that created a dramatic change to people’s lives. The consumer cooperative, Rochdale Pioneers, arose in 1944 partly due to the ‘under-developed nature of the retail trade at the time’ (Birchall 2013b: 184). While there was a distribution system available to the upper classes, a reasonably priced, well stocked retail system was not available to the working class. The Rochdale Pioneers incorporated some simple principles into their business model. That of a business that was democratically controlled where surpluses would be given back to their membership on a regular bases. Each member would receive one vote regardless of their shareholding. This structure ensure that the very poorest of the community could participate. When the Rochdale Savings Bank collapsed people put their money into the retail coop as it was the only place they deemed safe to put their money. This saw the Rochdale Pioneer retail cooperative develop a financial cooperative component of their cooperative model (Lewis 1992, 2006).

Hermann Schulze-Delitzch is credited as the founder of industrial cooperatives and the originator of cooperative jurisdiction in his role as a member of the Reichstag (Asian Confederation of Credit Unions 2002: 11). Founded on the basis of self-help the cooperatives were established in response to the difficulties that were felt by the urban labourers and trades people during a particularly hard winter of 1846 (Cutcher and Mason 2013). Friedrich Wilhelm Raiffeisen established the Verein fur Selbstbeschaffung von Brod Fruchten (the society for bread and grain supply) based on the same principles of self-help and benevolent assistance whereby bread was provided on credit to the poorest in the community (Asian Confederation of Credit Unions 2002: 4). Based on these principles Raiffeisen had, by 1864, developed and established the Thrift and Loan Society. In 1866 Raiffeisen published Credit Unions as a Remedy for Poverty of Urban and Industrial Workers and Artisans (Raiffeisen 1866) which was credited for spreading the message of credit unions around the world.

While the modern financial cooperative movement is attributed to the work of Raiffeisen and Schulze-Delitzch, (Lewis 1996) in Asia forms of cooperativism had long been
practiced and can be seen within the reliefs of Angkor Thom in Cambodia. Before the event of the modern day financial cooperative, Cambodians accessed credit through Tontines. These were a form of pool-sharing which were imported from France. It was Lorenzo de Tonti who developed the Tontines as a way of enabling Louis XIV of France to improve the revenues of the state in the early 1650s’ (McKeever 2008: 1). Similarly Oliver reminds us that pool-sharing has been an important part of the Solomon Island custom and ‘occurred at the community level of organisations’ (Oliver 1989: 76). Pool-sharing saw cooperative pooling of both physical and human resources for the benefit of the whole community. The pooling or in Siuai language, anurara was a form of sharing based on the ability of one individual to contribute to the well-being of the group which was usually close family. The pooling process did not involve any type of formal financial interest however there was an expectation that a social obligation would emerge from the transaction that could be called upon at a later time. Commercial transactions of loans requiring the payment of interest or Totokai were made by men which could have also included livestock (Oliver 1955: 229).

Mutuality and reciprocity are common traits throughout all communities however the institutionalization of the relationships has occurred at different times in different parts of the world depending upon the influences present. Timor Leste, Cambodia and the Solomon Islands are each at different stages of their cooperative development and therefore, as is evident in the data presented in the following chapters, this affects the levels and location of social capital.

2.2.2 Financial Cooperative Structural Environment

In most cases individual financial cooperatives emerge as separate small entities and as they develop and strengthen they tend to start looking further outside of their immediate circumstances (Robb et al. 2013). As this begins to occur they tend to group into regional federations or leagues. There are many reasons they look outward, often it is to seek technical assistance as their institution grows, or to seek formal recognition or registration

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6 Personal observation under the guidance of Mr Vong Sarinda, CEO of CAC Federation and a PhD student researching cooperativism in Cambodia
7 The Siuai people are from Bougainville, Papua New Guinea and parts of the Western Province in Solomon Islands
8 Federations within the credit union environment tend to be made up of state or provincial leagues that provide representation at a national level.
9 Leagues within the credit union environment tend to be made up of individual credit unions from a particular state or province and provide representation at a state level.
of the institution, sometimes it is to use the voice of the members of the institution in other community related issues (Lewis 1996). There have also been cases whereby local NGOs and government authorities have initiated the development of a peak body for the financial cooperatives (ACCU 1981). As these financial cooperatives mature and develop into more formal and financially sustainable institutions they are eventually able to pay the peak body a membership fee or subscription fee (Lewis 1996) which in turn enables the peak body to provide more sophisticated services back to their membership.

Peak bodies of these institutions tend to develop in two ways. Firstly they tend to begin life as a unified voice of the institutions, that is, they develop an advocacy focus for their institutional membership. More recently in financial cooperative movement history the federations or leagues have also sought to develop additional sources of income as often membership fees have been deemed to be inadequate to run a professional representative peak body (WOCCU 2012). Many of the movements around the world now have additional business services that the individual institutions can access on a fee for service basis. The peak bodies also often have a membership structure similar to the financial cooperatives whereby their members are the financial cooperatives who are also the users or customers of their services (WOCCU 2012).

In the case of even more mature financial cooperative movements they form what are called Centrals which act as an intermediary bank to the individual institutions with all of the associated banking services and back room functions that each smaller institution could not necessarily afford to offer their membership independently (Adrien 1997). The economies of scale of consolidating banking functions lowers the operating costs and enables the individual financial cooperatives the ability to offer products and services that they would not otherwise be able to such as credit cards, ATMs, chequing services etc. The Centrals are also able to provide liquidity services that enable small financial cooperatives to manage and receive a greater return on member’s deposits (Skully and Ho 1993).

In the case of Cambodia there is no national federation or league that encompasses all of the financial cooperatives. Cambodia is currently a patchwork of regional federations and networks. Many of Cambodia’s financial cooperative federations and networks were initiated by local and international NGOs, and have tended to operate in isolation and in many cases in competition with each other.

Unlike Cambodia there is one federation in Timor Leste called Hana Malu Federation (FHM) that serves the entire credit union movement with a number of self-help groups sitting under the guidance of individual credit unions (Ferreira 2012). The federation has
commenced a small program of centralized banking to generate a small amount of operating revenue for the federation. The federation serves as a conduit to report and supervise the credit union movement to the National Directorate of Cooperatives (Ferreira 2012). The Timorese credit union movement is small in terms of overall individual membership with approximately 6,000 members but large in terms of the number of institutions with 34 credit unions across the country with little over one million US dollars in assets (Drummond 2013). This is mainly due to the industrial bonded nature of the institutions and the role the government has played in the development of the credit union movement whereby the majority of the credit unions are public service bonded. There is limited potential for membership growth due to the prescriptive nature of the industry bonded structure which by its own design limits the number of people that can join the credit union.

The Solomon Islands Credit Union League (SICUL) is mandated as per the Solomon Islands Credit Union Act of 1986 (SICUL 2011) to undertake the supervision of the credit unions and be the reporting mechanism to the Registrar of Credit Unions in the Solomon Islands Central Bank (SICB). There are also over 300 Savings Clubs which SICUL are not formally charged to supervise however they have taken on the role to also be the central point of reference for these institutions and for disseminating information on how to start a Savings Club, selling manuals and operational materials to interested groups (SICUL 2011). One of the main sources of SICUL’s income is based on mandatory yearly registration fees from each of the credit unions. The league is in part funded by the SICB (CBSI 2012) but due to the geographical disbursement and size of the credit unions and savings clubs it has been financially and logistically difficult to provide services and supervision to their membership.

National federations and leagues come together to form regional confederations that are made up of a membership of national federations or leagues that represent a region of the world. In Asia there is the Asian Confederation of Credit Unions (ACCU) and in the Pacific there is the Oceania Confederation of Credit Union Leagues (OCCUL). The purpose of these regional bodies is to provide a regional voice (ACCU 2013; OCCUL 2013) on global financial issues such as Basel III and Anti Money Laundering (AML).

National leagues can be a part of these regional bodies and also be represented internationally by them or join individually to the World Council of Credit Unions (WOCCU) which is the worldwide body for predominately credit unions but also for other forms of financial cooperatives such as Building Societies and Mutual Banks in Australia, Cooperative Banks, Rotating Savings and Loan Societies in Africa, Savings and Loan
Societies in Papua New Guinea etc. (WOCCU 2013). The membership of this organisation sees the institutions or representative bodies subscribe to a set of principles that provide a guiding philosophy for the institutions (Table 1).

National governments often play an important role during the maturation process of a financial cooperative movement. As the institutions mature the influence of the state becomes more evident as the risk profile of the institutions increases (Brian Branch et al. 2008). The state’s role and influence in each financial cooperative movement tends to be focused around regulation and supervision to protect their citizen’s financial well-being (Birchall 2013b, 2013a). The state’s responsibility is to set the framework of regulation and supervision of all financial institutions with particular attention to those that are deposit taking.

Governments of developing nations pay differing attention to the regulation and supervision of financial cooperatives (Brian Branch et al. 2008). The attention paid is usually subject to the asset size of the movement along with the potential demographic spread of the institutions. Financial resources are allocated according to need along with the impact and risk. In Cambodia, Solomon Islands and Timor Leste the state plays a minor role in the overall regulation and supervision of financial cooperatives. Financial cooperatives often tend to serve the poor, the voiceless and the disempowered within society. Financial cooperatives are perhaps not always politically active nor powerful and therefore pose a low risk in the view of the state. This is especially the case in Cambodia where the government has paid little attention to the rise of financial cooperatives within its borders. This is partly due to the low risk that these present to the overall well-being of the finance system of Cambodia. The asset size of the institutions is comparatively small in relation to the formal banking system as well as the microfinance sector (National Bank of Cambodia 2013). Currently there is a draft financial cooperative regulation, Prakas (Proclamation) that has been developed and is awaiting the review of a parliamentary committee (National Bank of Cambodia 2008). The Solomon Island government has played a slightly more active role in financial cooperatives upon the urging of INGOs such as CUFA (Drummond 2008) and multilaterals such as the IMF and DIFID (Government of Solomon Islands 2002a) whereby the government enacted the Credit Union Act (1986) however a review of and revision of this act was undertaken.

10 Personal conversations with IMF Consultant Mr Pierre Seguin
in 2006 by WOCCU and CUFA with discussions held with the then minister for Finance, Gordon Lilo (now Prime Minister). The revised Act is currently sitting awaiting a parliamentary review committee to be formed.

In 2013 the Timorese government drafted a Cooperative Act and conducted some consultation with the community however the act was shelved. Pierre Seguin from the IMF has been working with a number of Pacific nations to assist in the development of financial cooperative regulation. Seguin met with the Vice Minister of Timor Leste Mr. Abel Ximenes and the Timorese government have agreed to having the IMF draft their act and that it would be presented to the government in June 2014.

Financial cooperatives when viewed from a macro perspective have low visibility within government due to numerous reasons including: the disempowered people that these institutions usually serve, the financial size of the institutions and often due to logistical, financial and geographical challenges. For governments of developing nations it is often problematic to regulate and supervise these small diverse institutions especially were resources are scarce. These issues are compounded where governments have low capacity and low awareness of the financial cooperative sector (Turtianen and Ward 2007).

2.2.3 Organising and Operating Principles of Financial Cooperatives

Financial cooperatives are only one type of cooperative; there are agricultural, productive (sometimes called multipurpose), consumer and manufacturing types of cooperatives. Regardless of the type of cooperative there are similarities in the manner in which they operate and relate to their membership. Many financial cooperatives belong to both the International Cooperative Association (ICA) and the World Council of Credit Unions (WOCCU). Each of the organisations have a set of principles under which their membership must operate. The credit union principles and philosophy is based on ‘liberal and Christian ideals’ (Cutcher & Kerr 2006: 34). A philosophy that can unite people and create shared norms and a sense of shared values and a common identity. The principles of each peak body are similar.

11 Personal conversations with the President of Hana Malu Federation, Mr Elizario Ferreira and IMF Consultant Mr Pierre Seguin.
Table 1 Cooperative Principles

<table>
<thead>
<tr>
<th>ICA</th>
<th>WOCCU</th>
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<tbody>
<tr>
<td><strong>Voluntary and Open Membership</strong></td>
<td><strong>Democratic Structure</strong></td>
</tr>
<tr>
<td>Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.</td>
<td>Membership in a credit union is voluntary and open to all within the accepted common bond of association that can make use of its services and are willing to accept the corresponding responsibilities.</td>
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<tr>
<td><strong>Democratic Member Control</strong></td>
<td><strong>Democratic Control</strong></td>
</tr>
<tr>
<td>Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.</td>
<td>Credit union members enjoy equal rights to vote (one member, one vote) and participate in decisions affecting the credit union, without regard to the amount of savings or deposits or the volume of business. Voting in credit union support organisations or associations may be proportional or representational, in keeping with democratic principles. The credit union is autonomous, within the framework of law and regulation, recognizing the credit union as a cooperative enterprise serving and controlled by its members.</td>
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<tr>
<td><strong>Non-Discrimination</strong></td>
<td><strong>Non-Discrimination</strong></td>
</tr>
<tr>
<td>Credit unions are non-discriminatory on all grounds, including but not limited to race, orientation, nationality, sex, religion and politics.</td>
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<table>
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<tr>
<th>ICA</th>
<th>WOCCU</th>
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<tr>
<td><strong>Member Economic Participation</strong></td>
<td><strong>Service to Members</strong></td>
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<tr>
<td>Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.</td>
<td>To encourage thrift through savings and thus to provide loans and other services, a fair rate of interest is paid on savings and deposits, within the capability of the credit union. The surplus arising out of the operations of the credit union after covering the cost of finance, operating costs, provisions for loan losses and ensuring appropriate capital reserve levels, belongs to and benefits all members with no member or group of members benefiting to the detriment of others. This surplus may be distributed among members in proportion to their transactions with the credit union, as dividends on shares or directed to improved or additional services required by the members.</td>
</tr>
<tr>
<td><strong>Autonomy and Independence</strong></td>
<td><strong>Building Financial Stability</strong></td>
</tr>
<tr>
<td>Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.</td>
<td>A prime concern of the credit union is to build the financial strength, including adequate reserves and internal controls that will ensure continued service to membership.</td>
</tr>
<tr>
<td></td>
<td><strong>Service to Members</strong></td>
</tr>
<tr>
<td></td>
<td>Credit union services are directed to improve the economic and social well-being of all members.</td>
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</tbody>
</table>
The Operating Principles of Financial Cooperatives are categorized into three main areas, that of **Democratic Structure** where the principles speak to 1. Open and Voluntary Membership, 2. Democratic Control and 3. Non-discrimination. The second area is **Service to Members** that covers 1. Distribution to members to ensure members are provided with fair rates of interest and dividends on shares in the institution, 2. Building Financial Stability, and 3. Service to Members that ensures that the financial cooperative improves the economic and social well-being of all members. The last area is **Social Goals** which actively promote 1. On-Going Education, 2. Cooperation among Cooperatives and 3. Social Responsibility. In the following sub-sections I will expand further on each of these main areas to demonstrate the linkages of the operating principles to the social components of the financial cooperatives. This will highlight the institutionalized social processes that are at play in the everyday operation of a financial cooperative.
Democratic Structure

There is a strong focus on the democratic voice of the institution’s membership. As Lewis has argued ‘In its purest expression the democracy principle is about participation and means, literally, the active involvement of members in key business and policy decisions’ (Lewis 2006: XV). Cooperatives are by their very nature an institution that is both owned and serves the same people. The strength and power of this principle is dependent upon the scale and structure of the institution. When the institutions are small and developing ‘The decision making process tends to emphasize maximum involvement by members and the subordination of boards of directors and management teams to the will of the members expressed collectively through general meetings’ (Birchall and Simmons December 2004: 487 - 88). The larger the institution grows the more difficult it becomes to ensure that democratic principles are embodied within the decision making of the organisation. As the financial cooperative grows and professionalizes (Mason 2010) the membership become disconnected with the institution and its daily operation and a resulting growth in Absentee Membership (Kelly 2012: 169) occurs whereby the member moves from having a voice and agency within the institution to being a customer and beneficiary (Mason 2010). The democratic nature of the financial cooperative becomes formalized and controlled to a position whereby the exercising of agency over the institution is limited to the election of a board of directors. Putnam has argued that democratic participation within an associational environment ‘allow individuals to express their interest and demands on government and to protect themselves from abuses of power by their political leaders’ (Putnam 2000: 338). ‘Underlying democratic institutions there is thus a hidden tendency that often leads men to contribute, despite their faults and errors, to the general prosperity…’(de Tocqueville 2004: 268).

Service to Members

Members as owners of the institution need to balance the personal benefits arising from their membership with the institutional health of the organisation. That is, the purpose of the financial cooperative is to build the wealth of the member but at the same time ensure continuity and sustainability of the institution. This means that while the member should receive fair interest for their savings, they should be charged reasonable rates of interest on their loans. They cannot be at such levels that jeopardize the financial wellbeing of the institution as this would also harm the member as an institutional owner. The research data often reflects the member’s desire for lower interest charged on their loans but as owners of the institution and recipients of institutional dividends the management of the financial cooperatives need to weigh the two objectives carefully so as both are balanced off against each other. The need to build financial stability in the institution
benefits the whole community and provides longevity and therefore ongoing capacity to meet the community’s financial needs. Service to members means that there is a balance in ensuring ‘economic and social well-being of all members’ (World Council of Credit Unions 2007).

Social Goals

Member education is seen as an avenue to promote the ideals of the cooperative movement but at the same time assists in the strengthening and development of individual institutions and the general community. The educational emphasis on thrift and the wise use of credit is highlighted in the worldwide cooperative phrase that has been in use for many years of, “Borrow wisely and repay promptly” and “Not for Profit, Not for Charity, But for Service” (Lewis 1996: xix). Members are taught the principles of mutual self-help and democratic principles in seeking ‘to bring about human and social development’ (World Council of Credit Unions 2007: 2). The utility of credit unions as an educational tool is best summed up by Father Marion Ganey when he was quoted as saying, as he travelled around the Pacific helping to start credit unions, ‘Credit unions teach people about money’ (Runcie 1969: Preamble).

Mutualism has been defined as ‘self-help through cooperation’ (Mathews 2008: 45) ‘Rational mutuality can provide purpose and meaning in people’s lives, while lack of mutuality can adversely affect self-esteem’ (Jordan 1985: 1). However the meaning of the term mutuality can shift over time ‘to bring stability and cohesion …[in] a changing economic and social environment’ (Cutcher & Kerr 2006: 42).

The philosophy of the cooperative movement is one of cooperation in place of competition. ‘Cooperation among cooperatives’ (World Council of Credit Unions 2007: 2) is the manifestation of this belief system whereby globally cooperatives work closely together ‘at a local, national and international level in order to best serve the interests of their members and their communities’ (World Council of Credit Unions 2007: 2).

Jarley (2005) has argued that unions can have more meaning and value by capitalising on the ‘naturally occurring social networks that tie members together’ (Jarley 2005: 1). He argues against a ‘service model’, or what I have called professionalism (Mason 2010) to one that focuses on social capital formation and the role of mutual aid. Where the institution and its ownership and leadership is within a ‘Rooted membership’ (Kelly 2012: 169).
2.2.4 Organisational Models and Types of Financial Cooperatives

Globally there are many different types and forms of financial cooperatives, each adapted dependent upon the influences within the environment it is found. Using an aerial view there are two organisational models of financial cooperatives. The first being a grassroots type of financial cooperative where the decision making and the control of the institution is positioned in the hands of the member with the benefits flowing directly to the member. The second model is that of the Desjardins type of structured organisation whereby there are *Caisses Populaires* and *Caisses d’Economie* (credit unions) which ‘are assembled under a single federation’ (Desjardins Group 2013). This form of financial cooperative gives a central body (the federation) the control over the institution. Under this model the institutional members need to sign up to conditions around the way their financial institution is run and marketed to the community. It could be described as cooperative franchising whereby the federation, which is governed by its members, dictates the strategic direction and management of the institution. In this model the individual member’s voice is located within the peak body through their representative from their cooperative rather than at the local institutional level. While they directly elect their representatives onto the board of their institution the major decision making related to their institution is located at a federation level. The federation board is in turn elected by the individual institutions and so the member’s democratic voice is far removed from the actual individual institutional decision making.

When using the prism of either a grassroots managed organisation or a top down management structure the financial cooperatives of Timor Leste and Solomon Islands fit neatly into the bottom up model approach, as do many of the Cambodian financial cooperatives within this research. The exception is those surveyed from Cambodian Community Savings Federation (CCSF) which increasingly has moved from being community controlled institutions to one of being directed by the federation.

2.2.5 Emergence of Financial Cooperatives (Endogenous, Exogenous)

Financial cooperatives emerge in various ways and through numerous influences. Some institutions are developed through local leadership and others through the influence of local or international NGOs or through state initiatives. In Asia many of the cooperative movements have been developed on the basis of charismatic figures that seek to spread the message about the social and economic benefits of cooperative approaches to financial services. In the Pacific these charismatic figures have mostly been religious actors such as Father Ganey (Biumaiono 2013; McClure 2011). Usually these individuals tend to go village to village and generate significant interest where in the following years a regional or national financial cooperative movement emerges.
The Cambodian financial cooperatives within this research emerged from the work of predominately three groups or individuals. The CCSF group of financial cooperatives emerged from an international project run by CARE Australia and CUFA, whereas both the CAC and the CFIN group were initiated by a Cambodian, Mr. Sarinda Vong who had a depth of experience with financial cooperatives and excellent community development skills. He was able to build a local NGO structure around groups of financial cooperatives to provide support and technical assistance. The Flifly financial cooperatives were developed by a local NGO.

The financial cooperatives in the Solomon Islands emerged through a combination of influences. Credit unions started to emerge in the Pacific in the 1960’s through the work of the Jesuits and the Catholic Church (McClure 2011). During the 1980’s the Solomon Island government in partnership with DFID undertook a program to develop credit unions on the main islands. In 1986 the Credit Union Act was passed recognizing the reach of these institutions. During the 1990s CUFA built on this work and implemented a smaller scale cooperative model of Savings Clubs that could service the needs of smaller groups of people that didn’t have the population and human capacity necessary to operate a formal financial institution (CUFA 2002).

The credit union concept was first introduced to Timor Leste by the Reverend Albert Karim from Germany in 1990 when the Timor Leste was part of Indonesia. In the first year five credit unions where established, two in Dili and one each in Bobonaro, Sare and Aitabe. In the early stages the credit unions were supported by Yasasan Ema Mata Dalan Ba Progressu (ETADEP). The cooperative movement during Indonesian times developed multi-sectoral cooperatives called Koperasi Unit Desa (Cooperatives in the Village Unit) which were run by the Village Chief, only later did government bonded credit unions emerge after independence. The first incarnation of the Hana Malu Federation was established on the 24 April 1996 and was re-established again in 2009 with the assistance of CUFA.

The levels of success in financial cooperative development are influenced by external factors. There have been numerous reports and studies (Adusei and Appiah 2011; Besley et al. 1993; Glenk et al. 2009; Mathews 2003) as to the reasons for failure of cooperatives. Huppi and Feder (1990) have argued government supported cooperatives have often failed due to the desire for them to develop quickly rather than giving them time to mature at their own pace. ‘many failures have frequently been the result not of intrinsic faults with the concept of group ownership, nor members’ own mistakes, but of overzealous or misdirected efforts by governments or other agencies…’(Harper and Roy
Governments, and for that matter donors, expect sustainability in short periods of time which is not possible if the members have not had sufficient time to develop relationships and norms within their institution. There are those that argue that cooperatives will only be successful if they emerge through their own endeavours without any external assistance (Shah 1996). If trust is a key element of successful financial cooperatives then, as Uslaner (2003b) has asked, how can the state manufacture this trust? Uslaner (2003b) argues that the inherent democracy within the process of government doesn’t produce more trust unlike Levi (1998) who has argued that it is the economic equality and the surrounding government policies that creates trust. Conversely Veenstra (2002) has argued that the influence of trust and participation within the civil space impacts the performance of governments and economic growth.

2.2.6 Financial Cooperatives and Microfinance

There are tensions between the financial cooperative movement and the credit driven, neoliberal, commercial forms of microfinance. The tensions are located within the nature of the supply driven approaches of credit focused microfinance institutions and the demand driven cooperative sector as well as the disempowerment of the community within a supply driven microfinance context as opposed to the community centered approach of the financial cooperatives.

The concept of commercial/supply driven microfinance is a much more recent development, emerging in the 1970s from what was subsidized credit. Much of the subsidized credit market was framed around rural finance projects that were mostly provided to fund agricultural production which were focused on increasing agricultural production to improve food security. (Clarke & Parris 2011). Today more often the aim of microfinance is poverty alleviation with the goal of improving livelihoods and providing access to improve education and health opportunities (Conroy 2003). Generally early microfinance programs which were aimed at alleviating poverty were focused on microcredit as a way of improving the poor’s’ access to credit from the formal market. Clarke & Parris (2011) argue that the value and importance of saving as a tool against future shocks was recognised in the later stages of the development of the microfinance sector. It was only in the 1990s that many of the microcredit focused organisations understood that for their programs to become sustainable they needed to broaden their financial service provision to include not only savings products but also micro insurance, and remittance products and services (Conroy 2003; Cornford 2001).

Financial cooperatives tend to emerge from an identified need of community when they have been excluded from formal financial services (Brodrecht 2012; Evans et al. 2006;
Myers et al. 2012). Financial cooperatives mostly begin their life as a safe place to save and borrow (Evans and Ford 2003; Evans and Klaehn 2004). The sophistication of the products and services varies as the emerging institutions are managed and staffed by the members as volunteers. Financial cooperatives that are truly community owned take time to develop and mature, often over many years (Olyuyombo 2012). Financial cooperatives are managed and governed by the community of members and so the institution develops in pace with the skill development and education of the members (Huppi and Feder 1990).

Table 2 Comparison of Financial Cooperatives and Microfinance

<table>
<thead>
<tr>
<th>Financial Co-operatives</th>
<th>Microfinance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand driven</td>
<td>Often supply driven</td>
</tr>
<tr>
<td>Grassroots decision making</td>
<td>Centralised/Top down decision making</td>
</tr>
<tr>
<td>Member owned</td>
<td>NGO/ Commercially driven</td>
</tr>
<tr>
<td>Democratic voice</td>
<td>No voice/ voice as customer/consumer</td>
</tr>
<tr>
<td>Products and services designed for the local market by the members at a grassroots level</td>
<td>Products and services designed and implemented by head office/ sometimes community consultation feeds up to decision makers</td>
</tr>
<tr>
<td>Participant and member</td>
<td>Beneficiary, Recipient, Customer</td>
</tr>
<tr>
<td>Scalability and reach driven by community / member decision making and demand</td>
<td>Scalability and reach driven by economic considerations/ profit and reach/donor requirements</td>
</tr>
<tr>
<td>Human capacity developed congruently with institutional growth</td>
<td>Human capacity purchased /Externally accessed</td>
</tr>
<tr>
<td>Large dependence on volunteerism for board/committee and staff at early stages of development</td>
<td>Purchased managerial expertise External governance expertise</td>
</tr>
<tr>
<td>Combined social and economic drivers, although in developed economies increasing at driven by economic concerns</td>
<td>Mostly economic drivers but can have social focus however sometimes driven by donor requirements</td>
</tr>
<tr>
<td>Loan disbursement based on cross guarantees, savings record as a member, trust and reputation – The founding principle is to take no collateral for loans (in more mature, highly regulated markets the credit unions are required to take collateral)</td>
<td>Often collateral is the basis of loan process</td>
</tr>
</tbody>
</table>

Source: (Mason 2011a) adapted from (World Council of Credit Unions 2007) and (Clarke & Parris 2011)

Table 2 contrasts the tensions that lie within the differences between financial cooperatives and commercial/supply driven microfinance

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12 In this instance commercially driven can also refer to microfinance institutions that are initiated and/or managed by both local and international NGOs
2.2.7 Financial Cooperatives, Poverty Alleviation and Social Capital

The role of financial cooperatives in the alleviation of poverty through the development of social capital is a significant and important area of research that deserves particular attention and could be the area of further research following on from this thesis. While I acknowledge its importance and the need to highlight the connections it is not the purpose of this thesis to explore these connections in depth but to critically outline the links that financial cooperatives have to the development of social capital.

Financial cooperatives assist in the development of community, through the activity of operating and governing the institutions as well as through the provision of products and services to their members and by extension to their community. They build a sense of common good, they facilitate social interaction and build social relationships and enable the community to engage in self-help along with developing a sense of identity through collective action (Albee and Gamage 1996; Brown 2002; Evans et al. 2006; Mathews 2003). ‘People, regardless of their economic & social circumstance, have the capacity to change and improve their lot, given proper motivation and means to do it. Self-help and mutual help are key to successful credit unions’ (Romulo Villamin, NATTCO in Matthews 2006: 1).

Chambers understands poverty alleviation to be premised on strategies which must be connected ‘with the realities of people who are marginal, [and] vulnerable…’(Chambers 2010: 16). The inclusion of civil society is as critical to social development as the state and the market (Neamtan 2002: 7). ‘A country’s economic development is embedded in its social organisation…’ (Narayan 2002: 58). Social capital and the associated social networks within economic development is seen as essential for growth or as Putnam has called it ‘network capitalism’ (Putnam 1993a: 5). ‘informal and formal relationships on both the organisational and individual levels play a role in legitimation, creating awareness and mobilizing for change’ (Brown 2002). Cooperatives’ role in assisting in the alleviation of poverty is however contested (Vicari et al. 2008: 2). Simmons and Birchall (2008) have argued that the results are varied from country to country and are impacted by structural influences such as the ownership and control as well as macro-economic factors of state governance.

2.3 Social Capital

The term social capital was first used by Hanifan in his article The Rural School Community Centre published in September 1916. He presented it as the property of communities based on goodwill, fellowship, sympathy, and social intercourse (Hanifan
Hanifan described social capital as a resource that could be utilised to improve community wellbeing (Hanifan 1916: 130-31).

‘In the use of the phrase social capital I make no reference to the usual acceptation of the term capital, except in a figurative sense. I do not refer to real estate, or to personal property or to cold cash, but rather to that in life which tends to make these tangible substances count for most in the daily lives of people; namely good will, fellowship, sympathy, and social intercourse among the individuals and families who make up a social unit...The individual is helpless socially, if left to himself...If he comes into contact with his neighbor, and they with other neighbors, there will be an accumulation of social capital, which may immediately satisfy his social needs and which may bear a social potentiality sufficient to the substantial improvement of living conditions in the whole community’ (Hanifan 1916: 130).

Nearly 100 years later the ideas of Hanifan are still relevant to the way in which financial cooperatives develop. ‘Social capital is...investment in social relations with expected returns’ (Lin 1999a: 30). Social capital is also defined as the ‘social networks, the reciprocities that arise from them, and the value of these for achieving mutual goals’ (Baron et al. 2000). ‘Social Capital, in short, refers to social connections and the attendant norms and trust’ (Putnam 1995).

Fine (2010) argues, this approach to social capital has been misappropriated to meet the needs of a neo-liberal agenda. Social capital is now used as a common tool to understand and to articulate the organisational and economic development of civil society. Social capital is now seen as an instrument to understand “the social” within business, economics, organisational behaviour, political science, and sociology, and is often defined as the advantage created by a person’s location in the structure of relationships. It explains how some people gain more success in a particular setting through their superior connections to other people. Theoretically, social capital has been conceptualised at multiple levels (Grootaert and van Bastelaer 2002c). Social capital can be viewed at either a national level (Uslaner 2003b), organisational level (Rothstein and Stolle 2003) and/or at the individual level (Bourdieu 2002). Considerable research has been conducted in the area of social capital; however, researchers are just beginning to integrate social capital across the different dimensions of the various types of analyses (Michael Woolcock and Narayan 2007). My thesis seeks to contribute to this field of understanding the multivariate approach to social capital.
There is no consensus on how to measure social capital, which is seen as one of its weaknesses (Fine 2010). Measuring social capital has proven somewhat complicated. The term social capital is argued to have similar (although less measurable) benefits to that of the classical theory of capital (Parsons 1947). However, the analogy with capital is misleading to the extent that, unlike traditional forms of capital, social capital is not depleted by use, but in fact depleted by non-use ("use it or lose it") (Halpern 2008). In this respect, it is similar to the now well-established economic concept of human capital (Coleman 1988). New insight into social capital is provided by the work of sociologists Bankston and Zhou (2002) who point out that the concept of social capital is based on an imprecise metaphor. They observe that social capital does not consist of resources held by individuals or groups, but of processes of social interaction leading to constructive outcomes (Zhou and Bankston 1994). Social capital has also been largely defined as the resources available to one through the networks that they hold (Bourdieu 2002; Esser 2008).

The contested nature of social capital has been debated and questioned (Fine 2003; Gargiulo and Benassi 2000; Macinko and Starfield 2001) and yet there is a lack of any consensus on its form, position or benefits. The purpose of this thesis is not to determine the merits of the arguments around the existence of social capital but to acknowledge its existence, examine the debates and move to looking at social capital in context to financial cooperatives.

2.3.1 The Contested Definition
Social capital is now permeating through all aspects of life from academic circles, community organisations, policy making, at a local, regional, national and global level. Its’ impact can perhaps be attributed to the shift in western political theory away from the state and the citizen to the space in-between, that of the civic space (Newell 2008). Social capital then follows both the contemporary liberal democratic theory and that of the ‘third way’ (Giddens 2013) as a form of communitarianism. ‘In both cases, civic space or community is the starting point of analysis, rather than either the rights-bearing citizen, liberalism or the equality-bearing state of socialism or social democracy’ (Arneil 2006: 1). Due to this separation from the state and the citizen it is therefore above the simple left and right divide. It, according to Arneil (2006), challenges both ideologies of the modern era, that of liberalism and of socialism.

Fine (2003) wishes to understand social capital away from postmodern interpretations loaded with meaning, subjectivity and relativism. Fine views social capital within a framework of how it is constructed and experienced. He also distances his position from
neo-liberal writings (Becker 1976; Coleman 1988) on the subject to move away from looking at social capital through a market lens, that is, social capital does not necessarily need an economic foundation to view its properties. The all invasive presence of the market within the state and the commercialization of culture within society that treats social capital as being quantifiable and marketable as a commodity is a highly contested space (Fevre 2000; Halpern 2008; Solow 2000). The argument against an economic imperialist approach whereby social capital is a non-market phenomena (Fine 2003) is then often treated as a commodity that has a market and a value through a rational choice approach (Becker 1976; Becker and Murphy 2000; Coleman 1990b). Treating social capital as a commodity sought after through self-interest is premised on the widely accepted understandings of human capital and the resulting ideas of its presence within the market (Coleman 1988). At its core is the rational individual (Coleman and Farraro 1992) in terms of agency but this approach also enables individuals to organise collectively (Tyler 2011). It has moved the debate from an economic imperialist argument that sees individual rational choice driving the market to a position whereby we understand that there are market imperfections that enable individuals to join together to create institutions, culture and norms to generate trust within their network (Eriksson 2011). This approach allows an evolved response to non-economic performance to cater for perceived market imperfections whereby they are no longer unconsidered within the economic disciplines. The World Bank has used social capital from a functionalist approach as a tool that enables markets to work better (Bebbington et al. 2006) and to activate communities within the context of self-help. Cynically it allows the World Bank to influence the development projects through the community’s act of participation. Bourdieu would see this as how oppression and power could manifest itself in influencing the economy and the culture (Castiglione et al. 2008: 3).

Social capital’s fungible nature enables it to be utilized in multiple ways. ‘Social capital, like globalization, can be turned to examine almost any issue, to deploy almost any methodology, method and theory, to be empirical, conceptual or technical, to range over time, place and context, to contribute to any discipline and to interdisciplinary study, and to revamp old ideas, publications, funding proposals, and projects as if they were new’ (Fine 2003: 40). Herein lies the danger of reductionism as there is a problem in the various analysis being put forward within a social capital framework, insofar as viewing these as having commonalities and in doing so their difference is lost (Baron et al. 2000). Gender, ethnicity and culture are treated as a tool to generate social capital rather than the social capital itself (Arneil 2006; Lin 2008). Fine (2010) argues social capital is
ahistorical and asocial and that we must be sensitive to the specificities and context within which it is used. (Fine 2010).

Putnam (2000) and Coleman (1988) theoretical underpinning of the manifestation of capital as a concept is also problematic as they see social capital, as with other forms of capital, accruing through hard work and commitment and having the promise of a dividend in the future, with the ability for it to appear that it is available to anyone, with the right choices and with putting in their own time. For Coleman (1988) and Putnam (2000) social capital is uncomplicated and unproblematic however through it’s very construction it becomes problematic if culture, gender or ethnicity is unconsidered. It is by its nature positive in all facets, the outcomes are positive and its functional nature can create greater means according to Putnam (2000). Putnam (2000) and Coleman (1988) position social capital differently to other forms of capital in terms of its benefits. While other forms of capital benefit the individual, the benefits of social capital can return to others rather than necessarily the individual. Others may reap the benefits rather than the individual who has put in time and energy (Coleman 1988; Putnam 2000).

Bourdieu (2002) positions capital in three forms; Economic, Cultural and Social whereby the term capital is the differentiation of power associated with these forms of capital. It is the role that history and power play in the makeup of civil society and therefore is not free flowing nor does it have the functional attributes of a means of exchange in a laissez-faire manner, it is loaded with historical power relations (Siisiainen 2000; Swartz 1997). Within this conceptual framework social capital cannot be seen to be a benign force, and it cannot be argued that it operates to everyone’s benefit or interest.

The difference between Bourdieu and many of the American School of social capital is the preference for networks and resources. The American School of social capital focuses on the functionalist approach whereby social capital depends upon the transformational qualities of connectedness which generates trust and the resulting “lubrication” that improve societies and the way in which they function.

Jean Cohen and Arato (1992) argue, based on Gramsci’s theory of hegemony ‘civil society is not a space within which individuals cooperate in various associations and come together but a locus of contestation and division where the hegemony of one culture fights to dominate others’ (Arneil 2006: 9). Cohen (1999) argues that using Gramsci’s notion of hegemony sees civil society not as natural but as a state of social contestation ‘its associations and networks are a terrain to be struggled over and an arena wherein collective identities, ethic values and alliances are forged. Indeed, competing conceptions of civil society are deployed in a continual struggle either to

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maintain cultural hegemony by dominant groups or to attain counter-hegemony on the part of subordinate collective actors’ (Jean Cohen 1999: 214). When we use concepts such as “sites of contestation” it becomes more tangible in terms of the positioning of minorities and the positioning of justice. Bourdieu’s use of power within networks and resources in place of trust and shared norms make his positioning of social capital easier to frame within a society which is diverse and multicultural (Arneil 2006; Bourdieu 2002; Siisiainen 2000).

Arneil (2006) goes beyond Bourdieu’s analysis of class to include a gendered and cultural analysis of social capital. What is absent from Bourdieu’s argument is the dimension of resistance and agency by minority groups which is curious given his focus on power relations. So in addition to Bourdieu’s analysis, Arneil (2006) argues that not only do you need to look at social capital in terms of accumulated power relations within the environment of the various groups of people but we must also look at the resistance and agency of the marginalised groups and the growth of this resistance historically to the boundaries and norms.

2.3.2 The Theorists: Coleman, Putnam and Bourdieu et al

Hanifan (1916), a young progressive educator and social reformer, a Presbyterian, Rotarian and Republican believed ‘that the grave social, economic, and political problems of the communities in which he worked [nearly a century ago] could be solved only by strengthening the networks of solidarity among their citizens’ (Putnam 2002: 4). He understood that some of the older customs of reciprocity and community spirit had fallen away. The disintegration of civic engagement had been replaced by family isolation.

Since Hanifan (1916) social capital has been utilised in a range of disciplines including sociology (Bankston and Zhou 2002; Loizos 2000), political sciences (Maloney 2008; Rothstein and Stolle 2008; Uslaner 2003a), economics (Cersosimo 2008; Krishna 2008; Michael Woolcock and Radin 2008), public health (Jain et al. 2012; Macinko and Starfield 2001), education (Coleman 1990a; Szczerer 2000), urban planning (Rosero-Bixby 2006; Thomas 2002), criminology (Buonanno et al. 2009), organisational development (Leana and van Buren 1999; R. C. Mayer et al. 1995; Thornton and Jaeger 2006), and international development (Babajanian 2008; Pantoja 2002; Reid and Salmen 2002). The outcomes from these studies are numerous and speak to the way in which social capital is entrenched within our everyday life. Scholars have positioned social capital in a multiplicity of ways, as having both positive (Putnam 1992, 1993a) and negative (Bourdieu 1985) features and benefits, being located in the institution (Rothstein and Stolle 2008), the community (Hooghe 2003), individual (Bourdieu 1985) or the
relationship between (Coleman 1990b). There are nearly as many positions and variance in the understanding of social capital as there are scholars in this field of inquiry. It would be extremely easy to be caught focusing on the debates rather than the primary research question. There is however significant value in understanding the theoretical positioning of some of the social capital luminaries in order to provide some context to the research that I have undertaken in this thesis.

Social capital is a highly contested concept however using Claridge’s (2004) timeline of the development of social capital theory (Figure 1) the reader can understand how the debate has developed and how there is an alignment of theorists in respect to the two different schools of social capital thought has advanced.

Figure 1 Contemporary Authors on Social Capital

![Figure 1 Contemporary Authors on Social Capital](source)

Source: (Claridge 2004: 21)

Each of the arrows in Figure 1 demonstrate the theoretical splintering based on other theorists work. Moving forward to 2014 theorists are still fragmenting further as the field of social capital inquiry develops, however for the purposes of clarity and to ensure the robust nature of the resulting Social Capital Schematic I have endeavoured to utilize only highly cited scholars of each component and theoretical branch of social capital. I have cited a number of theorists published more recently including a number of Australian social capital scholars (Cox 2002; Onyx and Bullen 2000; Onyx 2005), their work is
founded on that of either the European School or American School of social capital. The American School of social capital, that of Putnam (1992, 1993a, 2000) and Coleman et al, (1988, 1990b) see it as existing outside of the state and with perceived positive qualities such its aggregate nature, connectedness, solidarity and generalized reciprocity. The European School of social capital, that of Gramsci (1995) and Bourdieu (Bourdieu 2002) offer a more negative view of the qualities of social capital as well as positioning it structurally. Within the European School, questions are raised as to the often exclusionary nature of social capital and the assimilationist features and whether they embrace ‘a principle of transcendent unity as a centerpiece of community will...’ (Arneil 2006: 240).

The positioning of social capital by theorists can also be divided three ways as highlighted in Figure 2, those which posit that it resides in the individual and class, which is a more structural approach such as that taken by Bourdieu (1995). Then there are theorists such as Coleman (1988) and Foley (1996) that position it within the family and community and then others such as Putnam (1992, 1993b, 1995, 2002) Woolcock (2002), Narayan (2001), Fukuyama (2000b, 2001, 2002) that position it within the community but also within the cultural context and agency of the actors.

Figure 2 Contemporary Authors Level of Study of Social Capital

<table>
<thead>
<tr>
<th>Levels of analysis</th>
<th>Bourdieu</th>
<th>Coleman</th>
<th>Putnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual / class</td>
<td>Titles/names, Friendships/associations, Memberships, Citizenship</td>
<td>Family size, Parental presence in the home, Mother's expectation of child's education, Family mobility, Church affiliation</td>
<td>Memberships in voluntary organizations, Voting participation, Newspaper readership</td>
</tr>
<tr>
<td>Family / community</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community / region</td>
<td></td>
<td></td>
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Source: (Claridge 2004: 19)

Robert Putnam

The most cited social capital theorist is Robert Putnam whom has loomed large in this area. Putnam was one of the first scholars utilizing social capital to step outside of the normative theory of civic space and arm himself with quantitative data which reinterpreted the civic space based on empirical science (Putnam 1992, 1993a, 2000, 2001, 2002).
Putnam believed that central to the quality of demographic politics is the performance of interest groups and associations. He sees a strong civil society as a good check on the state. Civil society organisations are not the only institutions and mechanisms available but are an essential part of developing sound and sustainable democratic institutions. The quality of associational life is seen as an indicator of the accumulation of social capital that a community possesses (Putnam 1993a, 1995).

While Putnam acknowledges forms of negative social capital he sees it as a requirement for a well-functioning, democratic government and for economic development. This view of Putnam’s has been developed through his understanding of Alexis de Tocqueville’s (2004) sense of civil society and democracy. De Tocqueville (2004) argued that Americans had a propensity to create and join voluntary associations that were neither part of the market nor part of the state. Being neither part of the state or the market enables these communities of interest to capitalise on, and invest in, aspects of their community life through coming together to build trust, social norms and networks which allows community members the ability to achieve shared objectives (Putnam 1995).

Putnam’s (2000) underlying assumption is of a civil society that is good and that which is a vehicle for people to work together to achieve shared goals and interests through trust and reciprocity. This is an idealised notion of Tocquevillian civil society although as Foley and Edwards (1996) have argued, de Tocqueville’s position on civil society is far more complex and contested than perhaps Putnam’s interpretation. Foley and Edwards (1996) have argued that de Tocqueville saw the associationism emerging out of an egalitarian society framed within particular social and political conditions unique to America at the time. De Tocqueville saw egalitarianism as Janus faced for ‘if men are to remain civilized, or to become so, they must develop and perfect the art of associating to the same degree that equality of conditions increases among them’ (de Tocqueville 2004: 599). De Tocqueville (2004) saw conformism and mediocrity which associations had emerged to address.

Putnam addresses the tensions of collective action (Putnam 1995) that flows from associationism. The individualistic aims of the one according to Putnam can be overcome by understanding that unlike economic and human capital, social capital does not belong to the individual or to institutions but resides in the relations between the actors. This type of capital can only be drawn down upon by collective action and/or cooperation rather than through the individual. Putnam provides us with Bonding and Bridging social capital (Putnam 2000) to explain the differential abilities of groups to access and exchange social capital. Bonding social capital is that which is accumulated
and generated within a tightly defined group whereas Bridging social capital is that which is where closed groups link with other groups. Putnam’s social capital has been criticized for being oversimplified and under-theorised particularly through the lack of acknowledgement of the conflictual nature of civil society (Arneil 2006; Foley and Edwards 1996: 40-41). Putnam elevates social capital based on democratic values and attitudes.

Organisations such as the World Bank and other development practitioners grasped Putnam’s use of social capital and the way he uses trust based voluntary associations as a key constituent of civil society (Grootaert and Van Bastelaer 2001, 2002c; Grootaert et al. 2004). It is within these civic institutions for Putnam that he normalises social capital within the social networks to engender cooperative action within society both within the institutions and the actors (Putnam 2000). This amalgamation of social capital into civil society has enabled the international development community (to some extent) to see the social capital within these institutions and communities as a panacea to development requirements in emerging nations.

James Coleman

James Coleman (1988) put social capital back into scholarly writing in the late 1980s, using it to understand the social setting of education as Hanifan (1916) has done at the start of the century. Coleman looks at the wider environment both civic and non-civic areas and provides a theoretical basis for the way social capital is distributed. There are three components of social relations that are useful within the exchange which is trustworthiness, obligations and expectations (Coleman 1988). Using this model social capital both enables and constrains action. Coleman (1988) argues there are two types of structure that enables social capital to accumulate. The first structure being closed social networks which is used to effect action, that is, to provide a framework to enable sanctions and provide norms and values by which people’s actions occur. Within this there is a structure of trust that can be used to imply obligations and create expectations. The second being social organisations such as voluntary organisations that are focused on a purpose.

Coleman (1988) views social capital as behaving as other capital in as much as it is productive and enables outcomes that without it would not be possible. He ascribes other attributes to social capital, he sees it as being specific to particular activities and is not always useful in every context and in fact can be harmful in certain situations. Coleman (1988) sees social capital deviating from other types of capital whereby it is not separate from, but inherent in, the structure of the relationship between the actors. Coleman
(1988) is able to demonstrate that social capital is not the preserve of the elite and powerful and that there is an accumulation of social capital within poor and marginalised communities and therefore social capital can benefit the group rather than just the individual which is accompanied by reciprocity, associated trust and shared values. Coleman (1988) endeavours to undertake an inter-disciplinary approach using economics and sociology within his theoretical writing as he places social capital within rational choice theory framework. ‘Rational choice (or rational action) theory shares with classical economics a belief that all behaviour results from individuals pursuing their own interests; social interaction is therefore viewed as an exchange’ (Field 2006: 21).

Coleman (Coleman 1988; Coleman and Farraro 1992; Marsden 2005) has rational choice theory at the core of his theory along with the individual and their choices that benefit them. Coleman has developed a concept of social capital that explains how people also cooperate as he argues that social capital could offset social and economic disadvantage. Coleman ‘defined social capital as a useful resource available to an actor through his or her relationships’ (Field 2006: 23).’ Coleman sees human and economic capital within individual ownership whereas social capital is possessed by those who created it (within a structure) and therefore is a public good as opposed to a private good such as human and economic capital.

Coleman reconciles his theoretical rationalist choice understanding through the justification of people working together to achieve a common goal. Coleman incorporates the understanding of an individual benefit that would otherwise not be realised outside of group action (Coleman and Farraro 1992). Therefore collective action can be seen as a mechanism to achieve individual goals. Notwithstanding, rational choice theory predominately focuses on the individual and their self-interest so cooperation and solidarity is in broad opposition to its theoretical underpinnings. Coleman views social capital in what de Certeau might describe as a poetry of tactics and strategies (de Certeau et al. 1998) as he sees the use of resources and actions on an “as needs basis” and does not overlay any judgment on the deployment of those resources. That is, they are neither good nor bad, and are just a context from which both sources and effects materialize but without which would not be possible. (Portes 1998).

Pierre Bourdieu

Pierre Bourdieu’s social capital is used to understand social hierarchy. His social capital theoretical underpinnings were influenced by Marxist sociology and although he tried to develop his theories away from this influence, he believed that all capital has economic capital features (Field 2006: 15). Bourdieu (Swartz 1997) also argued that social capital
embodies the relationship of culture to the economic and the differential of power within those relationships. Within his deeply Marxist influenced theoretical base he sought to understand the inequalities that are produced and reproduced through all types of capital (Bourdieu 1985). Bourdieu (1985) endeavoured to delineate between types of capital and argued that while representing capital in all its forms it cannot be treated within the same economic paradigm. Transmission of different forms of capital produced differing results and because of the hidden nature of some forms of capital they are less able to be controlled by external forces.

Bourdieu wrote of the ‘brutal fact of universal reducibility to economics’ (Bourdieu 1986: 253) and in doing so, tried to blend the structural elements of inequality with an understanding of the role of human agency. This does not appreciate the power of social capital, only the way in which people use it to their own ends. There is no place in his theory for groups and collective action to accumulate social capital to be utilised for the greater collective good as he saw social capital as a possession of the privileged and elite (Bourdieu 2002, 2003; Siisiainen 2000; Swartz 1997). Bourdieu positions social capital as an attribute of an individual in a social context. One can acquire social capital through purposeful actions, and can transform social capital into conventional economic gains. The ability to do so depends on the nature of the social obligations, connections and networks available to the individual (Bourdieu 2002; Lin 1999a).

Bourdieu (1985) argues the group needs to maintain investment in the network and the solidarity that is formed, because there is a material or symbolic benefit through membership. For this benefit to be realised over the long term Bourdieu added the relationships must have ‘durable obligations subjectively felt’ (Bourdieu 1980: 2; 1986: 249).

There are difficulties with Bourdieu’s use of social capital being the domain of the elites and the way in which they use it to secure and maintain their position within society. He also focuses heavily on the social capital within the context of kinship. It appears that while Bourdieu did value some agency in his writing he struggled to free himself of viewing the relationships outside of the social hierarchies.

2.3.3 Social Capital Components
Positioning of Social Capital
There is an ongoing debate on the positioning of social capital (Comim 2008; Halpern 2008; Hooghe and Stolle 2003), whether social capital is generated and expended by the individual or within and by the institution or whether it is within the personal relationships and networks or within the institutional networks and relationships. Positioning social
capital assists in informing the way in which it is measured, what is measured and if in fact it can be measured.

The functional approach to social capital includes scholars such as Coleman (Marsden 2005) and Bourdieu (Swartz 1997). Coleman positions actors with resources over which they have some if not total control and importantly they also have interests in. Coleman looks at the functional aspects of this interaction and argues that ‘Social interdependence and systemic functioning arise from the fact that actors have interests in events that are fully or partially under the control of other actors’ (Coleman 1990b: 300). Coleman contends that social relations emerge ‘when individuals attempt to make best use of their individual resources’ (Coleman 1990b: 300) and argues that these cannot only be viewed as elements of social structures but as resources of the individual. This at first glance may be considered a rational choice approach to agency, Coleman has stated ‘...individuals, each of whom acts to achieve goals that are independently arrived at, and that the functioning of the social system consists of the combination of these actions of independent individuals’ (Coleman 1990b: 300).

Social capital according to Coleman is specific to certain actions and may in fact be detrimental to other actions. Coleman positions social capital within the relations between people, ‘Unlike other forms of capital, social capital inheres in the structure of relations between persons and among persons’ (Coleman 1990b: 302). Coleman sees social capital not within the individual, or in a Marxist or Weberian sense, located in the resources of production but within the structure of the relationship (Szreter 2000).

Loury built on the concept of social status to offer a theory that understood social capital as a way of offering intergenerational mobility that could be passed on from a family onto individuals (Loury 1981). Putnam positions social capital as a community attribute through the distinctions of bridging and bonding mechanism. Bonding social capital creates in-group ties or as Putnam has written ‘sociological superglue’ (Putnam 2000: 23) whereas bridging is the ‘sociological WD-40’ (Putnam 2000: 23) referring to its wider reach and possibilities.

Sobel (2002) draws on the individual and their purposeful actions to create social capital in context to the society within which they live (Sobel 2002). Portes (2000) argues that there are tensions between these two elements due to the potential of the use of social capital by one to weaken and lessen the social capital of another. Portes et al argues, this can create exclusivity and in some cases rent-seeking behavior (Portes and Landolt 2000). Conversely as noted by many scholars (François 2002; Fukuyama 2001; Harrigan and El-Said 2009; Pieterse 2006) social capital is seen as important for economic growth.
and to the development and stability of democracy (de Tocqueville 2004; Hooghe 2003). Fukuyama (2002) sees social capital residing in small kinship networks which he argues are valuable social assets for a community regardless that they are closed off. It is within these small kinship networks that generate economic benefits through their market interaction and their increased levels of trust because of the very nature of the enclosed environment within which they operate. It is those interconnected networks from which those kinship networks work for the communities benefit.

To grasp the positioning of social capital within the canon of capital theory it is perhaps best viewed through the lens of the journey from the Classical Theory of Capital to the Neo-Capitalist Theories of Capital (Table 3). Classical Theory of Capital positions theorists such as Marx as it’s most prominent, within a structural theory based on class. When we start to look at the Neo-Capitalist Theories there is a clear fragmentation and growth of types of capital which are positioned, not necessarily within a structure, but within the individual, within the group, within resources, or within relationships. There is certainly no agreement with theorists of social capital in relation to its positioning. Putnam (1992, 1993a, 1995, 2000) argues that it is within the groups through which the action of collective behavior that social capital is generated whereas Loury (1981, 1984) sees social capital positioned within the individual and the associated relationships.

Table 3 Theories of Capital

<table>
<thead>
<tr>
<th>Theorist</th>
<th>The Classical Theory</th>
<th>Human Capital</th>
<th>Cultural Capital</th>
<th>Social Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marx</td>
<td>Social relations, exploitation, the capitalization of the proletariat.</td>
<td>Accumulation of capital via labor and money.</td>
<td>Accumulation of social capital through cultural symbols and meanings.</td>
<td>Accumulation of social capital through social relationships.</td>
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<tr>
<td>Fukuyama</td>
<td>Neo-Capitalist theories emphasize the development and stabilization of democracy.</td>
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Table 3 Theories of Capital

| Source: Adapted from: (Lin 1999a; Macinko and Starfield 2001) |
Forms
Some theorists (Berman 1997; Krishna 2000) seek to divide social capital into two forms, that of institutional capital and that of relational capital (Table 4). The institutional capital is exhibited through institutional structure, that of transactions and markets and procedures whereas the relational capital tends to reveal itself through values, ideology and relationships.

Table 4 Forms of Social Capital

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<thead>
<tr>
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<th>Institutional capital</th>
<th>Relational capital</th>
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<tr>
<td>Basis of collective action</td>
<td>Transactions</td>
<td>Relations</td>
</tr>
<tr>
<td>Source of motivation</td>
<td>Roles</td>
<td>Beliefs</td>
</tr>
<tr>
<td></td>
<td>Rules and procedures</td>
<td>Values</td>
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<tr>
<td></td>
<td>Sanctions</td>
<td>Ideology</td>
</tr>
<tr>
<td>Nature of motivation</td>
<td>Maximising behaviour</td>
<td>Appropriate behaviour</td>
</tr>
<tr>
<td>Examples</td>
<td>Markets, legal framework</td>
<td>Family, ethnicity, religion</td>
</tr>
</tbody>
</table>


The two types of capital are interdependent, that is, there is a need to ensure stocks of each type of capital are both strong in order to generate high levels of social capital.

Uphoff (2000) sees capital of all types as beneficial and seeks to place collective action and the resulting social capital into two categories, that of cognitive and the other as structural social capital. Uphoff sees the structural social capital as that of roles and rules and procedures whereas the cognitive social capital manifest themselves into 'norms, values, attitudes, and beliefs' (Uphoff 2000: 215). Uphoff (2000) argues that social capital needs to be understood in terms of its elements, connections and consequences. Robinson et al (2002) posits that social capital should be defined in relation to the resources that it encompasses comparative to the features and properties of that of other forms of capital. Its properties include that of durability, transformational capabilities and substitutional qualities along with properties of decay and growth. Similar to economic capital (Nitzan 1998) it has a relationship to power through accumulation.

Trust
Granovetter (2005) seeks to include the personal relationships and the networks of those relations, ‘the embeddedness of economic transactions in social relations’ (Coleman 1990b: 302). This according to Granovetter (2005) is the location where trust is generated and where norms are developed, established and enforced. Fukuyama (1995) argues that the wellbeing of an economy is prefaced by the level of trust contained within
regardless of cultural characteristics. The location of trust is deemed to be that ascribed to both individuals and institutions.

Coleman (1990b) positions closure the of social networks as important for the creation of norms as well as the creation and maintenance of trust within the social network. ‘These closed systems can, of course, lead to inflationary and deflationary spirals in the placement of trust; despite this instability that can result from extreme closure, some degree of closure is a valuable asset to individuals who must decide whether or not to place trust’ (Coleman 1990b: 318).

Culture

‘Culture, for a society, a group, or a person, is a continual process of sustaining an identity through the coherence gained by a consistent aesthetic point of view, a moral conception of self, and a style of life which exhibits those conceptions in the objects that adorn one’s home and oneself and in the taste which expresses those points of view. Culture is thus the realm of sensibility, of emotion and moral temper, and of the intelligence, which seeks to order these feelings’ (Bell 1978: 36).

It is unity that is the byproduct of this interaction and structure. It is the values that emanate from this sense of belonging and provides a sense of order. As Weber (2009) argued culture is intertwined with the economy due to its commodification through the process of exchange (Coleman 1990b). The role of culture in the case of motivation needs to be joined to that of knowledge, desire and action rather than disembodied from it, that is, it should be considered as ‘shared cognitive schemas through which human realities are constructed and interpreted…’(Strauss 1992: i). This framework allows the researcher to examine why people do what they do, with who they do it, and how they do it. Culture is the delivery channel of the collective or social action and the way in which the action is realized. As Andrade (1992) has argued motivation is the link between culture and action and requires the observer to understand that there are multi causal mechanisms at play between the cognitive and action.

Culture and its impact on the market needs to be considered in context to the actors. Weber’s work on the virtues of the protestant work ethic, not of material gain, along with the rewards gained after life (François 2002). This regulated behavior of individuals assisted in forms of cooperation and collaboration and in developing better conditions for the whole community. Similarly, different belief systems informed cooperation of the communities that were of a Confucian nature (L. Harrison 1992).
The diversity of culture also has an effect on the cohesiveness of the collective action in relation to their motivation and the interaction of other variables of production and development. One of the external influences on culture (Klitgaard 1992) could be seen from a financial cooperative perspective as the feedback loop from the outcomes and consequences of collective action.

Norms

Another form of social capital according to Coleman (1990b) is that of norms. He argues that these are on the one hand, powerful, but at the same time can be fragile. Examples of these norms may be those that make it safe in a city, or to support high achievement in study. ‘A prescriptive norm that constitutes an especially important form of social capital within a collectivity is the norm that one should forgo self-interests to act in the interests of the collectivity’ (Coleman 1990b: 311). This type of norm is ‘reinforced by social support, status, honor and other rewards’ (Coleman 1990b: 311). According to Coleman it is the type of social capital which young nations are built upon and the type from which families are strengthened and which assists in the development of ‘nascent social movements from a small group of dedicated, inward-looking, and mutually rewarding persons, and in general leads persons to work for the public good’ (Coleman 1990b: 311). Coleman argues that often these norms are internalized and at other times they are supported by external recognition for the selfless nature of the acts.

Fukuyama defines social capital as ‘shared norms or values that promote social cooperation, instantiated in actual social relationships’ (Fukuyama 2002: 27). He states that it is understandable that social capital is not formulaic and is generated from accepted norms and values and ‘frequently originates in phenomena like religion, shared historical experience, and other deeply embedded cultural traditions’ (Fukuyama 2002: 32) and requires the continual and ongoing inculcation of the shared norms through habit, shared experience and leadership.

This element of social capital facilitates action, it, like other aspects of social capital, norms can also constrain action. For example the norms contained within the village system in Cambodia prevent the volunteers from embezzling funds from the Village Savings Banks. The social norms within the organisations inculcate the staff and management with ways of behavior that constrain negative conduct. Similarly the Solomon Islands social networks have cultural norms of behavior that see negative externalities arise, i.e. we that see loans not given on merit and capacity to repay but on kinship or clan association (Mason 2011c).
According to Coleman (1990b) an underinvestment in public goods causes the norms to suffer. Norms are established to reduce the externalities which benefit those who establish them which can be affected by individuals within the group. That is, while one actor does not necessarily have control over the norms the norms can be affected by an actor’s actions. It is within the integrity of the structures capacity to maintain and sustain the norms where the risk lies.

While many theorists and institutions such as the World Bank (2002c) are inserting questions into their household survey instruments incorporating social capital measures focused on social networks and norms, the measure can be problematic as Carpenter (2002) demonstrates that ‘hypothetical and “warm glow” biases among others, can cast doubt on self-reported measures’ (Isham et al. 2002: 6). While there are many doubts and questions that still need to be answered in the use of social capital as an economic development tool, they ‘are convinced ...that the concept enhances the analysis of the determinants of well-being in developing countries’ (Isham et al. 2002: 6).

From a development perspective the research indicates (Michael Woolcock and Narayan 2000) that countries that have the capacity to form social networks and have systems of norms and values tend to be much more successful in the implementation of development projects and according to Kozel and Parker (2003), are therefore more successful in alleviating poverty.

While as Streeten points out the ‘ability to associate depends on the degree to which communities share norms, and out of such shared norms grows trust’ (Streeten 2002: 43). There is a separation of the action or participation with the outcome. That is, the action is the association which generates trust, networks and norms and the outcome is the social capital it generates. ‘social capital amalgamates incommensurable objects – beliefs, behavioural rules and such forms as capital assets as interpersonal networks – without telling us how to amalgamate them’ (Streeten 2002: 43). Trust promotes cooperation and norms arise from trust and reinforces trust. Therefore ‘social trust in modern social settings can arise from two related sources – norms of reciprocity and networks of civic engagement’ (Putnam 2000). Following this trajectory ‘generalised reciprocity norms help to improve the durability of social capital, making it less vulnerable to erosion through exit of any single individual from the network’ (Jarley 2005: 4). ‘People who lived, worked, and socialised together formed very strong bonds, bonds that produced shared visions of problems and solutions, facilitated the development of trust, and instilled generalised reciprocity norms’ (Jarley 2005: 5). This is, as Jarley (2005) has argued, where voluntary collective action becomes a natural process that occurs with
groups so tightly tied together and creates opportunities to reinforce relationships and
the norms of the group. Coleman however posits that social capital like other forms of
capital can depreciate over time if not renewed and maintained. ‘Social relationships die
out if not maintained; expectations and obligations wither over time; and norms depend
on regular communication’ (Coleman 1990b: 321).

Networks

Networks are the gateway to participation and are the mechanism through which social
capital can be realized. They are the tool which is used to produce the benefits of trust,
collective action and reciprocity. Networks can be a proxy delivery channel to address
failed markets. They are formed by communities of interest, by governments and by
NGOs, to achieve the interests of the creators.

Networks are however a theoretically contested space. The difference between Bourdieu
(Siisiainen 2000) and many of the American School of social capital is the preference for
networks and their inherent resources, what could be viewed as a Marxist perspective of
social capital. The American School of social capital focuses on the functionalist
approach whereby the networks importance depends upon the transformational qualities
of connectedness which generates trust and the resulting “lubrication” (Putnam 2000)
and improves civil society and the way in which it functions.

For Fine (Fine and Green 2000; 2003, 2010) social capital is the connections and the
formal and informal networks between people outside of the market. The space outside
the market is very crowded when we consider the multiplicity of networks and
associations such as family through to geographical communities and communities of
interest as well as political participation and voluntary organisations. Fine (2003) layers
onto these the stratifications that occur through gender, class, race and religion etc. The
array of social networks that are not only available but through which we participate by
just living our lives is wide and far reaching. Many of these networks, both the informal
and formal, can be exclusionary in their structure and intent according to Fine (2003).

As Barr (2000, 2002) has argued, where there are missing or dysfunctional markets, lack
of governance and a deficit of information, social relations become much more important
as these social networks facilitate the flow of information. Of course just being part of a
network does not necessarily generate social capital that is useful. Becker (1976)
networks that provide the opportunities for generating social capital which matter. ‘The
building of social capital may depend on everyone having equitable and culturally
appropriate opportunities for establishing the networks that will allow for linking and for cross-group cohesion’ (Cox 2002: 358).

As previously noted, Fukuyama (2002) sees social capital residing in small kinship networks which he argues are valuable social assets for a community regardless that they may be closed off. He does not deny that this familism is also a disadvantage in its rejection of outsiders which demonstrates a lack of trust within a society. He argues that ‘familism can actually be seen as a rational response to a society in which the state is arbitrary and rapacious’ (Fukuyama 2002: 28). He sees the family and its networks, whether they be businesses or other family institutions, as a defensive safeguard against the state. Fukuyama has argued that ‘familism can be seen as an imperfect substitute for the rule of law’ (Fukuyama 2002: 29).

It is not difficult to see why organisations such as the World Bank (Grootaert and van Bastelaer 2002c) and other development organisations have grasped at Putnam’s use of social capital. The way that he uses trust based voluntary associations as a key constituent of civil society Putnam (1992, 1993a, 1995, 2000) normalises social capital within the social networks to engender cooperative action within society both at the level of the institution and within the actors. The properties of social capital is attractive to the development community for its apparent all-encompassing and all-embracing features that position it as a necessary requirement to a well-functioning civil society within developing nations. It is particularly evident within DFAT (formally AusAID) whereby they have a strong desire to see civil society institutions strengthened so as they can hold governments to account (AusAID 2006, 2013). The economic growth in Asia has been attributed to the dense social networks and ‘are sometimes said to represent a new brand of network capitalism’ (Putnam 1993b: 38). Putnam suggests that in the Italian communities that he studied saw their economic well-being generated through their civic richness (Putnam 2000). It is here that you can see how attractive social capital is to community economic development practitioners and its translation into being integral to the development of communities and nations.

Putnam’s (1992, 1993a, 1995, 2000, 2002) social capital framework is however problematic within the economic sphere as there are issues in terms of the exclusivity of networks. If as Putnam has argued the health of a community is relational to the associational activity then the issue of access to participate is crucial. Many associations have points of entry that might not be available to all those that wish to join. DeFilippis (2001) argues that for social capital to work within a market economy it must acknowledge the competitive nature of market relations. It is this very competitive nature
of market economies that sees the networks and associations close off to all “outsiders” as they cannot possibly be extended to everyone that wish to participate. While this might be true in with many networks and associations it is not necessarily the case in all situations. In the case of financial cooperatives the benefits do not necessarily have to be limited to a select few. A financial cooperative that covers an entire population will give the members proportionally the same benefits as if it had smaller membership. That is not to argue that there would not be an unequal access to products and services within the organisation. It is clear from my research that credit committees that are poorly operated often make decisions on loan access based on networks and relationships within the membership. As Weber wrote in 1925 of social networks in economics ‘If the participants expect the admission of others will lead to an improvement of their situation...their interest will be in keeping the relationship open. If, on the other hand, their expectations are of improving their position by monopolistic tactics, their interest is in a closed relationship’ (Weber 2009: 139-40).

Networks and their economic function sometimes incorporate rent seeking behavior from those in the group. In the research countries there are specific cultural and historic patronage systems that operate. The rentier or rent seeking (Ear 2013; Spector 2012) economies and the networks of patronage that in some cases can be deemed as corrupt, are sometimes about political power and at other times it is about networks and systems of respect and position.

Smith (A. Smith 2003) in his 1776 book The Wealth of Nations argues that networks were similar to monopolization and could potentially create groups whose interests are in direct opposition to the majority. ‘too much trust between economic actors was a recipe for economy-stifling cartels and monopolization’ according to DeFilippis (2001: 794) this has been borne out in Asia. DeFilippis is doing what he has accused Putnam of doing, and that is conflating social capital with the cultural, political, power and the economic components of society. DeFilippis uses Weber to argue that ‘trust-based networks further distort and hamper growth within the economy by inviting free-riders from within relationships not to work as hard as they might have to, if they were not connected’ (DeFilippis 2001: 794). Within a financial cooperative framework it is evident that this statement is a falsehood and is in fact quite the reverse. Most emerging financial cooperatives in Asia and the Pacific survive on the volunteer nature of the organisation and most members participate and assist according to their abilities (Mason 2011b, 2011c).
Exclusion from the formal banking system and a market driven approach does not necessarily equate to financial cooperative inclusion. The commercial banks do not wish to have the poor as customers due to the high transaction costs associated with their small deposits and also due to the capital cost of providing access in remote and rural regions. This has seen communities come together to develop their own financial service. Market driven exclusion has created a network that tends to be geographically based and therefore one type of exclusion has emerged and replaced the other type of exclusion. For Foley and Edward (1996) this may not necessarily be undesirable. They argue fragmented societies may actually possess ‘superior resources of social capital’ (Foley and Edwards 1996: 550-1). Networks which can act to include and exclude (Siisiainen 2000) may possess social capital of a higher value due to the exclusivity of that participation. Whittington (1998) opens up the possibility that social capital is anti-democratic through its sometimes exclusionary nature and that it may in fact breed mistrust of those outside of the group with feelings of reciprocity and trust only directed to those within the group. Therefore the social capital accumulated within one network may not necessarily be exchanged or valued outside of that distinct network. This proposition is problematic as it does not consider the external or public effects in contrast to the internal and private effects of social capital. By external effects an example may be the crime rates in relation to community participation rates in neighbourhood activities. It is here that we see the intersection of what Hanifan (1916) described by his term “public good”. The “investment” by “private” individuals reaps an “external public good”. Putnam makes the case that ‘social networks create value, both individual and collective, and ... we can “invest” in networks’ (Putnam 2002: 8). Communities benefit from a connected community where individuals have created a public good through the solidarity of social networks.

**Solidarity**

Emile Durkheim, the ‘central founding figure in nineteenth–century sociological’ (Field 2006: 11) viewed society through individual connections that wove society together. There are perhaps some components of Durkheim’s understanding of social bonds that can be viewed in context to the developing world today. Durkheim saw pre-modern societies with a ‘mechanical solidarity’ (Durkheim 1933: 266 in Field 2006: 11) whereby there was an observance to authority within social status and routine. However Durkheim saw ‘organic solidarity’ within ‘mobile’, highly differentiated social systems of modernity (Field 2006: 11). Durkheim recognised that the ties are deeper and more complex than within the timeframe that the interaction is played out.
Trust varies from country to country and forms a picture of the solidarity of that country and a direct relationship with the responsibility to perform good deeds from volunteering through to giving to charity. Trust according to Rothstein and Uslaner (2005) is impacted by government policy and the level of equality within a society which creates the social solidarity that generates *generalised trust*. When governments create policies around universal social programs there is greater citizen solidarity and therefore social trust. The implied messages contained within the enactment of these policies are the optimism for the future. That is, that trusting strangers is less of a risk when there are feelings of positivity about the future. If individuals feel that they are not being given the opportunities by society then they will be less optimistic about sharing in their society’s benefits and subsequently less citizen solidarity. If conversely if there is a sense that the society in which they live is equitable in terms of the economic distribution and the opportunities then the individual will feel they have an opportunity to share in societies prospects which will lead to greater generalised trust. The positive externalities of increased generalized trust according to Fukuyama (1995, 2001) is the reciprocity, honesty and dependability that people are taught and the transposing of those onto relationships with others. The negative externalities include the development of in-group solidarity where they are tightly bonded (Fukuyama 2002: 30). ‘Tight group consciousness and solidarity can be and often are accompanied by hostility to or exclusion of other groups. Even in associations that are not aiming at exclusion, the fact that they are ethnically or economically homogeneous can reinforce social stratification and inequality’ (Streeten 2002: 45). Additionally rational choice theorists (Eriksson 2011; Olson 1971) would argue that individuals focus on self-interest which make cooperation and the resulting solidarity difficult to achieve.

**Collective Action**

Concepts around collective action are not new, Aristotle wrote, ‘Men journey together with a view to particular advantage, and by way of providing some particular thing needed for the purposes of life, and similarly the political association seems to have come together originally, and to continue in existence, for the sake of the general advantages it brings’ (Ethics viii. 9.1160a in Olson 1971: 6). Festinger (1960) contends that the value for individuals in membership is not in the sense of belonging but rather the acquisition potential within the act of membership.

Collective action can be defined as where two or more individuals come together to achieve a common purpose and where working together will benefit the individual much more than taking individual action. Collective action needs to benefit the whole group. Olson (1971) in *The Logic of Collective Action* argued that where costs to individuals to
facilitate collective action was higher than the gains there was little incentive to take action. The Svendsens argue that this is not the case and that there are plenty of examples where ‘entrepreneurs in the form of group leaders do exist’ (Svendsen and Svendsen 2004: 5). They question why this exists and posit that it is due to incentives other than economic. Rather than focus on the social features of the economic transactions the Svendsens seek to provide a strengthened theoretical framework utilising social capital. They argue, contrary to theorists such as Fine (2000; 2010), that social capital can be used at a micro, meso and macro level and utilised in transnational comparisons. The use of the concept of social capital links closely to the word capital and therefore enables the social, cultural and economic spheres to provide a ‘holistic understanding of collective goods provision processes’ (Svendsen and Svendsen 2004: 5).

Collective action according to Sandler ‘arises when the efforts of two or more individuals are needed to accomplish an outcome’ (Sandler 1992: 1). Sandler argues that the need for collective action within society is evident. Sandler points to defense and safety as historically collective actions. Italian political philosopher Mosca (1939) also wrote of men having a natural predisposition to joining together to fight other groups of men. Cox states that collective action is ‘intrinsic to social functioning’ (Cox 2002: 337). It is within these types of actions, according to Sandler, we see interdependency of individuals within groups that do not necessarily focus on the social features of economic transactions (Svendsen and Svendsen 2004).

Coleman reconciled his theoretical rationalist choice understanding of collective action through the justification of people working together to achieve a common goal with the understanding of an individual benefit that would otherwise not be realised outside of the group action. Therefore collective action could be seen as a mechanism to achieve individual goals. Notwithstanding rational choice theory predominately focuses on the individual and their self-interest so cooperation and solidarity is in broad opposition to its theoretical underpinnings.

The tensions of collective action can be addressed according to Putnam (1995). The individualistic aims of the one can be overcome by understanding that unlike economic and human capital, social capital does not belong to the individual or to institutions but resides in the relations between the actors. This type of capital can only be drawn down upon by collective action rather than through the individual. Laski, states, ‘associations exist to fulfil purposes which a group of men have in common’ (Laski 1938: 67). Olson (1971) argues that the associations or organisations are expected to further the interests of its members whether they are labour unions, farming associations or financial cooperatives. He recognizes that the state can often have ‘interests and ambitions apart
from those of its citizens’ (Olson 1971: 7). The cooperative movement in Timor Leste is often used by the government to address political agendas (Mason 2011c) and so it could be argued that the use of neoliberal models of cooperatives instituted by the state serve the purposes firstly of the state and then that of the community.

The commonality of many theorists on this subject is that they argue that the cooperation and association is maintained due to the general advantages that can be gained. MacIver (1932) contended that the very reason the organisation exists is premised on a value or benefit that the members have in common. Bentley (the founder of the “group theory”) posited that ‘there is no group without its interest’ (Bentley 2008: 211). Olson notes that while it is important to note that all groups have a common interest it may not be forgotten that individuals of the group have interests can vary from others in the group (Olson 1971). While all members of a financial cooperative may have an interest in receiving a suitably priced loan and receiving adequate interest on their savings, they also have an individual interest that their deposits are protected and risk is minimized from other members of the financial cooperative who do not his or her loan back to the institution.

Jarley has argued that voluntary collective action is natural process that occurs with groups so tightly tied together. Collective action is the opportunity to reinforce relationships and common values. ‘Membership itself [is] an act of generalising reciprocity’ (Jarley 2005: 5). What is clear from Jarley’s (2005) work is the importance of the “opportunity” to undertake activities of reciprocity and to have a forum to develop bonds and shared values that can be maintained and strengthened. ‘Social interaction…helps to resolve dilemmas of collective action, encouraging people to act in a trustworthy way when they might not otherwise do so’ (Putnam 2002: 7).

The social capital components that have been discussed in the previous paragraphs, that of Collective Action, Solidarity, Networks, Norms, Culture and Trust provide the foundation understanding of the development of the Social Capital Theoretical Structure (Figure 3). Chapter Two provides the building blocks of knowledge which are then constructed into a theoretical framework and schematic that is suitable for viewing social capital within financial cooperatives.

2.3.4 Social Capital and Financial Cooperatives

Financial cooperatives are problematic from a neo-liberal perspective as there is a struggle for communities and other stakeholders to understand the balance between the social and the economic through a collective and cooperative model where the social can be valued over the economic (Y. Levi and Davis 2008). The cooperative model seeks to
include other types of profit, that of social profit (Neamtan 2002) to put this in neo-liberal terms. The financial cooperative is a dichotomy which sees overlap and tensions within its purposes between that of the social and the economic. Tensions within the cooperative methodology: between that of the voluntary and the commercial, within the ownership, that of the public and the private (Y. Levi and Davis 2008). This duality is evident in the relationship that the financial cooperative has with its members, who are at once both owners and customers, who come together for the collective good but are driven by individual choice. The organisational structure can at the same time provide both a collective and individual benefit (Robb et al. 2013). Theorists (Maak 2007; Narayan and Cassidy 2001) of social capital have attempted to address the organisational ambiguity between the social and the economic through not only the concept but concrete tools and methodology by which to measure the social.

Streeten (2002) contends that economists have not had a significant interest in social capital and view it as simply an equivalent of an intellectual anomaly that will soon pass. There is general disagreement as to what social capital is, where it is located, how to measure it and the resulting benefits. Streeten notes the many objections to the use of the word “capital” and in particular the rejection by Arrow (2000) who has argued ‘that social networks are built up for reasons other than their economic value to participants. Both building new and enjoying existing social relations have intrinsic value’ (Arrow 2000: 4). François argues that ‘trustworthiness as a way of making economic sense of the increasingly popular term “social capital”’(François 2002: 1). François states that trustworthiness has been analyzed through a sub-branch of evolutionary economics which deals with the evolution of preferences. François states that this has been problematic due to its underlying basis of biological fitness. It treats all outcomes of preferences as “payoffs” or pecuniary returns. This becomes problematic when applied to everyday life activities such as raising children, where parents do not take into account “payoffs” such as when deciding what religion their child should be. There needs to be a richer sense of “payoffs” if we are to use this to look at trustworthiness according to François (2002). Conceptually social capital is an attempt to fill this void, the analysis of François seeks to demonstrate the inherent trust that is formed within the capitalist production which bring about by products of mutually beneficial interaction.’ (François 2002: 2).

Fine contends that there is a need to confront the rational choice origins of our understanding of the social and the economic in the broader understanding of capital (Fine 2003). He argues that social capital has been accepted and used carelessly as a “discursive tool”. (Fine 2003: 42). Fine cites examples of the World Bank using social
capital as a variable ‘plugging measures of it into statistical regressions in order to tease out the social capital effect’ (Fine 2003: 43).

‘There is ...no determinate relation between expenditure or the devotion of resources and the resulting social capital, or between that capital and output’ (Streeten 2002: 40). For many other economists ‘social capital by its very nature is part of the growth-and-productivity-centered approach to development’ (Streeten 2002: 40). This means that the poor, in order to have a political or economic stake in their community, need to organise in such a way to produce the required outcomes. This is not organisation for traditional purposes but to access economic and political power that is usually denied or at best is available to them in a constrained environment. François (2002) has also looked at the question of development and why there are differences in the growth and productivity of different countries. ‘Short of conspiratorial postcolonial or Marxist explanations, neoclassical economists are stumped by the modern world’s large and persistent cross-country productivity differences.’(François 2002: 3) And while from an economists view, the attractiveness of implementing improvements to productivity is great, it can actually lead to poor outcomes in terms of not only the productivity but also to social capital and therefore to trustworthiness. François does acknowledge ‘the large differences in the institutions of law, contract and enforcement, cultural differences in business practices’(François 2002: 4) but has failed to recognise the broader influences of culture on attitudes and norms. He does however flag that it is within family and kinship in the less developed countries that production occurs which in itself limits opportunism. Conversely he argues that in more advanced industrial economies this form of production does not work because of the complexity of the system.

Social capital has however provided a bulwark for those that have understood the failure of the markets to provide the necessary solutions to issues of poverty and development. Social capital in some ways has fitted neatly into what has been called by Giddens (2013), the Third Way ‘the very phrase “social capital” hints at the pleasingly communal but stirs in an invigorating dash of hard economics’ (Streeten 2002: 40). Social capital provides a meeting place for the various disciplines of economics, sociology, political scientists, historians and anthropologists. Social capital provides cover from the neo-liberal agenda and presents an acceptable face for collective action, solidarity and communal elements of the financial cooperative structure.

2.3.5 Durability of Social Capital within Financial Cooperatives

Social capital has been examined in numerous ways such as horizontal verses vertical (Bjornskov and Svendsen 2003; Lee and Bartkowski March 2004) , bonding and bridging
Understanding the durability of social capital assists in understanding the longevity and strength of financial cooperatives, especially in the face of the everyday challenges that communities face in developing countries. Challenges that accompany poverty such as access to food, health care and education. Often there are more pressing individual needs than access to financial services but in the three countries within this research the willingness of the community to participate and work together often overshadowed their individual needs. The durability of social capital helps in unpacking the unseen or hidden benefits, outcomes and impacts that arise from the social interaction within financial cooperatives. Streeten (2002) structures the durability of social capital in a particular format to understand its features and the way in which it manifests itself through social interaction. Social investment or investment in social capital, is a Non-Durable Consumptive Good (Streeten 2002). This element may be similar to making new friends, creating trust, joining new networks. Streeten (2002) equates this activity with pleasure. He argues that if it is pleasurable then no cost is involved unless of course time is scarce. Here he argues that this investment of time is similar with other forms of investment and that time committed now should produce future benefits. But if the interaction is pleasurable and is enjoyed in its own right then ‘there is an excess of intrinsic enjoyment over costs’ (Streeten 2002: 41). A Durable Consumption Good (Streeten 2002) are activities within social relations and interactions that are enjoyed for their intrinsic value. They can however bring status, friendship, identity or a sense of belonging however the reason individuals will volunteer or will join associations is not the direct material benefit. A Non–Durable Production Good (Streeten 2002) is one that is used up in the process of producing a durable good. It is expended in the hope of an economic return. If there is an investment of time in an organisation there is a hope for an economic return. An example might be the desire to join a financial cooperative and volunteer in order to be more favourably considered for a loan. The villager who volunteers gives their time in the hope that they will be repaid with going to the head of the line for a loan.

The end product of creating social capital like a Durable Capital Good (Streeten 2002) is similar to a machine tool, the means of production, to put it in Marxist terminology, yields pecuniary benefits that can be intended or incidental and unanticipated. The last is a Durable Investment Good (Streeten 2002) for non-marketed activities. An example
maybe a computer a financial cooperative may buy to improve efficiency. The social capital generated from that efficiency benefits the whole community and conversely the trust that is built to strengthen the whole community. It contributes to the raising of productivity. Streeten (2002) contends that each of these five elements are interdependent but they work together to produce desired and unanticipated benefits and outcomes.

2.3.6 Negative Effects: Antisocial Capital

There is a growing group of scholars that do not necessarily see social capital as only a positive indicator of a society (DeFilippis 2001; Fine and Green 2000; Fine 2003, 2007, 2010; Labonte 1999). Social capital can have both positive and negative consequences (Hunter 2004: 13; Macinko and Starfield 2001: 397; Portes 1998). As with other forms of capital, it can be put to bad uses. If we only defined social capital by its positive uses this would not be helpful as ‘It would mean that, whenever we have good results, social capital is tautologically assumed to be present. It is preferable to define it by its characteristics rather than its desirable (or undesirable) effects.’ (Streeten 2002: 44). The very networks and social interaction that can produce positive results for a community can also bring upon it negative actions and consequences such as corruption, bribery, nepotism, patronage, (rent seeking) cronyism and crime (Cheema 2005; Spector 2012). Contained within these concepts and through the use of negative social capital other issues for society and communities arise such as inequity and disregard for human rights (Ear 2013). While Putnam may list positive associations and networks (Putnam 1993a) there are others that do not produce positive results such as terrorist organisations, cults and crime syndicates. The purpose of these negative networks varies from personal financial gain to the suppression of others to the spreading of harmful ideology. Different forms of social capital can have more or less value to society or a community. The mobilisation of people for political participation could be deemed as far more valuable than a social network that gets together for the expressed purpose of playing a social game. That at first glance may be true but we need to be mindful that the hidden value of a social network which may in fact be far more beneficial to the individual as a social safety net than their participation in a political process.

Olson argues that interest groups as a part of civil society effect economic growth and makes the argument that these interest groups can destroy efficiency (Olson 1982). Contrary to Putnam’s (Putnam 1992) claims of social capitals positive effects, these groups can create conflict and destroy social cohesion. There is evidence in this research that financial cooperatives which are not inclusive can create a situation of mistrust and exclusion as seen within the sample group that were nonmembers: When
asked why the community member was not a member of the financial cooperative they responded:

“I don’t trust this financial cooperative, I worry when I try to withdraw my money, they won’t be able to give it to me.”

Source: OPICBBASATNMN092

Given that the people in this village had known each other for many years the exclusion from the institution had manifested itself into one of mistrust, ‘even benign long-term relationships can be obstacles to economic betterment. They can form a sort of anti-social capital’(Streeten 2002: 45).

2.3.7 Leadership in Relation to Access and Mobilisation of Social Capital

Access to, and mobilization of social capital within a financial cooperative is heavily dependent on a number of factors, these include the quality of leadership and the inclusive or exclusionary nature of the community within which the financial cooperative is situated.

The research within this thesis highlights the necessity for good quality leadership in the development of financial cooperatives. Maak states leadership ‘is a relational and inherently moral phenomenon that cannot be captured in traditional dyadic leader-follower relationships’ (Maak 2007: 329). While the research has focused on the local leadership of the financial cooperative there are other actors that play a leadership role that also impact on the financial cooperative such as that of the local community leaders, village, commune and district chiefs along with the leadership at a state and national level.

The cultural context of the community also plays a significant role in the success or failure of mobilizing social capital within the community for the benefit of the financial cooperative. Leadership is a universal occurrence however the manner in which it manifests itself is considered to be culturally contingent (Ambang 2008). Intersecting with the cultural layers are the complexities of inequality and power relations that sometimes inhibit participation at a leadership level of women and minority groups (Mayoux 2001). Leadership organized along ethnic or religious lines is problematic in the sense of exclusionary tactics that can occur through the development of social norms and accepted ways of behavior and trust which are all essential elements in the generation of social capital. The literature on social capital has also highlighted the impact of tradition whereby it can have both good and bad impacts, it can benefit the
development of the institution especially in the mobilization of the community but it also has a negative effect as it ‘can stifle individual growth and creativity’ (Mayoux 2001: 439).

2.4 Conclusion

Financial cooperatives have a long global history with a form that varies dependent upon the soil in which they have been planted. They do however have a common DNA that sees them exist under adverse conditions and in extreme environments. Their core elements are the social connections that initially bring them into existence and then drive their operations. The economic outputs and impacts are only possible due to the very social nature of their development.

Within this chapter I have focused on understanding the neo-liberal approach to social capital and the way in which it has often been misappropriated by large multilaterals to achieve their agendas. It is however a worthwhile mechanism as it is more inclusive of a broader range of actors especially when it gives voice or agency to those that would otherwise not be able to participate.

The inordinate breadth of literature on social capital far exceeds the capacity to cover all arguments and positions within this chapter. I have provided a small snapshot of the main themes of trust, norms, networks, solidarity, positioning and forms of social capital, culture and collective action, that are pertinent to the research data presented in the following chapters. I will return to these themes in relation to each country’s dataset in Chapters Four, Five and Six and then provide an analysis of these in Chapter Seven.
Chapter Three: Theoretical Framework and Research Design

3.1 Introduction

In the previous chapter I provided a literature review of the two main components of this research, that of the financial cooperatives and social capital. In this chapter I seek to outline a theoretical approach that considers these components through the analysis of the data collected. The theoretical concepts that informed my approach are broad, not through design but through necessity. The theoretical framework I have had to develop in this chapter was due to a lack of an existing lens through which I could examine social capital within financial cooperatives. The theoretical framework accommodates an analysis of the Community, the Individual and the Institution. The data collection tool was developed and tested by researchers at the World Bank (Grootaert and van Bastelaer 2002c) and utilizes an integrated research process (Desai 2009) of participatory, qualitative and quantitative methods.

3.2 Theoretical Framework

The theoretical framework from which I have analyzed the research data has its genesis in the breadth of literature on social capital and the way in which it is situated, accumulated, expended, as well as the manner in which it interacts with its environment and the demonstrated outcomes that occur and the way it can be viewed. There is none more apt phrase when it comes to the development of my model of viewing social capital than ‘If I have seen further it is by standing on the shoulders of giants’13.

The comprehensive literature review offered the ability to position theorists at particular positions within the debate and within the context of how social capital works. That is, after considering each of the theorist’s positions I was able to map their arguments in relation to the elements of the ongoing social capital discourse.

I have utilized a constructivist epistemological approach for this research as ‘it recognizes the important role the observer and society in constructing the patterns we study…’(Moses and Kunutsen 2012: 9) that is, to reject that there is a singular truth but multiple truths dependent upon the mind that is observing them. ‘The world we observe

13 Isaac Newton used a similar phrase when writing to Robert Hooke that has been attributed to Bernard Charles who said ‘that we [the Moderns] are like dwarves perched on the shoulders of giants [the Ancients]’ Anonymous, ‘Isaac Newton’, <http://en.wikiquote.org/wiki/Isaac_Newton>, accessed 10 December 2013
is, in a sense, a world of our making' (Moses and Kunutsen 2012: 169), that knowledge is 'contingent upon human practices, being constructed in and out of interaction between human beings and their world, and …within an essentially social context' (Crotty 1998: 42). This epistemological approach sat comfortably with social capital and its inherent structural and cognitive components. The respondent’s subjective view of norms, trust, collective action and solidarity, their subjective use of networks and the consequences and meaning of their interaction ensured that constructivist epistemology was fitting for this research.

The Social Capital Theoretical Structure (Figure 3) is a type of graphical representation of the epistemology of where different theorists sit within the broad spectrum of social capital literature and where the overlaps are in terms of intersections between the theorists. I have used these theorists as a starting point to develop a solid foundation to examine the research data. Upon this basis I have developed a model called the Social Capital Development Framework (Figure 5). The selection of theorists chosen are an appropriate representation of the academic knowledge necessary to develop the research framework.
Figure 3 Social Capital Theoretical Structure

Source: Authors own work
There is no pattern or rhythm to the diagram (Figure 3), it is as messy as people’s lives, nothing fits perfectly and as with much academic work, we must live with the ambiguities and tensions that emerge from what we find. There are many more intersections than are represented on the Social Capital Theoretical Structure, much more work could be undertaken to expand and provide more detail and nuance to this social capital roadmap. It is however based on major themes and on the work of scholars that are well published in their areas of expertise within the domain of social capital. I have based the theoretical structure on a number of scholars who lead in their field in terms of social capital: Fukuyama (2000a) on norms and trust, Uphoff (2000), Lin (2001) and Krishna (1999; 2000) on forms of social capital, Dale (Dale 2005) on networks, Lin (1999a) on leadership and so forth. Using these theorists and the main social capital components I have charted a way through the dense and complex nature of social capital to allow an analysis of the research data from each of the countries surveyed. The Social Capital Theoretical Structure (Figure 3) and the resulting Social Capital Development Framework (Figure 5) map against the SOCAT that has been used to collect the data.

Environment and Structure

The Social Capital Theoretical Structure is based on a meta narrative of Chambers (2010) Adaptive Pluralism Paradigm (Figure 4). Adaptive Pluralism as a participatory type framework is a model that has the actors at the center and is by its nature performative which encompasses personal agency, relationships and interaction. People are ‘the creators and disseminators of concepts, as the holders of values and principles, as actor who use methods and populate processes, as those who occupy roles and behave, as agents who interact to form relationships, and throughout as those whose mindsets, orientations and predispositions are in living reality conditioned by and condition the other elements’ (Chambers 2010: 42). Adaptive Pluralism is ‘well suited to understanding and expressing the local, complex, diverse, dynamic, uncontrollable and unpredictable realities experienced by many poor people’ (Chambers 2010: 3). Chambers contrasts difference using a “things-people” binary to construct his two paradigms, that of Adaptive Pluralism which I have utilized within this research and Neoin-Newtonian Practice (Chambers 2010) which is a model of predictability, standardization, routines and order.

Chambers (2010) has argued that development problems have been exacerbated by the linear logic that development practitioners apply to development practice and the centering of money at the core of all development problems. Often the immeasurable elements, such as trust, relationships, and commitment are not valued and are overshadowed by targets and log frames and results based management. Where people
and community are at the core of the development activities a linear logic is often a difficult tool to use to understand impact and societal change. In environments of the poor which has been demonstrated to be chaotic and unpredictable (O. Bennett and McDowell 2012; Neuwirth 2011; Nussbaum 2011) it is difficult to apply a standardized and measurable framework on uncontrollable and unpredictable settings. A move toward recognizing relationships, roles and behaviours, along with values within a mindset provides a completely new paradigm from which to view societies and their interaction. Chambers model of Adaptive Pluralism provides a way of positioning the communities within this research and contextualizes their environment. This will assist to understand that ‘social capital is an accumulation of various types of social, psychological, cultural, cognitive, institutional, and related assets…’(Uphoff 2000: 216).

Figure 4 Adaptive Pluralism

Source: (Chambers 2010: 46)

I have constructed the Social Capital Theoretical Structure (Figure 3) to represent the main features pertinent to understanding social capital and created the Social Capital Development Framework (Figure 5) to attempt to expose the linkages and relationships of the individual components. The Social Capital Development Framework I have created based on the Social Capital Theoretical Structure assists in positioning the research data at the most appropriate point in the development of social capital. The Social Capital Development Framework is a synthesis of the main topographies overlaid with the location, outcomes and impacts of the development of social capital. The Social
Capital Development Framework also provides grounds for locating the reflexive and therefore the sustainable nature of social capital within a financial cooperative environment.

Figure 5 Social Capital Development Framework

I have condensed the Social Capital Development Framework to highlight headline themes in the development of social capital in Table 5. This table assists in unpacking in more detail the meaning behind each of the headlines within the framework. I will return to the Social Capital Matrix to assist in discussing the research data in Chapter Seven.

The last section of the framework is that of outcomes or consequences, what is it that social capital which has been generated can purchase for the individual, the community or the institution or a combination of all three stakeholders? Does it lead to stronger communities, does it lead to a greater voice for individuals and institutions, and does it empower certain groups to build capacity as well as wealth both at an individual and/or a community level? Do the norms and reciprocity that is generated and the close bonds that communities form benefit them?
It is critical to note that the Social Capital Development Framework is not to be viewed as a compartmentalized concept as there is overlap of the assets from community to the individual and from the individual to the institution as well as a reflective aspect whereby the outcomes and consequences affect the community and individual assets. As I originally noted at the start of this section there are ambiguities and intersecting aspects of social capital development that cannot be neatly and simplistically categorized. However for the purposes of the journey through the research this framework will assist the reader to understand social capital development within a financial cooperative context.

3.3 SOCAT and the Social Capital Schematic

The Social Capital Schematic (Figure 6) that I have created integrates the Social Capital Development Framework (Figure 5) along with the SOCAT tool and seeks to visually illustrate the influences occurring at differing intersections of community, individuals and institutions from both a structural and cognitive level to generate and expend social capital. With further research this model could be vastly expanded with additional and more nuanced components. It does however clearly illuminate some of the major
instruments of social capital that are continually active within the community, the institution and individual at different levels. Within the country research finding chapters of four, five and six each of the country Social Capital Schematic components are graded in various shades of blue as indicated in Table 6. The lighter the colour the lower indication of that component was present, conversely the darker the higher the indication. I have provided a key below that outlines the colour coding.

Table 6 Social Capital Schematic Colour Coding Key

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The Social Capital Schematic is a useful way in which to join, layer and position the various elements that contribute to social capital. While the schematic provides a visual framework I also need to create a language to talk about the schematic and its various layers. In academia, knowledge is often referred to as a body of knowledge or a body of evidence, similarly social capital affects people and impacts on the way they live their lives. Language around the body is often framed in terms of its health. To understand the role of the schematic and to provide a useful language in order to talk about its function and health and the interactivity of the layers with each other I think it is useful to appropriate the layers of a human body as the language and the way it functions in talking about the schematic. In this case the body as a whole is at the center of the picture with the body built from the inside out. I will endeavour not to torture the conceptual metaphor however I want to position social capital as the whole body and proceed to align the layers of the human body to layers of the schematic as follows.
3.3.1 Community Assets

Structural Assets

The overarching components of the Social Capital Schematic consist of three sections, the Individual, the Community and Institution. I will begin by discussing the community and its assets which includes the structural assets of a community. These can be the hard or concrete assets of a community, which are easily measured and observed. These are structural assets that a community may have in varying levels. These include physical assets such as schools, communication services, sewage services, electricity
etc. Included in the community assets are those that while concrete may be less evident in terms of their physical manifestation that relate to demographic activity of the community as well as the longevity and the economic movement within the community. These include the community attributes which incorporate the number of years the community has existed, the economic activity of the population as well as available employment etc. As we move around the Social Capital Schematic the human assets of the community in relation to the capacity and cohesiveness is examined within the context of migration and immigration as well as understanding some of the flows from a gendered perspective which also contribute to the development of social capital. The educational assets of a community feature components such as access, quality and attendance. Similarly the health assets also include access and the facilities available. The livelihoods assets include the type and yield as well as access. Community support as a structural asset considers the resources available as well as the access to those resources.

Cognitive Assets
The cognitive assets within the community assets are the society’s perception of their standard of living and the trust within their community. Levels of community organisation as well as perception of crime have been deemed to be important to a community when utilizing the SOCAT tool to measure social capital.

3.3.2 Individual Assets
The second of the components is that of individual assets that are seen as more abstract or soft assets. These include the relational, sociological, cultural and cognitive assets. The relational assets are focused on family and geographically close neighbours and have a focus on daily needs type of interaction. It is within these relationships that we can start to examine cognitive assets such as trust and reciprocity. The cultural assets are also interwoven within the assets of this section where we can understand and view the contribution this makes to the development of social capital. The sociological assets are recognized through prisms including hierarchy, power, access and gender.

Structural Social Capital
The individual’s experience and perceptions of organisational density, which are contained within networks and mutual reciprocity along with exclusion and collective action uncover attributes of participation, homogeneity, leadership, causes of division and exclusion. Lastly within the structural social capital of the individual assets the research seeks to uncover aspects of collective action. These elements of collective
action include its history, the frequency, and the level of community participation as well as looking at the leadership.

**Cognitive Social Capital**

Solidarity, trust and cooperation as well as conflict resolution speak to the individual resources that a community member can draw upon. They express a community member’s level of community comfort and their place within it. Within the solidarity component of cognitive social capital of the individual the research seeks to position its location. The cognitive foundations of trust and cooperation are understood in terms of the thickness of trust and the perceptions of cooperation. The research seeks to uncover the cognitive characteristics and perceptions of conflict resolution, the levels of harmony and the location of any mediation.

**3.3.3 Institutional Assets**

When the third component of the schema is examined we expose the institutional or organisational assets through participation, networks and organisational norms. These points of interaction assist in locating social capital within the institution and help with the measurement of both quality and quantities of social capital. That is, through the interaction, we can view the stickiness of the glue (Svendsen and Svendsen 2004: 4) that is social capital. It also helps us locate where social capital is generated, accumulated and expended. When examining institutional assets the perceptions and experiences of the users, and in this case the owners of the organisation, need to be scrutinized to uncover the levels of social capital. Assessing the levels of participation provides a window into the inclusive nature of the organisation as well as is instructional in terms of the forms of decision making and extent of engagement of all sections of the community. The organisational culture helps to position the institutional practices and lay bare the organisational norms that have emerged. The capacity of the organisation as well as the sustainability is understood through the types and levels and frequency of collective action and participation. The final section of the research seeks to understand the social capital generated within the financial cooperatives. From an organisational perspective there were four key components that the research uncovered, that of leadership, participation, organisational culture and institutional capacity and sustainability. The research looks at leadership from rotation, density and availability as well as diversity and heterogeneity. The leadership of the financial cooperatives is also examined from the standpoint of the leadership quality and skills as well as the relationships with the leaders, the staff and the members. Participation is one of the factors of successful financial cooperatives (Albee and Gamage 1996; Goglio and Alexopoulos 2013; Lewis 1996; Nelson 2013). It is within this domain that the research seeks to discover the
inclusiveness, the participation in decision making and the frequency of the meetings to understand the available avenues for members to interact with their institution. Participation by the elites within a community also flags the depth of social capital across all sectors of the community. The organisational culture of the financial cooperatives is examined within the research through the institutional practices and the resulting norms. Forms of self-generating institutional capacity and sustainability are evidenced through the financial cooperatives specific capabilities and the collective action and the formation of demands that occur.

3.4 Structural versus Cognitive Social Capital

Social capital has its foundations in neo-capitalist theory, that is, ‘investment in social relations with expected returns’ (Lin 1999a: 30). The investment manifests itself from differing positions, from that of the community, the individual and/or the institution. There is debate as to who possesses the social capital, Coleman (1988, 1990b) and Putnam (1992, 1993a, 1995, 2000, 2002) argue that it is a collective asset whereas Bourdieu (1995, 2002) argues it is possessed by the individual. Others such as Bolino et al. (2002), Moran (2005) and Nahapiet and Ghoshal (1998) position social capital within the institution. Using the SOCAT tool the resultant research seeks to understand two forms of social capital, that of the structural social capital and that of the cognitive social capital within the three locations, the individual, the community and the institution. Much of the literature also adds a third form of social capital, that of network (Browning et al. 2004; Inkpen and Tsang 2005; Kavanaugh 2002) or which is also called relational (Bolino et al. 2002; Buchan et al. 2002; Perreault 2003) social capital, however due to the format of the SOCAT tool the network or relational component is incorporated into the structural and cognitive aspects of the research.

Using Grootaert and van Bastelaer (2002c) Forms and Scope of Social Capital (Figure 7) provides the ability to position financial cooperatives within the quadrants depending upon the maturity of the institution. Financial cooperatives would naturally sit in the lower two quadrants being institutions positioned at between a micro and meso level within society. The level of development and sophistication in relation to the financial cooperative would determine whether it would be more towards the cognitive end or the structural end of the quadrants. Younger, emerging financial cooperatives with high levels of volunteers and levels of engagement would be closer to the cognitive end with more mature financial cooperatives with their complex policies, procedures and technology being more aligned to the structural end of the diagram. The more mature and developed a financial cooperative becomes the higher levels of professionalization.
occurs which sees the membership become more distant from the operations and the decision making of the institution (Mason 2010).

Figure 7 Forms and Scope of Social Capital

![Figure 7 Forms and Scope of Social Capital](source)

Source: (Grootaert and van Bastelaer 2002c: 4)

Building upon Grootaert and van Bastelaer (2002c) and (Uphoff 2000) the research seeks to demonstrate the linkages between that of the structural and the cognitive social capital through the way it is generated or emerges (sources and manifestations) and its location (domains) as well as the activity (dynamic factors) which occurs within these two distinct realms. Uphoff’s Complementary Categories of Social Capital (Figure 8) help to demonstrate how the structural supports the cognitive and conversely how the cognitive reinforces the structural aspects of social capital.

Figure 8 Complementary Categories of Social Capital

<table>
<thead>
<tr>
<th>Structural</th>
<th>Cognitive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roles and rules</td>
<td>Norms</td>
</tr>
<tr>
<td>Networks and other</td>
<td>Values</td>
</tr>
<tr>
<td>Interpersonal relationships</td>
<td>Attitudes</td>
</tr>
<tr>
<td>Procedures and precedents</td>
<td>Beliefs</td>
</tr>
<tr>
<td>Social organisation</td>
<td>Civic culture</td>
</tr>
<tr>
<td>Horizontal linkages</td>
<td>Trust, solidarity</td>
</tr>
<tr>
<td>Vertical linkages</td>
<td>Cooperation, generosity</td>
</tr>
<tr>
<td>Expectations that lead to cooperative behaviour, which produces mutual benefits</td>
<td></td>
</tr>
</tbody>
</table>

Source: (Uphoff 2000: 221)

3.5 Heterogeneous versus Homogeneous Organisations

Most studies that have examined social capital have distinguished between the respondents in different ways due to the chosen elements of social capital which they explore. Some such as Dale (2005) Mancini et al. (2005) examine social capital from
networks and their associated density while others (Fukuyama 1995; Macgillivray and Walker 2000; R. C. Mayer et al. 1995) study it from the perspective of trust. These scholars have differentiated their respondents through either horizontal or vertical groups or through heterogeneous or homogeneous groups.

Previous studies have established that the internal heterogeneity of a group is important for the development of social capital and as well as the household economic wellbeing (Grootaert 1998; Narayan and Pritchett 1999). The heterogeneous groups are more likely to generate social capital within their groups than homogeneous groups (Stolle 2003). This is disputed by others who argue that groups with higher levels of homogeneity have an elevated sense of civic commitment and higher levels of community ownership and one that is less diverse in terms of immigrants and less financially stratified tend to do better in terms of social capital (Morenoff et al. 2011; Portney and Berry 1999). Homogeneity from a financial cooperative perspective can also be useful in terms of ‘group guarantees and loan supervision’ (Huppi and Feder 1990: 192).

Each of the village based samples are mostly of a homogeneous nature in relation to ethnicity, and religion however there are definitely some variances in terms of the wealth, educational, livelihoods and age. The diversity becomes greater when the data is viewed across the entire country sample. The samples are of course completely heterogeneous when viewed across the three countries surveyed.

3.6 Horizontal versus Vertical Organisations

Krishna and Shrader (1999) examine the significance of horizontal organisations as opposed to vertical organisations to understand if horizontal organisations generate more trust. Putnam (1992, 1993a) argues that horizontal organisations promote the development of social capital whereas vertical organisations tend to constrain the development of social capital. It is within these networks and associated relationships that social capital is generated and expended and according to Putnam (1993b) no matter how dense or thick those relationships may be, vertical organisations are inadequate structures in generating and sustaining trust and cooperation. This argument tends to ignore vertical institutions that do generate significant social capital such as churches (Swart 2006) military institutions and social organisations such as the Scouts (Berman 1997). Often this tension between the horizontal and vertical organisation’s capacity to generate social capital is ignored, especially when seeking to use social capital as a tool to look at relationships and networks within a for-profit business organisational
environment (Koka and Prescott 2002; Leana and van Buren 1999; R. C. Mayer et al. 1995).

Being democratic, member driven institutions, young financial cooperatives are initially firmly positioned within the horizontal organisational space. And while these institutions have a profit motive as the underlying foundation for the organisations sustainability, they utilize an enterprise model in operation with the institution’s mission to provide social benefit to participants (Goglio and Alexopoulos 2013). This translates into a hierarchical (read vertical) structure from an operational perspective, with boards, management and staff or volunteers. However in young developing financial cooperatives the membership is very close and influential, with the board, management and staff being highly responsive to member’s needs and requests. As the institution matures and the membership grows the institution professionalizes (Mason 2010) with products and services mainstreamed and access to decision makers becoming more difficult. Members voices are only heard through more structured and controlled channels of Annual General Meetings, and membership surveys. It is at this stage that the financial cooperative has changed into a vertical organisation and that the social capital begins to diminish (Mason 2010), as the very mechanisms and forums that the membership had to create norms and build trust disappear and particularly as their links to the other members evaporate and their attachment to the financial cooperative becomes functional. The institution no longer is a social or community focal point but a business through which to obtain financial products and services.

3.7 Formal versus Informal Forms of Capital
MacGillivray and Walker (2000) have provided a differentiated table (Figure 7) that clearly lays out the forms of capital that demonstrates the divide and intersections between human and social capital and determines the differences between formal and informal forms of social capital. Macgillivray and Walker (2000) extrapolate the different positions of trust to demonstrate how formal and informal social capital interacts with the type of trust. The other components such as norms, networks and reciprocity are also examined so as to position them. Within this context they can be measured and examined as they can be located using this framework. Identifying where the social capital is located assists in understanding what and how it is to be measured.

Table 7 is useful in two different contexts, firstly it is useful to understand the social capital that is present in both the community and individual in relation to that which is present within the institution. It helps to explain how social capital can permeate across from the human through to the institution. Secondly it assists in understanding how as the
institution matures the informal social capital can transition or migrate in terms of where it is positioned in relation to the individual, community and institution.

Table 7 A Matrix of Human and Social Capital Components

<table>
<thead>
<tr>
<th>Type of Capital</th>
<th>Human</th>
<th>Social (Informal)</th>
<th>Social (Formal)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Components</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-esteem</td>
<td></td>
<td>Level of trust</td>
<td>Number of organisations</td>
</tr>
<tr>
<td>Self respect</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self confidence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attitudes</td>
<td>NORMS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skills and knowledge</td>
<td>Reciprocity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Behaviour</td>
<td>Networks and connections</td>
<td>Community involvement</td>
<td>Networks and partnerships</td>
</tr>
</tbody>
</table>

Source: (Macgillivray and Walker 2000: 203)

3.8 Considerations in Data Collection

3.8.1 Data Collection

The data collection techniques used during this research included one to one interviews and focus groups. The one to one interviews were undertaken using a variety of surveying tools. Interviewees participated in the Household Questionnaire (HQ) (Appendix 5), the Community Questionnaire (CQ) (Appendix 4), the Organisational Profile Interview (OPI) (Appendix 7) and the Financial Cooperative Profile (FCP) (Appendix 6). Focus groups were used for the Community Profile Asset Mapping (CPAM) (Appendix 8).

3.8.2 Research Design

The research design strategy was based around the three methods, that of quantitative, qualitative and participatory. The participatory method was used during the CPAM exercises while the quantitative material was collected using the CQ and HQ survey tools where the FCP survey tool encompassed both qualitative and quantitative methods whereas the OPI survey tool was purely qualitative in approach.

The research covered 3 countries, 33 site locations and 1425 respondents (Table 8 & 9). The common point of reference was their cooperative financial institution.
Table 8 Respondents within the SOCAT

<table>
<thead>
<tr>
<th>SOCAT</th>
<th>Cambodia</th>
<th>Timor Leste</th>
<th>Solomon Islands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Questionnaire</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Household Questionnaire</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Organisational Profile Interview</td>
<td>189</td>
<td>185</td>
<td>190</td>
</tr>
<tr>
<td>Financial Cooperative Profile</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Community Profile Asset Mapping</td>
<td>79</td>
<td>79</td>
<td>73</td>
</tr>
</tbody>
</table>

Table 9 Data Collection Sites

<table>
<thead>
<tr>
<th>Country</th>
<th>Province/ District</th>
<th>Village</th>
<th>Name of Financial Cooperative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia</td>
<td>Battambang</td>
<td>Chamkatamouy Village</td>
<td>Angkor Reach Commune Financial Community</td>
</tr>
<tr>
<td></td>
<td>Battambang</td>
<td>Odambang Village</td>
<td>Akphiwat Savings Bank</td>
</tr>
<tr>
<td></td>
<td>Battambang</td>
<td>Along Tamei Village</td>
<td>Khmer Rural Development Association</td>
</tr>
<tr>
<td></td>
<td>Battambang</td>
<td>Sreae O Village</td>
<td>Lerktuoy Chivapheap Kasekor</td>
</tr>
<tr>
<td></td>
<td>Battambang</td>
<td>Cher Teal Village</td>
<td>Children and Youth Savings for Self Helping Association</td>
</tr>
<tr>
<td>Kandal</td>
<td>Binbaor Village</td>
<td></td>
<td>Trapeingveng Commune Financial Community</td>
</tr>
<tr>
<td>Kandal</td>
<td>Trapeing Bakou Village</td>
<td></td>
<td>Korkinthom</td>
</tr>
<tr>
<td>Kandal</td>
<td>Pol Meav Village</td>
<td></td>
<td>Perpos Savings Bank</td>
</tr>
<tr>
<td>Prey Veng</td>
<td>Rokaksok Village</td>
<td></td>
<td>Melborn Savings Bank</td>
</tr>
<tr>
<td>Prey Veng</td>
<td>Kyouk South Village</td>
<td></td>
<td>Odambang II Savings Bank</td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>Honiara</td>
<td>West Honiara</td>
<td>Solomon Islands Broadcasting Commission Savings Club</td>
</tr>
<tr>
<td></td>
<td>Honiara</td>
<td>East Honiara</td>
<td>SICHE (Solomon Island College and Higher Education Credit Union) Credit Union</td>
</tr>
<tr>
<td></td>
<td>Honiara</td>
<td>East Honiara</td>
<td>Corner Stone Savings Club</td>
</tr>
<tr>
<td></td>
<td>Honiara</td>
<td>Central Honiara</td>
<td>Lord Howe Women Savings Club</td>
</tr>
<tr>
<td></td>
<td>Honiara</td>
<td>Central Honiara</td>
<td>SIPEU (Solomon Island Public Employees Union) Credit Union</td>
</tr>
<tr>
<td></td>
<td>Honiara</td>
<td>Central Honiara</td>
<td>Komsol Credit Union</td>
</tr>
<tr>
<td></td>
<td>Honiara</td>
<td>Central Honiara</td>
<td>Nurses Credit Union</td>
</tr>
<tr>
<td></td>
<td>Honiara</td>
<td>Central Honiara</td>
<td>Police Credit Union</td>
</tr>
<tr>
<td></td>
<td>Honiara</td>
<td>Central Honiara</td>
<td>Melanesian Crusaders Credit Union</td>
</tr>
<tr>
<td></td>
<td>Honiara</td>
<td>Central Honiara</td>
<td>National Provident Fund Credit Union</td>
</tr>
<tr>
<td></td>
<td>N.E Guadalcanal</td>
<td>Lengalau</td>
<td>Lenga Savings Club</td>
</tr>
<tr>
<td></td>
<td>Central Malaita</td>
<td>Auki</td>
<td>Central Malaita Credit Union</td>
</tr>
<tr>
<td></td>
<td>Central Malaita</td>
<td>Kilusakwalo</td>
<td>Mt. Zion Savings Club</td>
</tr>
<tr>
<td>Timor Leste</td>
<td>Manatuto</td>
<td>Aiteas</td>
<td>Domininhun Credit Union</td>
</tr>
<tr>
<td></td>
<td>Baucau</td>
<td>Caibada</td>
<td>Fini Naroman Credit Union</td>
</tr>
<tr>
<td></td>
<td>Baucau</td>
<td>Tinilolo</td>
<td>Fitun Lorosa'e Credit Union</td>
</tr>
<tr>
<td></td>
<td>Bobonaro</td>
<td>Odoman</td>
<td>Lanamona Credit Union</td>
</tr>
<tr>
<td></td>
<td>Bobonaro</td>
<td>Lolotee</td>
<td>Nilda Lolotee Credit Union</td>
</tr>
<tr>
<td></td>
<td>Dili</td>
<td>Bebonuk</td>
<td>Fini Sorumutu Credit Union</td>
</tr>
<tr>
<td></td>
<td>Dili</td>
<td>Akadiru</td>
<td>Tau Fini Ba Futuru Credit Union</td>
</tr>
<tr>
<td></td>
<td>Dili</td>
<td>Motael</td>
<td>Dadirah Credit Union</td>
</tr>
<tr>
<td></td>
<td>Dili</td>
<td>Kuluhun</td>
<td>Klibur Uniao Ba Credito</td>
</tr>
<tr>
<td></td>
<td>Dili</td>
<td>Bairopite</td>
<td>Esperansa Credit Union</td>
</tr>
</tbody>
</table>
A number of sampling techniques were used during the data collection. Purposeful sampling was used to select the sites to survey. Other forms of sampling were not appropriate due to the nature of the research. Villages in each country were selected based on having a financial cooperative. Within the village, stratified sampling occurred when collecting the data for the OPI as it was necessary to have respondents that interacted with the institution in different ways. Random sampling occurred when undertaking the HQ to ensure that there was a wide cross sample of the community, not just community members that were members of the financial cooperatives but also individuals that were having their financial needs met elsewhere. The size of the village determined the randomization technique utilized. If it was a small village then nearly all of the houses would be door knocked to request time to answer the survey. If the village was larger only every second house would be approached to participate.

The OPI survey was perhaps the most complex due to the diversity of respondent required. For this survey I used stratified sampling (Simon 2009: 169) whereby I identified the segments of the institutions that I needed. I required a varied voice within the sample with the dominant voice being that of the financial cooperative members. I also needed non-members to understand the institution from not only the outside but from a general community perspective. Similarly I needed to understand the physical environment in which the financial cooperative operated in so I surveyed households and individual community members to gain this information. Institutionally I interviewed board or committee members as leaders of their institutions as well as members and volunteer workers within the institution. The sampling also sought to survey across a spectrum of age groups as well as attempting to include a gender balance. The composition of the research participants were:

- Members
- Non-members
  - Non-members who wanted to be members
  - Non-members who did not want to be members
- Board/Committee members
- Staff/Volunteers
- Community members (either members or non-members)
- Households (either members or non-members)

3.8.3 Contextual Considerations in Data Collection
The constructivist (Moses and Kunutsen 2012; Silverman 2011; Turner 2000) approach that I took ensured that I had to consider issues that exceeded logistics and processes.
There was a need to consider the social and cultural circumstances that I would be faced with as I have little understanding in terms of the respondent’s experiences and the influences that inform their everyday life which were completely different to that of my own. Basing my understanding of difference on the meta-narrative of Chamber’s (2010) work has assisted in separating my own perceptions of how I “should” seek out the data and what is the “right” way to do the research. It provided, not a view in, but a position from which I could reconcile that I perhaps would not understand the respondents lived experience. It provided a way of understanding that the “self” and the “other” (Plummer 2000: 195) are created through each other. The meaning of “self” is continually shifting through the never ending interaction with the “other”. Societies are also continually negotiating “meaning” which in itself is an interactive process.

3.8.4 Timing, Location, Sampling

The timing of the research in each country and each location was not critical from either the research question nor from the participant’s perspective as the institutions operate, and the members access them up to 5 days a week only closing for weekends, public holidays and festivals. For this reason the selection of which country to start the research was simply informed by the relative ease of access to the participants and the institutions. The Cambodian data collection was completed first as there were the greatest number of financial cooperatives to choose from and physical access was the easiest of the three locations. Access to skilled interpreters was also easier and quicker whereas the Solomon Islands was geographically more challenging and access to interpreters and assistants took much more time to arrange and demanded more attention in terms of the initial interpreter training that needed to be provided. Solomon Islands data collection was undertaken after Cambodia followed by Timor Leste.

The leaders of the financial cooperatives were asked to invite their members to the institution on given days so that they could be interviewed. Many of the institutions were small so often a majority of the financial cooperatives members were included in the survey. Others were asked to participate after undertaking the community or household surveys which utilized a randomized sampling (Simon 2009) approach. Within the qualitative research data contained within this thesis I undertook a process of purposeful sampling (Silverman 2011: 388).

Within the context of seeking to understand social capital within financial cooperatives the sampling bias was ameliorated in the surveys (Community and Household Questionnaires) that were not focused on the financial cooperatives directly. It was
important to be able to generalize the data (Moses and Kunutsen 2012) from these surveys to understand the environmental and societal impacts on social capital.

The three countries in this research represented social capital development in financial cooperatives from both the Pacific and Asia. This allowed me to also understand if there could be other macro influences at play within these unique environments, that of government, religion, and culture. By examining different financial cooperatives in different locations in each country I have been able to draw out the micro level differences with social capital development in financial cooperatives, that of leadership, access to community resources and collective action which will allow a more nuanced or micro level discussion of the influences and inhibitors of social capital development.

The selection of financial cooperatives was first determined by ensuring that there was a mixture of both urban and rural institutions, a mix of salaried and subsistence participants as well as a diversity of industrially bonded financial cooperatives and community or geographically centered institutions. The institutions ranged in size with some having close to three thousand members to others that have just one hundred members.

3.8.5 Culture, Race, Ethnicity and Identity

It was understood from the beginning of this research that the attitudes of the participants being surveyed could be affected by being a foreign researcher, while this could not be totally overcome, the use of local interpreters at least ensured this went some way to offsetting my influence. ‘Race, ethnicity, class, gender, religion, marital status and other non-demographic characteristics, … often define the position and identity of the researcher in relation to the researched community’ (Apentiik and Parpart 2009: 34). A rapport was able to be developed by commencing the survey with introductions and then discussions about things other than the survey questions. When people appeared sufficiently at ease chatting effortlessly then the surveying would commence.

Much of the qualitative research questions are focused around the everyday interaction with the financial cooperative, the membership and management as well as the community more broadly. The underlying concept of the OPI was to take a step back from a group of six to eight research respondents and then with a number of questions posed to the group, let the conversation begin and listen to the discussion allowing the salient themes and points of agreement emerge from the group. From an ethnographic research perspective this is still very much an ‘artificial research situation’ (Kees van Donge 2009: 180) but it did however open up space for unexpected and less predictable opinions and beliefs. The interplay between each of the participants created an environment where there was discussion and debate that enabled comments that would
otherwise not have surfaced within the context of a structured survey questionnaire. Within this environment the respondents were able to interact, not with an outsider, but with people they felt most comfortable, their neighbors and colleagues. Their identities and cultural belonging was able to be evident in that interaction (Desai 2009).

3.8.6 Local Customs and Protocols

In undertaking this research there was a need to understand the social structure in which the data was to be collected. As Apentiik and Parpart (2009) has posited the researcher never really fully comprehends and appreciates the complexity of the social interactions and relationships, ‘given the role of agency and meaning in human activity, there may be good reasons to doubt whether the social world exists independently of its interrogator’ (Moses and Kunutsen 2012: 152) however I endeavoured to be aware of my lack of understanding and continually consulted with my interpreters as the data collection and translation occurred. There were a couple of examples where I was aware of the local custom and protocols in relation to going into small villages, particularly in the Solomon Islands. While I had gained preapproval to enter the village it was important from a position of respect to seek out the Village Chief or big man (Ambang 2007). Likewise it was important, once having entered the villages in Timor Leste and to a lesser extent in Cambodia, to at least seek out the Village Chief and ensure that he was aware and agreed with my presence and activities.

In each of the countries contained in this research there is a strong sense of shared identity, or a ‘collective identity’ (Giguere et al. 2012) what Tajfel and Turner (1979) have defined in their social identity theory. One of the significant focuses of the data collection was that of collective action, as the financial cooperative is fundamentally based on collective action. I also understood that I needed to, at a preliminary level, seek out their initial motivation so I could navigate a way in which they would allow me to tap into that collective activity and undertake a data collection process within the community. The offer to share the information flowing from the data collection along with the findings once the thesis had been completed would provide valuable information that might allow the financial cooperative to become more attuned to their membership and their environment. The leaders of some of the financial cooperatives understood that their assistance in having their institution and membership participate may improve their institution and at the same time understand why their community participates which may lead to greater engagement from others in the community leading to institutional growth and strengthening.
3.8.7 Power Structures and Control of Knowledge in the Field

This type of “outsider” (Sidaway 1992) research has been criticised because it produces knowledge without the expressed input of the people being interviewed and it produces it from a position of privilege and power (Moses and Kunutsen 2012). Adorno and Horkheimer (1979) argued, it is through the systematic knowledge humans take control of their lives. It could be argued that research undertaken by an outsider to make sense of “others” (Mead 1934) is a process of disempowering those that we seek to understand. ‘Development research entails a confrontation between the powerful and the powerless, a relationship fraught with possibilities of misunderstanding and exploitation’ (Beazley and Ennew 2009: 189).

Power was a significant consideration in the design and implementation of the data collection. The collection of data encompassed multiple power relationships within the interactions. There were power relationships between me as an outsider to the community and to the customs and culture, as a development practitioner, as guest in the community. There were power relationships inherent in my age (hierarchical societies), as a male, as educated and literate and perceived to be rich (Brydon 2009). Regardless of having spent significant time in a professional capacity in the countries of research I do not believe that I could have a full understanding of the complexities of the power relationships and the influence that this could have on the participants and the manner in which this affects the way the participants responded to the survey questions.

Power from the respondents view in relation to the researcher is also informed by their experiences when interacting with their governments, of which some are very corrupt, which as Witsoe (2011) has argued, ‘corruption is a naked signifier of power…[which has] reinforced elite dominance’ (Witsoe 2011: 82). This then affects the respondents as each of the minor levels of government (Village Chief, and in some cases Commune Governor) had been informed of the research and a request for their permission had been sought. The participants were aware of this permission which may have on the one hand increased their willingness to participate but on the other hand it may have been out of fear or compliance rather than that of an embodied sense of willingness due to their attachment to their financial cooperative.

3.8.8 Language and Communication in the Field

In understanding the respondent’s answers, language, both verbal and non-verbal needed to be considered. Much of what the respondents were communicating during the data collection was communicated through body language and signs. Many of the non-verbal indicators where not necessarily apparent to me as an outsider however the
local interpreters involved in the process were able to identify many of these. As Apentiik and Parpart (2009) have argued, language, both verbal and non-verbal, is important in defining identity ‘language [also] affects the way we look at the world’ (Moses and Kunutsen 2012: 193). Acknowledging the role of language within the data collection process enabled me and the interpreters to read the situation and adjust the circumstances in which the interview would occur. Being able to adjust the approach or environment upon reading the respondents verbal and non-verbal cues allowed a better flow of information and for trust to be built during, and of, the process.

3.8.9 Gender Considerations and Participation

I want to move past the discussions on the rationale for having gender balance within the research respondents as it has been covered many times before (Momsen 2009; Nussbaum 2011; Pantoja 2002; Willis 2009). I want to move on to how I ensured that there was a proportionate response. While there is much literature (Hunt 2012; Hur 2012; Kabeer and Mahmud 2010; Simanowitz 2011) that espouses the benefits of having women economically and physically engaged in development activities, often due to women having the role as primary care givers in the family, there is disconnection between what is seen as good practice and what occurs in the field. Within this research it was evident that women play a substantial role as both members and as volunteers at an operational level. With the exception of a couple of financial cooperatives across the three countries the governance structure was dominated by men. Including women’s voices as members, staff or volunteers was easier than ensuring enough men were available to participate however when seeking a gendered balance within the boards or committee membership responses of the institutions it was far more difficult. The research data has a distinct bias in the absence of women’s voices within the governance level data.

3.9 Surveys

3.9.1 Social Capital Assessment Tool

The Social Capital Assessment Tool (SOCAT) (Grootaert and Van Bastelaer 2002b, 2002c) (Appendices 5-8) incorporates methodologies that report on both the cognitive and structural forms of social capital. The tool incorporates both quantitative as well as qualitative data collection that has been used across numerous countries and can be used to understand social capital from both a micro, meso and macro level and assists in uncovering the relationships between community, the institutions and the individuals.

In utilizing the SOCAT there was a recognition that the tool needed to acknowledge and address a number of essential conditions. The tool needed to work across a range of
cultural settings and therefore needed to ‘be sensitive to cultural variation while at the same time provide a unifying conceptual framework’ (Krishna and Shrader 2002: 23). It also needed to examine both the cognitive as well as the structural elements of social capital and at the same time be sympathetic to the localized form of collective action and institutional development. In order to understand both the formal and informal types of social capital it also needed to gather both qualitative and quantitative data and provide a participatory device that ensured respondents’ voice was evident in the resulting data (Grootaert and van Bastelaer 2002d; Grootaert et al. 2004; Krishna and Shrader 2002).

3.9.2 Indicators and Variables

The SOCAT tool divides the constituent stakeholders into the individual, the community and the organisation and then further divides these into cognitive and structural components. From this level the SOCAT tool then fragments the data into a number of headline conceptual categories with the outer level or what is in fact the foundation of the research data, measurable and observable information. This model of discovery ensures a view of the environment in totality. The fusion of this data in the Social Capital Schematic allows the constituent social capital elements of trust, group characteristics, norms, togetherness, everyday sociability, relationships and participation to be understood holistically. In order to understand how the individual components operate I have drawn from the work of those that have focused on each individual element and amalgamated them into a cohesive whole. The Social Capital Development Framework and the resulting Social Capital Schematic are the tools by which a consolidated understanding can be developed utilizing the individual theoretical components to understand Civil Society, Groups and Networks, Trust and Solidarity, Collective Action and Cooperation, Reciprocation and Mutual Aid, the Durability and Ownership of Social Capital.

3.9.3 Mapping and Measuring Social Capital

Social capital by definition is heterogeneous in nature, that is, it can be found and developed in various settings. There are numerous definitions of social capital and this therefore makes it very difficult to measure due to the various methodologies that have been used to understand and lay bare the concept (Bjornskov and Svendsen 2003). Bankston et al argues that ‘the difficulty in defining, locating, and measuring social capital is at core a philosophical confusion of language’ (Bankston and Zhou 2002: 385) due to the use of the term capital. Given that there is no consensus regarding neither the term nor the method by which to measure social capital, I have sought to select a tool (SOCAT) by which to capture the core constituencies of social capital found within a financial cooperative and the membership and associated community. That is, the financial
cooperative as an organisation, the individual as a member and the community as the environment within which the social capital is generated and expended.

3.9.4 Mapping and Measuring Social Capital and Civil Society
The conceptual tool I have chosen to understand the complexity of measuring social capital in civil society is that of Narayan and Cassidy (2001) *Measuring Social Capital in Communities* (Figure 9). By breaking down the elements of social capital into headline items that can then be articulated into everyday actions and behaviors of which many can then be viewed within the data collected using the SOCAT tool.

Narayan and Cassidy (2001) *Measuring Social Capital in Communities* is a generalized synthesis of the broader cognitive and to a lesser extend structural characteristics of data capture. It demonstrates the significant cognitive elements that may emanate from a community and that can impact the structural forms of social capital within a financial cooperative.

Figure 9 Measuring Social Capital in Communities

Source: (Narayan and Cassidy 2001: 67)
3.9.5 Mapping and Measuring Groups and Networks

The development of relational groups that form strong networks undertake a series of steps within an environment that brings about consolidation. As Putnam (2000) has posited the social capital that is generated is a type of glue that binds people together. To extend that metaphor, when the glue sets it has a certain amount of give or flexibility that enables the community to operate within boundaries or norms and generalized behavior without the breakdown of the relationships contained within. That is, arising from the development of social capital the community develops ways in which to operate and to deal with everyday relationship issues. Ways which include reciprocity, communication, and trust which allow communities to interact on an everyday basis.

Dale (2005) argues social capital within Network Formation (Figure 10) progresses through a number of stages, that of the community being empowered, developing relationships and connections, reciprocity and developing ways in which to communicate through to deliberative dialogue. Through this trajectory Dale argues that the network passes through phases that enable it to bond, bridge and link (Putnam 2000).

![Figure 10 Network Formation](image)

Source: (Dale 2005: 24)

This model is useful as it can be overlaid with the institutional development pathway taken by financial cooperatives. As a small group forms and develops it finds its voice through empowerment of its initial members in understanding the concepts of running their own financial institution. As the institution grows so too do the interactions between the
members in the everyday operations and the interactions where the relationships begin to mature as people build deeper and more durable connections. Links start to form outside of the institution, to organisations such as the government and other like-minded institutions and to other individuals in the broader community which are necessary to operate their financial cooperative. As the relationship connections grow, so too does the trust and reciprocity, not only between the members and the institution but also with a broader group of stakeholders which are integral to running the financial cooperative. As the diversity of their membership grows the institution and its members become more considered and sophisticated in their communication to a point where the institution matures and professionalizes and its management and board become an important and respected part of the community.

3.9.6 Mapping and Measuring Trust and Solidarity

At the core of a financial cooperatives existence is trust which in turn enables participation and eventually solidarity. Trust has a number of forms according to Arneil (2006), that of thick and thin trust. Thin trust is a form of trust that is placed on the generalized other (Putnam 2000) or what Arneil calls ‘civic trust’ (Arneil 2006: 125) with thick trust positioned with people that you have had interaction previously. It is within the human relationship that social capital emerges with trust emanating from the development of social capital rather than representing social capital in itself.

Using Mayer et al (1995) Model of Trust (Figure 11) that is generated within an institution, a cyclical process can be examined whereby the factors of perceived trustworthiness: Ability, Benevolence and Integrity join to form trust and progress to generate outcomes for the group which feed back into the groups initial precursors to create further trust and further outcomes for the group and so it continues. This model when overlaid with the research data enables the clear mapping of the process of trust creation through the various interactions that are occurring in the operation of the financial cooperative. That is, the leadership (ability) the social mission and behaviour (benevolence) and the transparency and accountability (integrity) of the financial cooperative feed into the communities sense of trust that is generated by the institution.
Collective action ‘arises when the efforts of two or more individuals are needed to accomplish an outcome’ (Sandler 1992: 1). Collective action is demonstrated through groups coming together to fight a localised concern or in the case of financial cooperatives address a market failure or an identified need.

Sandler (1992) points to defense and safety as historically collective actions. It is within these types of action problems we see interdependency of individuals within groups. As the interdependency of a society develops so too does the need for collective action.

Olson’s (1971) work is premised on the basis that individual rationality is not sufficient for collective rationality. Sandler argues that Olson’s position is most concerned where there is collective failure due to individuals pursuing self-interest. This is in opposition to Smith (2003) and his “invisible hand” whereby he argues that self-interest in a market environment will benefit the collective interest. Therefore collective action can be examined in relation to an individual’s welfare being optimized by the collective nature of the activity, as Sander has argued this needs to be understood in context to the ‘underlying game structure’ (Sandler 1992: 8). Birchall and Simmons (2004) argue that the self-interest paradigm used to explain game theory has progressed to where self-interested individuals can learn to work together and cooperate (Figure 12). There is a growing emphasis now being placed on ‘the importance of habitual behavior, the growth of social solidarity, and resulting high trust relationships, in modifying the individual’s calculation of utility’ (Birchall and Simmons 2004: 2). Birchall and Simmon’s (2004) collectivist approach is particularly useful in understanding the motivation and the collective action of financial cooperatives as it uses three variables to understand
participation, that of shared goals, shared values and a sense of community. Each of these variables fit comfortably into the process of both community and institutional building which are integral to the development of a financial cooperative.

Individual participation is based on an analysis of the benefits and cost and the overall opportunity cost of that participation. Individuals make this assessment from the view of resource constraints (Brady et al. 1995; Brady et al. 1999; Verba et al. 1993a, 1993b). Additionally the mobilisation of participation will be affected by the issue at hand, often a ‘catalysing issue’ (Birchall and Simmons 2004: 472) that is sometimes negative, ie an issue that affects the individual, or an opportunity that has benefits to the individual. Mobilising participation is also affected by recognition and “being asked” and the closeness or relationship within the social network of the person asking (Brady et al. 1999; Klandermans 1984; Rosenstone and Hansen 2002). Lastly although not sequential but linked is the motivation to participate. The factors contained within the resources and the mobilization affect the motivation and conversely motivation affects the resources and the mobilization.

In the following chapters both quantitative and qualitative data contained within the five survey components of the SOCAT has been analyzed and cross tabulated to understand the depth and quality of the collective action within the research communities.

Figure 12 Individual and Collectivist Incentives

Source: (Birchall and Simmons 2004: 496)
As societies move to a market based economy they replace mutual reciprocity with market transactions which leads to a decline in social capital (Coleman 1990b; Leider et al. 2009). There are two types of reciprocity, that of a direct-reciprocal exchange and that of network-generalised exchange (Buchan et al. 2002). There is also a relationship between the social distance and level of cooperation within the mechanisms of exchange (Buchan et al. 2002). Reciprocity must however be positioned within the cultural context ‘of the symbolic systems, or cultural capital, that imbues social relations with meaning’ (Perreault 2003: 328). Given that the nature of this research is based on the function of financial cooperatives it is important to differentiate between reciprocity and social exchange. Social exchange is based on an economic exchange and reciprocity is based on social relations and has an element of altruism contained within whereby there is no expectation of a benefit which is directly linked. The reciprocity within this research is founded on the type of exchange that occurs between actors, or community members and the social and institutional structures (Wohn 2011).

Reciprocity and mutual aid within this research is framed in context to access and collective action of communities in relation to financial services. The cooperative behavior examined is, as Deutsch (1962) has argued, based on goals that are interdependent. The value of cooperative behavior and mutual aid within a social context can be viewed as the same as within the marketplace (Svendsen and Svendsen 2004). The reciprocity has a value at both an individual and community level. The Svendsens (2004) argue the economic and the cultural aspects of the interaction are so closely entwined that they cannot be split. They argue it then allows the material and non-material interaction to be examined within society. ‘non-material capital as social capital lubricates the interaction between individuals, thus facilitating generalised trust and reduced transaction costs’ (Svendsen and Svendsen 2004: 16). It is here that the non-material is as critical as the material to achieve economic growth. As Coleman (1990b) has contended, the word social from social scientists and the word capital from the economists be put together to operationalise and facilitate a new way of thinking about the market. Social capital can be ‘broadly viewed as an informal exchange embedded in cultural systems which, none the less, presumably holds important economic implications’ (Svendsen and Svendsen 2004: 16).

Financial cooperatives are based on a democratic model of membership. ‘Membership itself [is] an act of generalising reciprocity’ (Jarley 2005: 5). What is clear from Jarley’s (Jarley 2005) research is the importance of the “opportunity” to undertake activities of reciprocity and to have a forum to develop bonds and shared values that can be
maintained and strengthened. The democratic processes of participation and engagement within financial cooperatives provide this very forum.

3.9.9 Mapping and Measuring Durability of Social Capital
Understanding the conceptual durability of social capital is demonstrated in Maak’s (2007: 340) Responsible Leadership, Stakeholder Engagement and Social Capital schematic (Figure 13). And while Maak’s thesis is centered around leadership and engagement, the way in which he has built on Mayer’s et al (1995) work on trust in terms of ability, motivation and opportunity (benevolence) it is nevertheless instructive on the structural and cognitive dimensions utilized within the SOCAT tool to collect the research data and demonstrates the manner in which durability of social capital develops within either the relational linkages between a community or an institution through returning value to the community through the structural, cognitive and relational dimensions.

Figure 13 Responsible Leadership, Stakeholder Engagement and Social Capital

Source: (Maak 2007: 340)

3.9.10 Mapping and Measuring Ownership of Social Capital
Baliamoune-Lutz has argued that ownership and ‘the effect of social capital is stronger among less educated people in regions where legal enforcement is weaker’ (Baliamoune-Lutz 2011: 336) and while this research is not focused on this specific
question the research data does cover communities of varying educational levels, from the professional middle classes in the Solomon Islands and Timor Leste of industrially bonded (mostly public service) financial cooperatives, to the rural subsistence farmers in Cambodia and Timor Leste and Solomon Islands. This research does not speak to the question of the legal environment within which each of the financial cooperatives are located, however it is not unreasonable to state that the governance and legal structures of each country within this research is less than optimal.

Social capital has been conceptualised at multiple levels. Analysis of social capital has been discussed at a national (Huysseune 2003; N. Mayer 2003; Putnam 2000), organisational (Campbell 2000; Munn 2000), community (Hart and Dekker 2003) and individual level (Comim 2008). Researchers are only just beginning to integrate social capital across the different levels (Reid and Salmen 2002). Sociologists Bankston and Zhou (2002; 1994) observe that social capital does not consist of resources held by individuals or groups, but of processes of social interaction leading to constructive outcomes. However, social capital has until now, has largely been defined as the resources (Burt 2001; Lin 1999a, 1999b) available to one through the networks that they hold (Figure 14).

Figure 14 Modelling a Theory of Social Capital

Similar to Lin (1999a) Putnam (1995) posits the tensions of collective action can be addressed by understanding that unlike economic and human capital, social capital does
not belong to the individual or to institutions but resides in the relations between the actors (Figure 14). This type of capital can only be drawn down upon by collective action rather than through the individual.

Bourdieu extends the ownership proposition by viewing the need for “investment strategies” from either an individual or group to maximise the return on investment in order to give meaning to the relationships and connections of kin and those of the workplace and neighbourhood. Maintenance needs to be continually undertaken to preserve value and convertibility. Bourdieu’s (2002) view is any form of capital is a form of accumulated labour that it requires work to maintain. So it is not only the individual that needs to maintain investment strategies but also the group’s solidarity that needs investment. Bourdieu (2002, 2003) writes that while the group needs to maintain investment in the network and the solidarity that is formed there is a resulting material or symbolic benefit gained through that effort. For this benefit to be realised over the long term Bourdieu (2003) added that the relationships must have inherent obligations that are durable and experienced by the actors. Application of this understanding could best be seen within small Self Help Groups (SHG) in a development context, whereby the group will come together to decide who should be next to receive a loan. Within this interaction and decision making a personalisation of the transaction creates and permeates the group’s cohesion. The interaction needs to be a process of unceasing sociability (Bourdieu 2003).

The journey through the theoretical foundations of the Social Capital Development Framework and the resulting Social Capital Schematic is necessary in order to understand the elements operating across the community and the institution as well as the role the individual plays in creating social capital. While the sections above are neatly separated into individual theoretical components this is not the case as demonstrated in the Social Capital Schematic. All of these elements are at play continually through the intersection of activity and interaction in the lives of the individuals and the activity of the community and the institution. In order to develop a framework that would accommodate an examination of the social capital within financial cooperatives it was necessary to position the theoretical underpinning of the important elements of social capital. The components could be broken down further however for the purposes of this research an understanding at this main component level is adequate to facilitate the understanding of the Social Capital Development Framework and therefore the Social Capital Schematic.
3.10 The Research Data

Using the Social Capital Schematic and positioning the research data within the community the individual and the institution a further fragmentation needs to occur to be able to unpack and closely examine the devices of social capital. The research data from the community has been viewed through the structural assets of which the physical assets have been categorized through themes of access, quality, change and problems whereas the community structural assets have been viewed through economic activity, employment availability, population movement. Under the structural assets of the community within the human assets I look at migration to understand this particular element of social capital development. The educational assets again are viewed through access, quality as well as the geographic nature and attendance. The health assets of a community also are an important part of the structure of a community and access, geography and facilities are measured within the data. Livelihood assets form an integral part of the social capital development and have been viewed through access, type, financial condition and yield. The community support section of the research includes an examination of the type and support as well as access and the available resources. Lastly within the community asset section the case studies examine the standard of living, trust, crime, environmental issues in context of community organisation.

The individual assets also contain both structural and cognitive social capital components. Within the structural social capital elements the country data chapters examine participation through organisations and look at density, participation, homogeneity and leadership. Networks and mutual aid is also examined through leadership and laying bare the forms and types of networks with which the individuals of the community engage. Exclusion is also examined to understand what causes division, how division is handled and what types of exclusion occur. Conversely collective action is examined to look at the history of the individual community, the frequency of collective action and the forms of leadership that take place. The country data chapters also examine the individual in relation to the cognitive social capital. The research data examines the location of solidarity, the thickness of trust and the perceptions of cooperation and conflict. Conflict resolution is examined in terms of the levels of harmony and the location of perceived authority to undertake mediation.

Social capital development is examined within the financial cooperatives through the lens of leadership and its elements of rotation, density and availability, the diversity and heterogeneity as well as the quality and skills of the leaders and the relationships within the institutions. Financial cooperatives also rely on participation which is observed
through frequency, decision making, and inclusiveness. Participation by elites within the institution is analyzed to determine the diversity of membership. The organisational culture is considered within the data through the institutional practices and norms that emerge. Organisational capacity and sustainability is analyzed through specific capacities and collective action and the formulation of demands within the institution.

3.10.1 Community Profile Asset Mapping

This participatory part of the research was undertaken through group interviews whereby up to eight community members would dedicate up to an hour and a half to map out the community assets and services available to their community. Both the positive and negative features of their community were discussed and listed along with the formal and informal institutions available to the community. Diagrams were developed to assist the group in “remembering” whereby the services and institutions where cross referenced and connected depending upon the type and level of interaction and intersection. Open ended questions and discussion threads where used at the beginning of the meeting with more structured questions used later in the proceedings. There was no gender segregation within these groups nor was there any bias in terms of age, education level or position within the community. While there was often disagreement during the discussion, in nearly all cases the groups came to a consensus around the outcomes of the discussion.

The CPAM was useful to understand the activities that the community undertook together. It provided an understanding of the nature of collective action. More importantly it was a useful exercise to build trust for further individual surveying work that was to follow. The questions asked during the meeting were: 1. The identification of community assets and their understanding of the definition of community, 2. Collective action activity within their community, 3. Decision making processes that were enacted and followed, 4. Discussion of the links between the local organisations, 5. Institutional relationships and behaviours with the community, and 6. Linkages between their financial cooperative and other institutions within their community.

The format of the discussion integrated a combination of direct, and open questions which were semi-structured and encouraged the participants to outline perceptions, opinions and ideas. Many of the discussion topics commenced with a broad question that then had a subset of questions to unpack the theme of the main question. The group was also asked to use flipchart paper and pens to map networks. This exercise enabled those that were perhaps not as verbally inclined as others to participate more fully. It also allowed the group to interact with each other more fully and coalesce around their
ideas in a less formal manner. Both the group discussion and the drawing activity enabled the group to test their recall of experiences, perceptions and opinions. The data flowing from the CPAM is qualitative and assists in highlighting the degree and character of the community’s social capital.

3.10.2 Community Questionnaire

The Community Questionnaire is structured to first capture the community assets and the associated deficits. The questionnaire then seeks to document items which are quantifiable measures of social capital i.e. principal services, migration, education, health, environmental, and community support. The questionnaire was modified slightly for each geographic context along with some of the language. Additionally instead of undertaking this survey in a group setting it was conducted on a one to one basis with the results consolidated.

The CQ is broken down into the Community Characteristics, where the community is mapped in terms of quantifiable and structural descriptors. The Principal Services are then outlined to understand access, quality and issues with community utilities such as electricity, telecommunications, water and sanitation etc. Labour Migration is also examined to understand the economic underpinnings of the community. The CQ also examines the access and quality of four levels of education from preschool to adult education. The fifth area of examination is Health whereby access and quality of health services is viewed in relation to the health issues by demographic affecting the community. The community activity around the Environment is also considered within this survey along with the Agricultural activity from production through to distribution and technical assistance and access to credit. Lastly Community Support is examined in context to social, economic and recreational networks and associations and the providers and location of those services as well as the participation demographics. In this part of the survey respondents are surveyed on problems that exist in their community around crime, substance abuse, and domestic violence as well as a number of other social issues such as teen pregnancy, prostitution and gangs.

The CQ uses a combination of different questioning formats. Respondents were sometimes given a list of possible responses and asked to pick one, in other questions they are asked to list two top responses to a question. Some of the questions are a choice of yes or no with subsequent questioning used to unpack the initial response. The questionnaire also uses a scaling system, eg. “increased, decreased or stayed the same” with other questions the respondent is required to provide a number linked to a form of measurement relating to the question.
3.10.3 Household Questionnaire

The Household Questionnaire is structured into five main areas, the Identification of the Household, the Housing Characteristics and Household Roster, the Structural Social Capital and Cognitive Social Capital. The Structural Social Capital section examines the Organisational Density and Characteristics, networks and Mutual Support Organisations which the household members belong to or participate in. This section also looks at issues of Exclusion as well as previous Collective Action. The Cognitive Social Capital segment of the survey unpacks Solidarity, Trust and Cooperation, and Conflict Resolution.

This questionnaire provided data that could be batched and analyzed from a quantitative perspective with details collected around the household characteristics, family relationships, social networks and memberships, which spoke to the extent of each household’s social capital. Within examining the households social capital the survey sought to uncover the density and characteristics of their memberships and the levels and quality of participation along with the perceptions of reciprocity within those networks. The household’s social capital questions also identify exclusion as well as collective action that had occurred. Lastly the household survey assists in unpacking the cognitive dimensions of social capital. This is captured by examining the norms, trust, solidarity, attitudes and beliefs.

The HQ used a number of interrelated questions that saw responses dependent upon previous answers. The Household Roster within the questionnaire contained ten questions that saw some further questioning become obsolete in certain circumstances due to the dependence upon previous responses. The HQ also contained relational groupings which were connected to the initial response whereby the respondent would be required to reflect back on the initial three responses and then respond or elaborate further in each of the three cases. The questionnaire also asked respondents to answer in either the positive or negative in some questions while other questions they were asked to scale responses or choose a predetermined scaled rating.

3.10.4 Financial Cooperative Profile

The features, density and durability of the financial cooperative were collected through the Financial Cooperative Profile questionnaire. Questions around the Leadership, Participation, Organisational Culture, Capacity and Sustainability were asked in individual interviews. The interviewees needed to be members of the financial cooperative. Within this sample group there was at least one committee member, one
volunteer staff member and a larger sample of members, both depositors and people whom had loans, both current and repaid.

The Leadership questions were framed around the rotation as well as the availability and density of the leadership. Exploratory questions were asked about the diversity of the leadership and the opportunity of others to participate in a leadership role. The quality and skills of the leadership is examined in the data as well as the relationship between the leadership, the staff and the membership.

Institutionally participation forms a large part of the success of a financial cooperative. The FCP asked respondents questions about the frequency of meetings, participation in decision making and the inclusive nature of the meetings including whether there was participation of the communities elites within the financial cooperative.

Knowledge transfer was examined within the context of Organisational Culture. Respondents were also questioned around the institutional behavior of members and the willingness of the organisation to confront members if there was a problem. This section of the survey also sought to understand if the organisation was willing to impose sanctions on transgressors.

The Organisational Capacity and Sustainability section of the survey sought to provide insight into the specific capacities of the financial cooperative through a 360 degree process. Included in the respondents were not only board or committee members and management of the institution but also the members. The outcome of the survey was a more rounded and balanced viewpoint of the capacity of the institution to carry out their activities. This segment of the survey also looked at the collective action of the institution to meet the needs of the members. Here both activity and frequency was examined as well as the way in which the institution was able to manage the interests of the membership.

The questionnaire consisted of yes or no responses as well as questions which asked the respondent to scale their answers. The questionnaire required the respondents to choose from a list of possible replies with some of the questions seeing the respondents having to state two responses to an open question and then reflect back on those responses in relation to the positive or negative areas of enquiry.

3.10.5 Organisational Profile Interview

The Organisational Profile Interview was conducted in a semi structured format which examined the relationships within the community to the financial cooperative. This
interview sought to identify the various pathways within the networks and relationships. The results speak to the quality of the membership and issues of inclusion and exclusion along with the capacity and linkages to other organisations both internal and external to the community. The interviews were undertaken with committee members, volunteer or staff members along with regular members. Interviews were also held with non-members within two categories, those that wanted to be members and those that did not want to be members. This cross sample provided insights from a whole of community perspective and positioned the financial cooperative within the context of importance and function within community life.

The OPI survey tool examined the relationships between members, board or committee members as well as non-members and assisted in highlighting the bonding and bridging social capital within the community through the financial cooperative. By breaking the interview into segments that focused on a component and constituent of the financial cooperative, the interaction between the stakeholders assisted in identifying the tensions and points of solidarity and highlights the cognitive rationale for participation. Additionally issues of institutional and personal trust are highlighted through the discussions. The OPI provided a qualitative tool to provide an institutional narrative from all sections of the community. It gave voice to those outside of the institution to provide a more holistic qualitative community view.

The format of the OPI was similar to the CPAM with the exception of the division of questions focused on different segments of the respondents as outlined in previous paragraphs. The questions were tailored to the position of the person being interviewed and were written to elicit perceptions, opinions and experiences from their interaction with the institution. Many of the questions were open ended and offered the ability of the respondent to provide a narrative stemming from a range of probing questions.

3.10.6 Research Data Analysis Tools
The quantitative research data from the field was translated and transcribed into spreadsheets and consolidated and coded. Due to the vast volume of quantitative and qualitative data collected there was a requirement to segment it into an appropriate form from which it could then be viewed and analyzed. The quantitative data was analyzed using SPSS program and the qualitative data utilizing NVivo program.

3.11 Ethical Considerations
Deakin University, Human Research Ethics Committee approved the research on the 20th of October 2010. While formal approval was not sought nor necessary from the
federal or provincial governments in each of the countries that form part of this research, an approval process was put in place to gain the consent of the Village Chief, in Cambodia and in some cases the Commune Governor. Permission was also obtained by the board or committee of each of the financial cooperatives which participated in the research. Additionally in both the Solomon Islands and in Timor Leste authority to carry out the research was obtained from the business or the government authority in which the financial cooperative operated and from which the members were derived.

The research data is coded to conceal the identity of the respondents and to create confidence in the participants that their information could not be traced (Simon 2009: 164).

3.11.1 Conflict of Interest

The organisation that the researcher works for is CUFA, this organisation has a relationship with the institutions that are contained within this research. While the researcher doesn’t work directly with the institutions and communities, the researcher was known to some of the respondents. The identified conflicts of interest was the inherent unequal relationship in being identified as a person coming from an organisation that funds development activities with their institution or community. The respondents’ sense of duty to participate was no doubt intensified due to this relationship however I sought to mitigate this perceived pressure by clearly explaining the separation of function and highlighting in the Plain Language Statement that identified their autonomy in deciding whether to participate. Highlighted in these discussions was the clear pathway of complaint and withdrawal from the research which was explained verbally in local language as well as in written form in the local language. A local contact name and phone number and email address was also provided to the respondents which they could use if they had concerns. The respondents were also informed that they could anonymously contact the local representative if they had concerns or felt that they were unfairly treated or wanted to report any incidences. A name and phone number and email address was also provided for Deakin University where respondents could contact if they had any concerns.

3.11.2 Funding Considerations

The research was funded in part by CUFA, the employer of the researcher. The researcher as a part of current employment conditions is entitled to study assistance and this assistance was provided in the form of funding of $9,000 that paid for airfares, and accommodation, office and administration support in each research location as well as access to interpreters in each country. The focus of the research was deemed by the
CUFA Board of Directors to be of benefit to the organisation and its objectives. The employer of the researcher has asked for the ability to quote information and findings from the thesis in material to funders and donors. As indicated in the ethics application this does not equate to the commercialization or impact on the intellectual property rights.

3.12 Planning and Logistical Considerations

3.12.1 Selection of Field Locations

The selection of field locations was driven by a number of factors both within and outside of my control. The countries were purposely chosen as they spanned across Asia and the Pacific region with Timor Leste being somewhat in between, being a predominately Austronesian and Melanesian ethnic group on the edge of Asia.

Cambodia had been historically dominated by the French, Timor Leste by the Indonesians and previous to that by the Portuguese, and the Solomon Islands by the British, so there were some similarities in terms of having a colonized history. The colonizers of each country within this research have had their own long history of cooperatives (ACCU 1981; Lewis 1996). While each of the countries has had European influences as a common factor I have not explored this as a part of the research. I did however feel it was important to note it for perhaps further investigation at a later time. Each of the countries were colonized up until recently with the Solomon Islands being independent for the longest period (Government of Solomon Islands 2002b). The other common factor between each of the countries is that they are all recent post conflict areas and have suffered both internal and externally driven conflict. As we travel further out from the nucleus of commonality we see that each of them now have what appear to be stable governments but their form and practice of governance is somewhat precarious in differing ways in each of the research countries.

The selection of survey locations provided a number of challenges, firstly the research design dictated that I obtain data from both urban and rural financial cooperatives, I needed to survey both industrial bonded as well as geographically / community bonded financial cooperatives to ensure that I covered the breadth of form of financial cooperative. Lastly I needed to ensure that my sample size also included both larger and smaller financial cooperatives. These variants ensured that I obtained a representative

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14 There is one religious based financial cooperative included in the Solomon Islands data
sample of each country. It also ensured that I could fragment my data to cross tabulate the findings both across the individual country as well as from country to country, for example, do small financial cooperatives generate a greater amount of social capital than that of bigger financial cooperatives across the three countries?

The selection of the financial cooperatives was determined by where they were located, that is, some villages simply did not have these institutions so the selection was also based on availability. None of the financial cooperatives that were approached to participated refused, all were happy to be involved however some were found to be smaller than initially reported so additional financial cooperatives were found to ensure that the data for each country was complete.

3.13 Conclusion

This chapter provided a comprehensive explanation of the methodology and epistemology behind the theoretical framework of the research. The constructivist approach to the research outlined in this chapter has enabled me to account for human agency and difference in the analysis of the data. ‘Action is social in so far as, by virtue of the subjective meaning attached to it by the acting individual (or individuals), it takes account of the behavior of others and is thereby oriented in its course’ (Parsons 1947: 88). The data collection tool and the research design, data collection implementation and the associated qualitative and quantitative software tools used to analyze the data have been a significant factor towards achieving the objective of this research.
Chapter Four: Cambodia Research Findings

4.1 Introduction

This chapter provides an analysis of the Cambodian data gathered using the SOCAT tool and presented utilizing the Social Capital Schematic. This chapter begins by looking at the entire Cambodian data set and then proceeds to examine the central components of Community, Institution and Individual in relation to social capital. The data analysis in this chapter is then discussed in comparison to Timor Leste and the Solomon Islands in Chapter Seven to understand its relation to the generation and expenditure of social capital within the financial cooperatives. These research findings seek to locate and document the types of social capital which appears to be in varying levels in the countries examined as a part of this thesis. This chapter positions an understanding the social capital and it relation to the success or failure of financial cooperatives as it relates to the Cambodian financial cooperative context.

The discussion of the results commences by examining the various layers of the data within the Cambodian Social Capital Schematic, to understand the relationship between the results of each category and the way this impacts on how and where the social capital is formed. The types of social capital informs whether it is structural or cognitive social capital which can then be understood in context to the site of generation.

Historical and Environmental Context

Modern Cambodia has endured a history trapped between geopolitical rivalries as well as more localized class and power struggles which has resulted in war and genocide. While the experience of genocide is the more recent narrative of Cambodia the early history speaks to a rich cultural environment that saw the Khmers and the related Mon peoples stretch from what is now Myanmar and Thailand to southern Vietnam (Church 1995). With the emergence of the Angkor Kingdom between the 9th and the 14th centuries along the northern end of the Tonle Sap (Great Lake) a population thrived through a bureaucracy of officials that saw irrigation and construction develop, harnessing the population and providing food through multiple rice harvests (Osbourne 2000: 33) and trade. This was not a peaceful time for the inhabitants, under Suryavarman II\textsuperscript{15} much of the empire stretched across what is now modern Thailand, Lao, Cambodia and Southern

\textsuperscript{15} Suryavarman II reigned between 1113-1150
Vietnam (Church 1995; Rooney 1999) which was the peak of Angkor's power (Freeman and Jacques 2011; Osbourne 1997). It was Jayavarman VII\textsuperscript{16} who is responsible for much of the construction including Angkor Thom and Bayon to promote Mahayana Buddhism (Church 1995).

Different forms of Buddhism had existed alongside Hindu Devaraj however by the 13\textsuperscript{th} century Theravada Buddhism was becoming the dominate religion throughout Khmer society (Church 1995; Osbourne 1997). By the 1440s the Angkor region had been abandoned by the Khmer ruling class. There are many theories surrounding the reasons of abandonment including ecological deterioration, (Church 1995), the rise of Theravada Buddhism (Osbourne 1997) and the importance of trade of which Phnom Penh being more suitably placed (Freeman and Jacques 2011). Between the 16\textsuperscript{th} and 18\textsuperscript{th} centuries there was sporadic wars that occurred especially through both Thai and Vietnamese incursions (Church 1995) however trade and cultural exchange continued during this time (Rooney 1999).

The French colonial period began in August 1863 with the signing of the treaty of protection which ensured the commercial interests of the French (Church 1995; Osbourne 2000). Initially this change meant little to Cambodia until in 1884 when the French took control over all administrative areas of the country. The resources available to export and trade were limited with rice being the most abundant (Church 1995). Regardless of the limited export opportunities from Cambodia the Mekong remained an important trade route (Osbourne 2000) and therefore Cambodia was strategically important.

World War II saw the transfer of the northern provinces of Cambodia to Thailand under the Japanese\textsuperscript{17}. The French allowed the Japanese movement of their forces in exchange for their agreement that they would continue to administer Indochina. As a counterbalance to the rising power of the Japanese within Cambodia the French assisted in the development of a type of Cambodian Nationalist movement for young Cambodians (Church 1995; Hall 1994; Tarling 2001).

\textsuperscript{16} Jayavarman VII reigned between 1181-1219

\textsuperscript{17} These provinces were returned in 1947
The period after World War II saw the French propose limited Cambodian self-government due to the prevailing nationalist mood in Indochina. The French retained control of finance, defense and foreign affairs however this arrangement became dysfunctional with the political process becoming factional and unworkable. King Sihanouk saw this as an opportunity to internationally campaign for independence. In October 1953 the French where in difficult circumstances in Vietnam and so gave in to the independence movement.

The period between 1953 and 1970 saw Sihanouk deeply engage with the political process with him abdicating in 1955. The economy suffered during this time through a lack of focus however there was an emerging educated class that were underemployed and with Cambodia’s domestic peace at threat with neighboring conflicts the continual recalibrating of geopolitical powers saw allegiances continually shift. While the urban areas became more conservative the more remote areas saw the communist groups take hold. In 1970 while Sihanouk was overseas the National Assembly withdrew confidence in him and replaced him with the Prime Minister Lon Nol as the head of the new government the Khmer Republic (Church 1995; Kingsbury 2001; Osbourne 1997, 2000).

With Sihanouk no longer the leader of the government and an alliance with the Khmer Rouge escalated tensions which saw a full scale civil war by 1972. By 1975 the country was in famine and unable to feed itself. Support for the Khmer Rouge grew and on 17 April 1975 they entered Phnom Penh and deposed Lon Nol creating Democratic Kampuchea (Church 1995; Kingsbury 2001).

Under the leadership of the Paris educated teacher, Saloth Sar known as Pol Pot (Church 1995) Cambodia would see a program of radical reform that aimed to build a new Kampuchea starting at year zero in 1975. The consequences of the reform are well documented (Brinkley 2011; Church 1995; Ear 2013; Hughes 2009; Hughes and Un 2011; Osbourne 1997, 2000; Tarling 2001) and were extremely catastrophic for the people, creating severe hardship as well as decimating a large proportion of the population. On the 25th of December 1979 the Vietnamese re-entered Cambodia which saw the Khmer Rouge forces collapse. During 1979 to 1991 the Vietnamese acted as a “protectorate” (Church 1995: 33) however Vietnam understanding the international perceptions of their incursion into Cambodia set up the People’s Republic of Kampuchea headed by Cambodians including the current Prime Minister Hun Sen.

Elections were held in May 1993 under the auspices of the United Nations Transitional Authority in Cambodia (UNTAC), two months later the government was formed known
as the Royal Government of Cambodia recognizing Sihanouk as Cambodia’s King (Brinkley 2011; Church 1995).

To this day ‘Cambodia remains a shallow democracy’ (Ear 2013: 13) beset with human rights abuses, poor governance and plagued by corruption and nepotism (Brinkley 2011) and after more than 20 years since UNTAC is still dependent upon aid (Ear 2013). This provides an interesting juxtaposition in relation to the experience in the rural areas of Cambodia where there were high levels of self-sufficiency observed as the following chapter will highlight.

Cambodia currently has over 14.3 million people (UNData 2014b) throughout 23 provinces (CIA 2014a) administered through an executive branch consisting of a Chief of State, King Norodom Sihamoni and a Head of Government Prime Minister Hun Sen. The legislative branch is bicameral and is made up of a Senate and a National Assembly.

The main drivers of the economy are garment manufacture, construction, agriculture\(^{18}\) and tourism however approximately 4 million people still live on less than US$1.25 a day with more than 50% of the population under 25 years of age (CIA 2014a). With more than 50% of the government budget coming from foreign aid (Ear 2013) the growth of the economy is at 7% GDP with inflation running at 3.2%. Cambodia is a net importer of goods with US$6.7 billion in exports in comparison to US$8.8 billion in imports (CIA 2014a) although there is no reputable published data on the public debt of Cambodia.

This research focuses on the development of social capital within an institutional context of financial cooperatives. However due to the impact of poverty on the respondent communities it is important to reflect on the indicators of poverty especially in relation so the components of social capital that are discussed throughout this thesis, that of self-reliance, access to services, and exclusion. To do this I have reflected on the relevant indicators within the Millennium Development Goals (MDGs) (United Nations 2014b) which are led by the United Nations. The relevant indicators will be discussed in relation to the structural assets of social capital.

The most recent segregated data discussed in this section and which is available to the public ranges from 2007 to 2010 (United Nations 2014a). Poverty levels as at 2007 were

\(^{18}\) 56% of the labour force is engaged in agricultural activities
at 30.1% indicating that almost one third of the country is still living below the poverty line. While the indicators for primary school enrolment in 2010 is at 94.8%, youth literacy rates are lower at 87.5%. Educational gender equality is at 72.9% of females to males while employment parity in agriculture and industrial wages levels is at 56% and 44% respectively and at 30% for the service sector. The health data in relation to cases of malaria and dengue fever is at 4.4 people per 1,000 people with 75 deaths per 100,000 people for tuberculosis. These indicators provide some context to the environment within which the respondents live their everyday life. For some of the more detailed data within the research I have also utilized the Cambodian Government’s National Institute of Statistics of the Ministry of Planning data (S. S. Than 2008b, 2008a; C. Than 2012).

Respondent Community

The data collection was undertaken in 10 villages, each with a financial cooperative. Of the respondents 54% of them were between 40 to 59 years of age with 74% of the survey sample earning US$100 or less per month and 50% having only completed up to 3rd year of primary school. There was a larger participation of females (64%) to males in this survey sample.

Cambodian Social Capital Schematic

Figure 15 Cambodian Social Capital Schematic
The Cambodian Social Capital Schematic highlights a number of weaknesses (within the .1-20% scale range) in the structural assets, particularly in the community component. At the same time there are a number of strengths (60.1-100% scale range) within the cognitive assets. The schematic approach tends to smooth out the extremes of strengths and weaknesses. The resulting social capital levels within Community, Individual and Institutional components are all equal within the 50.1-60% scale range indicating an equal contribution to the generation of social capital within the community, the individual and the institution of the financial cooperative.

The Cambodian Social Capital Schematic following (Figure 15) provides the reader with a graphic representation and a high level statistical snapshot of the survey data, the breakdown of the individual components has been provided in Appendix 1

4.2 Community
The Community component of the Cambodian Social Capital Schematic (Figure 16) was measured at 50.1-60% scale range. This was made up of 63.14% within the Cognitive Assets and 45.6% within the Structural Assets indicating a 17.54% spread between these two components of the Community Social Capital. This indicates that the cognitive assets of the community are stronger than the structural assets and therefore contributes substantially more to the community social capital component.

The following sections of Structural and Cognitive Assets provides an analysis of the contributions and tensions that are contained within the sub sections of these asset types and examines the interactions between the sections and the possible cultural and social metanarratives (Chambers 2010) at play. The following sections will discuss the relationships which as Chambers (2010) has argued encompass a predisposition to be personal, reciprocal, facilitative and democratic.
4.2.1 Structural Assets

The Structural Asset data range which contains the Physical, Education, Health, Livelihood, and Community Support Assets as well as Community Attributes was measured at a 40.1-50% scale range. The diversity within this component ranged from 70.1-80% scale range for the Community Attributes down to 20.1-30% for Physical Assets.

The Physical Assets within this data set are composed of tangible objects that impact on people’s everyday lives. The Physical Assets are general assets that are usually available to all of the community such as housing, electricity, public lighting, water, telephone, post, internet, sewage services, garbage collection, public markets, transport, recreational facilities and security services. Physical Assets within the SOCAT tool help answer one of the key questions when looking at social capital in relation to the direction of causality ‘is it social capital that makes higher household welfare possible, or is it
existing household welfare that allows the acquisition of more social capital’ (Grootaert 2002: 42). The Structural Assets within the Cambodian data set clearly indicate that the household’s access to physical assets is very low however the resulting generation of social capital is still able to occur regardless of access.

The data indicates that the services are less than adequate, often nonexistent and those that do exist are costly, which in some cases limits access, however the communities report that they are see improvement and are generally happy with the quality. The schism viewed between inadequate services yet the perceived view that they are improving and that they are of a reasonable quality may be due to the nature of the provision of the services and a strong sense of self-reliance. The Iterative Adaptation and Ambiguity (Chambers 2010) orientates the mindset of the community to live between what is available and what they may potentially have in the future. In many cases the community, either through their Village or Commune Chief or through collective or individual action, take responsibility for the provision of these services. So while the respondents were happy to point out the deficiencies, their perception was that these services are improving, perhaps due to their own endeavours. This process of empowerment can emanate from the activity of collective action and the resultant ‘collective self-objectification….actualizes participants’ social identity against the power of dominate groups’ (Drury et al. 2005: 309). Identity within this context of collective action is positioned whereby the act of empowerment enables the community to reimagine and reconceptualise their position and responsibilities within the community and create new narratives and new skill sets (Britt and Heise 2000). The new skills developed through this transformation assist in the poor’s struggle to access resources (Missingham 2003).

Physical Assets
The National Cambodian Government provides funding for housing in some resettlement projects (ADB 2011) however in general there is no housing assistance given to Cambodians. The survey data indicates that the availability of suitable housing is somewhat deficient however there is a significant proportion of respondents that view the quality of the stocks of housing as having improved. The respondents appear to claim that the improvement is due mainly to their own economic efforts (Figure 17). There is no evidence of the national government being engaged in planning, developing or regulating housing.
Utility services provided or coordinated by the national government tends to be focused in the urban areas. The large cities such as Phnom Penh, Battambang, Siem Reap and Sihanoukville tend to be the main beneficiaries of coordinated government utilities (S. S. Than 2008a; C. Than June 2010).

Electricity is provided in the rural areas in a number of forms. Some villages that are close to main transport routes may have access to main line power that links major cities and towns however those that reside away from these sources tend to access electricity in a number of different ways. Some have access to diesel generators, others have access to car battery services that are used for basic home lighting with some villages now having access to solar power installed by international and local NGOs. Despite only a small percentage of the community having access to electricity the respondents have generally a positive view that this utility has improved. The respondents however did raise the issue of cost in relation to accessing the service (Figure 18). Throughout the data there is a recurring sense of solidarity, that is, all families are struggling to pay for electricity and their individual situation does not warrant any special attention as everyone is in the same position, this form of egalitarianism positions the individual respondents as part of a communal situation.
Water and sanitation services was reported as deficient. There was a lack of access to both pipe borne water, communal wells and pumps however a majority of respondents indicated that they were generally positive that the level of potable water had improved however unclean water was still a major concern (Figure 19). Part of this concern is linked to health issues identified within the survey but not reported in this part of the data set. Water borne diseases are a major health risk in the villages with dengue fever, diarrhea and stomach issues being reported as major health problems facing children in the villages surveyed. Men were reported as suffering from typhoid as well as malaria and dengue fever and diarrhea whereas women reported lower incidences of typhoid, dengue fever and diarrhea and did not report malaria as a health problem.
Sanitation in the villages is also somewhat limited. Some of the government buildings in the villages have septic tanks although these are usually limited to the police station and sometimes the commune office. In the village areas the local commune takes care of maintenance and construction of waste disposal through digging simple channels for drainage with individual households often using pits for their waste. Despite the lack of services the respondents are positive about the facilities they have available to them and have indicated that they have improved although they did indicate that there are some significant problems with the sewage systems available to them (Figure 20). Sanitation in the form of public garbage collection services in the villages is non-existent with villagers disposing of their own waste mostly through incineration.
General telecommunication services is limited across Cambodia. A public telephone service is unavailable both in the urban and the rural areas. Landlines in the rural areas are rare, and unconsidered so respondents were framing their answers in relation to the mobile services that they either own themselves or that they pay to use by the roadside, which is a form of commercial "public" telephone. Respondents stated they have limited access but they see this service improving although they have stated the cost is very high (Figure 21).
Other forms of telecommunications such as a public internet service is also limited however smart phones are starting to become more prevalent (Vong et al. 2012) within the Cambodian telecommunications market albeit mostly in the urban centers. While many older people have basic analogue phones, they are becoming obsolete and within a short period of time these phones will be replaced by smart phones. The main challenge for some of the older people will be adapting to this new technology as they have limited or no English unlike their younger counterparts in the urban centers. There are only limited Khmer language smart phone applications available. Internet shops or cafes can be found in larger towns but are not available in the villages.

Other forms of communication such as a national postal service is non-existent in Cambodia so the survey respondents did not have any experience of such a service and therefore there were no responses to this part of the survey. Letters, documents and parcels are delivered through an informal system of friends and family when they are travelling or through the commercial bus system who often informally assist in the delivery of packages and letters throughout the country. This component is being included for the purposes of completeness in relation to the Timor Leste and the Solomon Island chapters.
The provision of public services is extremely limited to those in the rural areas such as public lighting, adequate transport options, access to markets and recreational facilities. There is however a greater equality in terms of access to security services in the form of policing across both the rural and urban locations.

The response to the question of public lighting was limited because the communities surveyed have not experienced this in their village. Public lighting is limited to the major urban centers therefore due to the lack of responses the data sample size cannot be considered as valid however the item of public lighting was included for the purposes previously outlined.

Access, participation and availability of common space for people to come together to undertake commerce was strong. While many of these spaces are deemed to be public space they are not formal markets that have been built by the government but informal spaces that people have taken over and constructed either temporary or semi temporary structures in which to sell their goods. While many sellers in these markets are required to pay a small fee for their market stall to a government official these payments tend to not make it into the governments revenue.

Other common areas includes a diversity of recreational space used by different segments of the community which reflects the communal culture that is evident in other aspects of the Cambodian everyday life. The data includes sporting fields along with separate children’s play areas.

Movement within the surveyed communities was aided through significant access and availability of transport, this includes everything from commercial buses through to private motor taxis, bicycles and tuk tuks. The classification of “public” denotes private and commercial forms of transport as there is no state owned forms of public transport in village areas. Phnom Penh only recently began trialing a public bus service which has been financially supported by the Japanese government (JICA 2013). The movement of the vast majority of the community is within the commune area, that is, to market, to school, to commune government offices, and to the rice mill. There were a number of concerns raised in relation to the changes the community would like to see to improve public transport however the main concerns included better roads and frequency of service (Figure 22).
The communities within this data set have a high sense of security, high levels of access and see the security services available as good quality. The security services referred to by respondents are those of the commune police. These police have a very unclear chain of command and the commune or Sangkat Fund that is used to pay the police is somewhat limited (Sedara and Ojendal 2011). The results found in this data are surprising given the lack of accountability and transparency of this service. A possible explanation may be that the commune police are local community members and therefore are regarded with particular respect due to their participation in local communal activities of village life.

Community Attributes
The Community Attributes section of the Cambodian Social Capital Schematic consists of a combination of both the static history and current dynamic structure of the community surveyed. As Grootaert et al. (2004) has stated ‘it is important to recognize that social capital is not a single entity, but is rather multi-dimensional in nature’ (Grootaert et al. 2004: 3).

The communities surveyed are well established and are reasonably large and have enjoyed significant internal growth albeit only to see many people move out of the community for work related purposes. Regardless of employment opportunities
increasing within their communities, much of the movement out of the community has been younger people moving for educational opportunities (S. S. Than 2008a).

The majority of communities within this survey have existed for 20 years or longer which aligns with the mass movement of displaced persons during the early 1990’s ‘rather than going “home” to their families actually became pioneers, some carving out new villages and farms for themselves…’ (Hughes 2009: 76). The villages are large with 73% having more than 100 households. Many of the villages in this data set are located around natural resources such as rivers and lakes as well as manmade facilities such as markets and road networks. There is growth within the communities surveyed. The census results for 2008 indicates that there has been annualized increase of 2.21% in the urban population and a 1.43% annual increase in the rural population between 1998 and 2008 (S. S. Than 2008a: 25). Population growth is organically occurring (Figure 23) rather than through immigration although the data does indicate a significant movement out of the community through migration.

Figure 23 Cambodia – Community - Structural Assets - Community Attributes - Reason for Population Movement

The survey data indicates that men predominately tend to work the land and are engaged in agrarian activities. This may be a mix of working on their own land or as day labourers. In addition to their main income stream most reported working on household land to grow vegetables, fruit and raise some livestock, including pigs and chickens.
While women are also engaged on the land there is a high proportion in home based manufacturing activities along with selling at either a roadside stall or at a market. Self-directed employment with both men and women is more prevalent in the rural areas with a higher proportion of salaried employees in the urban areas (S. S. Than 2008a).

The respondents had a sense that employment opportunities had increased. The 2008 census data indicates that over the last 10 years the number of economically active males 15 to early 20’s has decreased due to increasing educational opportunities but at the same time males over 60 who are economically active had increased (C. Than August 2010: 35) which would be due to the disruption the genocide caused to the demographics of the country.

Human Assets

There is much movement into and out of the communities surveyed, much of it for agricultural work purposes. The outcome of this movement is a distortion of the family unit whereby many families are made up of either one parent and/or grandparents and the children, sometimes these distortions are seasonal and sometimes they are yearlong (C. Than 2012). The respondents indicated that the migration out of the community was for work with the majority of this migration being internal although it must be noted that the respondents were not from communities close to borders which often increases opportunities for migration out of the country.

Respondents reported that there is an even split in terms of the gendered nature of migration although the type of work differs significantly with construction work and day labouring being the main reason men migrate with women moving for factory or construction work. Much of the migration is based on the potential to earn higher wages elsewhere and to be able to send remittances back to their family in the community (C. Than 2012). This type of work tends to be semiskilled and unskilled. There are social impacts with children being left behind to be cared for by grandparents, with husbands and wives being separated from each other and their support networks (C. Than 2012).

Movement into the communities tends to be for agrarian purposes with the harvesting of crops such as rice being one of the main reasons for immigration. There again are social impacts brought about by this movement of people, especially if they remain after the harvest with competition for often scarce resources in particular housing and alternative forms of employment.
Education Assets

The educational asset quality and availability to communities appears to be sufficient however due to the lack of available transport, access is often a limiting factor. Primary level education appears to attract the greatest participation however this drops at a secondary level, which may be due to accessibility and to the financial situation of the family whereby there are insufficient funds for the child to study at a higher level and the need for the child to produce an additional income to contribute to the family’s financial needs.

The data indicated that access to education becomes more difficult at the secondary level although this may be a reflection of the lower numbers that transition from primary school to secondary school (C. Than 2007) and therefore the resulting necessity to build as many secondary schools. A significant proportion of the population have access to education within a 4 km distance however this drops to just 18% when the distance is measured at 2km. While 4km may be seen as close, when taken in context to families not having access to private forms of transport anything further than 2km may be considered as too distant for children to access.

The respondents however appeared to be satisfied with the number of schools and teachers along with the quality of the physical condition of the schools. Many of the teachers are however under-trained for their positions, they are also underpaid, earning as little as US$60 per month\(^\text{19}\) (Ear 2013) with this often leading to teachers taking “gifts” from students to supplement their government salary. While teachers are moved around the provinces they do become part of the local community so the responses on the quantity of teachers or the quality of the schools may not be based on classroom observation or their child’s progress but may be influenced by their direct relationship with the teacher as a part of their community.

Primary school attracts the highest attendance with it tailoring off at a secondary level according to the respondents. The survey was taken in predominately rural areas with poverty being flagged as the main reason for poor attendance.

\[^{19}\text{Private conversations with Cambodian teachers}\]
Access to adult education was reported as being limited although this survey did not qualify the difference between formal and informal adult education as there are many NGO's providing educational opportunities around health, agriculture and livelihoods however these were perhaps not considered as adult education due to what Henke (2011) has called the NGO-ization of civil society in Cambodia.

Health Assets
Access to health services appears to be adequate and while there are high levels of trust there appears to be a reluctance to use the “free” services as there is often an informal payment that is made to access health services (Vian 2008). The data indicates respondents tended to access the health clinics for essential health care needs such as maternal care and emergency situations and less for preventative care with rural households only spending US$2.48 per month on visits to public health services and hospitals (Levine et al. 2012: 11).

Access to health clinics was reported at 60% although this needs to be viewed in connection to use, which this study did not consider, however may be further examined within the report completed by Levine et al. (2012). While the data showed high levels of trust with the health services there is significant research to indicate that the health services are only used in extreme circumstances due to perceived costs (Levine et al. 2012). The high levels of trust appear to be separate from their experiences of attending free clinics only to be asked for payment or “gifts” by the health workers which are used to supplement their low wages (Jacobs and Price 2006).

The majority of people have access to health care within a 4km distance of their household however this can be problematic if families do not have any forms of private transport, especially if they have to transport a severely ill family member. The measurement of access geographically has been gauged at 2km whereby only 15% of respondents have access. The government investment in health services is growing (Jacobs and Price 2006) with the number and spread of health clinics continuing to expand although Cambodia still has the 46th lowest life expectancy and the 38th highest infant mortality rate (Levine et al. 2012: 11). Respondents report having sufficient human resources such as doctors and nurses within the health care system but are less satisfied with the level of physical health care resources in terms of hospital beds, ambulances and available medicines.

Livelihood Assets
The communities surveyed enjoyed a high degree of homogeneity in relation to their livelihood activities as most earned their living from the land and sold their crops and
livestock through the same channels and reaped similar financial rewards for their efforts. There is a shared sense of community and struggle as they see each other facing the same challenges in terms of earning a living.

The type of livelihood assets available to the respondents are closely linked to the land through either rice cultivation or animal raising. There is homogeneity in terms of principle livelihood activities with 82% of respondents indicating rice cultivation as a primary activity. This result needs to be taken in context to the data collection occurring in only in rural areas.

Local middle men appear to be the main channel through which the community sell their crops and livestock. They note that the brokered price being paid by the middle men is a problem. The small margins they make on their crops and livestock are consumed by transportation costs. There are a number of NGOs that have been providing farming technical assistance to the villagers\textsuperscript{20}. One such initiative is to place a notice board up at the entrance to villages where the market prices for the main crops are now being publically posted so that villagers are aware of the “real” market price, which can position them to negotiate more effectively with middle men.

All areas that were surveyed had access to a financial cooperative and in many cases they also had access to other types of financial services, particularly NGO and commercial microfinance services. The data indicates access to a variety of different forms of microfinance from a number of different providers (Figure 24). It is however often difficult for the very poor to access these financial services due to the requirements to have collateral against which to borrow (Figure 25). Additionally many of the commercial and NGO owned microfinance entities charge very high interest rates due to the nature of their external funding sources (MIX 2014) making cooperative finance more attractive and suitable for the communal nature of the villages.

The survey data includes cooperatives that are classified as either financial or agricultural. There is often a clear distinction between the function of a financial cooperative and that of an agricultural cooperative, however those in the data set that are classified as agricultural cooperatives predominately service the financial needs of

\textsuperscript{20} Agriteam Canada, JICA
farmers and have agriculturally tailored financial products, e.g. loan products that are repayable at the time of harvest, products tailored to purchase seed and fertilizer etc.

Figure 24 Cambodia – Community - Structural Assets - Livelihood Assets – Financial Condition

The very poorest agricultural producers tend to have difficulty in accessing loans due to their lack of collateral, high interest rates and experience with crop failure and the financial pressure this then puts onto the family. Reputational risk was also flagged by the respondents by their concern that if they could not pay back the loan they would be seen as “untrustworthy” by their community.

Figure 25 Cambodia – Community – Structural Assets – Livelihood Assets – Problems of Agricultural Producers in Gaining Loans

There was no capacity within the survey questioning to understand the corelations between access to financial services and yields however respondents indicated that their
yields had increased and correspondingly that their levels of sales had also increased. This hadn’t necessarily translated into increased wealth as indicated earlier as the margins between cost of production and transport costs and the sale price are extremely small.

Community Support Assets

The community support assets such as a financial or agricultural cooperatives are highly prized due to the intersection with their economic lives as demonstrated by the membership. Those with power or economic influence also play a role in the support of the community. The economic influence is not necessarily linked to wealth creation but more so to access tools that will enable them to build wealth.

Respondents report that they have access to a wide range of community organisations although the types within which they mostly engage are predominately those of an economic nature and less so of those that have a civic or cultural focus. Community development organisations and economic cooperatives enjoyed high engagement while sports and cultural groups each had low engagement levels. Most of the support for community organisations came through the NGO sector and that of their local commune or village level government. Support from business and the national government play only a very small role. While economic activity features significantly in many areas of people’s engagement, support from business is perhaps limited due to the size of most businesses in the rural areas. Many of these businesses are family enterprises of a micro or small size. The buildings utilized for community activity were dominated by the community “elite”, that of community leaders, local government and religious buildings as well as those that have direct influence on members of the community.

While there is equality in access in terms of gender, there appears to be a higher skew of older people having access which could be due to the movement of younger people out of the community for employment and educational purposes with those that are locally employed certainly having greater access than those unemployed.

4.2.2 Cognitive Assets

Shared goals or vision (Tsai and Ghoshal 1998) and shared culture (Inkpen and Tsang 2005) create the sense of trust and perceptions of their environmental conditions, that is, what is valued or important and what is not, what the community see as acceptable and who is allowed to work with, and for, the community’s benefit. The cognitive assets work as a group of indicators that bring forth and lay bare the otherwise hidden reasoning that underpin the actions of the community.
Community Assets

The community assets are a group of indicators of a cognitive nature that highlight the community perceptions of their environment. The Cambodian communities appear to view their standard of living and levels of trust as having improved. They understand that their lives are becoming better however this is tempered by their perceptions of crime with high levels of violent crime apparent within their communities. The underlying theme emerging from this part of the data is that of a strong sense of self-reliance within the community.

Respondents report an improvement in the standard of living with this attributed to economic improvement through increased job opportunities and better prices for crops (Figure 26). On first reading this appears to contradict responses given previously where respondents stated they do not get sufficient money from crops however in this part of the survey the respondents are referring to the incremental improvements and are not inferring that the prices for crops are sufficient. The majority of the respondents have a perception of their communities as average in terms of the standard of living, that is, neither poor nor wealthy.

Figure 26 Cambodia - Community - Cognitive Assets - Community Assets - Standard of Living
The survey results indicate that there are high levels of cognitive trust, additionally respondents indicated that levels of trust have mostly improved. In comparison to other communities they see their community as having either more or at least the same levels of trust as other communities. The levels of trust in relation to lending is very high at 87% however this may be due to the sample being dominated by members of the financial cooperative.

While there were indications that levels of trust had improved there were perceived high levels of violent forms of crime such as domestic violence, assaults and violent disputes however nonviolent social issues such as teen pregnancy, prostitution were perceived to be low within the surveyed communities (Figure 27).

Figure 27 Cambodia - Community - Cognitive Assets - Community Assets – Crime

There were reported high levels of violent crime within the social environment however the responses about the physical environment where all of the villages surveyed were located inland were positive (Figure 28).
The respondents perceived view of improvement in, and the quality of, the environment as being very good to good. The focus of this environmental improvement was positioned within individual responsibility rather than through government regulation or third party influence.

Community organisation was however predominately focused on economic activity with the exception of health which could be deemed as a self-interest activity. Participation in community organisations focused on cultural or civic activities was low. Local government and NGOs were the greatest supporters of community organisations. Much of the support was based on the economic development of the community organisations which may have had an impact on the outcome of the responses. The main buildings that are used for community activity are those that could be seen to play a significant role in the community members’ life, that of the government (schools and health), religious, and local leaders’ homes. The survey data indicated that participation in community organisations tended to be from those who were older and economically active. The data demonstrated participation was balanced in terms of gender.
4.3 Individual

Figure 29 Social Capital Schematic - Cambodia – Individual

There are strong outcomes for the forms of Cognitive Social Capital (71.82%) within the Individual element of social capital while the Structural Social Capital (48.12%) was found to be significantly less. The total for the Individual component of social capital was again similar to the Community component in the 50.1-60% range at 59.97%. It is within the Individual component of the Social Capital Schematic that we find the separated activity of interaction and networking, the individuals’ agency that brings resources or ones social credentials to the group (Lin 1999a).

4.3.1 Structural Social Capital

Individual Structural Social Capital takes into consideration Collective Action, Low Exclusion, Networks and Mutual Support Organisations, and Organisational Density & Characteristics. Each of the Individual Structural Social Capital components are within 5.81% spread which indicates a strong similarity of positioning of this social capital component. The Individual Structural Social Capital arises from the sense of social cohesion and shared sense of connectedness to others within their community. The individual sense of identity has been bought about by a collective identity that has been
largely based on sense of homogeneity and one which believes is accepting and inclusive but which is in real terms driven by a common cultural, political and religious identity (Fominaya 2010).

Organisational Density & Characteristics

Organisational Density and Characteristics is composed of Participation, Density, Homogeneity and Leadership. There is a wide variation of outcomes within this section of Structural Social Capital however the reasons for this are evident when examined individually.

Due to the nature of the survey the respondent selection was intentionally biased so it is unsurprising that the respondents where most active within the financial cooperative. The data indicated participation in other forms of association however the levels of participation was concentrated in economically focused organisations.

Contained within the survey sample were 47% of the villages which had over 250 households, so given the relatively large size of the village it is surprising that there was a 49% overlap of participation in the groups. Membership density could potentially be linked to the financial nature of the organisation serving a very important function within the community with possibly cross functional and institutional relationships to the other community organisations and their members. Lin (1999a: 31) argues ‘individuals engage in interactions and networking in order to produce profit.’ The resources within the interaction assist in producing better outcomes. Those resources are: information, influence, and social credentials with each of them contributing to reinforcing individual’s sense of worth and greater sense of identity through the public claim to those resources.

Within the community there was a high level of homogeneity in terms of religion (92%), political alliance (80%), occupation (83%), age (67%) and education level (61%). There is however significantly less homogeneity in relation to the same family members belonging to the same groups, where it appeared there was wide representation across multiple groups within the family, however it was less common for multiple memberships of an organisation within the one family unit.

The organisational leadership experienced within the groups appears to meet the needs of the members with adequate levels of satisfaction. While the respondents indicated satisfaction with the organisational leadership only 18.6% indicated that the leadership was very effective.
Networks & Mutual Support Organisations

The Networks and Mutual Support Organisation component of the Cambodian Social Capital Schematic is composed of Leadership and Support, and Networks. The leadership appears to be positioned within individuals that are powerful within everyday life and is based on the relationship of the person in power and the issue at hand. Problem solving was reported as being undertaken by either the powerful or within a consensus framework (Figure 30).

Groups of people such as the Village Association or the entire village, rather than individuals were the dominant mechanism for action along with those that have implicit power such as the local government. This reaffirms the outcomes demonstrated that support is channeled through a consensus or power based framework.

Exclusion

There is a high perception of gender equality as 97.3% of respondents reported that the reason for exclusion was not due to gender, there is however exclusion caused by income, race, ethnicity and religion. There is a reported strong respect for age and political affiliation. Given the reported high levels of homogeneity within the community it is not unexpected that high levels of exclusion could be in evidence where community members did not fit the norms in terms of race, ethnicity or religion. Respondents indicated an extremely low level of direct experience of exclusion in their own household however there was a perception that many other people are being excluded except on the basis of race or ethnicity.
Causes of division were reported to include differences in education, wealth and landholdings, this is particularly salient given the responses to other sections of the research where there was clear evidence of a desire for sameness or the perceived egalitarian nature of their community and their relationships. While ethnicity and race was reported as a reason for exclusion it was not reported as a reason for division whereas political party affiliation and age rated as significant causes.

Division is handled through mediation by those in power, community leaders with both family and neighbours also heavily involved in the mediation process. It appears that the data tells us that these forms of mediation are not very successful as it appears to often lead to violence.

Collective Action
The Collective Action component consists of Leadership, Participation, Frequency and History. It would appear that regardless of a low level of success of the collective action, the participation and frequency of occurrence is reasonably strong. This may be due to the leadership within the community or the communal nature of action and decision making.

Respondents participated in numerous collective activities but many did not engage in activities that bought them into contact with the government, however 94% voted in elections and a further 56% personally assisted in election campaigns21.

The data indicates that there is a degree of consensus within communities of the strong leadership influence within the decision making approach around collective action. This appears to be the preferred approach by the respondents with 87% indicating that group membership is valuable individually.

There was high participation in collective action around associations and community discussion around issues. There was also high participation around political obligations of voting and electioneering. These high levels of participation may be due to the

21 The government “sit in” question is an anomaly, I believe upon reflection that this was misinterpreted as going to a government office for a service rather than protest, this chart should be omitted due to the ambiguity of the question.
positioning of the local commune authorities between their constituents and the higher authorities especially that of the national government (Sedara and Ojendal 2011: 280).

4.3.2 Cognitive Social Capital
The Cognitive Social Capital is made up of Solidarity, Trust and Cooperation and Conflict Resolution. Along with reliability and honesty, Fukuyama (1995) calls these Social Virtues. These behaviours only occur within a social environment, through a connectedness to others and yet they are behaviours that can belong to the individual in relation to the group. These individual traits which are cultivated within the group, whether that be the family, the workplace, or the community, engender a sociability that assists in the functioning of the community and institutions.

Solidarity
The responses to questions of solidarity were composed of understanding the Location of Solidarity. In attempting to understand the location of where the individual forms a sense of solidarity, several scenarios where put to the respondents to understand how and where the actions of solidarity and connectedness occurred. There was an extremely high sense of connectedness to the community however the family and neighbors made up a significant proportion of the respondent’s social safety net both in terms of needing assistance and those who would provide assistance in return. Of the two scenarios which were outlined to the respondents the family centered scenario scored higher in terms of assistance whereas the scenario that had an economic assistance component scored lower.

Trust and Cooperation
The two components in this section were framed as actual – Thickness of Trust, and perceived - Perceptions of Cooperation. There was a high degree of trust by the respondents in relation to financial matters which perhaps is not surprising due to the nature of the sampling as previously mentioned. Family and neighbours enjoyed the highest degree of trust along with the Village Chief. Trust appears to be positioned within the family and then to a lesser extent within institutions. It should be noted that although the Village Chief enjoys a high level of trust it is probably not simply because of the position and function but because he (none were female) was first and foremost a member of the community. The respondents also indicated that trust had increased over the last few years and their village had more trust than other villages.

While perceptions of cooperation were high with family members, it is less so with friends and neighbours. In scenario questioning about levels of cooperation there was a greater desire to have singular ownership of a smaller landholding and/or house than to jointly
own a proportionally much larger landholding or house with a friend or neighbour. Outside of the ownership of property there appears to be a great deal of willingness to cooperate and a willingness to look out for each other with 74% indicating that if there is a problem there is always someone to help and that in their village most people will help if needed. The respondents believe that there is a great deal of trust within the community with 89% of respondents indicating that members of their village are more trustworthy. They appear however not to want to test that trust and cooperation as only 21% disagreed or strongly disagreed that they needed to be alert or someone will take advantage of them. And while they believe that there is a lot of cooperation within their village they responded that when it comes to choices around direct financial gain, other people will look after themselves first. Respondents indicated in a proposed scenario that only 7% of people would return a purse if found.

Conflict Resolution

Conflict Resolution is composed of three areas, Perceptions of Conflict, Levels of Harmony and Location of Mediation. These components encompass the nature and type of relationship, the perceptions of the relationships and the way they work along with the site and nature of the mediation.

The respondents view their communities as very peaceful and are willing to contribute to common development goals however the respondents indicated that they were less generous and less likely to contribute time and money than other villages. They viewed their villages as harmonious and very similar to other villages in this respect and located the mediation of conflict within the family, neighbors and community leaders.

4.4 Institutional

The Institutional component of the Cambodian Social Capital Schematic (Figure 31) seeks to consolidate the Structural and Cognitive Assets due to the interrelated nature of the components at the next level of the schematic. The intertwined nature of Leadership, Participation, Organisational Culture and Organisational Capacity and Sustainability were such that they all had cognitive and structural traits that could not be separated out.
4.4.1 Structural and Cognitive Assets

The Structural and Cognitive Assets within the Institutional Component of the Social Capital Schematic are comprised of Leadership, Participation, Organisational Culture and Organisational Capacity and Sustainability. From a financial cooperative perspective each of these components speak to both organisational attributes and qualities and membership capabilities and perceptions. Organisational Culture is at the same time observable and measurable and is also inherent within the social relations between the institution and the members and also between members.

Leadership

Leadership is made up of Relationships, Quality and Skills, Diversity and Heterogeneity, Density and Availability and Rotation. The Leadership section assists in explaining the way in which it affects the institution through understanding the type, continuity, attributes, and areas of strength or weakness. The components provide a contextual framework in both a concrete (e.g. gender, time in leadership positions etc.) and abstract (e.g. vision and acceptance etc.) format.
Leadership within the Cambodian financial cooperatives, according to the respondents, tended to be mostly static indicating that while there was regular change of leadership and that the time in leadership roles was sufficient there did appear to be mechanisms for people to remain in their leadership roles for as long as the membership wanted. There appeared to be institutional succession capabilities within the financial cooperatives with adequate numbers of willing candidates to take on a leadership role. Respondents reported that 50% of past leaders remained active within the financial institution so it appears that the transition to new leadership happens amicably and respectfully whereby past leadership can still contribute and be valued by the institution.

There is a lack of gender equity in terms of women in leadership roles however there is diversity in terms of where the leaders come from with 80% indicating that leadership is diverse in terms of its origins. The perception of the quality and skill levels of the financial cooperative leadership is rated as excellent-to-good in terms of, education and training, dynamism and vision, professionalism and skills and honesty and transparency. The leaders of the financial cooperatives tended to have harmonious relationships with both the staff and management and enjoy a high level of acceptance and legitimacy within the community.

Participation

Participation is understood through examining the Decision Making, understanding the role of the Elites in the institution and the Inclusiveness of the organisation. This provides a view of participation in terms of who and how this activity manifests itself within the institution.

The respondents indicated that they were satisfied with the frequency of the meetings of their financial cooperative with 60% deeming the level to be adequate. There is also an extremely high level of opportunity to participate in decision making within the financial cooperative. It was reported that information was disseminated prior to meetings, there were opportunities for informal discussion along with grassroots consultation, debate, and a dissemination of results from the meetings. The data indicates the decision making process and the resulting information sharing and consultation is managed particularly well.

As one of three categories, the poor tended to have much higher levels of participation than that of youth or women. There was a high degree of perceived improvement in participation of women and the poor and there were perceived high levels of broad representation and participation within the financial cooperative with 60% indicating that more than 75% of the population feels included in the community activities however
participation by the community elites within the financial cooperative was particularly low but they were however seen to be a resource for the institution.

**Organisational Culture**

Organisational Culture is composed of the Institutional Practices and Norms and can be a prism through which to examine the practices within the institution and at the same time understand the resulting cultural norms that emerge in undertaking the day to day activities and the resulting social interaction. Respondents indicated that Institutional Norms and Practices were widely known and disseminated with low tolerance for non-contributing members or for members who take advantage of the bigger group. There was a willingness to confront problems and enact sanctions and fines, and in extreme cases expel from the group.

**Organisational Capacity & Sustainability**

The Organisational Capacity and Sustainability section comprises Specific Capacities and Collective Action and the Formation of Demands. This examines the structural in terms of the technical and process capacities as well as the cognitive in terms of problem solving and learning capabilities. The Cambodian institutions within this survey had a high level of technical capability to carry out tasks, supervise, and prepare financial reports. The data indicated that the institutions were reflective and had a longer term institutional view and were able to manage members and their expectations and needs. The institutions had solid processes and procedures to manage their institution and their membership’s demands. The respondents indicated there were clearly defined processes of identifying common needs and priorities of its membership along with informal processes to communicate these. There is evidence within the data set that the institution focusses on the collective voice in terms of addressing demands.

**4.5 Conclusion**

The Cambodian Social Capital Schematic highlights the equity within the three main components of social capital. The even distribution between these main components was not consistently generated throughout the arterial, skeletal and muscular layers of the schematic. The stronger elements of the Cambodian Social Capital Schematic were cognitive rather than structural.

The cognitive aspects of the lived experience tended to provide strong feelings of equality, inclusiveness, a sense of fairness and of identity and an equal access to resources. A sense that the economic benefits were equally enjoyed and shared. There was a personal connection to others within the community and a sense of obligation and
a communal sense of responsibility for others. The network of responsibility was at its
most dense within the family and then radiated out to relatives then to neighbours and
then to the rest of the community.

The shared sense of identity positioned trust in those within the community. Institutions
outside of the community enjoyed the least levels of trust whereas the closer the
institution to the community the stronger the trust. The institutions that were staffed by
community members were valued more regardless of the real value or quality these
services provided to the community.

The shared sense of equality should not be confused with the desire for and respect of,
leadership. The communities within the Cambodian data set placed high value on
leadership and the inherent relationships between and within the institution and the
community. This was also evident within the function of mediation and the leadership of
decision making and problem solving. While decision making was framed around
consensus it was prefaces on having a member of the community take a leadership role
to facilitate and bring together the parties.

Where there was direct participation and ownership of activity or institutions the stronger
and higher the value. This was particularly evident in the cognitive elements of the
survey. The collective action in creating and operating a financial cooperative has
leveraged off the shared identity and social cohesion of the community and individual
agency along with capitalizing on networks, shared norms and reciprocity of the financial
cooperative to create robust institutions along with stronger communities. The
homogeneity of the communities within the data contributed to cognitive inclusiveness.

The Cambodian Social Capital Schematic highlights the equal role that the Community,
the Individual and the Institution play in generating the social capital which is evident in
the Cambodian financial cooperatives. It also demonstrates that the cognitive
components of social capital in the Cambodian financial cooperatives contribute
significantly more to the generation of social capital than that of the structural
components. Operationally and financially the Cambodian financial cooperatives are
very strong however there is evidence the social capital is now declining as the bonds
within the institutions become weaker through the growth of the institutions where it is
impossible, due to the membership size and geographical spread of the institutions, to
continue to build trust, provide space for reciprocity and develop solidarity. The
Cambodian financial cooperatives are moving to preference the economic over the social
mission of their institutions and are therefore inhibiting the opportunity for social capital
to emerge from member to member and from member to institution interaction.
Chapter Five: Solomon Islands Research Findings

5.1 Introduction

The analysis of the Solomon Island data utilizes the same methodology, tools and structure as the previous chapter. Similarly it discusses the findings utilizing the Solomon Island Social Capital Schematic to lay bare the results and to demonstrate the relationship between the data and the impact this has on where different types of social capital is formed.

Historical and Environmental Context

The Solomon Islands consist of over 1000 islands across 27,556 square kilometers (Economist Intelligence Unit 2008) with a population of 515,870 (SINSO 2014). There are 87 languages spoken (Allen 2012; Economist Intelligence Unit 2008) and around 85% of the people living in rural areas (Allen 2012). The main islands are Guadalcanal, Choiseul, Santa Isabel, New Georgia, Malaita, and San Cristobal. The social system of “Wontok” is central to social cohesion and is a ‘village based traditional cultural practice’ (Thompson and Baschiera 2011: 81).

The Solomon Islands is predominately made up of a Melanesian population which first reached the islands around 4-5,000 years ago. The Solomon Islands did not exist as a country under any leader, it was Alvaro de Mendana y Neira the Spanish navigator in 1568 (Hou 2002) who first named the group of islands.

Western missionaries settled there permanently in the 19th century (Laracy 1976) and in the late 1800s thousands of Solomon Islanders were forced to work the plantations of Fiji and Northern Queensland in Australia otherwise known as “Blackbirding” (Kent 1973: 96). During this time there were no localized colonial plantations in the Solomon Islands and it wasn’t until 1893 that the islands became a British protectorate (Kent 1973: 102). The rule of the British was punitive which saw many clashes between the indigenous people and the Europeans (Tahu 2001).

During World War II the Solomon Islands endured some of the most intense and prolonged fighting especially on Guadalcanal Island. The Americans and Japanese fought here between 1942 and 1943 which saw the Americans eventually dislodge the Japanese occupying force with ‘the last Japanese detachment surrendering on Choiseul in 1945’ (Kent 1973: 141).
A nationalist organization called Maasina Ruru\textsuperscript{22} (Hou 2002: 27) or Marching Rule (Kent 1973: 142) was launched after the war which called for political autonomy. In 1960 while still under British control the Solomon Islands adopted a new constitution that saw the creation of a legislative and executive council. In 1976 the Solomon Islands achieved political autonomy and became independent on the 7 July 1978 (Government of Solomon Islands 2002a).

Ethnic tensions (Stratford 2000) have led to instability and low level conflict and general lawlessness (Economist Intelligence Unit 2008). There was ongoing tensions from the late 1990s through to 2003 when the Australian-led Regional Assistance Mission to the Solomon Islands (RAMSI) intervened (Greener et al. 2011) which was an abandonment by Australia of a long-held ‘position of non-intervention in neighboring states’ (Dinnen 2009: 70). Again in 2006 riots followed the general election (Stratford 2000) which saw Snyder Rini elected as Prime Minister and subsequently resign soon after.

There have been frequent changes to the leadership due to the nature of the shifting political alliances (Hameiri 2007). Dinnen argues that the challenges of the modern Solomon Island state relate to its colonial past where ‘Great Britain imposed arbitrary borders and foreign systems of government with little consideration as to their fit with existing indigenous polities and social organization’ (Dinnen 2009: 71) others argue that the tensions signify the dissatisfaction that the Solomon Islanders feel being marginalized from the political and economic processes and the resentment of the Chinese business class (Greener et al. 2011; Hameiri 2007; Tahu 2001).

The Millennium Development Goals Progress Report for Solomon Islands 2010 states ‘An important reason why the survival of democratic governance is an enabling condition for the attainment of Millennium Development Goals is the underlying human rights and universalist philosophy basic to the Millennium Development Goals effort’ (Mishra et al. 2010: 29). Indicators within the report provide insight into the environment in which the respondents reside and provide some context to their responses in relation to the social capital components that are evident within their communities, institutions or as individuals. The first goal of eradicating extreme poverty and hunger for the Solomon Islands is somewhat mixed as while there are not large proportions of the population in

\textsuperscript{22} Maasina Ruru means brothers ruled.
extreme poverty there are a high percentage of the population living just above the poverty line. Achieving the goal of universal primary education is on track however the goal of promoting gender equality is not being achieved especially in terms of political representation and in the formal employment sector. The health indicators are improving with cases of tuberculosis decreasing along with the malaria infection rates however there is some doubt, according to the report, as to the veracity of the data utilized. The MDG goals of ensuring environmental sustainability is particularly important given the high number of Solomon Islanders that live extremely close to nature and their dependence on it for their everyday needs. This goal identifies logging and deforestation as a concern as well as rising sea levels and climate change. The report identifies challenges to water quality also as a serious concern. While the majority of the respondents within this research were urban waged employees, many of them belonged to clans that were responsible for customary land and supported family members who still reside on that land. The environmental impacts will be felt by the respondents economically should there be a greater need to support family members if the customary land is unable to sustain them.

Respondent Community
The research was conducted with 13 financial cooperatives across the capital of the Solomon Islands, Honiara as well as in North East Guadalcanal and Central Malaita. Respondents included a mixture of both waged professionals working in the formal economy, subsistence farmers and traders as well as those that are internally displaced such as the Lord Howe Island community. The communities surveyed were either geographically, religiously or industrially bonded. They included urban and rural populations across a spectrum of age, income and educational backgrounds.

Solomon Islands Social Capital Schematic
The Solomon Islands Social Capital Schematic (Figure 32) highlights a number of seemingly contradictory data points as well as unexpected results given the cultural context and recent history. The Solomon Islands enjoys a communal culture with socially strong ties however the data indicates that the social capital is highest within the institution rather than the community and in fact the community is the weakest of the three components.

Within the community social capital data set the Community Attributes component is the strongest and may be attributed to the strong data showing low levels of movement in and out of the community. Additionally, while unemployment is very high in the Solomon
Islands (SINSO 2014) there was high reporting of economic activity for both men and women. The strength of this component was offset by very low levels of Physical Assets.

The individual social capital segment of the schematic highlighted strong levels of cognitive social capital. Particularly strong was the sense of solidarity which may be due to the strong cultural identity (Kent 1973) or the reported high levels of homogeneity and participation. The strength of these components is in direct contradiction to the low levels of collective action reported which given the strong social relationships evident throughout communities does not align with expected results. Perhaps further work in this area could be undertaken to understand if collective action is positional, that is, if it is not found in the larger group could collective action be found in family groups, is collective action contingent on familiar relationships rather than geographical (read village) or groups of common interest.

Institutional social capital was reported as the strongest component of the schematic which may be explained through cultural traditions of hierarchy and strong leadership (Government of Solomon Islands 2002b, 2002a). The financial cooperatives were found to be very homogenous in their membership and therefore very low on diversity.

At the outset of this study there was an expectation that the results would demonstrate strong levels of community social capital and weak levels of Institutional and Individual social capital however the reverse of this position has been found. The formalization or institutionalization of relationships and ways of mediating everyday life may have accentuated and maximized the existing relationships and while the institutions themselves are extremely weak from an economic viewpoint the social relationships have been strengthened. This would go some way to explaining why after many of the institutions have failed repeatedly the membership continue to use these institutions. A staff member of the Central Malaita Credit Union provided this case study that reinforces this position:

“A member came in to withdraw a small amount of his savings from the credit union but as it was late in the day we didn’t have any money left as we had given it all out in loans earlier. The member had over $20,000 dollars [Solomon Island Dollars] in his savings however we had no money

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left, but he said it was OK and that he would try again tomorrow and hopefully he could get some money. He said that other people must have needed the money more than he did.”

Source: Staff member of the Central Malaita Credit Union – person was not a survey respondent

The Central Malaita Credit Union has failed and been restarted by its members twice and yet even with this knowledge the member did make any demands of the institution to obtain his money.

5.2 Community

The Structural and Cognitive Assets of the Community Social Capital Component (Figure 33) were both within the 40.1-50% scale range resulting with 47.1% for this component indicating a very narrow statistical spread between the structural and cognitive aspects of the Solomon Island community. Across the community social capital arterial layer of indicators the Physical Assets scored as the weakest with 31.1% and the Community Attributes scored the strongest at 62.23% indicating that the strength in this component
resided in the village structure where the population movement was very low and the
economic activity very high whereas the structural services in this component, mostly
provided by government were very weak.

Figure 33 Schematic - Solomon Islands - Community

5.2.1 Structural Assets
The wide variance in the Structural Assets ranged from 15% through to 93% with the
physical assets of the schematic scoring the weakest whereas those relating to the
human structures tended to rate as very strong. It appears from the data set that the
issues that were within the direct influence of the community tended to benefit as
opposed to those that were within the domain of the government. Health and education
assets were reasonably strong but the cause of this may have some direct relationship
to the providers of these services with teachers and nurses often employed directly from
the community. Additionally the results are perhaps weighted given that a large
proportion of the data was collected in Honiara where the respondents have access to the highest quality of services in the Solomon Islands.

Often some of the respondents did not seek to provide a response to some of the questions around the assets due to their lack of direct experience of these services, such as public lighting, the internet and garbage collection. The services that they did have direct experience of such as electricity and transport they scored the quality as poor but gave reasons of cost and intermittent service as the main problems. The government was often acknowledged as the party responsible for taking action. That is, they were not satisfied with the service but did not see that the responsibility sat with the commercial providers but saw it as within the domain of the government. It was clear that many of the respondents appeared to think that the government was the only provider rather than a regulator or contractor of the service.

Physical Assets

Housing needs to be considered in context to the survey location. The data is a mix of both urban and rural populations however urban respondents tend to dominate this sample. Housing also needs to be viewed through the lens of the wontok system whereby there is a communal and shared responsibility for ensuring that your family members have somewhere to stay. Given that many people in this survey were based in various parts of Honiara they did come from other islands and parts of Guadalcanal and therefore often rely on their wontoks for housing.

The quality of the housing varied in quality and type. Some in the urban areas enjoy public service housing provided by their employer, or at least subsidized, while others in not only the rural areas but also often in the urban areas lived in palm frond huts with no running water or electricity. They stay in the huts that their relatives construct in their gardens for visiting wontoks.

Fifty six percent of the respondents indicated that the quality of the housing has improved but indicated inadequacies in terms of availability are mostly due to the lack of financial resources. Respondents pointed to employment and education as contributing factors to the improvement.

Access to electricity was extremely limited with low reach. Additionally many of the respondents complained about the quality in relation to the frequent power outages and the high cost. Many of the respondents rated the quality of public lighting low however a third of respondents indicated availability as being the major concern. This must be viewed in context to the higher number of respondents from urban areas. Again for the
same reasons access to potable and/or pipe borne water was flagged as having improved.

Reach and coverage of mobile telephony is also high and while respondents reported access to public phones (again due to the urban location of the respondents) with Solomon Islands Telecom, the government owned telecommunications company being responsible for provision. The number and access to public telephone services drops significantly outside of Honiara. Postal services are available in Honiara, albeit somewhat limited, with access and availability plummeting outside of the capital. Similarly at the time of the data collection the reach of internet services was limited to the capital city with intermittent and low quality services to the main cities outside.

Sewage and garbage services were deemed to be inadequate with only around one fifth of respondents indicating improvement. Most villages outside of the urban areas live close to nature and utilize the natural resources close at hand. These are then discarded on the ground to decompose naturally posing limited health risks. Urban settings such as Honiara see a greater deal of plastics and man-made materials utilized but disposed of in the same way leading to health risks. There are small initiatives undertaken by the government and local NGOs to educate the population to dispose of their rubbish differently than in the villages however these initiatives are very small scale and have had limited impact.

The availability of markets appeared to be adequate although the use of the markets in the data was rated as low. While there are formal spaces for trading activity, much of the trade is undertaken informally with small kiosks set up along the side of the road, on footpaths and people moving about selling goods out of a bag.

Transport availability was rated as high with reasonable levels of use and perceptions of improvement to the quality also high. The transport in Honiara is network of private mini buses and taxis. There is no public transport provided by the government.

Security was rated as low which given the collective memory of recent civil conflict this is unsurprising. The Solomon Islands media regularly reports robberies, theft and violence in Honiara. The research data includes a greater weighting of respondents based in Honiara which could assist in understanding of why a low security score was achieved in this survey.
Community Attributes
There has been significant growth within the communities surveyed however given that a large proportion of the respondents are from the capital city Honiara it is not surprising that there is a report of growth. Respondents indicated that a third of this growth was internal.

While there were high levels of reporting of available employment, much of the economic activity for both men and women was self-employment. Much of the employment for men was focused around market sales, in particular betel nut, cigarettes, and kerosene. Much of the self-employment for women focused on the sale of produce and home cooked foods.

Human Assets
There appears to be movement out of the community for the purposes of work with more men than women moving for this purpose with many of them moving to a city within their island or region. Many of the men are reported as moving for professional (office positions) or trade positions whereas the small number of women that are reported as moving for reasons of study or to take up a professional position as nurses, teachers, or banking positions. Movement into the community appears to be for reasons of employment. For positions such as teaching, policing, nursing with only a very small number reporting that there is movement into the community for better living conditions.

Education Assets
Access to public preschools is high but drops for primary schools however then increases for secondary schools. Geographical access is very high for preschools as well as for primary schools however the distance from a secondary school for the community becomes greater. There is general satisfaction with the physical quality of the schools and number of teachers across the three levels of education. Attendance at each of the levels of education is reported as high. This reporting may be skewed by the urban influence as well as the education levels of many of the respondents within this survey given that many of those surveyed belonged to bonded financial cooperatives and were white collar workers. Some of those that belonged to financial cooperatives that were geographically or religious based were also within, or close to, major urban centres which may have influenced the survey responses. The reasons for children not attending school included cost and lack of transportation.

There was reasonable access to adult education opportunities reported within the surveyed communities. Many of these opportunities are provided by both NGOs and
church organisations and are often focused around livelihood development and health and sanitation.

Health Assets
Respondents reported high levels of access to health clinics within a 1-2km range with good access to the physical health care needs such as basic medicines and hospital beds. Access to doctors and other health care professionals was reported as much lower than access to nurses. Malaria treatment was reported as the principle health care need followed by water borne diseases for men, women and children.

Livelihood Assets
Respondents reported that chickens and pigs were the main livestock activities with rice and cocoa as the main agricultural products. The responses to these questions are founded upon the islands within which this survey was undertaken. Some islands cassava and sweet potato would be the main crops. Coconuts was flagged as a crop but featured low, surprisingly so too did betel nut as a cash crop. Both these items, given their everyday use, may not have been considered as a cash crop for sale given high levels of personal consumption.

The community market was the principle place of business followed by markets in neighbouring villages. Transporting agricultural produce outside of the immediate area appeared to be low however livestock appears to have different channels of sale with middle men and retailing being more dominant. The cost and lack of suitable means to get livestock and agricultural produce to other markets appears to be the main barrier. There also appears to be a lack of agricultural and livestock technical assistance within the communities. The technical assistance that is available is mostly provided through the government at a federal level.

There was a lack of responses to the questioning around access to financial services with most people using their family networks (wontok) to access money. There was a reported lack of financial services aimed at agricultural producers (Figure 34). It appears that the respondents simply do not borrow for agricultural purposes nor see the need to do this based on their perceptions of their ability to access financial services. They reported they could not afford the loans, they couldn’t work out the paperwork necessary to apply for a loan nor could they receive adequate returns on the sale of their produce to be able to pay back a loan. The respondents framed their response around their financial cooperative and there was a varied response.
It appears that many of the respondents do not interact with formal financial services with the majority of respondents indicating that they do not access any financial services outside of their community. This would tend to strongly infer that they lean heavily on their family and relatives for their financial needs.

The yields of the crops and the level of livestock production appear to have remained the same as have the level of sales. There appears that there is no improvement. Some respondents reported that their communal land holdings were small and therefore lent themselves to subsistence farming rather than to cash crops.

Community Support Assets

The level of participation in community groups tended to be around the cultural and social types of organisations with economic organisations having the lowest level of participation. The organisations were strongly supported by religious institutions with significant support provided by NGOs and government. The community appears to be the biggest support of the organisations although this survey did not differentiate between volunteer types of support and that of financial support. The religious buildings were mostly used for the community activities with commercial buildings and political leader’s homes used the least. There was a balance in terms of gendered participation and employment status however youth tended to be more excluded in their participation.
5.2.2 Cognitive Assets

Cognitive Assets are viewed as subjective and intangible. They encompass norms and attitudes, values, reciprocity and trust and ‘predispose people toward mutually beneficial collective action’ (Krishna and Shrader 2002: 19). The SOCAT is structured at a broad level to examine three larger themes of cooperation and trust, solidarity and conflict resolution.

Community Assets

Ninety four percent of the respondents stated their quality of life had either improved or at least remained the same. Many respondents put this improvement down to the benefits of education. Most respondents highlighted the problems within their community and identified the reasons for change as economic and security centered. There is a correlation within the data that on the one hand the respondents’ indication that education has improved their lives but a lack of education is also listed as a reason why other people’s quality of life has not improved. The respondents did not identify with being poor, most identified that their community was average however one third of respondents indicated that their community was in fact well to do, but not wealthy (1%).

Levels of trust within the community was reported as remaining the same at 71.4% however in matters of trust in relation to money only 44.4% indicated trust whereas 55.6% of respondents indicated a lack of trust. Fifty seven percent of the respondents thought their community enjoyed about the same level of trust as other communities with 25.3% indicating that they had less than other communities.

Social issues around substance abuse were lower than that of other social concerns such as prostitution with violent crimes of assault and property crime of vandalism and robbery also high although violent disputes and domestic violence scored proportionately lower than other forms of violent crime even though they had identified as being affected by these forms of crime. There appears to be a rupture in identifying the major concerns of the community and the lived experience. The respondents rate substance abuse and domestic violence is less important to the community but at the same time indicate higher levels of being affected by these issues.

The respondents appear to be very conscious of their environment reporting that there are low levels of polluting industries or harmful practices to their natural environment however 50% indicated that their environment was very good to good and 49% said that the environment had improved. Respondents indicated that this was due to education, mostly provided by the government and the leaders of the community. They did indicate that the government should be doing more to provide more education and better
environmental services. Most of the solutions and initiatives raised required either the government or the community leader/s to take action. There was a strong inference that other people should be made responsible, if not for the actual task then at least to provide the leadership within the community to solve the problems.

Community organisation according to the respondents was around sporting and cultural issues rather than economic issues. The survey participants appear to see the organisation around economic issues as outside of their sphere of control whereas sporting and cultural issues remain rooted within their communities.

5.3 Individual

Figure 35 Schematic - Solomon Islands - Individual

The outcomes for Cognitive Social Capital are mixed with high levels of solidarity (89.35%) yet much lower levels of trust and cooperation (40.87%) particularly in the area
of Thickness of Trust where this component only scored 29.67%. There appeared to be multiple strong avenues for mediation of conflict. There were stronger outcomes for the forms of Cognitive Social Capital (65.71%) than that of Structural Social Capital (51.14%) within the Individual component of the schema (Figure 35). Within the Structural Social Capital, Networks and Mutual Support Organisations were strongest (64.82%) with demonstrated Collective Action being the weakest at 31.34% with low levels of a history and frequency of collective action. Participation was reported as being absolute with 100% however this may be due to the particularly strong element of homogeneity within the surveyed groups (Krishna and Shrader 1999).

5.3.1 Structural Social Capital
There is a wide diversity of results within the Individual Structural Social Capital schema. The Collective Action component sees a low result for Frequency and History of Collective Action but this is not necessarily reflected in extremely poor leadership or participation. This may be due to the manner in which communities take action. While collective action speaks to the Structural Social Capital in one way perhaps the manner in which Solomon Island communities’ effect action is through personal relationships. Evidence of this may be demonstrated through the Organisational Density and Characteristics result where Participation was at 100% and Homogeneity at 81.55%. Action is therefore taken through these personal networks rather than mass collective activity. The management of Exclusion was weak within the data, this changed depending upon the geographical positioning of the survey respondents. In the urban areas where there is a diversity of people there appears to be higher levels of exclusion in contrast to the rural areas where people tend to be related and outsiders to the community appear to be rare. This is perhaps further complicated due to identity issues especially on Guadalcanal island whereby the emergence of the settler versus the landowner narratives that have recently developed and emerged due to the growth of the resource industries (Allen 2012).

Organisational Density and Characteristics
Participation in membership groups was at 100%, with respondents reporting that the membership of various groups included some overlap between family members with 35.8% belonging to the same extended family. While the groups tended to be homogenous in terms of religion they were not gendered nor strongly politically aligned or from the same occupation, age or educational groups. The lack of homogeneity did not appear to have an effect on the perceptions of the leadership of the groups as 53.93% rated the various groups as having very effective leadership. In reflecting back on the participation in other civil activities there appears to be great respect for people who are
prepared to lead the community and take responsibility for some type of action that has wider benefits than just for the individual.

Networks and Mutual Support Organisations

Leadership from a Solomon Islands context is framed within a consensus driven approach where matters are dealt with communally through appointed local leadership. Matters are not left to the individual nor to just the family or neighbours but to larger groups of people and often at a local government level. Issues relating to institutional leadership are positioned as close to the users of the service.

Exclusion

Exclusion from services such as housing, employment, water and transport is a lived reality for many of the respondents. They also perceive others in the community also being denied services with the most dominant reasons being income level, occupation and social status. Reasons for exclusion lessen based on age, gender, race, language, religious beliefs or political affiliation however a lack of education sees exclusion increase.

The ways in which exclusion is mediated is again through community and religious leadership. Individual mediation is very low with the judicial system also utilized less. Division in terms of access often leads to violence.

Collective Action

Collective action in a Solomon Islands context is positioned within strong leadership rather than group decision making. That is, collective action appears to work best if there is strong leadership to drive the collective action. Leadership of group membership is seen to be valuable whereas reliance on group decision making is particularly low. There were high levels of participation in collective action especially at a political level and at an association level (financial cooperative). Respondents reported participation in structured, sanctioned forms of political participation, their engagement in political marches, sit-ins or demonstrations or lobbying the media on issues was significantly low. There was also extremely low interaction in legal forms of engagement with government in terms of petitioning action on common issues. This may be due to the very low levels of success of collective action (17.1%) in the past. This reinforces the argument that Solomon Islanders within this survey see the value of their government having a big role in their daily lives. The government is seen to be an active agent in people’s lives and therefore the people are politically active in the formal democratic process. Conversely collective action is significantly lower when considering the activity of charity work which
is somewhat surprising given the role the church and its benevolent, welfare and development activities play in people’s lives.

5.3.2 Cognitive Social Capital

In this section I will discuss the elements of Cognitive Social Capital which is comprised of Solidarity, Trust and Cooperation and Conflict Resolution. The Solomon Island’s data highlights some contradictions. There are high levels of Solidarity (89.35%) reported however low levels of Thickness of Trust (29.67%) and while there appears to be adequate access to Mediation (93%) and perceptions of reasonable Levels of Harmony (59.1%) and Cooperation (52.08%) quantities of reported trust are very low. This could be explained through the geographic location of the participants and the cleavage that occurs within the survey data as many of the respondents had relocated from their village to an urban area for work. The data shifts dramatically when only villages are included in the data set. The Cognitive Social Capital of the Individual increases as the levels of trust and cooperation increase.

Solidarity
The conceptual form of solidarity in this survey could also be discussed in terms of a communal forms of life within the Solomon Islands cultural context. The shared cultural meanings and relationships can be parlayed into a more academic framework of solidarity, that of reciprocity and mutual obligation and shared understanding and shared experiences that form the bonds and obligations between families, neighbours and community members. Respondents reported high levels of solidarity particularly in times of disaster such as death and economic hardship.

Trust and Cooperation

While there are high levels of solidarity there are not corresponding levels of trust and cooperation. Fifty percent of respondents reported indicated levels of trust in the village in terms of lending and borrowing but at the same time reported that there was 25.3% less trust in their village than in other villages. Only 17.3% of respondents indicated that levels of trust had improved over the last few years however 59% of respondents believe that the members of the village are trustworthy with 82% indicating that if there was a problem there was always someone that would help them in the village. These positions are contradictory to other responses in relation to cooperation and trust whereby there were strong indicators that people are only interested in their own welfare and that one has to be alert or someone will take advantage of you. Additionally formal mechanisms for cooperation through contribution to community projects was low. A scenario was positioned within the survey to locate trust and cooperation within economic advantage.
whereby with cooperation and trust, the economic benefit would be greater than those where the benefits are derived individually, only 28.9% indicated cooperation regardless of increased economic gain. Despite these contradictory positions respondents felt connected and accepted as a member of their village and believed that their village had prospered in the last five years through cooperation.

Conflict Resolution
There were high levels of perception that the relationship with other villagers is harmonious (81.8%) and peaceful (81%) and their village has less conflict than other villages. When there are disputes the location of mediation is positioned predominately in the village leadership rather than in individuals, again there is a communal approach, or “whole of village” which addresses conflict and seeks solutions. Police and the judicial leaders tend not to be engaged in local conflict.

5.4 Institutional
Figure 36 Schematic - Solomon Islands - Institution
In this section the structural and the cognitive elements of the Solomon Islands Social Capital Schematic are combined because of the unified features of the components (Figure 36). There is both a cognitive and structural element to Leadership, Participation, Organisational Culture and Organisational Capacity and Sustainability. Further research could be undertaken at a later stage to separate the cognitive and the structural within the institutional component of Social Capital. The lack of separation does not directly impact on the broader analysis undertaken in this thesis however a more nuanced analysis of social capital at an institutional level would be achieved with further research.

5.4.1 Structural and Cognitive Assets
The Institutional Structural and Cognitive Assets in the Solomon Islands are reasonably strong with Organisational Culture and the Institutional Practice element particularly strong. There are however a number of elements that affect the durability and sustainability of the institution that the respondents reported as weak. Areas of Density and Availability of Leadership is problematic for the Solomon Islands financial cooperatives. Additionally the frequency of meetings was reported as reasonably low which speaks to the engagement of the members in the institution and gatekeeping of those within the governance and or management structures.

Leadership
The relationships of the management and staff are very harmonious where there is an acceptance of the legitimacy of the leadership. This may have emerged through the perceptions that the leadership was of high quality and had the necessary skills to competently manage the organisation. The respondents indicated that the management was highly skilled in providing a vision and carrying it out through training and education and was honest and transparent in their dealings with both staff and members.

The respondents indicated that the leadership came from the whole of the community however there was a lack of women in positions of authority within the governance and management structures. The community’s perception of diversity was tested by examining the low number of people within the community that had acquired leadership capacity. Additionally the reporting on the number of people who came forward to participate in institutional leadership was also low. The participation of previous leaders was moderate which indicates that the transition to new leadership is handled reasonably well and that there is respect for the work of previous leaders. The regular rotation of leadership appears to be high indicating that the act of volunteering is understood in terms of ownership of the position.
Participation

Membership participation in the financial cooperatives was recorded as very high however this statistic is somewhat misleading as the level of participation of women is very low with youth and the poor having higher levels of engagement. The level of participation of the community elites is low however the financial cooperative do understand the potential of the elites, particularly the prosperous families to be a resource for the institution.

Participation in the decision making through all stages was particularly strong. The level of dissemination of information prior to making a decision was high along with the opportunity for informal discussions, grassroots consultation and debate. After decisions had been implemented the results were disseminated effectively. While the decision making process was well respected the respondents felt an ambivalence to the frequency of the meetings of their financial cooperative.

Organisational Culture

The social aspects of the organisational culture appeared to be well understood with the majority understanding the procedures and the norms of their financial cooperative and a willingness to confront institutional problems and in serious cases a preparedness to impose sanctions upon those members that did not comply with the rules. Sanctions are however culturally contingent with examples of financial cooperative staff embezzling or misappropriating funds from the institution being cast out of the community. After a period of time they are then accepted back into the community. No examples where given by the respondents where the formal judicial system was used to punish wrongdoers.

Organisational Capacity and Sustainability

The process for identifying members’ needs could be linked to the decision making process outlined previously whereby members have ample opportunity to voice their views. This process strengthens the collective action of the members and provides a conduit for members to voice demands of their institution. The respondents indicated that there were both formal and informal ways to address the members concerns but indicated a low need to take collective action to formally petition for any group demands. So while the members understand the process and their rights to voice their views and their demands they rarely take this course of action. This may be due to their consensus driven approach to solving problems which is based on relationships and consensus rather than confrontation. The respondents also viewed their organisation as very capable in carrying out a wide range of institutional tasks including preparing financial
reports, planning for the future, supervising staff, and resolving both internal and external problems.

5.5 Conclusion
The Solomon Islands Social Capital Schematic produced unexpected results. There was an expectation the research would generate strong results for the Community component of the Social Capital Schematic and weak results for the Institutional component. The reverse was found whereby the Community component was weakest.

There are perhaps a number of reasons for this result which are explored in detail in Chapter Seven. The data does however highlight strong levels of cognitive social capital underpinned by strong levels of solidarity and high levels of homogeneity and participation. Surprisingly there were low levels of collective action which could be studied further to understand if this activity is positional. Collective action in the data was positioned around strong leadership rather than group decision making. The financial cooperatives operate with the institutional leadership acting as gatekeepers, this is particularly highlighted by the low number of meetings. This may be due to the harmonious relationships between the leadership, management and staff which was also evident in the data. The membership looked to the leadership as visionary, competent and honest. The membership saw their institutions as well managed. The desire to look to the leadership for direction rather than undertaking collective decision making may be due to the very low levels of successful collective action in the past as indicated in the data. In many facets of the data the respondents indicated that they look to the leadership to solve problems and take charge. This gaze to leaders reinforces the argument that the Solomon Islanders within this survey see value of the insertion of government in their daily lives. While the respondents look for leadership there is little evidence of accountability within the relationship. The Solomon Islander respondents indicated low levels of government services but did not indicate great dissatisfaction.

The institutional strength of the financial cooperatives could also be founded in the homogeneity and low levels of diversity within the membership surveyed. Long term this is detrimental to institutional development (Richardson 2000) however in the short term this strengthens the bonds between the members (Huppi and Feder 1990).

The data additionally revealed a preference for the respondents to meet their financial needs through family members and other close networks. This may contribute to understanding why the Institutional component is strongest given the nature of many of the financial cooperatives in the Solomon Islands, which are bonded within a village or
close network being either a religious or employer institution. Financial cooperatives are grassroots organisations that are owned by a network of people, be they from an employer or from a village, a group of people that know each other and interact daily. The financial cooperative is therefore not seen as a formal financial institution but rather a familiar network of people.

While the Solomon Islands data indicated high levels of general trust the levels of trust drop in relation to matters of money which is contradictory to the previous point. It is at this intersection that perhaps the individual divorces the social and cultural obligation from the rational being, that is, the financial cooperative is useful from an individual rational perspective and goes some way to meeting social and cultural obligations but when putting aside the cultural and social obligations the respondents are rationally opposed to trusting in matters of money due to the free rider (Sandler 1992; Smirnov et al. 2010) problem. The localized financial cooperative provides a first line of defense in terms of addressing this issue for community members, as well as an informal network where members can obtain loans outside of the wontok system. So trust in relation to money is institutionalized providing a localized solution to a cultural obligation. Trust is also contextualised in terms of need. General trust may be relatively low but as soon as there is a need for help, levels of trust increase, which maybe framed in terms of social obligation. Trust as a cultural and social mechanism comes into play when needed. This trust is clearly demonstrated in the way in which a whole of village approach is taken to mediation and conflict resolution.

The Solomon Islands data is further examined in comparison to the other countries in Chapter Seven. While Solomon Islands Social Capital Schematic emphasizes the strength of the Institution over the Individual and Community in generating social capital, operationally the institutions are immature and the levels of social capital is underdeveloped. The tensions between the community social and cultural processes and practices being adaptive and reflective in contrast to that of the institution which is lineal and rigid. These competing tensions need to be reconciled in order for the Solomon Islands financial cooperatives to mature. The history of the Solomon Islands financial cooperatives indicates that this process will happen at a very slow pace.
Chapter Six: Timor Leste Research Findings

6.1 Introduction

The structure of this chapter follows the same conventions as the previous two chapters relating to Cambodia and the Solomon Islands. As will be discussed in the comparative and concluding chapter the financial cooperatives in each country find themselves at different stages of their lifecycle, and as such, the results flowing out of the Timor Leste dataset highlight this more so than perhaps the previous two chapters. While the Timorese financial cooperatives are not the oldest of the three studied they have the greatest interaction with their government, they are very small but at the same time are the most integrated with a very active federation. The following data indicates that the social capital is therefore generated in different locations and in different ways.

Historical and Environmental Context

Republika Demokratika Timor Lorosa’s (Tetum) or Republic Democratica de Timor-Leste (Portuguese) is made up of 13 districts and is governed by a Chief of State: a President and a Head of Government: a Prime Minister, they govern through a legislative branch which is unicameral. Timor Leste is a small island to the north of Australia which is located between islands belonging to Indonesia to the east and the west. Timor Leste has been central to trade routes along with political and resource disputes. With a population of just over 1.2 million people (CIA 2014b; World Bank 2014) they are made up of Austronesian (Malayo-Polynesian), Melanesian, Papuan and Chinese ethnic groups with 96% being Roman Catholic (CIA 2014b). The population growth is currently at 2.9% (UNData 2014a) with over 60% of the population under 25 years of age with a median age of 18.5 (CIA 2014b). Timor Leste has a land mass of 14,874 square kilometers (CIA 2014b) and shares a border with Indonesia.

Timor Leste’s borders are a result of years of conflict. The island of Timor saw the Portuguese arrive in 1516 however their control over the island was usurped by the Dutch in 1653 where they lost Kupang but constructed a based in Lifau in Oecusse. This was the start of the division of the island. In 1769 the Portuguese moved their trading base from Lifau to Dili (Tarling 2001).

Timor Leste’s struggle for independence was shaped by the decolonization that was happening in the Asia Pacific region between 1945 and the 1970’s. The pro-independence group Fretlin was formed in 1974 and was modelled on African-Marxist movements (A. L. Smith 2001). Fretlin and was at the forefront of East Timors independence movement. Fretlin was founded by intellectuals with left leaning influences which created a fear in Indonesia that East Timor may ‘become a regional
“Cuba” (Ishizuka 2010: 14) which was seen as a threat to Indonesia’s security. ‘Indonesia feared that independent Portuguese Timor would be vulnerable to influence from the Soviet Union and China’ (Ishizuka 2010: 7).

The revolution of 1974 in Portugal and the subsequent order to withdraw from the colonies saw the Indonesians capitalise on the upheaval with the invasion of East Timor on the 7 December 1975. East Timor was then incorporated as the twenty seventh province of Indonesia (Borthwick 1998).

During the time of Indonesia’s integration of East Timor there was a large deployment of troops in the province and was a time of brutality for the Timorese, ‘two months after the invasion, 60,000 East Timorese were claimed killed by the Indonesian troops’ (Ishizuka 2010: 15).

The Indonesian President Habbie announced in January 1999 that East Timor would hold a referendum to decide if they wanted independence or autonomy within Indonesia. With this announcement Angkatan Bersenjata Republik Indonesia (ABRI)\(^{24}\) commander in chief General Wiranto along with senior officers created local militias and set about arming them to create mayhem and disorder (Kingsbury 2001). Much of the violence in 1999 was undertaken by Timorese via paramilitary organisations supported by Kopassus. Some of the Timorese participated through forced subscription (Hughes 2009). Nevertheless the vote went ahead under a UN presence despite the intimidation and killings with East Timor returning a resounding vote for independence.

The economy as well as its infrastructure was destroyed during 1999. Along with its isolated location as well as small population, Timor Leste as a new nation faced many challenges. In December 1999 US$520 million was pledged in the form of aid grants (A. L. Smith 2002: 66). At this time with most Timorese undertaking subsistence farming with only 4% of land used for permanent crops (CIA 2014b) and with mountainous terrain and poor quality soil the Timor people needed to import food.

One of Timor’s exports is coffee but this is prone to price fluctuations and the amount exported is minor in comparison to the level of goods imported. The exploitable reserves of oil and gas is having a significant impact on the economy (Government of Timor Leste

\(^{24}\) From 1999 ABRI was called Tentara Nasional Indonesia (TNI).
2011: 197-98) although there is dissatisfaction with the treaty signed with Australia for the Sunrise fields. ‘In mid-2013 the Timor-Leste Government referred a dispute with the Australian Government, relating to the Treaty on Certain Maritime Arrangements in the Timor Sea, to international arbitration in accordance with the dispute resolution procedure in the Timor Sea Treaty’ (Woodside 2014).

The National Government of Timor Leste have published a strategic development plan (Government of Timor Leste 2011) that outlines a twenty year vision of ‘collective action’ (Government of Timor Leste 2011: 10). ‘In the area of social capital, the Strategic Development Plan seeks to improve the lives of Timorese people – our human capital – by setting out strategies and actions, along with targets, in the critical areas of education, health and social inclusion’ (Government of Timor Leste 2011: 16). The Strategic Development Plan seeks to harness the ‘collective vision [and] …spirit of solidarity’ (Government of Timor Leste 2011: 218) of the Timorese people.

The Strategic Development Plan speaks to the numerous economic, infrastructure and social challenges Timor Leste that this young nation faces. It also reflects some of the themes that will emerge in this chapter, particularly the insertion of government into the lives of the Timorese. The research data discusses the desire of the Timorese to have the government solve their problems at an infrastructure and at a social level. The Millennium Development Goals Timor-Leste 2009 report (United Nations Development Programme 2009) provides context to those government challenges in terms of the conditions in which the Timorese experience in their everyday lives.

Despite the close attention that is being paid to the levels of poverty both at a government and multi-lateral level, poverty worsened between 2001 and 2007 with the people living in poverty increasing to 49.9% (United Nations Development Programme 2009: 18) which indicates that a significant proportion of the population as highly susceptible to economic shocks. Only 10% of the workforce is in paid employment (United Nations Development Programme 2009: 20).

Over 40% of the population is below 15 years of age and there has been a drop in participation of primary school education to 63% from 78% in 1999 (United Nations Development Programme 2009: 25). This will impact on the capacity of the country in the years to come and will affect the ability of the population to move from a position of dependence on their government to that of self-reliance. In areas of gender equality in education there are more girls than boys in both primary and secondary levels however this is reversed for tertiary education.
The MDG in relation to health and in particular to cases of reported malaria has doubled from 2001 to 2007 but measures for prevention and treatment have increased (United Nations Development Programme 2009: 50) which may simply reflect better reporting due to greater access to health care services especially in the rural areas.

Respondent Community

The financial cooperatives within this dataset are from both urban and rural locations, from both the west and east districts as well as Dili, the capital city of Timor Leste. The data set includes financial cooperatives which are government bonded institutions as well as geographically focused. The institutions range from having small memberships of as little as 50 members to those that have 800 members. The Timor Leste financial cooperative movement is small in size with only 6,000 members at the time of writing.

Timor Leste Social Capital Schematic

The dichotomy within the Timor Leste data (Figure 37) sees the Institutional Social Capital as being stronger than the Community Social Capital. The Timor Leste institutions are extremely young and newly established in comparison to the Solomon Islands and to a lesser extent the Cambodian financial cooperatives. Timor Leste's physical assets are in a poor state and they therefore have a low contribution to the data set. The Institutional Organisation and Leadership along with Solidarity was strongest. This may have been influenced through other historical forms of organisation such as the Timorese resistance movement and the sense of solidarity that was formed in the years of struggle against the Indonesian occupation (Ishizuka 2010). The effect of strong leadership and post-independence conflict resolution and the manner in which they have mediated a way to live side by side with their past occupiers may have developed skills and behaviours that have translated institutionally for the financial cooperative.

The reported levels of collective action are not as high as would be expected given the levels of reported solidarity. This may be due to the competition for scarce resources, particularly in relation to the low levels of structural assets. It may also be due to the positioning of the responsibility of provision of goods and services. The Timorese respondents clearly pointed to the government as having primary responsibility to address their needs and meet their demands. The respondents did not indicate high levels of personal responsibility or self-determination in relation to fixing problems. In many examples from the questions around the environment, crime or housing the government was viewed as the mechanism through which needs could be met and problems could be addressed.
The comparison between the Community Cognitive Assets and the Individual Cognitive Social Capital deserves attention due to the variance evident between these two components. The variance may be explained through the types of cognitive attributes, that is, the Community Cognitive Assets are concrete and observable with elements such as the Environment and Crime whereas the Individual Cognitive Social Capital is more abstract and relies on perceptions of Trust, Solidarity and Conflict Resolution. While initially this may look as if these two forms cognition should be treated separately and not compared, I have positioned this distinction to allow us to view the abstract nature of the Individual Social Capital as a closer view into the individual's opinion of their community.

Figure 37 Timor Leste Social Capital Schematic

6.2 Community

The Structural and Cognitive Assets of the Community Social Capital Component (Figure 38) were nearly identical in terms of the scale range resulting in a .05% difference
between the two. This component indicates a very narrow statistical spread between the structural and cognitive aspects of the Timor Leste community. Across the arterial layer of Community Social Capital indicators the Physical Assets scored weakest with 28.63% with the Community Attributes the strongest at 69.97% indicating that the strength of the Community Attributes resided in the economic activity for both men and women, although employment opportunities did score low 32.6% as did access to livelihood assets at 29.8%. Additionally low population movement in and out of the community was evident. The Physical Assets which were provided by government scored lower than those provided by private enterprise such as transport and to a lesser extent security which is often provided by the community. The Cognitive Assets focused on the Community Assets which varied from reasonably low perceptions of the standard of living to slightly above median scores of safety around issues of crime which may be related to security being provided by their community.

Figure 38 Schematic - Timor Leste - Community
6.2.1 Structural Assets

The Structural Asset data range which contains the Physical, Education, Health, Livelihood, and Community Support Assets as well as Community Attributes measured very low at 28.63%. The Physical Assets within the Timor Leste data set are composed of tangible objects that are provided by a mix of government, community and private enterprise. While the Physical Assets are usually assets that are available to all of the community such as housing, electricity, public lighting, water, telephone, post, internet, sewage services, garbage collection, public markets, transport, recreational facilities and security services, in this research data not all communities had equal access. The communities in Dili had far greater access than those surveyed in the more rural and remote areas. The Structural Assets within the Timorese data set clearly indicate that the household’s access to physical assets is very low.

The data indicates that the services available to the communities in Dili are often nonexistent to those in the rural areas. When the lack of access to services is cross tabulated to attitudes of Quality of Life the Timor Leste respondents reported a very low response. The relationship between access to physical services and perceptions of the quality of life in the case of Timor Leste appears to have a direct correlation.

Physical Assets

Respondents indicated that the availability of housing stock is adequate however there were only low responses to the quality of the housing stock as having improved. Similarly the access to electricity was deemed as good however lower numbers of respondents indicated that the quality had improved. Public lighting only exists in some locations in the capital city so responses to this question were low with the ranking of quality extremely low. Access to all types of water was low as was the perception of the improvement to the quality.

The reach of landlines was extremely low however access to mobiles was significantly high with good coverage. There was limited experience of a public telephone service with only some public telephones in a couple of telecommunications buildings in the capital city. Similarly experience and therefore access to a postal service and the internet was extremely low.

The reach of sewage services was very low with the quality deemed extremely low. Access to a garbage service was poor as was the perception of any improvements to the service.
Market availability as reported by the respondents was adequate however the level of improvement in terms of quality was deemed as low. Use by the community appeared to be somewhat less than the stated access.

Transport availability was rated high, as there is no land based public transport service the types of transport that respondents included in their answers were microlets (small mini vans), motorbikes, and cars that pick up paying passengers who are usually people they know or are from their village or district. The use of the available transport was reported as low. This may be due to the limited desire to travel outside of the village given that most people’s needs are met within a small geographical area. Additionally many of the people surveyed in the rural areas have limited financial resources to move about more broadly.

Respondents reported adequate availability of sporting fields however the number of dedicated spaces for children to play was limited. The quality was again an issue as only very low numbers of respondents reported an improvement to these facilities.

Security according to the respondents was adequate in terms of availability and access. In terms of quality the respondents it as less than adequate.

In all areas of the physical assets the respondents reported that the quality had not improved. The reporting was consistent in both rural and urban areas with only slight differences in the area of internet and mobile coverage.

Community Attributes
Most communities had been in existence for longer than 20 years with close to 40% being bigger than 250 households. There was significant population movement within the communities surveyed with a large number of respondents indicating that this was due to internal growth particularly due to marriage and increased birth rate. Respondents also indicated that people moved into the area due to better housing and schools.

Much of the economic activity for both men and women was self-directed employment with a large number reporting the farming of rice, corn, cassava along with raising some animals as one of the main forms of self-employment for men. Small businesses selling groceries and construction work was also reported as a significant area of employment for men. Given the sample also included public service financial cooperatives it is somewhat surprising that larger numbers where not reported in this category. Self-employment was also highly reported as an economic activity for women with small grocery businesses being the highest category followed by farming and a small number
reporting as being employed in the manufacturing of handicrafts. Self-employment may be seen as a viable option to seeking out waged positions as the availability of employment appears to be limited with 67.4% of respondents reporting that the availability of employment either remained the same or worsened.

Human Assets
More than two thirds of the respondents reported migration out of the community for purposes of work. The number of men migrating outstrips women by more than 2 to 1. Those surveyed that lived close to the Indonesian border appear to have a greater propensity to migrate outside of Timor Leste. This may have been confused with laboring or selling goods over the border with living and working in another country, however most respondents reported that the migration was to either a city in the region or to a city in another region. It appears from the data that the migration was from rural to urban areas rather than rural to rural migration. There was however movement into the surveyed communities for a wide variety of positions. In the urban areas the movement into the city was to take up public service positions.

Education Assets
Access to primary education was reported as the greatest followed by preschool and then secondary school. Access to secondary school was reported as less than half to that of primary school. The distance to primary education was the least with secondary school facilities the furthest away from the community. The survey respondents reported that they felt there was adequate access to pre, primary and secondary forms of education. There was a correlation between access and attendance, with primary school education enjoying the highest levels of attendance of the three levels of education.

Health Assets
Nearly two thirds of the respondents indicated access to a health clinic within 2km of their homes. Access to sufficient health resources of both a physical and human resource nature was reported as high.

Livelihood Assets
Principle livelihood activities was reported as being livestock which included pigs, chickens, goats and buffalo followed by growing crops such as potatoes, beans, peanuts, cassava, bananas, papaya and coffee. Three quarters of the produce is sold at the local community market with only 13.8% sold to middle men or exported. Given there is a high
degree of subsistence farming\textsuperscript{25} these responses are not unsurprising. Transport, poor roads and distance were all major barriers to selling the produce outside of the community. Some respondents pointed to the government as not doing enough to assist the farmers promote Timorese products. The availability and access to agricultural technical assistance was reported as low with most assistance gained through various Timorese government departments.

Respondents reported low levels of access to agricultural financial services with 51.1% of the respondents reporting only 0-10% of farmers accessing loans for productive purposes siting reasons of poor crop yields, lack of working capital, financial institutions’ lack of confidence in the farmers, reduced capacity to repay loans as well as a lack of organisations available to access finance.

Seventy one percent of respondents indicated that crop yields either remained the same or worsened, correspondingly 74.4% stated that sales of those crops had either remained the same or worsened. There appears to be little growth nor confidence or optimism by the farmers in their productive future.

Community Support Assets

The types of community assets that respondents accessed where predominately social, cultural and sporting organisations with economic organisations having one of the lowest levels of participation along with the health and educational organisations. Support for these organisations was reported as predominately from the government followed closely by religious organisations. Organisations supported by school teachers, NGOS, politicians and the business community along with prosperous citizens saw the lowest levels of support. Correspondingly the government sponsored community centers and religious building were mostly used for community events.

6.2.2 Cognitive Assets

The Community Assets within the Timor Leste research data looks at the Standard of Living, Trust, Crime, Environment and Community Organisation with the purpose of understanding the actions and motivations of the community. Along with the Structural

Assets associated with Community the Cognitive Assets contribute to the generation of social capital.

Community Assets
Respondents reported high levels of improvement in their standard of living with only 8.3% indicating that their quality of live had declined. Those that saw improvement related this to lower unemployment, successful business practices, increased support from government, relatives overseas and donor organisations as well as a better, more harmonious environment. Conversely those that saw the situation not improving indicated a difficulty in securing employment and a lack of education as main issues faced.

Perceptions of their social status showed that 86.5% thought their community ranged from wealthy to average with only 13.5% identifying as poor or very poor.

Trust in relation to lending and borrowing was high with 67.7% of respondents indicating high levels of trust with 40.6% believing the levels of trust had improved with only 8.3% stating that they had worsened with 75% indicating that their community had at least the same or more trust than that of other communities.

The Timorese communities surveyed showed low levels of violent crime such as burglaries or assaults although reported high levels of alcohol abuse and domestic violence and saw teen pregnancy as a major concern which may be positioned in relation to religious beliefs.

The respondents raised concern around their natural environment especially waste disposal and water resources although 44.8% of respondents indicated that their environment is good or very good with two thirds of the respondents surveyed indicating that the environment had either improved or at least remained the same. When asked what actions could be taken to improve the environment 53.4% of respondents thought that the government was responsible for any action that needed to be taken.

6.3 Individual
Cognitive Social Capital was substantially stronger (73.37%) than the Structural Social Capital (39.8%) within the Individual component of the Timor Leste Social Capital Schematic (Figure 39). Particularly high levels of solidarity (96.5%) and the ability to resolve conflict (71.8%) were evident in the data. The Structural Social Capital data overall is very mixed with strong levels of Organisational Participation (93%), Networks and Mutual Support Organisations (65.28%) and Leadership (67.9%) however these are
offset by very weak results for historic (32.8%) and frequent (23.5%) Collective Action. Timor Leste has undergone a process of nation building based on the struggle that was endured during the Indonesian occupation. There is strong sense of belonging and identity based on both the national narrative (Sahin 2011) and what Hicks (2007: 13) argues sees ‘communities…identify with their local adat26 rather than with new values filtering down from the capital’. This may explain the contradiction between the high levels of perceived cooperation but the low levels of reported Thickness of Trust.

Figure 39 Schematic - Timor Leste - Individual

26 Meaning the local customs and traditions.
6.3.1 Structural Social Capital
Organisational Density and Characteristics was reported as being the strongest and Collective Action being somewhat the weakest. Given the narrative of solidarity and the history of collective national struggle the results are not aligned with expectations. The cognitive values of Solidarity and Perceptions of Cooperation are high yet the structural or lived examples of these are much lower. While there are strong Networks and Mutual Support Organisations and strong results for Organisational Density and Characteristics, actual Collective Action and Thickness of Trust is weak. This may be explained by the higher weighting of the research sample coming from Dili, an urban center where there is less a sense of connectedness to others, only through formal structures of sporting and recreational clubs. So while there are strong perceptions of cooperation there isn’t the accompanying sense of trust that may be found in more homogenous rural areas. While the respondents may belong to networks and clubs and have a sense of solidarity around the purpose of their participation they may not necessarily have a personal relationship that extends to issue of money or family and is solely based on the activity for which they have joined the club or network.

Organisational Density and Characteristics
The organisational density of the community’s memberships is characterized by a significant overlap, the groups however, are not comprised by large numbers of the same family members but were, due to the religious homogeneity of the Timorese population, composed of mostly those of the same religion. There was gender balance in the composition of the groups with the membership not aligned to one political party nor were they comprised of the same occupations, age or educational levels. So apart from the religious alignment the membership groups were mostly heterogeneous in nature.

The leadership of these groups were split between two types of behaviours, that of the leader consulting the group and then making a decision and the other where there was a more consensus driven approach with the leader holding meetings where there is discussion and the group jointly deciding on a course of action. Both of these decision making frameworks was rated as very effective by the respondents.

Networks and Mutual Support Organisations
The structure of leadership to deal with community issues is positioned within both an authorized leadership type, that is, community leaders and the broader community.
Localised issues tended to be positioned in those who are impacted by the problem rather than the “institutional owners” such as the government.

Exclusion
Respondents reported a medium level of exclusion to services and indicated that this was due to income and occupation and to a lesser extent, the lack of education. Their perceptions of other households being excluded was equal to their experience however they indicated very low levels of exclusion based on race, gender or religious beliefs. Exclusion was mediated through the authorized community leaders as well as religious leaders, it was also handled at a family level.

The causes of division within a community according to the respondents are the differences in education, wealth, landholdings and social status, between older and younger community members as well as along political affiliations. Religion, ethnicity and gender was not seen to be a major contributing factor towards division within the community. Only 38 out of the 100 respondents expressed a desire to answer this question however 68.4% of those respondents indicated that these divisions often lead to violence.

Collective Action
Collective Action in the Timorese communities surveyed indicated there was high value in joining together to achieve particular goals and indicated that the leadership of these initiatives was very effective however the collective nature of the decision making is somewhat less than “collective” whereby less than half of the respondents indicated that the actual group make the decisions, leaving the leadership to make them on their behalf.

There were extremely high levels of participation in the electoral process and in participating in associations however other forms of collective action was particularly low especially in political collective action such as marches and demonstrations, sit ins or even contacting an elected representative on an issue. The success of collective action was reported as relatively low at 32.8% however collective action around charitable work was very high.

6.3.2 Cognitive Social Capital
High levels of Individual Cognitive Social Capital (73.37%) was reported in the Timor Leste data in comparison to low levels of Individual Structural Social Capital (39.8%). Within the Individual Cognitive Social Capital data Solidarity was highest at 96.5% and Thickness of Trust lowest at 33.8%. The data indicates that there is a divide between perceptions of cooperation and solidarity and the actual behaviours as demonstrated in
the Structural Social Capital data. Earlier I outlined a possible cause being the weighting of the data with Dili based respondents who are from outside the Timorese capital and who may have higher levels of trust for people in their village but whose sense of trust has not travelled with them to Dili. They have high levels of participation in networks and groups and a high level of solidarity with fellow network and organisational members but this comes with parameters that does not include trust.

Solidarity
Extremely high levels of solidarity was reported especially in times of crisis of other community members, that is, at times of death and crop failure. Here solidarity is framed within a pastoral care context where support is given for pain, loss or sorrow.

Trust and Cooperation
In matters of borrowing and lending there were high levels of trust reported although the respondents’ perceptions of trust in comparison of other villages was low. These high levels of trust were confirmed in measures of cooperation whereby scenarios of gain indicated that people were willing to cooperate and trust others if there was individual financial gain. Additionally respondents indicated that people were willing to contribute to community projects even if there was no direct or individual benefit. Respondents believed there was greater trust within their village in comparison to other surrounding villages and stated that there was always someone within the community that would help if there was a problem. They see their village as prosperous and feel strongly connected to their community.

Conflict Resolution
Respondents see their community has being extremely harmonious and peaceful and perceive their community as more harmonious than other villages which is demonstrated through their willingness to contribute both time and money to common community development goals. If there is a dispute the respondents identified multiple sources of mediation to help bring resolution. Respondents located the sources of mediation within the village and in either positions of authorized power such as the Community Leader or at the source of the issue within the family.

6.4 Institutional
The Institutional component of the Timor Leste Social Capital Schematic (Figure 40) consolidates the Structural and Cognitive Assets due to the interrelated nature of the components at the skeletal level of the schematic due to the interwoven nature of Leadership, Participation, Organisational Culture and Organisational Capacity and
Sustainability. This does not directly impact on the broader analysis undertaken in this thesis however a more nuanced analysis of social capital at an institutional level could be achieved with further research to develop more detailed indicators which could separate the cognitive from the structural.

6.4.1 Structural and Cognitive Assets

The Structural and Cognitive Assets contained within the Timor Leste data indicate reasonably high levels of Institutional Social Capital. Participation appears to be the weakest area of the data however this may be due to the industrially bonded nature of many of the financial cooperatives that are contained within this data. The opportunity to interact with other members (in the workplace) is often much greater than geographically bonded financial cooperatives. This can drive down the perceived need to hold regular institutional meetings or where the meetings become informal and therefore not counted in the data. Despite the lack of formal meetings the Leadership and Organisational Culture were reported as strong in the data.
Leadership
The legitimacy and acceptance of the financial cooperative’s leadership is seen as representing the memberships interests well. The management and staff have a harmonious relationship without any major problems. The membership rate the quality of their leadership as high especially around areas of vision, dynamism, honesty and transparency. While the respondents indicated the leaders are selected from almost all groups within the community, it appears that women do not have equal representation at a governance or management level. The respondents indicated there are many people within the community which have leadership capability and there is never a lack of candidates who are put forward to lead, however the majority of these are men. There is a regular change of leadership and the respondents believed that the period that each leader serves is adequate however the data also indicates the active continuation of past leaders is low demonstrating the leadership transition process may not be as harmonious or non-conflictual as perhaps inferred by the respondents.

Participation
There are reasonably high levels of participation of prosperous families within the financial cooperatives as the leadership of the institutions understand the value of including the community’s elite in the group centered activities. The participation of women is particularly low as is the participation of the poor, although respondents indicated that this is changing with more women, youth and poor now participating than previously. The respondents did recognize that only a low percentage of the population feel included in the institutions activities. And while the institution is not as representative of all of the community the financial cooperative appears to be highly representative of their membership.

Participation in the decision making process is extremely high through the prior dissemination of information, the opportunity for informal discussion, the grassroots consultation conducted by the institution along with widespread debate and finally the dissemination of the outcomes. The respondents did however indicate that they should meet more often.

Organisational Culture
The majority of the members understand the procedures and institutional practices of their financial cooperative and operate within the accepted norms of behavior. The leadership within the respondent sample have indicated a willingness to confront problems and in serious cases enact sanctions and fines and even expel members.
Organisational Capacity and Sustainability

The leaders of the financial cooperatives indicated that there are thorough processes for identifying the needs of their members and that in the last three years there have been formal petitions from their membership on issues and that their institution has a procedure for addressing the demands made by their members. They also indicated that there were informal ways that they could bring their needs to the attention of the institutional leadership outside of these formal mechanisms. The financial cooperatives appear to have a culture of collective action institutionalized into the norms of behavior of the membership.

The collective action by members is supported through the capability of the leadership to carry through the demands of the membership. The respondents indicated that their leadership has the ability to carry out the tasks of the organisation, prepare financial reports and respond to challenges and learn from experience, however the membership indicated that the leadership is weaker on looking towards the future and developing long term plans. The respondents rated their leadership highly when resolving both internal and external problems. This indicates that the leadership has a propensity to be reactive rather than proactive in the management of the institution.

6.5 Conclusion

The results from the Timor Leste data clearly lay the responsibility of addressing the needs and demands of the community within the hands of the government. There were low levels of personal responsibility or self-determination in relation to fixing infrastructure such as those related to the environment and services and broader social problems. Conversely local issues tended to be the responsibility of those whom were impacted by the problem rather than the government. High levels of solidarity were enacted to solve conflict. The respondents indicated personal responsibility for their economic difficulties and pointed to a lack of education demonstrating they had some sense of self determination and responsibility. The private and more personally immediate issues were seen as the responsibility of the individual whereas the broader social and structural troubles were the domain of the government.

The narrative of solidarity and the recent history of collective national struggle sees results which are not aligned with expectations. The cognitive values of Solidarity and Perceptions of Cooperation are high yet the structural or lived examples of these is much lower in a broader community context. That is, there is ample evidence of organisational participation, but low levels of frequent or historical collective action. When this is viewed from the financial cooperatives perspective, collective action was high as was collective
action in the form of charitable work. This could be called Institutionalised Collective Action whereby it is contained within a membership and institution. A closed network of collective action with common institutional goals.

The financial cooperatives being closed networks have high levels of trust in relation to lending and borrowing. This was not reflected in the broader community where the data indicated there were low levels of reported Thickness of Trust. An explanation for the strength of trust aside from the behaviour of a closed network may be the religious alignment of the groups which is the financial cooperative membership’s only homogenous feature. Additionally scenarios of gain indicated that people were willing to cooperate and trust others if there was individual financial gain. This was not the case in other circumstances whereby respondents indicated that people were willing to contribute to community projects even if there was no direct or individual benefit, which highlights the high levels of perceived cooperation. The linkages to individual financial gain may be due to the environment whereby much of the economic activity for both men and women was self-directed employment. The data demonstrates an environment that is geographically limited with very small spheres of economic links which tended to be village based with limited reach outside of the immediate geographic environment.

The closed formal and informal economic networks within which the respondents live provides a view as to why the financial cooperatives are successful in generating social capital albeit in very small groups. Institutional growth has been slow and the data indicates that this may be due to the way in which the groups cognitively manage the relationships within their networks. The stock of social capital in the Timor Leste financial cooperatives has not been leveraged in any meaningful way to strengthen the operations or economic advantages of the institutions.
Chapter Seven: Concluding Comparative Analysis

7.1. Introduction

In this chapter I will provide an outline of both the structural and cognitive characteristics of the communities within this research. I will examine this data to highlight and discuss the environment in which each of the three country’s financial cooperative movements have emerged. Furthermore, based on the SOCAT tool along with the Social Capital Schematic and the Social Capital Development Framework I will utilize social capital indicators which will provide a more consolidated and comparative view and analysis of cognitive and structural social capital within the Individual, the Community and the Institution.

A mapping of the social capital indicators will help identify the points of comparison. The social capital development indicators include, Environment, Governance, Trust, Leadership, Culture, Reciprocity, Networks, Norms and Consequences. The cross country comparative analysis of these individual indicators will assist in the process of answering the broader thesis question.

In each of the country chapters I utilized the quantitative SOCAT data that assisted in construction of an empirical social capital narrative. In this comparative chapter I seek to thread more of the voice of the actors within the analysis to further demonstrate the agency of the community and their role as active agents within civil society and especially within the development of their financial cooperatives. The voice of civil society is now a dominant influence within development practices, this voice however, was not always evident nor necessarily influential before the 1990’s (Bebbington and Perreault 1999). The voice of the actors has always been central in the development of financial cooperatives, especially those that have developed from within the community as opposed to those that have been implemented by governments or international/local NGOs.

The relationship of an NGO and/or government developed financial cooperative often creates a different relationship between the state, the market and civil society. There is of course ‘political impacts of civil society formations’ (Bebbington and Perreault 1999: 397). This discussion is course problematic when the term civil society is used in such a broad context, especially in relation to social capital and the question of its location and connection between joint action and group agency (Petit and Schweikard 2006). This further confounds the question of voice and agency within cooperative membership.
In this chapter I also seek to uncover the perceived and real structural differences between the financial cooperatives of the three countries studied and seek to identify and define the characteristics and location of social capital generation. Much of the work around social capital has endeavoured, as Klesner has argued, to understand ‘whether communities with higher levels of social capital gain development benefits from their citizens' involvement in social groups.’ (Klesner June 2007: 2). As Fine (2003: 33) has indicated 'social capital literature has been much more heavily focused on its effects than its sources, ...'. In this chapter I will look at both the participation in the financial cooperative to understand the social benefits as well as look at the necessary social conditions that are required to develop a financial cooperative. This approach ensures both causes and effects are viewed in both directions. In doing this I will also examine the sources as well as the effects within this comparative analysis.

7.2 Social Capital Schematic Country Comparison

Earlier in Chapter Three I used the body as a conceptual metaphor to explain the various layers and functions of the Social Capital Schematic. In this section it is the layer of muscle, the last layer before the body that is Social Capital is formed that I wish to examine.

7.2.1 Community

The data from the Community component of the Social Capital Schematic indicates that Cambodia enjoys the highest Community rating which is due to a particularly high rating in relation to their Cognitive Assets (Table 10).

Table 10 Social Capital Schematic Community Data

<table>
<thead>
<tr>
<th></th>
<th>Cambodia</th>
<th>Timor Leste</th>
<th>Solomon Islands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural Assets</td>
<td>45.61</td>
<td>48.92</td>
<td>46.89</td>
</tr>
<tr>
<td>Cognitive Assets</td>
<td>63.14</td>
<td>48.87</td>
<td>47.38</td>
</tr>
<tr>
<td>Community %</td>
<td>54.37</td>
<td>48.9</td>
<td>47.14</td>
</tr>
</tbody>
</table>

Cambodia’s performance in this area is perhaps due to the Cambodian communities having had existed much longer than either the Timorese or the Solomon Island communities. Eighty one percent of the Cambodian communities had existed for more than 20 years in comparison to Timor Leste at 55% and the Solomon Islands at 65%. At the other end of the scale Timor Leste and the Solomon Island communities had a higher percentage of communities that had existed for less than 10 years than that of Cambodia. The size of the communities were also much larger in Cambodia, which given that all of
the respondents in Cambodia were all based in rural locations contrasted to that of the Timor Leste and Solomon Island communities where many came from urban areas.

The conclusions that may be drawn from this overview maybe one of community longevity and geographical positioning which may have some effect on the Cognitive Assets that were accumulated. Additionally as demonstrated in the country data chapters the Solomon Island and Timorese communities tended to draw heavily on their governments for their structural needs whereas the Cambodian respondents tended to have a stronger sense of self-reliance which could contribute to their sense of community identity and therefore their cognitive assets. The Cambodian respondents indicated that they tended to participate in economic type organisations whereas the Timorese and the Solomon Island respondents gravitated to the cultural, social or sporting related community organisations. The inference drawn from this could be that unlike the other respondents the Cambodians saw their economic success as linked to others within their community and so there was a greater cognitive perception of connectedness. The perception that their standard of living had improved was very high for the Cambodian respondents as were the levels of perceived trust and relational trust which was in contrast to the low response for the other two countries.

7.2.2 Individual

The Individual Social Capital Schematic data at a high level is indistinguishable and it is only when we pull out some of the comparative data that we can start to gain a more nuanced understanding of the Individual Social Capital (Table 11) being generated.

<table>
<thead>
<tr>
<th></th>
<th>Cambodia</th>
<th>Timor Leste</th>
<th>Solomon Islands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cognitive Social Capital</td>
<td>71.83</td>
<td>73.36</td>
<td>65.71</td>
</tr>
<tr>
<td>Structural Social Capital</td>
<td>48.12</td>
<td>39.8</td>
<td>51.14</td>
</tr>
<tr>
<td>Individual %</td>
<td>59.98</td>
<td>56.58</td>
<td>58.43</td>
</tr>
</tbody>
</table>

Timor Leste enjoyed the highest levels of solidarity although all of the countries surveyed reported strong levels. Timor Leste has, in recent history, been undergoing a process of nation building based on a shared identity and sense of struggle during the Indonesian occupation which may account for the particularly strong response. However a strong shared identity did not correlate to the thickness of trust. Cambodia recorded the highest levels of trust with the Solomon Islands recording the lowest levels. The questions around
trust were financially framed which as previously indicated may be closely related to their sense of close economic ties.

Perceptions of cooperation were high across all countries however the spread between the highest and lowest being the Solomon Islands was 17% which aligns with the lower rating of their perceptions of the village relationships being harmonious and peaceful. The opportunities for constructive cooperation are most available in communities that are viewed as peaceful and harmonious. Collective Action was strongest in Cambodia however within this data set Timor Leste reported as having rated the highest in terms of Leadership. The group decision making and the effectiveness of the leadership where highly valued by the Timorese however they rated as the weakest in terms of participation. The narrative of Timorese looking to their government to meet their needs may be also evident in this component, while they view their leadership as effective and strong they may also be leaving it up to their leadership rather than playing an active role in acquiring their needs. The Solomon Islands respondents had the lowest level of success with Collective Action and also the lowest frequency. This may be related to the way in which the manifestation of social structure in the Solomon Islands is heavily influenced by relationships. Collective action and direct signs of confrontation are not useful tools when attempting to develop relationships with others. Change and access to services may be generated through close (and individual) relationships rather than the public and mass assertion of rights.

In comparison to Cambodian respondents the exclusion felt by both the Timorese and Solomon Island respondents was high, particularly around access to services such as health, education, housing and employment. The major reasons for exclusion was due to income and occupation whereas the Cambodian respondents reported very low levels of exclusion. The Timorese and the Solomon Islander respondents reported much higher capabilities in resolving any divisions and problems. Much of the responsibility for mediation being located in people with institutional power, that of religious leaders and the judiciary. The Cambodian respondents indicated that problem solving was located within individuals in the community. The position of responsibility for everyday life within a Cambodian context appears to be located very close to the individual and then radiating out to the family, the neighbours and then to the community. Similarly the next level of contact for issues would be the Village Chief, then the Commune Governor, then the District Governor, followed by the Provincial Governor and then contact with the national government. The data indicates Cambodians tend to look to resolve problems as close to the source of the issue as possible with a reluctance to seek out redress through the government or its judicial instruments due to the perceptions of the cost of justice.
Whereas the respondents in the other countries tended to look to government much quicker. The big causes of division in the Cambodian data set was education, wealth and landholdings, similarly Timorese respondents also indicated education and wealth as significant issues of division. The Solomon Islands respondents tended to see all causes of division within a 10% bandwidth including causes such as differences in ethnic backgrounds, religious beliefs, political affiliations as well as tensions between men and women, old and young, and between longtime residents and new settlers. The biggest disparity within the three data sets is the significance that wealth plays in causing division for the Cambodian respondents. The rating for the division that the economic differences play in people’s lives is significantly high as opposed to issues of race, politics, gender or religion. Yet the homogeneity of the memberships surveyed was the greatest in Cambodia and lowest in the Solomon Islands. This homogeneity speaks to why race, politics, gender and religion are not significant causes of division. However financial circumstances could be an issue that causes division especially when individuals are so much alike.

7.2.3 Institution

The institutional strength of the financial cooperatives surveyed was a combination of both the Structural and Cognitive Assets (Table 12). Combining the two was necessary due to the nature of the individual components having qualities that could be considered both structural and cognitive.

<table>
<thead>
<tr>
<th></th>
<th>Cambodia</th>
<th>Timor Leste</th>
<th>Solomon Islands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural &amp; Cognitive Assets</td>
<td>57.95</td>
<td>70.43</td>
<td>60.56</td>
</tr>
<tr>
<td>Institution %</td>
<td>57.95</td>
<td>70.43</td>
<td>60.56</td>
</tr>
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</table>

The institutional leadership within the Timor Leste dataset was stronger than that of the other two countries. The institutional leadership refers to both the management and the governance mechanisms of the financial cooperative. The regular change of leadership and the time spent in the leadership role contributed to a strong response to Timor Leste’s institutional leadership rotation. Additionally there many people available who were nominated for election to the leadership and who had the capacity. The quality of leadership in all areas of training, vision and honesty was highest in the Solomon Islands dataset. The institutional leadership cumulative data was equivalent across the three countries. The leadership rotation, quality and selection speak to the respondent’s
perceptions and to the institutional processes. This information needs to be considered with the actions carried out by those in power and examine the effects and the decision making processes of their leadership. The financial cooperative is an institution that has members rather than direct owners or shareholders. The institutional leadership and therefore the lines of accountability is directly from financial cooperatives management to the board or committee then to members. This process sees accountability for decision making which affects not only the operational aspects of the organisation but also membership participation. Engagement throughout the community is an indicator of a well-managed institution.

All three countries saw prosperous families within their communities as a resource for their institution however there was low participation in Cambodia and the Solomon Islands with only moderate levels of participation by elites in Timor Leste financial cooperatives. The level of inclusiveness was particularly low across all countries for women but rose for youth in the Solomon Islands and Timor Leste. This however may be due to the large youth populations in these countries. It may also be due to the geographical positioning of the survey with a large sample of respondents from urban areas in these two countries. The respondents also indicated only a moderate level of participation by the poor, however given that their perceptions of their community in relation to poverty levels being low this is unsurprising. When respondents were asked if participation by women was increasing from previous meetings they indicated significant growth. The data shows a desire for more women to participate in the institution but that growth was small.

Given there is a predominance of men participating within the institution and yet the survey was slightly skewed with women respondents it is surprising that the respondents indicated high levels of satisfaction with the representation of members by the financial cooperative in Timor Leste and the Solomon Islands with medium levels reported in Cambodia. The percentage of the population who had a feeling of being included was highest for Cambodia and the Solomon Islands and yet lowest for Timor Leste. Feeling represented and feeling included may appear to be two different sides of the same coin.

The data previously presented and discussed showed that both the Solomon Islands and Timor Leste respondents are happy to select a leader and then allow them to make decisions on their behalf. The Cambodian respondents indicated that they would prefer high levels of consultation and a consensus driven approach to decision making. The Cambodian respondents wanted consultation and information at all stages of the decision making and outcome process. Once the Solomon Islands and Timor Leste membership
had selected their leadership they had a sense of being represented, their role was to vote for the leadership and with this task being completed they felt that they were being represented.

Given the consensus driven nature of the Cambodian financial cooperatives whereby they hold numerous meetings to gain consent from their membership it is unsurprising that their sense of feeling included received a higher score. Similarly a majority of the Cambodian respondents were happy with the frequency of meetings whereas the other two countries indicated dissatisfaction, it is possible that they may want less meetings and feel that they have chosen their leadership and that their participation is unnecessary.

The institutional practices in terms of known procedures and norms was reported as highest for the Timor Leste financial cooperatives followed by the Solomon Islands. This is unexpected given the decision making process in the Cambodian financial cooperatives are consensus based with the membership engaged at an operational level. The Cambodian respondents indicated a low response to the willingness to confront problems in comparison to high levels in Timor Leste and in the Solomon Islands. This may be centered on the high value and form of relationships which see problems mediated, to a large extent, away from institutions and directly through either individual relationships or through village centered hierarchy. In all countries the stated willingness to impose sanctions, fine or expel from the financial cooperative was very high. It appears that for Cambodian financial cooperatives the decision is mediated in a location that everyone accepts but the vehicle for punishment must be an institution.

All countries rated as high the process of identifying the needs of members however the level of formal partitions from members on issues was very low for the Solomon Islands. All countries reported that the membership could informally express demands however the process of addressing the demands was poorest in the Solomon Islands. The collective action was weakest in the Solomon Islands which reflects the low levels of participation in the financial cooperative operational and decision making functions.

The organisational capabilities were reported as strongest in the Timorese financial cooperatives and weakest in the Cambodian institutions. Both the Timorese and Solomon Islander financial cooperatives rated high on the ability to respond to changes with Timor Leste scoring very high on the capacity to resolve problems both internally and externally.
The Cambodian institutional rating is the lowest of the three countries surveyed which may be related to the way in which each is operated. The membership of the Timor Leste financial cooperatives tend to empower their leadership but provide some degree of membership oversight whereas the Solomon Island financial cooperative leadership is elected and then appears to have very little interaction from the membership outside of this formal process. The Cambodian financial cooperatives are, what is in contemporary management language, micromanaged by their members with much of the decision making filtering down to the membership continually. This may be due to the relative size and risk of the institutions, with the Cambodian institutions being the largest by assets and by membership. These issues are further analyzed by utilizing the Social Capital Development Framework indicators in the following sections of this chapter.

7.3 Social Capital Schematic and the Social Capital Development Framework

The Social Capital Schematic enables the reader to understand the constituent components of the data from each location however for the purposes of comparison a consolidation of the data into the Social Capital Development Framework provides the reader with a more nuanced conceptual or thematic view of each of the countries within the data set and pulls the data into a form that can contribute to the canon of literature on social capital. The data from each country’s schematic will feed into the Social Capital Development Framework headings of Environment, Governance, Trust, Leadership, Culture, Reciprocity, Networks, Norms and Consequences (Figure 41) of which will provide a further point from which to compare and contrast how and where the social capital emerges.

Figure 41 Social Capital Schematic and the Social Capital Development Framework

Source: Authors own work
7.4 Social Capital Development Framework Indicators

The Social Capital Development Framework indicators which will be discussed in the following section, connect with the current literature and allow this research to be viewed in relation to the current social capital debates. It also enables a greater opportunity to incorporate the voice of the members of the financial cooperatives and the communities within which the research was undertaken.

7.4.1 Environment

The Environment indicator includes a number of considerations including Institutional, Demographic, Geographic, Political and Economic factors. Each of these factors play a role in the development of institutional social capital. They influence macro level aspects of social capital generation, some are within the institution and members control and some are external. Some have a bigger influence and play a bigger role than others which is dependent upon the stage of the financial cooperatives' development as well as the power it has to have impact. Each of these factors vary in each research location.

Institutional Autonomy

There is a great deal of literature (Ahmad 2013; Chirwa 1999; Rajasekhar 1996) about the role of governments and local and international NGOs in developing financial cooperatives and the effect this has on the likelihood of success of the institution. The development an institution which is community centered is dependent upon the trust (Baliamoune-Lutz 2011; François 2002; Fukuyama 1995; R. C. Mayer et al. 1995) and norms (Dequech 2009; Knack and Keefer November 1997; Konrad and Leininger 2011; Zmerli 2010) that develop between the participants. When government and or NGO’s are inserted into this process a separate set of agendas emerge and may be in opposition to those of the community (Bowles and Gintis 2002; Wigglesworth 2013). Governments may have political and economic agendas that are prioritized over the community’s’ desire for strong communal bonds and reciprocity. Governments may encourage faster development of the financial cooperatives so that they are able to promote “their efforts” of increasing financial inclusion. The communities may be influenced by the government’s agenda for reasons of funding that is contributed to the community for this purpose or it may be the soft power (Nye 2004) that is inherent in the relationship. Similarly NGOs and multilaterals are mostly funded based on results and often have short project timeframes so if the community wish to participate and receive the benefits they are required to fit within the needs of the NGO rather than the needs and demands of the community. The other institutional pressure that is sometimes a threat to the autonomy of the financial cooperatives is that from their federation or league. Often once the
financial cooperative has developed they start to voluntarily participate in regional or
country wide federations or leagues that represent the interests of the broader financial
cooperative movement. They are often required to join the national federation or league
due to government regulation. Often the benefit of joining and participating in a larger
body is offset by the loss of some autonomy. When joining a representative body often
the individual institutions must subscribe to a set of principles and methods of operation
that may be contrary to their localized view of how their financial cooperative should
operate.

The literature on the influences in relation to institutional autonomy is vast (Addison and
Baliamoune-Lutz 2003; Hargrave and Van De Ven 2006; Mele 2003; Soto 2012) however
for the purposes of the discussion in this section I will focus on the four previously
outlined, government, NGOs (international and local), multilaterals and representative
bodies.

In looking at the issue of government intersection in each of the country’s financial
cooperatives we find that there is coverage of the complete spectrum. The Solomon
Islands financial cooperative movement at the level of credit unions are required to join
and pay membership subscription fees to SICUL. As a part of this obligation they are to
report to SICUL who in turn consolidates the reporting and provides this to the Solomon
Islands Central Bank Registrar of Credit Unions. The reporting format and timing are
non-negotiable under the Solomon Islands Credit Union Act 1986 however the practice
doesn’t necessarily comply with the requirements. While the government has legislated
these requirements they do not have the financial or human capacity to supervise the
compliance.

The government interacts with the Timorese financial cooperatives differently. They see
the financial cooperatives as a mechanism that they can influence directly by providing
funding for various initiatives to meet with the governments agenda in addressing a
market failure of financial inclusion. Much of the cities and villages outside of Dili have
small populations and are difficult to travel to and are therefore unattractive to commercial
retail banks. The government has recognized this market deficit and identified the
financial cooperative sector as a potential remedy. The Timorese government includes
a National Directorate of Cooperatives, Micro and Small Enterprise which, at the time of
writing, resides under the Ministry of Commerce Industry and Environment. The
recognition of the financial cooperatives has seen the Timor Leste Government provide
financial incentives for the financial cooperatives to carry out development initiatives on
its behalf. While there is no current legislation currently being considered to supervise
the sector the International Monetary Fund (IMF) is currently discussing with
governments in the Pacific (including Timor Leste) the development and revision of
regulation for the financial cooperative sector. The government through its current
agenda has seen US$20,000 given to some of the larger financial cooperatives to
diversify into cooperative retail shops with some already disastrous results including the
management of the financial cooperatives utilizing the funds to capitalize their existing
financial institutions. The funding was linked to the provision of monthly reporting of the
financial cooperatives results through the Hana Malu Federation. The government is
endeavouring to provide a mechanism to grow the financial cooperatives quickly through
the community having access to subsidized everyday needs by becoming a member of
the financial cooperative. Unfortunately the fast pace of the membership growth
outstripped the capacity of the institutions and its leadership which saw poor financial
management of the two businesses which resulted in a loss of trust in the financial
cooperatives by the community that led to a loss of membership. The interference by the
Timorese government in a community organisation, and the desire of the community to
access funds from the government ensured that neither parties agenda or needs were
met with damage done to not only the institution but also to the levels of trust within the
community. The Timorese dataset clearly reflects this reliance on the government for
leadership and direction. The valuing of the communities strategy for their financial
cooperative was supplanted by directions given by the government.

The Cambodian financial cooperatives are not supervised by any form of government as
a financial institution nor are they covered under any type of Prakas. The only
requirement is a type of business operation registration that is secured from the district
government. The growth of the credit led microfinance sector saw the Cambodian
government move quickly to enact a Prakas to regulate the sector however due to its
relative small size and slow growth the government is only now looking at regulating the
financial cooperative sector. Currently financial cooperatives can and have registered
under the agricultural Prakas but this is inappropriate given the financial nature and
structure of the organisations.

27 Personal conversations with IMF Consultant Mr Pierre Seguin
28 Prakas is a regulation that is issued by a Minister or by the Governor of the National Bank of Cambodia
NGOs and multilaterals have affected the institutional autonomy of the financial cooperatives in each of the countries surveyed. Both have focused on growth as a major concern being driven by the current agenda of financial inclusion for the underserved. Often funding from these types of organisations is tied to growth targets of both assets and membership along with institutional health based on indicators of performance, equity, asset quality, liquidity and sustainability (Richardson 2000). The Cambodian financial cooperatives contained within this research had both local and international NGOs working with them on various aspects of their operations. Many of the activities were funded through the federation and therefore financial cooperatives were under pressure to comply as the federations depend upon the NGO funding for their operational expenses. The influence of the INGOs is often mediated through a local organisations and local NGOs. Currently the United Nations Development Fund (UNDP) is working with the financial cooperatives in the Solomon Islands directly due to the institutional weakness of SICUL. The way in which the financial cooperatives have been engaged is through financial incentives of participation. The UNDP pay generous per diems to members of the financial cooperatives to participate in their training which is often held in the capital Honiara. The UNDP is seeking to strengthen and grow the institutions under their Pacific Financial Inclusion Program (PFIP).

The integrity of each of the institutions autonomy has been compromised in different ways by different actors. What is common in each situation is the impact this has on the agency of the community and way which they may want to see their institution operate. Clearly the outside actors wish to see growth, stability and sustainability however financial cooperatives are founded on a bottom up approach where the members of a community have control of their institution and are free to learn from the mistakes that they may make. Financial cooperatives grow at a pace that is in line with their capacities. The respondents are in developing environments and so access to financial and other resources influences their decision making to participate in many cases or the soft power (Nye 2004) of their government or federation may also put undue pressure to allow outside influences to hijack their institution and their voice.

“In my opinion, I think our financial cooperative has stability. Our financial cooperative depended on an NGO in the past, but we now can run our financial cooperative by our self.”

Source: CPAMCKPLCKCTBC045

The Solomon Island communities have, due to their views on leadership and the role of government, been significantly disenfranchised from the ownership and control of their
institutions. This has been demonstrated over the last 30 years as each NGO, multilateral and unilateral organization worked with the financial cooperatives to assist them to strengthen and grow. Firstly DFID worked to develop the financial cooperatives and their league in the mid-1980s, when they phased out their project a significant weakening of the movement occurred. During the 1990s working through the Hans Siedel Foundation, CUFA initiated over 300 cooperative savings clubs throughout the Solomon Islands, again when that project phased out the institutional strength and growth declined significantly. In the mid-2000s CUFA began to work with the savings clubs and credit unions. After the three year project phased out there was some loss of the project gains in terms of institutional quality and reporting and a definite decline in SICUL’s capacity to supervise and support the financial cooperatives. Now the UNDP is working with the Savings Clubs through yet another project. All outside agents have not only failed to build institutional autonomy but as the data indicates, actively worked against its development.

“Leaders are the villagers, chief of village and commune. Most of them are the elders in the community. There are no outsiders, or any NGO managing the financial cooperative. And the quality of their leadership is good because they have good communication with the villagers.”

Source: OPICBBOSOV031

The Timor Leste financial cooperatives have survived through oppression and civil conflict. The communities have clung to the institutions throughout their country’s turbulent times which speaks to the agency within the communities. The Timorese financial cooperative members are very vocal in terms of making demands of their institution but they tend to be strongly influenced by available funding and quickly displace their needs and voice over the ability to obtain external development funds. The data indicates that while they have strong local leadership there is a preference to defer to the leaders higher up in decision making. The data indicates that there is strong participation by the membership even though the positioning of the institutional autonomy is compromised, which may be because of the positioning of the decision making.

The data shows that institutional autonomy can be damaged by outside influences especially when funding opportunities are presented while community agency is sometimes supplanted by other agendas, despite this, the level of institutional autonomy is demonstrably much higher in the Cambodian financial cooperatives where it sits in the membership, unlike the Timorese or Solomon Island financial cooperatives where much of the autonomy sits in the institutional leadership.
Demographic

The social and economic success and the generation of social capital is influenced by the demography of the financial cooperative. Given the nature of the data collection there wasn’t the ability to carefully weigh the selection of financial cooperatives in terms of urban versus rural, gender, income, age, education etc. The selection was based on where financial cooperatives were in operation. In the following paragraphs I will discuss the demography of the research sites in context to other variables in the generation of social capital.

The age groupings of the membership and volunteers of the financial cooperatives (Figure 42) is varied across all three research locations and for differing historical and demographic reasons.

The reason the Cambodian population is skewed to an older demographic is due to the survey being carried out in the rural areas. As discussed previously there has been a shift of younger people moving to urban areas for employment and education. While there is an increase in growth of the youth population in Cambodia (C. Than June 2010) there has also been significant growth in the Pacific region due to improved maternal health care, and higher fertility rates and lower levels of urbanisation (UNFPA 2014) which has also impacted on the variance of age the respondents.
Availability also impacted on the selection of respondents. In the Solomon Islands and to a lesser extent in Timor Leste the survey was mostly carried out in the workplace due to the industrially bonded nature of many of the financial cooperatives. In the rural areas of Cambodia the survey was carried out early in the morning and later in the early evening to capture as many people before they went out to the fields or left for work, as most of the financial cooperatives were geographically bonded. Unfortunately it was not always possible to secure a balanced selection of both genders. As many of the volunteers and operational staff in the Cambodian financial cooperatives were female, this also skewed the gender balance (Figure 43) of the respondents.

The income data is simply raw comparative data which needs to be viewed in context to the relevant economic conditions in each country (Figure 44). Wages and the cost of goods are much lower in Cambodia due to the geographic positioning (Sachs 2005: 59) and manufacturing industries are prevalent not only in Cambodia but throughout the region. Solomon Islands and Timor Leste both import much of their daily needs and do not have a local manufacturing industry causing an increase in prices and therefore higher salaries.

Many of the respondents in Cambodia derive their income from the land and are able to grow much of the produce necessary for their consumptive needs. The Solomon Islander and many of the Timorese respondents were waged employees that lived an urban life.
without direct access to their land\textsuperscript{29}. The income for the Solomon Islands respondents reflect the public and private forms of employment. The Cambodian respondents were predominately from the land in rural areas, a large number of the Timorese respondents lived in the city and worked for the government. The Solomon Island respondents had a significant proportion of respondents that were employed by the private sector and therefore attracted higher salaries.

Figure 44 Income

The higher proportion of tertiary educated Solomon Islander respondents in the survey is also reflective of the waged employment but may also be due to the location of the survey respondents as well as the historical legacies of occupation in Timor Leste and the genocide in Cambodia (Figure 45).

\textsuperscript{29} Many of the respondents have customary land however this was not easily accessible and in some cases was several days boat ride away on another island.
Age, Income, gender, and education are all factors in the success or otherwise of the financial cooperative. Capacities, capabilities, experience, skill, appetite for risk, willingness to cooperate, hierarchical roles, to name a few, all impact on not only the development of the financial cooperative but its ongoing sustainability and growth. In referencing Table 2 the Comparison of Financial Cooperatives and Microfinance it is instructive to consider the level of responsibility and capacity that community members have and need in order to operate their financial cooperative. This data provides a small snapshot of the socio economic background of the members and leaders of the financial cooperatives. When this is put into context in relation to some of the challenges that they face when operating their financial cooperative a deeper understanding of the reasons for the slow development of the financial cooperative in comparison to top down approaches start to emerge. Unlike other forms of microfinance which is driven from a top down, centralized approach, financial cooperative development is contingent upon the capacities and capabilities of its community. The community, certainly at the beginning stages of the financial cooperative development, cannot afford to secure the services of experienced and skilled human resources to operate their institution. This responsibility falls to the community and is reliant on the willingness of the local human resources.
Geographic

Throughout this chapter I have cross referenced issues relating to rural and urban populations within the survey responses. In this section I will provide more detail on the research sites across the three survey locations. This will assist in providing some background on the positioning of the financial cooperatives and their membership in relation to issues of access.

The Cambodian data was collected from three provinces, Battambang, Prey Veng and Kandal. Battambang is located in the northwest of the country and is often referred to as the rice bowl of the nation. The province of Battambang has a population of just over 1 million people (C. Than June 2010) and whose capital, also called Battambang is Cambodia’s third biggest city (C. Than June 2010). The locations of the data collection, Chamkatamouy, Odambang and Sreae O Villages are over 10km from the city of Battambang and would in other circumstances be classified as peri-urban however given previously discussed issues of poor transport and roads as well as a lack of government provided services these villages could be classified as rural. Cher Teal and Along Tamei Villages are within 5 to 10km from Battambang city centre, usually these would definitely be classified as urban however in this situation I have classified these as peri-urban as the respondents are able to access the services of Battambang city on a regular basis.

Prey Veng is in the south of Cambodia and shares a border with Vietnam. The capital city of Prey Veng is also called Prey Veng. The locations of the data collection were Rokaksok and Kyouk South Villages, which are both over 10km from the capital of Prey Veng and suffer from poor roads and a lack of transport. For the purposes of this research both villages are classified as rural sites.

Kandal Province surrounds Phnom Penh city and also borders with Vietnam. The capital city of Kandal Province is Ta Khmao. Due to the smaller financial cooperative populations it was necessary to include an additional data collection location. The villages surveyed in Kandal province were, Binbaor, Trapeing Bakou, and Pol Meav Villages. All of these villages were more than 10km away from any major urban centre and were therefore classified as rural locations.

The Solomon Island data was obtained from two islands, Guadalcanal and Malaita. Due to the locations of the financial cooperatives an equitable spread between urban and rural areas was not possible. The Guadalcanal data was collected from the capital of the Solomon Islands, Honiara as well as in Lengalau which is approximately 40km from Honiara. In other circumstances this may be classified as a peri-urban location but in this case it can be classified as a rural location.
The Malaita data was collected from financial cooperative communities which were located in the provincial capital of, or close to, Auki. With a population of just over 7,000 people (SINSO 2014) and very little infrastructure and services this location could be considered as rural.

The Timor Leste data was collected from four districts, Dili, Baucau, Bobonaro and Manatuto. Due to the larger number of both institutions and members in the Dili area the data set is heavily weighted to urban financial cooperatives. The Dili data was collected from the towns of Bebonuk, Akadiru, Motael, Kuluhan and Bairopite. The district of Baucau is located in the east of Timor Leste and data was collected from the towns of Caibada and Tirilolo. The district of Baucau has a population of 111,694 (UNFPA 2011) however the villages surveyed could be considered as rural. Similarly the data collected in Bobonaro in the towns of Odomau and Lolotoe, due to the small population and the lack of services and the agricultural nature of the area, could also be classified as rural. Due to the small sizes of the financial cooperatives a fourth district was included called Manatuto where a financial cooperative in Aiteas was surveyed. This district is geographically diverse and touches both the north and south coasts of the country with the financial cooperative located in the rural area.

Political
The political structures in each country are at various stages of maturation and are constitutionally differently. Cambodia has a constitutional monarchy where the Prime Minister is the head of government and the Monarch is the head of state similarly the Solomon Islands is also a constitutional monarchy with the same structure whereas Timor Leste’s head of state is the President and the head of government is the Prime Minister. The structure of both the Solomon Islands and Timor Leste Parliaments are unicameral whereas Cambodia enjoys a bicameral parliament with an elected National Assembly and Senate. Solomon Islands hold elections every four years with Cambodia and Timor Leste every five years however the Prime Minister of Cambodia has now been in office since 1998.

A high density of political affiliation was observed in Cambodia however this may have been impacted by the observed resistance in discussing political affiliations with outsiders. This is in stark contrast to the Timorese environment where they articulate their political affiliations proudly and where socially there has been an active effort of the government and external actors to engender open political discourse within society. The Solomon Islands is more of a moveable feast where political affiliation is drawn along geographical lines and is affected by patronage systems. Political parties are not
necessarily based on political ideology but on resources available to political candidates’   
constituency (Dinnen 2009; Hameiri 2007). This means that the barriers to access from   
a political perspective are much lower in Solomon Islands as there is demonstrated   
respect for diversity of political opinion within communities and resources are not as   
defined based on political affiliation.

Economic

There is scant comparable economic data across the three surveyed countries. Timor   
Leste is a relatively new country and is only now establishing administrative systems   
throughout the various government departments. While there has been data published   
there is not the consistency of methodology that would enable clear comparisons without   
detailed mining of the raw data.

The data available from the World Bank (2014) on the GNI\textsuperscript{30} indicates that Cambodia   
while enjoying the greatest growth of GNI of 10\% from US$800 in 2011 to US$880 in   
2012 is the lowest GNI of the three survey locations. The Solomon Islands saw a minor   
increase from US$1,120 in 2011 to US$1,130 in 2012 however Timor Leste having the   
Cambodia in real terms is the only country surveyed that is enjoying above inflation   
growth\textsuperscript{31} of their GNI. The use of the GNI is to gauge the health and growth of each   
country’s economy.

This is a macro view and to some extent masks the realities of peoples lived experience.   
Within the data there are disparities between the waged government employees in   
Honiara and the subsistence farmers 40km away in Lengalau, similarly the economic

\textsuperscript{30} GNI per capita (formerly GNP per capita) is the gross national income, converted to U.S. dollars using the   
World Bank Atlas method, divided by the midyear population. GNI is the sum of value added by all resident   
producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of   
primary income (compensation of employees and property income) from abroad. GNI, calculated in national   
currency, is usually converted to U.S. dollars at official exchange rates for comparisons across economies,   
although an alternative rate is used when the official exchange rate is judged to diverge by an exceptionally   
large margin from the rate actually applied in international transactions. To smooth fluctuations in prices and   
exchange rates, a special Atlas method of conversion is used by the World Bank. This applies a conversion   
factor that averages the exchange rate for a given year and the two preceding years, adjusted for differences   
in rates of inflation between the country, and through 2000, the G-5 countries (France, Germany, Japan, the   
United Kingdom, and the United States). From 2001, these countries include the Euro area, Japan, the United   
Kingdom, and the United States.

\textsuperscript{31} In the period 2011 to 2012 Cambodia’s inflation rate was 4.29 Anna Fedec and Antonio Sousa, ‘Trading   
24 June 2014 2014.
differences are vast between the women in the Lanamona financial cooperative who are mostly market sellers and those interviewed at Fini Sorumutu in Dili who as government employees enjoy regular a income.

While the differences of the economic lived experience needs to be recognized within the research, it is more salient to recognize the reasons for their participation in their financial cooperative. While economic dis/advantage will inform the lived experience and the decision making of individuals it is perhaps an area that needs to be acknowledged but then putting it aside for further research at a later time as the SOCAT survey tool was not able to accommodate these economic differences. The Social Capital Framework and resulting Social Capital Schematic would need further refinement to include economic variations of respondent data.

7.4.2 Governance

It is within governance that we find the members voice most vocal and with the most influence. It is the actions, behaviours, motivations, capacities and capabilities that influence this indicator of social capital. While the environmental component is often difficult for members to influence due to the macro structure, in the governance indicators there is the capacity for localized agency. It is within this localized agency that opportunities for trust, leadership, reciprocity, norms and networks to develop. Through viewing indicators of democracy, participation, community voice, activism and solidarity we can examine the sites of social capital generation at its most localized and personal.

Democracy

Democracy means different things to different people due to their everyday experience of it. How does participation in democracy affect their lives? Are their experiences one of benefit or disadvantage, does it empower or disempower them? For the purposes of this section I have defined democracy in terms of equality, inclusion, voice and transparency and frame the discussion using the aggregate model of democracy (Young 2010). As noted in Chapter Three financial cooperatives are horizontal organisations in nature with a purpose to provide a social benefit through economic engagement (Goglio and Alexopoulos 2013) however as the institution grows and matures the way in which democracy works changes and it’s meaning to the membership adapts to one that dictates a different form of member interaction.

The process of democracy moves from being informal to formal, the relationships within the democratic structure move from intimate and personal to distant and based on benefit and formal communications. The personal links that informed the institutional democracy
previously change to functional and professional. The formal links change the interaction between members and their institution.

To understand where each of the countrys financial cooperatives are in the maturation process we can look to some of the data to understand how members are interacting with their institution. The maturation of the Cambodian financial cooperatives appears to be greatest. The data indicates that there is a formal process of consultation by the leadership which is then acted upon. While the Cambodian data indicates that there still a high level of decision making through a consensus approach, the financial cooperatives in Cambodia appear to now encompass a high level of formality in the decision making process with the leaders, having been voted in, are now empowered to “manage” the institution on behalf of their members. While there is a consultation process to give voice to the needs and demands of members, the management are now the instrument through which the members’ demands are filtered rather than the group. This professionalization of the management of the institution does not see a lessening of the democracy but simply a formalization of the process. This formalization has occurred through growth. The membership in many of the Cambodian financial cooperatives surveyed are now large where the members don’t always know each other nor always live in the same geographical location. The democratic process within the Cambodian context is moving away from being an instrument of providing social benefit to becoming more of an economic rather than social benefit to the members. There is a relationship between democracy, efficiency, centralisation and professionalization (Wollebek and Selle 2003). If social capital is to be developed within the communities a deeper understanding of how the formalization of the democratic process impacts the social relationships and the connectedness that members have with each other and with the mission and values of the institution.

Each of the Timorese financial cooperatives have very small memberships in comparison to Cambodia with a closeness of the members to the decision making process (Table 13). The membership groups are closely connected to each other and usually in this situation the democratic process is personal and provides an opportunity to build social ties and reciprocity. The immaturity of the Solomon Island financial cooperatives sees a lack of participation by the membership. It appears that the membership vote in their leadership and then the leadership is not held to account for the decisions through any consultation or communication process. The financial cooperatives in the Solomon Islands are only slightly larger than those in Timor Leste so the membership would have a connectedness and know each other however they appear not to be using the financial cooperative as a vehicle to strengthen the social ties or to build reciprocity.
Participation

In the preceding paragraphs I provided an overview of the respondents’ participation in the democratic process. In the following paragraphs I will look at participation in view of its effects on governance.

Membership is the primary form of participation in terms of financial cooperatives which includes the foundation of “one member, one vote” principle of membership. There are secondary forms of participation such as volunteering, be that on the board or committee or in the operations of the financial cooperative. Members enact forms of participation through their sense of “ownership” in the institutional decision making, assisting in mobilizing new members, lobbying government, connecting with other civil society organisations along with the formal and informal social and mutual aid activities that arise from the relationships that are inherent within the financial cooperatives.

Participation can be inhibited or impacted by various influences: Influences such as access, religion, politics, income, social status or gender. In communities that exhibit demographic homogeneity some of these barriers to participation become much lower. There are barriers to participation that may be culturally implicit within the community. Societies which are patriarchal may, for example, have some impact on the level of participation of women. In each of the sets of data it is clear that women participating in leadership roles is somewhat limited. While the data demonstrates higher levels of gender equality in Cambodia especially around economic activities, the Solomon Island data indicated higher levels of exclusion of women in accessing services and participation in groups and associations. The data may have been different had the survey been

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Table 13 Democratic Forms of Decision Making

<table>
<thead>
<tr>
<th></th>
<th>The leader decides and informs the other group members</th>
<th>The leader asks the group members what they think and then decides</th>
<th>The group members hold a discussion and decide together</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia</td>
<td>5%</td>
<td>56%</td>
<td>39%</td>
<td>0%</td>
</tr>
<tr>
<td>Timor Leste</td>
<td>16%</td>
<td>36%</td>
<td>48%</td>
<td>0%</td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>42%</td>
<td>38%</td>
<td>17%</td>
<td>3%</td>
</tr>
</tbody>
</table>

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By the term “culturally implicit” it is not to infer cultural determinism – see discussion in Chapter Three.
conducted in places where there the system is matrilineal and where inheritance is through the mothers line such as on the island of Isabel and in parts of Guadalcanal (Kent 1973: 38)\textsuperscript{33}.

Religion also impacted on the participation levels. The surveyed communities in Cambodia were highly homogenous in terms of their religion as were the Timorese to a lesser extent as opposed to the Solomon Islands which had a moderate level of heterogeneity within the religious beliefs of the membership. This diversity within the Solomon Islands dataset may have been due to the location of the surveys. With the Solomon Island respondents predominately surveyed in the capital city of Honiara the diversity of people that had come from villages around the country was religiously more diverse than those surveyed in the villages.

The differences of income greatly affect participation in Cambodia. The sense of sameness also extends to that of income. When people see difference in wealth there are jealousies that arise that cause division. The data indicates that the Cambodian respondents want to see all members of their community as equal in many areas of life including income. Differences in income also affect the Solomon Islands and Timor Leste but to a slightly lesser extent. In the communities where struggle is a daily reality their sense of belonging is partially constructed through that struggle (Ishizuka 2010). Once the perceived level of struggle is lessened for community members the others within the community may not identify with those that have more. Participation in financial cooperative development is based on a lack of access to financial services and the community coming together and volunteering their time and efforts to a common cause. Access could be denied due to perceived benefits that are unavailable to others within the community. As the shared sense of struggle weakens, so too does the homogeneity of the group. Herein lies a tension between the social foundation of the institution and the neo liberal approach which argues that if the financial cooperative is to be sustainable then a diversity of community members is necessary. A diversity in terms of wealth ensures that not all members require a loan and that there are a proportion of members that are saving only that allows the poorer members to be savers at a lower level but with an institution that has greater assets than just those of the poor (Cuevas 2000).

\textsuperscript{33} There were no financial cooperatives available to survey in these places.
The level of wealth within a community also impacts on the perceived social status. Social status is perceived differently in each of the countries surveyed. The Solomon Islanders perceive richer or the powerfully connected as a resource to be approached and utilized (Moore 2008). There is some level of mistrust but at the same time respect is paid to those that enjoy wealth and power in Cambodia (Ear 2013). A patronage system is incorporated into the hierarchies of the Cambodian social system (Ear 2013) so that the benefits of connection can trickle down to those of a lower social status that enjoy less power. The system of patronage and informal fees in Cambodia is based on a pyramid structure whereby bribes or what are often framed as facilitation or middleman fees are passed up the hierarchy with a small percentage kept by those at the front line of the process (Ear 2013; Vian 2008). The amounts being passed back multiply across the number of front line functionaries so the amount the person at the apex receives has a multiplying affect. Those at the front line are able to keep their position and the financial benefits that flow from it through this process. Whereas there are low amounts of street level corruption within the Solomon Islands but those with social status and power are able to instigate institutional levels of graft (Zaum and Cheng 2013) and then distribute this for political, financial or commercial benefit and most importantly for their own communities benefit (Richmond 2011).

Community Voice

The research data highlights the multiple ways in which Community Voice can manifest itself, through collective, political and economic action, however the Community Voice or agency within financial cooperatives always exhibits itself in one particular way, through the exercise of institutional monitoring. While there is some debate (Birchall 2013b) as to the level of participation in the monitoring process and as to what level is adequate, the voice of the community however, does help to regulate the action of others that have been entrusted with the responsibility of governing a financial cooperative. While the engagement may be through self-interest ‘helping ones’ self can aid the collectivity and contributing to the collectivity can benefit the individual’ (Maloney 2008: 311).

“Community Voice” or what has been called “Group Agency” (Pettit and Schweikard 2006) is problematic ‘because of a conflict between personal interests and a socially optimal outcome’ (Zschache 2012: 539). This tension is demonstrated in the research data where personal expectations do not necessarily match the policies and procedures of the institution. In all three research locations there were members of the financial cooperatives that expected that they would automatically receive a loan when needed, however this was not the case, often to protect other members savings, loans were refused due to the rigor of the loan application process whereby it was determined that
the member did not have sufficient income to repay the requested loan. While the individual members had participated in the development of their financial cooperative and through their participation in collective action around their community’s access to financial services which had benefited their community, they had not directly benefited as they had expected. Through being denied a loan by their financial cooperative, they had benefited in a different way through not becoming over indebted and suffering financially. The intended individual agency of member participation had been redirected and made to acquiescent to that of group agency.

Community Voice within the Cambodian, Timor Leste or Solomon Island financial cooperatives cannot always be framed in terms of a majority position, or a sum of its parts. In context to these financial cooperatives it of course includes the membership of the institutions but also includes organisational needs and requirements as well as the collective benefit to be factored into the voice or agency.

Activism

The concept of activism in terms of collective identity can assist in understanding how social capital is generated through social movements and how these not only generate but also ‘sustain commitment and cohesion between actors over time’ (Fominaya 2010: 393). Activism is also a location for the creation of in-group social norms (Jarley 2005; Ostrom 2000) and brings together the ‘atomised mass of individuals’ (Wade 1988). The following data contributes to the understanding of the level of activism in relation to the Institutional and Community Social Capital and its effect on its creation.

The Cambodian data (Figure 46) indicates that the more frequent they engaged with government officials and political leaders the higher the opportunity for success. This may be based on building relationships with the individual officials or more likely the government officials are positioned at a local level including the Village Chief and Commune Chief where these people are part of the community. Respondents indicated that they intentionally did not seek out higher government officials due the possibility of negative financial consequences of corruption.
The Solomon Islander respondents were far less frequent in collective activity (Figure 47). The data also indicates that they were less collectively active politically although this may be due to their dislocation to their home province with many of the respondents located in Honiara, sometimes up to 1 ½ days boat ride away from their home. There is perhaps less opportunity for them to seek the political engagement in relation to their village due to their disconnection from the local politics. While they would certainly have the opportunity to engage with the politicians in Honiara they perhaps cannot speak to the localized issues given their dislocation from home.

Additionally there is perhaps a less formal approach taken when seeking political support, which is not necessarily undertaken through formal written approaches and petitions, but through informal meetings and through personal relationships.
There was high levels of collective action in the Timor Leste data set (Figure 48). The research findings indicate a high reliance on the government of the respondents. This has translated through to significant collective activity both in relation to lobbying the government but also joining together around a common cause. Influences around cognitive solidarity may have predisposed the community to exhibit collective behaviours in their daily life.
Solidarity
Solidarity was captured within the Cognitive Social Capital component of Individual Social Capital and was viewed through scenarios to position people’s behavior in times of difficulty for others. It may appear to be counterintuitive to frame solidarity within the individual sphere of social capital however the intent is to gain individuals’ perceptions of solidarity in their community and institutions. Solidarity has a contested meaning whereby it has elements of unity and universality with responsibility for others and a sense of togetherness, however it contains the possibility of compromise (Wilde 2007). There are tensions within this concept and the way that it functions and manifests itself more broadly within a group of people. If we consider solidarity in relation to the research communities we also need to consider that within the financial cooperative there are elements of exclusion and inclusion, as well as the level of homogeneity of the group in terms of class, education, income etc. and what that may mean for the solidarity of the members and the associated decision making that arises from the interaction. The principle underpinning the development of financial cooperatives is to ‘promote a form of local development which privileges solidarity as an integral part of economic activity’ (Neamtan 2002: 4). The very solidarity that emerges in the development of a financial cooperative is prefaced on a struggle against discrimination and exclusion, in this case having access to financial services. The respondents in each research location indicated extremely high levels of solidarity within their communities (Table 14).

Table 14 Levels of Solidarity

<table>
<thead>
<tr>
<th></th>
<th>Cambodia</th>
<th>Timor Leste</th>
<th>Solomon Islands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solidarity</td>
<td>87.50%</td>
<td>96.50%</td>
<td>89.40%</td>
</tr>
</tbody>
</table>

This surprisingly was not accompanied with high levels of trust which is discussed further in the chapter. There is a mantra within the financial cooperatives based on the principles of cooperativism whereby members are trained to understand that the institutions are non-discriminatory, that there should be cooperation amongst cooperatives, there should be mutual aid activity amongst members etc., each of these speak to a sense of solidarity within the institution. Solidarity is framed as functions and behaviours whereas trust is a belief. So while in each of the research locations we can measure high levels of solidarity in function and behaviours we don’t have the corresponding levels of trust.

“No one was discriminated against, we educate our people to have solidarity, and understand each other. No difference about social status in our village.
We educate our people to love each other.”
Source: CPAMCKPCYBVM104
“In my opinion, I think our financial cooperative have stability… we now can run our financial cooperative by our self. The reasons why our financial cooperative has stability are we use democratic style in leadership, and we have a good governance, and solidarity. If there are some member breaks the rule, we will have meeting in order to explain and educate them.”

Source: CPAMCKPLCKCTBC045

In each case the members of the financial cooperative are exhibiting learned behaviours and processes rather than a belief system. All of the research locations have a communal approach to living with others based on your first responsibility being to your immediate family and then assisting your neighbours. The concept of solidarity is prevalent within the nationalist narrative based on the independence movement in Timor Leste which may explain the high levels of solidarity reported in this location. Of the three Timorese locations there is performance of solidarity in the political sphere through a resistance dance, through the language of politics, through the social agendas that run through civil society. At each level there is performance of the practices and behaviours which is the closest to a “geography of solidarity” (Featherstone 2012) of the three research sites.

7.4.3 Trust

Trust is important as it correlates to other variables outlined in this chapter. ‘At an individual level, people who believe that in general most other people in their society can be trusted are also more inclined to have a positive view of their democratic institutions…and be more active in civic organisations’ (Rothstein and Uslaner 2005: 41). Trust within a society generates a range of benefits to that society such as less crime and corruption, better economic growth and more democratic institutions. The benefits to the individual manifest themselves in the form of greater tolerance and generosity (Rothstein and Uslaner 2005; Rothstein and Stolle 2008).

The data which focused on trust varied from country to country but forms a picture of the solidarity of that country and a direct relationship with the responsibility to perform good deeds including volunteering through to giving to charity, being politically, culturally or just socially engaged collectively.

Governments and the institutional structures and property rights play a significant role in developing policies that enhance trust within society (Fukuyama 1995). Social trust is affected ‘by two different, yet interrelated types of equality, namely equality and equality...
of opportunity’ (Rothstein and Uslaner 2005: 41). The equitable distribution of opportunities and resources will, according to Rothstein and Uslaner (2005), generate a general trust within a society. The more equitable, honest and least repressive the government the higher the trust. This position has not been evident from a comparative analysis between each of the research sites. The Cambodian data consistently highlighted the distance they have from their government and their sense of equality across their community.

‘Equality and honesty in government stand at the beginning of our causal chain. Both are necessary to create trust and the universalistic social policies that lead to a greater level of equality and social cohesion’ (Rothstein and Uslaner 2005: 44). It is at this intersection that we need to look at the implications here for the financial cooperatives, given that they are founded on trust. What are the implications for the integrity of the financial cooperative if the governance structure within which everyone lives their lives suffers from “corruption” or “nepotism”? If trust is debased within the broader society what are the effects for the financial cooperative whose very existence is premised on trust? In answering this question, an understanding of the types of trust is important.

There are two different types of trust, that of generalised trust whereby we are linked to people who are different from ourselves and that of particularized trust whereby trust is located within the associated group (Rothstein and Uslaner 2005). If we look at generalised trust we see common links that people share across society, the economy, ethnicity, and religious spheres. Whereas particularized trust focuses on the groups of interest and does not necessarily place trust in outsiders to the group. Greater levels of generalised trust is evident in more equitable societies. Trust as a measure reflects both bonds and boundaries with others to increasing or lessening degrees dependent upon the level society enjoys in terms of equity.

Trust can be positioned depending upon ethnicity and culture and may be generated and utilized differently subject to the socio-economic context. There are often communities that exist together that exhibit wide socio-economic disparity. While they may live in the same community they may not often come into contact with each other as those with greater means may live in gated communities as for example some of the Chinese Solomon Islanders. Their children go to different schools and they socialise in different places. It is of little surprise that these two groups ‘have any sense of a shared fate’ (Rothstein and Uslaner 2005: 46). Within the Chinese Solomon Islands community there is evidence of low generalised trust and high particularized trust. Similarly, within the Solomon Island indigenous community we see generalised trust fragmented and
dependent upon spatial location and context. For example, in Honiara the capital of the Solomon Islands we see on one level integration in the workplace, or where people might shop at the same shops or eat and drink at the same places, they may even participate in the same civic associations however there are enclaves of people from the different islands living in different locations around Honiara. When interviewed, comments around individuals and the islands they came from played an important part in discussions about capability, trust, accountability and transparency. The Solomon Islanders interviewed had set ideas about people from different islands and ascribe certain characteristics of trustworthiness and ability.

To be successful financial cooperatives in their early stages rely on the volunteer efforts of their members. Usually it is only after several years of hard work by the volunteers that the financial cooperatives can then generate sufficient operating profit to begin to have paid staff and eventually paid management to run their institution. In order to generate trust in the very early stages many of the financial cooperatives tend to emerge from homogeneous groups of people, only to become more heterogeneous as the institution grows and matures. The perceptions of trust are highlighted within the homogenous communities surveyed in Cambodia and Timor Leste and less reflective in the Solomon Island data (Table 15). This may be due to the larger percentage of respondents coming from industrially bonded financial cooperatives where there is more diversity in membership in terms of ethnicity and socio economic backgrounds.

<table>
<thead>
<tr>
<th>Table 15 Comparative Levels of Community Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most people are honest and trusted</td>
</tr>
<tr>
<td>Cambodia</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>81%</td>
</tr>
</tbody>
</table>

This trust is particularly evident in the data around one of the central functions of a financial cooperative, that of a lending and borrowing (Figure 49).
Trust appears to be situated in different ways for different items and contexts (Table 16). In terms of institutional trust of others in relation to money there is higher levels in Timor Leste and Cambodia. In a community setting however the level of trust in relation to money significantly lessens. It remains unchanged for the Solomon Island respondents. From a Cambodian perspective the rule of law is somewhat weak in the rural areas so people understand that they have no recourse through the judicial system and no oversight by regulators or assistance from the police.

The survey question of losing a pig and having people assist in the search is overt and public in its nature, whereas losing a purse and asking if it would be returned is more covert in its nature. People have to be publicly active in resisting the request to assist finding the pig whereas to hand in a purse, the person has to be privately proactive. Trust is therefore positional in the relationship to the situation and the activity.

Table 16 Trust in Relation to Loss

<table>
<thead>
<tr>
<th></th>
<th>Cambodia</th>
<th>Timor Leste</th>
<th>Solomon Islands</th>
</tr>
</thead>
<tbody>
<tr>
<td>If you lose a pig the village will help look for it</td>
<td>88%</td>
<td>73.70%</td>
<td>45%</td>
</tr>
<tr>
<td>If you lose your purse someone will return it</td>
<td>7%</td>
<td>48.50%</td>
<td>45%</td>
</tr>
</tbody>
</table>
There are three components of social relations that are useful to consider in context to the exchange in the scenarios above, which are trustworthiness, obligations and expectations (Maloney et al. 2000). Social capital both enables and constrains action. There are two types of structure that enables social capital to accumulate. The first structure being closed social networks which is used to effect action, that is, to provide a framework to enable sanctions and provide norms and values by which people’s actions occur. Within this there is a structure of trust that can be used to imply obligations and create expectations. The second being social organisations such as voluntary organisations that are focused on a purpose (Coleman 1988).

Seligman (1997) argues hierarchal cultures cannot develop trust in their societies and that the social order that has existed for generations have definite class divisions that make it difficult for trust to materialize. Seligman argues that in societies organised around circumstances of birth people’s ability to cross those thresholds of social norms is near impossible. Within these stratified societies trust cannot be generated as people see others with unfair advantage in terms of the economic resources. Other factors that affect trust are those that have recent memory of civil war. In this example there will be low on levels of trust (Brune and Bossert 2009). Societies that come from protestant background tend to have much higher levels of trust. ‘Protestant societies, which have more individualistic political cultures, are also more trusting. The collectivist and hierarchical cultures of Catholic societies lead to less generalised trust (and more in-group trust’) (Rothstein and Uslaner 2005: 49).

All of the research communities are to some extent hierarchal in their social relationships although each of the communities, particularly those in Cambodia in the rural areas are isolated from significant social stratification within their communities. Those respondents in Timor Leste (Dili) and the Solomon Islands (Honiara) were mostly waged educated “middle class” and so the stratification of their society in terms of economic disadvantage may not have been as evident to them.

Moral Legitimacy/Economy

In conceptualizing and observing the position and role of the financial cooperative within a community an examination of the forms of social résistance and protest is useful. The moral economy or legitimacy (Chaudhry 1993; Kanazawa and Still 2001; Rose 2011) is a useful concept as it incorporates other disciplines and categories such as solidarity and economics to assist in exploring the foundation of the protest or résistance in many forms including political and social action. The ‘key concept is the exchange of socially related non-monetary properties…which are sought as part of the desire for mutual support and
cooperation with others’ (Nitagai 2012: 82). It helps to understand the ‘behaviour which puts the long-term values of community before the short-term maximization of individual utility’ (Hann 2010: 196). The concept has also been translated in terms such as Solidarity Economy (Neamtan 2002) and is often conceptualised as a form of self-defense against the market and at the same time has also been used to frame the absence of morality within the market. The realization of the Solidarity Economy is reflected in comments of the research respondents in the way in which they work together to resolve issues.

“We never have a problem because we always sitting together to solve problems and ask each other’s opinion. The leader always opens himself up to listen to our opinion and love us. They call us as a member to participate in events in the cooperative. The leader is smart and empowers us to have solidarity to make our cooperative strong.”

Source: OPITLMNLM458

It is here we will find the communities perceptions of their financial cooperative, not just as a provider of financial services but also the meaning that it brings to the community in the form of equality, access, inclusion and resources where each of these are a right and a way of countering the ‘hegemonic utilitarian’ (Hann 2010: 196) forces at play.

“We take decision by ourselves and trust each other that for the future we believe it will carry us out of our troubles.”

Source: CPAMTLDKUKM188

There is however a contradiction between that of the moral economy model and human behavior. It is the space between rational universal human needs and the cultural construct of those basic human needs which are often driven by tradition and custom (Wilk and Cliggett 2007).

“When we vote in the election we want our candidates to compete with each other and hope when they are selected they must collaborate and be a strong leader. It is our important responsibility to try to select a leader by the majority of the community that we trust because of the important responsibilities of our leadership to serve and attended our needs. They are our driver and whenever they go we must follow them.”

Source: CPAMTLDKUKM186
7.4.4 Leadership

For the purposes of this section leadership is defined as both the governing body, that of boards and/or committees as well as management of the financial cooperatives. There is much evidence in the literature (Brian Branch and Baker 2000; Gash 2013) that highlights the benefits of good quality leadership within financial cooperatives. Leadership plays an important part not only in the rallying of community members in the initial stages of starting the financial cooperative but also in mobilizing and growing the membership, building trust among the membership, mobilizing savings and ensuring that during the stage of growth members feel a sense of comfort that their institution and by extension their savings are being properly managed.

The framework of leadership in the survey tool was constructed to categorize three main types of leadership, that of a collective approach whereby the group discusses the issues and then makes a decision collectively which is a more communal approach. The second is that of a consultative leadership which sees the leader consult widely and then make a decision based on the analysis and feedback. The last approach is that of an independent leader that undertakes no consultation or discussion with those in the community but makes a decision independently.

Leadership manifests itself in different forms depending upon the stage of development of the institution. Many of the Cambodian financial cooperatives that were surveyed were at a stage of financial development that enabled the committee to employ dedicated staff to undertake the day to day management and operational duties. The committee of these financial cooperatives were also able to pay a small sitting fee or stipend to the members of the committee for their time. The Timor Leste financial cooperatives relied on volunteers for the operation of their institutions however they were able to pay sitting fees to the board when they met. Similarly a couple of the Solomon Island financial cooperatives were able to pay a stipend to the board members. In the case of Cambodia the leadership first sought to ensure that any operating profits went to paying operational staff and then to pay for professional management. It was only after the organisation was generating the sufficient funds to cover these costs that the committee examined the possibility to pay themselves a sitting fee. Conversely both the Solomon Islands and Timor Leste leadership ensured that their interests were addressed first in priority of the any operational volunteers.

During the field research stage of collecting the data, interviews were conducted with the leaders of the financial cooperatives. In some cases those interviewed were also Village
or Commune Chiefs as well as being leaders of the financial institutions. The position of a financial cooperative leader is demanding and requires the leadership to undertake a range of regular technical tasks and make decisions that impact the membership. Often the membership do not fully understand the rationale behind some of the decision making nor is it sometimes communicated effectively so the level of satisfaction will sometimes not necessarily reflect the technical skills and expertise of the leadership but will reflect the institutional experience of the members and the communication skills of the leadership. The respondents indicated varying levels of satisfaction with their leadership (Table 17).

Table 17 Comparative Levels of Effective Leadership

<table>
<thead>
<tr>
<th></th>
<th>Cambodia</th>
<th>Timor Leste</th>
<th>Solomon Islands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Effective</td>
<td>38%</td>
<td>87%</td>
<td>71%</td>
</tr>
<tr>
<td>Somewhat Effective</td>
<td>57%</td>
<td>13%</td>
<td>26%</td>
</tr>
<tr>
<td>Not Effective</td>
<td>5%</td>
<td>0%</td>
<td>3%</td>
</tr>
</tbody>
</table>

The comparative results around the level of effectiveness and by extension the level of satisfaction in terms of the leadership of the financial cooperatives may speak to some of the issues raised in earlier in this chapter. The Cambodian respondents have indicated that the level of effectiveness of their leadership is mostly neutral, that is, the majority of respondents believe that their leadership is neither very effective nor not effective, whereas both Timor Leste and Solomon Island respondents indicated their leadership was very effective. Within the process of professionalization in financial cooperatives beginning to occur in Cambodia the members are less connected to the leadership of their institution however this process had not occurred in the Solomon Islands and Timor Leste so the committee and volunteer management and staff come from the membership which were much smaller than that of the Cambodian financial cooperatives and potentially better known to the membership. The high rating of the leadership may be based on a closer relationship and the appreciation of others taking up the work on behalf of the membership. Conversely the Cambodian financial cooperatives had professionalized and through this process had lessened the once strong social ties that where initially the foundation for the development of their institution. The members’ personal connections to the financial cooperative had been removed with the relationship with staff moving from personal to one of service delivery. The functional nature of the relationship was demonstrated in the comments from the Cambodian respondents:
“Members understand the policy of saving. The leaders work to monitor and organize good reporting. Financial records are well-prepared. There is no member objection to any changes, there is coordination on any changes means that there are no problems. All members participate in the financial cooperative that give other members confidence. Overall the leadership is good and members are happy.”

Source: OPICBBOSOVMO30

“The leader understands and practices good governance, and they are able to manage the credit union very well.”

Source: CPAMCKPCYBVM099

We see the leadership viewed not in a personal or relational manner but in a functional and technical language. The Timorese respondents highlighted the leaders personal rather than technical skills in their responses:

“The leadership has empathy, transparency, and solidarity with the members and the community. This cooperative has the potential, ability and capacity to be better in the future because the organisation has the capacity and experience of good leaders.”

Source: OPITLMLOBC46

The financial cooperatives were at different stages of their development which affected the decision making process around leadership rotation which was also affected by the availability of good quality leadership (Table 18). In small newly developing financial cooperatives there is less focus on securing professional management and staff and more focus on simple operational functions. The financial products are simple as are the methods of bookkeeping. In the beginning stages of development the institution relies on the good will and existing relationships of the members to work cooperatively together to meet the operational challenges that emerge. In the early stages volunteers are appreciated and encouraged. The skills and experience are not viewed as important as the commitment and the connections to the community and the institution. The Cambodian financial cooperatives pay their staff and management so the relationship between the board and the operational staff changes from appreciation in the case of volunteers to that of accountability with paid staff and with this accountability comes a level of stability.
The Solomon Island and many of the Timorese financial cooperatives had limited ability to re-elect existing leadership. This is often incorporated into the by-laws or constitution of the financial cooperative to ensure other people get an opportunity to participate in the leadership structure as well as ensure the financial cooperative has broad representation at a governance level. The Cambodian financial cooperatives at their more mature stage and in need of skilled and experienced leadership incorporated clauses into their by-laws and constitutions to be able to reselect successful leadership. The rotation of leadership is high during the developmental stages and lessens within more mature stages. The Solomon Island by-laws and constitutions include very short term limits for board directors and committee members whereas the Cambodian financial cooperatives still had term limits as well as limits to the number of times a person could stand for re-election but were more generous in terms of the length of term to ensure that people with skills and experience were fully utilized but at the same time provided ample time to develop future leadership successors.

Table 18 Availability of Leadership

<table>
<thead>
<tr>
<th></th>
<th>Cambodia</th>
<th>Timor Leste</th>
<th>Solomon Islands</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>10%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Few (1 to 3)</td>
<td>20%</td>
<td>0%</td>
<td>30%</td>
</tr>
<tr>
<td>Some (4 to 6)</td>
<td>40%</td>
<td>40%</td>
<td>50%</td>
</tr>
<tr>
<td>Many (more than 6)</td>
<td>30%</td>
<td>60%</td>
<td>20%</td>
</tr>
</tbody>
</table>

The Cambodian and Solomon Island respondents indicated that the pool of people within the financial cooperative that have acquired the capabilities and qualities to be effective leaders was limited (Table 18). The Cambodian technical requirements of selected leaders were at a higher level than that of those of the Solomon Islands. The Solomon Island response may have been due to the limited interaction between members as demonstrated within other areas of the data so when they reflected on suitable candidates they may have had limited knowledge of other members and their capabilities, similarly the comparative levels of trust were lower (Table 15) which may have affected the response.

7.4.5 Culture

Culture is the met-narrative that surrounds everyday life both at an individual, community and institutional level. It both informs and influences how and why social capital is generated at the various levels. The ‘notion that values, beliefs, and attitudes are a key but neglected component of development and that the neglect of cultural factors may go
a long way toward explaining the agonizingly slow progress toward democratic governance, prosperity, and social justice in a great many countries...’ (L. E. Harrison and Berger 2006: xi). Culture is not genetically defined but is acquired within community. It is within the community that it is transmitted from person to person and from generation to generation albeit morphing over time. This is done through what has been called ‘socialising instruments’ (L. E. Harrison and Berger 2006: xii) such as church, family, school, and the workplace etc. The sites of assimilation are perhaps easier to identify than to understand the various factors that affect behaviours of actors during the development of an individual’s cultural practice. An understanding of the factors would be useful to use as levers to generate the required changes within a cultural context to allow for institutional development and social capital to occur. That is, what are the triggers or the points of behaviour through which enables or disables a peoples’ ability to adapt or modify their cultural understanding when operating a financial cooperative. In early discussions I identified the three research sites being located within an Adaptive Pluralism paradigm yet financial cooperatives need to also operate within a Neo-Newtonian framework. It is within this conceptual meta-narrative that we can position and examine culture and the impact it has on generating social capital within a financial cooperative. The neo-Weberian renascence, that the economic and political cannot be understood without their reference to culture (L. E. Harrison and Berger 2006) is perhaps salient in relation to the success or otherwise of financial cooperatives. Perhaps another way of looking at this is to frame it as an “economic culture”. The “Westphalian fallacy”; that is, the notion that cultural boundaries coincide with political ones, so entire societies can be analysed and compared in terms of their value systems...In actual fact, though, the values operate within any society deemed “national” are rarely monolithic’ (L. E. Harrison and Berger 2006: xx). Variations need to be considered for religious, ethnicity, and other sub cultures and even consider other values that emerge from organisational norms. There is a pluralism within countries that seek to fragment any arguments of hegemonic culture as a concept from which it would be easy to capture and draw grand narratives as to the way culture interacts with the economic being within those societies or communities. That being the case some historians have argued that European capitalism grew out of the Protestant ethic (or something analogous to it) and that it is an important element towards economic development. Perhaps contrary to this argument it is perhaps timely to note that many of the financial cooperatives in Europe, North America and Australia grew out of the Catholic Church. There are comparisons of Catholic asceticism or temperance and self-denial similarly that of the Chinese values of hard work and thrift over immediate
consumption and instant gratification. These values do not operate in isolation and are invariably linked to non-cultural factors which are based in the political and economic environment.

Causal questions can be raised: ‘the way in which culture impinges, positively or negatively, on modern economic and political developments. But...also whether and how these developments, if successful, act back on culture’ (L. E. Harrison and Berger 2006: xxvi). Democracy also impacts culture as ‘democracy creates citizens, as capitalism creates consumers and both human types assert themselves against traditional hierarchies. Consumers demand customer service, citizens insist on civil rights’ (L. E. Harrison and Berger 2006: xxvi). This reminds us that both have cultural consequences outside of the political and economic spheres.

Using the Adaptive Pluralism paradigm of Concepts and Ontological Assumptions, Values and Principles, Relationships, Roles and Behaviours and Methods Procedures and Processes provides a gateway to examine each research location in a more complete way to provide an understanding of the complexities and ambiguities of the research data albeit through a cultural lens.

Concepts and Ontological Assumptions using Chambers (2010) paradigm frames this as non-lineal and on the edge of chaos. Chambers argues that people living in poverty and in uncontrollable and unpredictable situations drive ‘much adaptive behaviour’ (Chambers 2010: 45) with values and principles creatively versatile and ambiguous but which fit the situation at hand. The relationships within this framework are personal and reciprocal as well as being democratic within behaviours that are facilitating and founded in improvisation that ensure that the methods, procedures and processes are iterative and fitting to circumstance.

The Adaptive Pluralism paradigm enables us to understand the ambiguity within the research data, why the Timor Leste respondents reported high levels of solidarity and cooperation yet had very low levels of trust. Why institutional failure in the Solomon Islands has not prevented the community from continuing to place their savings with the financial cooperatives. That each of the financial cooperative movements within this research have taken essentially the same model of institutional development but it is taking different periods of time to mature. Why leadership is viewed differently in each research location. Each research country, and for that matter, each research location within those countries will apply their own cultural and environmental context to their financial cooperative and adapt their approach according to their circumstances.
7.4.6 Reciprocity

Reciprocity as defined by Jarley (2005) within the context of financial cooperatives, at its most fundamental level, is situated within membership. The value of cooperative behavior is the resultant mutual aid that emerges from the act of reciprocity within the community and institutional collective action. The act of reciprocity and possible outcomes within the context of a financial cooperative are not linear in their construction and require the participants to navigate the complex relationship between the social mission of the institution and the institutional sustainability requirements and financial structures where these agendas are not always aligned.

The areas of participation in group focused activities speaks to the level of importance and the ways in which the respondents seek to build their social relationships and practice reciprocity. The Solomon Island respondents indicated that they strongly focused on youth and sporting type organisations in which to build relationships whereas the Cambodian respondents overwhelmingly flagged economic types of organisations as the most important to their household. The types of economic organisations were dominated by financial cooperatives but also included other types of microfinance organisations as well as farmer and fishing associations. Timor Leste respondents also indicated that their financial cooperative was critical to their household but religious groups were also of importance to the household along with, to a lesser extent, cultural, youth and women’s groups. The data revealed how religious groups were of most importance to the Solomon Island respondents followed by youth groups and then the financial cooperative group.

The primary participatory outcomes for the Timorese and to a much lesser extent the Solomon Islands are health and fitness as well as activities that will ensure youth engagement whereas the Cambodian focus was predominately economic. The outcome for all of these activities were the social connections within an environment where common language, experiences emerge and norms particular to that group and environment start to develop. The commonality of shared experience builds trust, cooperation along with actions of reciprocity. For the purposes of this thesis I will focus predominately on the reciprocity that emerges from the activity flowing from the engagement in a financial cooperative. Social capital can emerge from all of these types of groups but the tensions that arise from engagement in activities around financial cooperatives more often include financial issues and more stringent requirements in organisational operation. Operating a financial institution with other members hard earned savings has particular risks and opportunities that do not exist in sporting or cultural organisations. Board and management of a sporting club may manage some
club finances and a number of sporting events but the board and management of a financial institution have a high level of trust placed upon them as they are managing members’ wealth and in doing so access to health or education services. The relationship is imbued with a level of importance that is perhaps unequalled by the other types of organisations. The reciprocity is underpinned with trust on the behalf of member and responsibility on behalf of the board and management. That relationship is underpinned in the case of this research by close community and individual social ties. The reciprocity is tied to a personal relationship in the first instance which then, as the institution matures, is reinforced by Neo-Newtonian systems and processes. The reciprocity of pure membership is also embedded in the institution through the act of placing savings into the financial cooperative whereby other members, can draw down upon other peoples savings in the form of a loan. There is a sense of trust that not only has the financial cooperative undertaken its due diligence in assessing the ability of the borrower to repay the loan but trust in the other members that when they borrow from the financial cooperative they will ensure that they repay the loan.

In newly developing financial cooperatives they often struggle to manage the liquidity of the organisation and they run out of funds for people withdrawing savings and they rely on informing members that they are unable to provide their savings back to them in the short term. In this situation the management rely on personal relationships to ask that the members wait to withdraw and that they trust them that they have not lost their savings. The reciprocation travels in various directions and encompasses certain tensions that are unique to a financial setting.

“Related to the benefits and difficulties as cooperative members, I think the benefits are if we want to borrow the money we don't have to queue on a bank. Long ago we went to Bank in Maliana to save and loan money. Now we just go to the cooperative to save and lend because it is easier and also on quicker. The interest in the cooperative when we borrow US$100.00 is US$3.00. The interest is 3% lower. The other benefit is the members are able to borrow up to US$500. Every month we just save US$2 with the cooperative. The weakness is some members who borrowed the money from the cooperative return the money late. It makes the other members unable to borrow money because there is limited funds.”

Source: CPAMTLMNLM474
The reciprocity that emerges from interaction of members both at a horizontal (member to member) and vertical level (member to institution and institution to member) embraces both personal and technical relationships, that is, the relationship is in the first instance a personal one that has technical facets as the focus of the interactions. They also contain themes of public or community agendas as well as private or individual agendas, that of ensuring the institution is sustainable and the individual receives a return on their savings. For example, the leadership of the institution needs to structure financial products with interest rates that are both reasonable and fair to both borrowers and savers. The member will want to receive the highest amount of interest on their savings but pay the lowest amount possible if they borrow. Unlike a shareholder owned retail bank where the motive is profit for the shareholder, there is a tension within the reciprocal relationship the financial institution has with their members.

“First, they provided financial support. Next, they provided a loan, but they required us to save the money in order to become the member in financial cooperative. If we are not a member, we are not allowed to borrow. Financial cooperative charges lower interest rates than the local money lender. For example, you borrow US$25, our financial cooperative charge an interest rate of 3%, but local money lender charges 10% to the borrower.”

Source: CPAMCKPTCTBM152

The multiplicity of possible locations of reciprocity was reflected when respondents were asked if there was overlap with the membership of the three groups self-identified within the survey. Respondents’ answers varied greatly in terms of the level of overlap with Cambodia appearing to have the most overlap between the groups with 49% with the Solomon Islands having the least with 10%. This may be due to the number of groups identified which community members can join. The Solomon Islands identified across the three sections of the question an average 15.6 groups of which they could belong to where was Timor Leste respondents were able to identify an average of 10 groups and Cambodian respondents 7.6 groups.

7.4.7 Networks

Networks as an indicator of social capital speak to the potential of individuals, communities and institutions. Potential that is based on social connections, the ability to organize and the desire to participate and influence. Networks speak to a resource that is held at the three levels either separately or conjointly. The network connections need to be established, nurtured, and continually nourished for them to be durable and long
lasting. They come into being due to effort and participation and through a desire or need and similarly if they become undesirable or when the need is no longer evident the network as a resource becomes obsolete and discarded.

The very foundation of financial cooperatives relies on mobilising membership which would otherwise be impossible without the development of a dense social network. A network gives “permission” to act as a group, to come together as a group. It provides a platform where members not only know one another but have shared values and norms that can be called upon in a mode of action that if these dense networks did not exist then the resulting activity may be chaotic and outcomes less than efficient or productive.

Responsibility & Ownership

Behavioural economics is a field of study that has grown significantly over the past few decades and has particularly focused on judgment and decision making (Tyler 2011) and the associated motivation and cognition which work together as people cooperate (Higgins and Kruglanski 2001). The social motivations for cooperation is not just a sum gain or loss calculation but is influenced by issues of reputation that shape and influence people’s actions and through which cooperation can be influenced by social settings (Tyler 2011). The very nature of cooperation and the resulting responsibility and ownership contains tensions within the act of cooperation to maximize personal interests. The success of cooperation is the ability of the group to follow and obey rules and procedures. This often limits the maximization of self-interest for the benefit of the group. This form of regulation ensures a focus on tasks and performance that are group focused and which assists in the effectiveness and sustainability of the group. The behaviours are categorized as one that limits the damage to the group and has a positive effect on the group (Tyler 2011). There are both sanctions and an incentives and together are used to shape cooperation. In situations of either sanction or incentive people factor their investment into the social group and the resulting calculation around reputation and loss of trust (Burt 2007). Responsibility and ownership is also influenced by the reputation and attitudes towards the institutions as well as its legitimacy within the community and the moral values and social identity within the community that is participating.

To gain a sense of the ownership of the financial cooperative in the various research sites I have used the voice of the participants to unpack their motivations and sense of commitment.

When we examine the Timor Leste financial cooperatives we see that the responsibility for some of the decision making is placed firmly in the hands of the government. The government is seen to take a paternal role within the community.
“…we cannot do anything because there is a government responsibility so sometimes we collaborate or take action with the local government staff who has the authorization in this community….When problems happen we just discuss with each other but we can do anything because it is government responsibility not ours. We just have solidarity in prayer together.”

Source: CPAMTLDEBPBC232

“I think it is the government that overcomes problems to help the community … It’s the government’s responsibility to get feedback from the community …”

Source: CPAMTLDFSBSV041

The way decision making occurs within the financial cooperative is predominately through group discussion and consultation (Figure 50). Many of the financial cooperatives within this study were government bonded institutions and so many of the surveyed members worked within the government.

Figure 50 Networks - Responsibility and Ownership - Decision Making – Timor Leste

The Cambodian respondents place the responsibility of their financial cooperative firmly in the hands of the community. The community in a Cambodian context also includes strong local leadership, that is, people from their community that provide leadership and someone for the group to follow (Figure 51). Given the structure of communities in Cambodia with Village Chiefs and Commune Governors at a local level it is unsurprising that leadership, while being hierarchical, is also seen as part of the community. The power elite in this context are seen as a resource to the community and therefore the
community has some sense of ownership of their leadership. The leadership is therefore able to represent their interests as they are of the same community and accountable from a personal relationship perspective.

“I think our financial cooperative is stable because I have never seen any conflict or problems because the leaders and members are honest, lovely, and cooperated with each other and they have good responsibility. From the start of our financial cooperative, the members have been increasing.”

Source: OPICKPKSPMSV184

Figure 51 Networks - Responsibility and Ownership - Decision Making – Cambodia

The responsibility is firmly positioned within the hands of the leader in the Solomon Island financial cooperatives (Figure 52). The leader speaks with elected authority on behalf of the community. While the membership may understand their role, responsibilities and their ownership of their financial institution, the final decision making is without question abrogated to the leader. The social relationship between the leader and the community inform the broader cultural interaction (Kent 1973; Oliver 1955). The members of the financial cooperative look to their leaders to take control as they understand that the leader will look after them in more ways than institutional governance.

“In this case, the leader should be well known, he was fashion by the word of god, must have a good and fair responsibility towards members and transparency to all the members.”

Source: OPISIGSCSHCHM283
Collective Action

Collective action manifests itself in many forms within a community, some are formal or structured and others are informal or ad hoc. It is within the site of collective action that relationships and trust can develop. In the following paragraphs I will outline the forms of collective action surveyed at the research sites and discuss the comparative impacts. I will also examine the frequency of the collective action and gauge the comparative outcomes and success and look at how the community articulates its desire to engage in collective action.

For the purposes of this research collective action has been categorized into four key areas, 1. Political collective action, 2. Influencing collective action, 3. Localized collective action and 4. Charitable or welfare based collective action (Figure 53). These categories were chosen on the basis of the features and traits that are highlighted within the data. The political component of a community’s collective action demonstrates their cognitive and structural capacity to seek empowerment. The capacity to undertake influencing collective action demonstrates the community’s networks and their bonding and bridging capacities. The localized collective action provides a view into the community’s sense of autonomy and control. The charitable or welfare forms of collective action are an indication of the cognitive forms of reciprocity and structural forms of mutual aid within the community. The act of collective action can be undertaken as a group or individually in the form of a role within a groups’ broader collective action activities.
All countries enjoyed high levels of participation in formal structured political activities however the level of engagement significantly dropped for informal activities. Other data presented previously speaks to why the Cambodian respondents are reluctant to participate in political activities outside those sanctioned by the state. There is indication of a higher level of informal engagement in the political space by Solomon Island respondents but as stated previously this may be due to the system of patronage. In all survey locations the practices of influencing is firmly positioned locally. While the respondents undertake localized activities of talking to people in their area about issues they appear to have less appetite for reaching out with the exception of the Solomon Islands. The bridging and bonding between organisations and individuals outside of the immediate community is limited in Timor Leste and Cambodia. There is a high level of localized collective action in Cambodia as long as it doesn’t involve the authorities. The Solomon Island respondents engaged in localized collective action both within the community and with authorities. The charitable/welfare collective action was particularly high in Cambodia and Timor Leste, especially around giving donations. This may be due to the central role that religion plays in everyday life in each of these countries. While each group of respondents indicated some level of voluntary engagement it was highest in Timor Leste. It is perhaps important to note that the respondents did not see their voluntary participation in their financial cooperative as charitable nor framed from a
welfare perspective regardless of the social outcomes and the community benefits that they were able to articulate that flowed from the institution.

Figure 54 Requests to Participate in Collective Action

The requests to participate in collective action (Figure 54) broadly mirrors proportionally the forms of collective action being undertaken by the surveyed communities with the exception of two areas of political collective action in Cambodia and Solomon Islands where the request to actively participate in election campaigns and demonstrations was greater than actual participation. The reluctance to participate from the Cambodian perspective may stem from their preference to only engage in the formal structured political obligations.

Having discussed the type and opportunity of engaging in collective action the frequency of collective action (Figure 55) speaks to the close bonds of the community and the manner in which they address both positive and negative issues within their community. The frequency will assist in understanding the positioning of action, either mainly in the individual or in the collective community. The frequency can also be viewed in terms of level of the connectedness of the community. It contributes to our understanding of trust and cooperation and may speak to the strength of cooperation within the financial cooperative.
Timor Leste has the lowest frequency of collective action with Cambodia indicating high levels. This is perhaps reflective of the lower levels of opportunity to participate as outlined above in Figure 55. Opportunities for participation give rise to openings to generate social capital through mutual aid and reciprocity as well as build trust. The frequency is one of the variables that will assist the community to build the strong relationships.

The frequency of collective action may be affected by historical success (Table 19). If previous attempts with collective action have failed there may be reluctance to undertake further attempts or the community members may become more tactical in any future approaches.

<table>
<thead>
<tr>
<th></th>
<th>Cambodia</th>
<th>Timor Leste</th>
<th>Solomon Islands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, all were successful</td>
<td>40%</td>
<td>33%</td>
<td>17%</td>
</tr>
<tr>
<td>Some were successful and others not</td>
<td>49%</td>
<td>50%</td>
<td>80%</td>
</tr>
<tr>
<td>No, none were successful</td>
<td>11%</td>
<td>17%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Respondents indicated high levels of success and relatively low levels of failure. If we overlay this success with the sites of interaction we see that the political aspects of interaction were formal locations with other informal locations of collective action located in a localized context. Additionally other areas of collective action did not rely on external factors (those outside of the community) for success. That is, the charitable/welfare aspects of collective action were successful due to their own endeavours. The
respondents across the three locations tended to engage from a very tactical position and to only seek out external collective activity that was either formally or informally structured which was localized.

Participation

I have discussed participation from an institutional perspective in previous chapters and I have discussed participation from the view of governance in this chapter. I want to now view participation from the perspective of networks in relation to the development of the financial cooperative. That is, what type of participation, who is involved and how is the participation manifesting itself? The dimensions to this network participation have been adapted from John Cohen and Uphoff (2011) basic participation framework.

The network participation is viewed through the groups that the communities participate in and the personal connections of members outside of the financial cooperative. This bridging social capital is useful to not only the individual but also the institution. The interconnection of organisations and individuals can bring tangible benefits that enhance the social capital of the community, individual and institution. For example, the Cambodian data indicates a reluctance of the membership to be close to government officials however the Timorese financial cooperatives have no hesitation in working closely with their government. This has brought recognition of the financial cooperative movement in Timor Leste which is much smaller than that in Cambodia. It has also brought resources both financial and technical to the institutions along with increased reputation and prestige of the financial cooperatives because of this political association. This has in turn facilitated greater trust within the community which has led to greater membership with existing members increasing their savings in the institutions. The connections of the committee in Timor Leste to their government and the development of a relationship has generated social capital both inside the institution as well as between the government and the institution as well as the institution and the community. The relationship in this situation has generated and expended social capital between different networks of people and institutions.

From this perspective the three research sites based on the data sit in different locations in relation to their participation in networks (Figure 56). The broader the scope of networks the broader the development of social capital.
The Timorese financial cooperatives have a greater reach of network activity. The regional and international networks are linked to the board of the federation of financial cooperatives who have reached out through their government relationships to the Portuguese government. Both the Timorese and Solomon Island financial cooperatives belong to the regional cooperative body, the Oceania Confederation of Credit Union Leagues (OCCUL) with the Timorese financial cooperatives engaged with the World Council of Credit Unions (WOCCU). The Cambodian financial cooperatives at the time of writing belong to a province based federation although some were looking at joining a national federation at the time the research was being conducted.

Influence

Networks of associates and colleagues are only a resource if the individual or institution has influence within those networks. Relationships are variable and the dimensions are, ‘ecological, in terms of the space and time they occupy; social structural, in terms of the interpersonal networks and institutional density within them; and symbolic/cultural, in terms of the extent to which they confer a common identity and culture’ (Taylor 2010: 237).

Influence was exercised differently in each of the research locations. The Solomon Island data indicated respondents exercised their influence with both formal authorities and external organisations as well as personal networks and groups. Cambodian respondents tended to only use personal networks and contacts and looked to their Village and Commune Chief to use their influence with higher authorities. This correlates to the Cambodian respondents’ cognitive economic leanings whereby they see their personal economic success tied to those closest to them. Similarly both the Solomon Island and Timor Leste respondents are heavily reliant upon their government and elected institutional officials to address their economic and community needs.
Bridging and Bonding

Bridging and bonding within a social capital context can be discussed as a resource and also as conceptualized in networks. Bonding is the relationships or networks between similar persons, those that have similar demographic characteristics, whereas bridging are the linkages across levels of hierarchy and positions of power (Kim et al. 2006: 116). Bridging is thought to benefit communities as it links them to others that may not be of the same class, education, or even ideology (McKenzie 2009; Putnam 2000) although this is seen to be a horizontal connection. Bridging social capital is seen as being a weak tie due to the lack of similarity whereas bonding social capital is understood as being a strong tie due to the close relationships, sense of belonging and ownership that is inherent in this form of capital (Brandtzaeg et al. 2010). While there are difficulties in generating bridging social capital across religions and cultural divides and state ‘that bridging social capital is much easier to build when we are dealing with agents with similar cultural and religious backgrounds …[but] becomes increasingly difficult as the number of common norms decline’ (Svendsen and Svendsen 2004: 3). While there is debate as to the accuracy of using a bridging and bonding typology (McKenzie 2009; Middleton et al. 2005) for the purposes of this research it is useful to understand the strength of the linkages both inside and outside of the financial cooperative.

Bridging and Bonding as a resource of financial cooperatives occurs through the linkages the sector has created through its federated worldwide system. That is, while local financial cooperatives may be federated in a type of a formal or informal association to other financial cooperatives within their region, they also may be federated through regional bodies to a national body which in turn is federated to either a regional body i.e. Asian or Pacific confederation which is then federated to the world body for financial cooperatives. This then serves to disseminate the philosophy and fellowship and a sense of cooperation amongst cooperatives (Table 1). The relationships that flow from these associations leverage both Bridging and Bonding Social Capital for individuals, institutions and the communities.
Figure 57 Type of Organisation and Level of Participation – Cambodia, Timor Leste, Solomon Islands

Cambodia

Timor Leste
The data indicates that there is a strong variance of the type of bridging social capital across the three research sites (Figure 57). The Cambodian respondents are very active in organisations that affect their daily economic existence but actively resist engaging and developing political links. The Timorese and Solomon Islander respondents seek out civic opportunities to link with other organisations. Both of these positions ultimately have an effect on the financial cooperative and its access to networks and other resources. Being politically linked has brought financial resources to the Timorese financial cooperatives which can be seen as positive however conversely the political links also have seen the financial cooperatives agenda being hijacked to fit with the governments agenda, particularly in terms of the government’s country wide financial inclusion development strategies (UNDP 2007). Similarly the Cambodian financial cooperatives, due to their lack of political bridging social capital, have seen them being unregulated and ignored by the government. At the initial stages being unregulated has allowed the financial cooperative thrive and grow. While this is positive during the early stages of financial cooperative development it is more perilous as the institution matures due to the inherent risks of asset size that growth brings.

Low and high levels of bridging social capital has both positive and negative effects on the institution depending upon the objectives of the organisation. Having low levels of bonding in a financial cooperative can only be viewed as negative as this will inhibit the development of social capital if opportunities for reciprocity and mutual aid along with ways to cooperate and build trust and solidarity are not available.
The Cambodian research locations had reasonably high levels of bridging social capital albeit with some gaps however their levels of bonding social capital is declining. This may be due to the growth in membership of many of the financial cooperatives where many of the members of one institution may be now from different villages and therefore not known to each other.

Similarly the Solomon Islands respondents also have lower levels of both bonding and bridging social capital which may be due to the very slow development of the institutions. The weak ties within bonding social capital is due to a lack of capacity of the leadership to develop opportunities for the members to build norms and ways of behavior within the institution. There are no mutual aid activities nor are there opportunities for them to participate and undertake forms of collective action to address this situation. The bridging social capital is also weak but is due to slow institutional development where the financial cooperative is not at the stage of being able reach out nor has the membership opportunities to assist in this process.

The Timorese financial cooperatives have the highest levels of both bonding and bridging social capital. They have not grown their membership dramatically so the membership have strong social ties. The leadership in most cases is purposeful and seeks linkages with organisations outside of their immediate membership.

7.4.8 Norms

Norms are a central component of social capital as the shared norms or values that promote social cooperation for common ends and are founded in social relationships (Fukuyama 2002). ‘the development of shared norms and values [are] based on cooperation, trust, reciprocity, and obligation’ (Ville 2005: 185-86). Defining and identifying norms has assisted in the development of the concept of social capital ‘as the networks and norms that facilitate collective action has worked its way into the market place of economic ideas’ (Isham et al. 2002: 4). Social capital is not formulaic and is generated from accepted norms and values and ‘frequently originates in phenomena like religion, shared historical experience, and other deeply embedded cultural traditions’ (Fukuyama 2002: 32).

Social capital can also be used as a tool to look at how social networks and norms of reciprocity change. Governance is also impacted by shared norms of trust and reciprocity. The impact can be negative such as those with exclusionary practices or positive in the case of access to financial services. The shared norms can be founded on cultural practice as is the case with the Solomon Island respondents where there are both benefits and drawbacks in terms of the social obligations that impact on the
governance of their institutions. Social capital in this case is not automatically conducive to democratic governance (Putnam 2002) because of the social obligations inherent in cultural systems. The social obligations can also be exclusionary in their practice especially for those that do not belong to the dominate group. ‘Social capital might be most prevalent among groups of people who are already advantaged, thereby widening political and economic inequalities between those groups and others who are poor in social capital’ (Putnam 2002: 9).

The production of norms and the creation of sanctions also emerge from the activity within the defined network. The structure of closed social networks is used to effect action, that is, to provide a framework to enable sanctions and provide norms and values by which people’s actions occur. Within this environment there is a structure of trust that can be used to imply obligations and create expectations (Coleman 1988). ‘the kinds of social structures which make possible social norms and the sanctions to enforce them do not benefit primarily the persons whose efforts are necessary to bring the norms and sanctions into existence, but all those who are part of the particular structure’ (Coleman 1990b: 316).

The data indicates that the financial cooperatives in Timor Leste were not willing to impose sanctions but were willing to talk about sanctions and punishment but their discourse was always framed around forgiveness whereas Cambodia being consensus driven and communal were perhaps not willing to confront each other. Solomon Islands was not interested in discussing sanctions, as the concept of repayment was often linked to ability rather than the rules. The sanctions in some of the financial cooperatives was based on not being able to access savings or access further loans if previous loans were not repaid. In the case of the Solomon Island financial cooperatives it often was based on relationships.

“Members know their obligation to make regular compulsory savings prior to borrowing money from the cooperative. Members also need to deposit based on the repayment schedule with the interest that the cooperative has decided. Members follow the regulation sensibly. When a problem occurs in regard to the loans the leaders would arrange a mediation to resolve the problem therefore there is no sanction that needs to be given, as leaders understand that sometimes members haven’t got money to repay the loans.”

Source: OPITLDKUKBC166
“All members are familiar with the internal regulation of the credit union. In this process we all decide, it is not the responsibility of only one person but all members come together to make the decision. The type of sanction that is given depends on the discussion.”

Source: OPITLDTFAHM268

“If we have some members that do not repay their loan in the right amount of time the cooperative will give a sanction like confiscate their things. So far a sanction like this has never happened because the members know their responsibility to repay their loans within a determined time. If they are late to repay for 1 or 2 days we will do mediation with them and ask why they repay late then we may have tolerance depending upon their situation.”

Source: OPITLMNLM459

‘A prescriptive norm that constitutes an especially important form of social capital within a collectivity is the norm that one should forgo self-interests to act in the interests of the collectivity’ (Coleman 1990b: 311). This type of norm is encouraged and strengthened by the social recognition and the status and associated rewards and honor the participation brings. It is this type of social capital which young nations are built upon and the type from which families are strengthened and assists in the development of ‘nascent social movements from a small group of dedicated, inward-looking, and mutually rewarding persons, and in general leads persons to work for the public good’ (Coleman 1990b: 311). These norms are internalized and other times they are supported by external recognition for the selfless nature of the acts.

“As a society we have always lived a collective life, but there are others who do not care about each other. …, so we need awareness of how one’s life in society should be of mutual help, not to sit and laugh at the problem of suffering, and I want to say again that all problems can be resolved but they cannot be resolved by fighting.”

Source: CPAMTLDFSBBBC040

“.Before Lanamona most of us joined the "Moris Rasik" but the payment needs to be made every week on the loan. The mission of that organisation is to help women and widows but they cannot comply with the system because sometimes they are late with their payments and
Moris Rasik sometimes confiscate our goods. With this fact we shared with Mrs. Domingas so we established this cooperative. The establishment of the first group in Maliana with the group name "Fo Liman" with a total of 25 people with the amount of funds of $250.00….. This group continues to grow until 2008 and the funds collected is increasing therefore there is the initiative of Mrs. Domingas and both Economic and Development Ministers to form a credit union. We developed the paperwork of cooperative governance and we were given three days to prepare the establishment of cooperative training for the groups mentioned. On 19 July 2008 the groups join the cooperative under the name "cooperative Lanamona" the office was inaugurated by the Minister of Economy and Development with a ribbon cutting ceremony. ….The number of total members of the cooperative since the founding has increased to 636 members by the end of July 2011 with the amount of US$72,784.00 in assets."

Source: CPAMTLMLOM427

So while this form of social capital facilitates action, it, like other forms of social capital, can also constrain action. When examined from a cultural perspective, the norms contained within the village system in Cambodia prevent the volunteers from embezzling funds from the financial cooperatives. The norms within the social networks contained in the organisations provide the staff and management ways of behaviour that constrain negative consequences. Similarly the Solomon Islands social networks have inherent ways of behaviour that see negative externalities arise from the norms, which see loans not given on merit but on kinship or along clan lines. The personal relationships and networks of the Solomon Island financial cooperatives demonstrate the ‘embeddedness of economic transactions in social relations’ (Coleman 1990b: 302).

This is the location where trust is generated and where norms are developed, established and enforced. While norms are established to reduce the externalities which benefit those who establish them they can be affected by individuals within the group. That is, while one actor does not necessarily have control over the norms they can be affected by another’s actions. It is within the integrity of the structures capacity to maintain and sustain the norms where the risk lies by individual actor’s actions.

The destruction of social capital also needs to be considered in context to norms. This often happens usually through certain events and processes in financial cooperatives. What I have called the embezzlement of social capital (Mason 2010) through the merging
of financial cooperatives and through the expansion and growth of membership with the resulting distillation of “community ownership”. Within this process there is a destruction of those frequent links where shared values and norms are created and a much reduced ability to participate in activities of reciprocity sees a degradation of trust within those institutions and their membership. The members are essentially sidelined from the operation of the business and then lack the forum and opportunity to develop and build relationships and common ideas and values around that interaction, that of norms.

People who live, work, and socialise together form very strong bonds. Bonds that produce shared visions of problems and solutions, facilitate the development of trust, and instill generalised reciprocity norms (Jarley 2005). ‘Generalised reciprocity norms help to improve the durability of social capital, making it less vulnerable to erosion through [the] exit of any single individual from the network’ (Jarley 2005: 4).

Equality

In this section I wish to look at a number of key influences on issues of equity. The first being that of institutional inequity and the perhaps unintended consequences of financial cooperative development. I will also examine the level of gender inequality and access to financial cooperatives by the poor. As Habib (2008: 291) has argued, there is ‘a complex interrelationship between poverty, social exclusion and human development’ where members of microfinance institutions are in better economic shape that those that are excluded and ‘are found to have better social links and better representation in social and political processes…’

“In principle, we don’t have any discrimination against members or other organisations as everyone is equal. At the meeting we are honest with each other, to put the credit union interest above all else. We also are sympathetic to each other by helping each other to contribute to the credit union based on the plan.”

Source: OPITLBFC316

‘Networks and associations can lead to social exclusion’ (Streeten 2002: 45). ‘Tight group consciousness and solidarity can be and often are accompanied by hostility to or exclusion of other groups. Even in associations that are not aiming at exclusion, the fact that they are ethnically or economically homogeneous can reinforce social stratification and inequality’ (Streeten 2002: 45). The levels of directly experienced exclusion where highest in Timor Leste for many services such as education, health services, housing, employment, transportation, sanitations and water distribution. There was however high
levels of access in justice and conflict resolution. The reasons for exclusion were stated as being income, occupation and lack of education. The Cambodian experience was that of high levels of access throughout all areas of services and although there was only medium levels of exclusion experienced by the Solomon Island respondents they indicated that the main reasons for exclusion were income and occupation.

While the respondents in Timor Leste and the Solomon Islands experienced some degree of exclusion there were acts of exclusion through many of the financial cooperatives contained within this research. Both members and non-members were included in the survey. Many of the financial cooperatives in Timor Leste and the Solomon Islands were industrially bonded\(^{34}\) which excluded people that were outside the bond of the institution, that is, the Melanesian Crusaders in Honiara only allowed the Anglican staff of their church to be members, the SIPEU Credit Union which is a government bonded financial cooperative only allows the staff of government departments to become members. Some geographically bonded financial cooperatives often put barriers in the way of membership to limit it for reasons of control, or due to limited resources to service the needs of a bigger membership. Non-members in some research locations indicated a sense of exclusion from the financial cooperative.

“I see the Village Chief having a meeting with the financial cooperative members. I never join the meeting because I am not a member and no one me invites to join.”

Source: OPICBBOSOVNMN042

“I am afraid to join it because I feel that they will not allow me to join because I do not have enough money to save.”

Source: OPICKPCYBVNMN096

“Some other people are not able to join the cooperative because of the lack of the information and I am not able to join as a member of the

\(^{34}\) Industrial bonds are outlined in the constitution or bylaws of the institution and restrict the membership as defined.
cooperative because I don’t have the capacity or understanding about the cooperative.”

Source: OPITLDEBPNMN227

While financial cooperatives espouse the principles of open and voluntary membership the reality is often very different. There is a tension in the practices and the performance of financial cooperatives to generate social capital in terms of outcomes of homogeneity or heterogeneity with the outcomes different for the generation of social capital within a bound group and the social capital outside that group but within the community. Exclusion and the inequality that emerges from this can both generate and destroy social capital (Arneil 2006): generate it within the institution between socially connected groups but destroy it within the community in which the financial cooperative is located through exclusionary tactics.

“Some people who live around this place are poor, whenever they need power and water, we provide it to them. Education is another area. Children that are not part of our church community are welcomed to attend our school, join the soccer team and make friends with our children. Therefore, I do think that we have touched and influenced the lives of people in the community and lessened many crimes and improved the attitude of youth in the area, so we do have equal access to community services.”

Source: CPAMSIGDHEHM462

Having a more inward focus and examining the practices within the financial cooperative in terms of equality of voice and participation we find that there is vast gender inequality across the three sites of research particularly at a governance and management level with low numbers of women in leadership roles within the institutions. Additionally there was low institutional participation at a governance and management level of women in all research sites although there was some reporting that there was a growth of participation. The membership in Cambodia of financial cooperatives has higher levels of women whereas those in the Solomon Islands due to many of the institutions bonded waged membership had higher number of males with Timor Leste having greater gender balance. The gendered inequality across the research sites is due to structural influences. Structural influences of the financial cooperatives that are dominated by male waged employees, by male government staff, essentially labour market structures that are inherently gender biased. These biases are culturally performed and evident
throughout the society whereby men are given preference over women for certain positions ensuring the financial cooperatives are reflective of these imbalances.

While there are influences of power relationships through all levels of society it is perhaps felt most keenly in relation to the resulting inequality by the poor in developing states. The data across all research sites indicated that there was a reasonable level of participation by the poor with respondents noting an increase in the level of participation, however the respondents indicated high levels of exclusion based on the level of income with Timor Leste respondents indicated that the social status was also a contributing factor of exclusion. With many of the financial cooperatives initiated by international NGOS in Cambodia and the Solomon Islands the institutions were structured to contain strategies to include the poor as a main membership constituent. Many of the rural Timorese credit unions were also set up to meet the needs of the poor and excluded in those communities.

“They save their money in the cooperative, because cooperative is for the poor people not for rich people, so the poor people can help each other, because the poor people cannot access microfinance. This is for poor people to participate and save money for the future. The cooperative has principles of no discrimination, all of people can join this cooperative…”

Source: CPAMTLDDAMSV137

In should also be noted that the elite within the communities surveyed did not participate in great numbers in the financial cooperatives. While the survey did not seek answers as to the reasons, it may be that they preferred to access financial services from the formal financial sector however it cannot be discounted that there is a level of exclusion to the elite within the community and it is important to note that inequality in relation to access and exclusion can occur at all levels of society.

Rent Seeking, Patron Client Linkages, Opportunistic Behaviour, Corruption, Nepotism I briefly discussed the system of patronage within a governance context in Cambodia and the Solomon Islands in sections above. In the following paragraphs I would like to explore the linkages with the dataset and the possible impacts and outcomes that these types of social relationships and the resulting environmental conditions may have on the financial cooperatives and the communities in which they are located.

In the first instance it is worth reflecting upon Chambers (2010) model of Adaptive Pluralism and the mindset that emanate from the environments within which this study is based. The personal relationships, the ambiguity of values and principles, uncertainty in
the ontological assumptions and the iterative adaption of methods, procedures and processes. It is here that we find room for actors to open up a space that maximizes available opportunities to meet their needs. To meet their material needs, their social status needs, to have their power recognized and respected, to forge connections with those hierarchically above them to open further opportunities.

The practice of rent seeking or patron client relationships exist in all of the countries within this research, in different forms and in differing degrees. The implications and the impacts also vary in each location but as a principle the structure of financial cooperatives and the resulting social capital generation regardless of the level in some way ameliorates some of the opportunities and helps narrow the space available in which these practices can either take root and/or grow. Social capital can also reduce monitoring and transaction costs (Birchall 2013b) through quasi-voluntary compliance, monitoring and sanctioning by peers (François 2002). A lateral control regime spreads the control costs amongst members as common third parties limit opportunistic behavior and enforce obligations between partners (Huppi and Feder 1990). The likelihood of corruption and opportunism decreases as social relations among members are the key to mutual adjustment as social cohesion reduces rent seeking (François 2002). Close knit communities with forms of mutual support and regular interaction encourage cooperative behaviour and guard against opportunism through informal monitoring (François 2002).

While these are the positive benefits of a model that has broad ownership and control there is also opportunities for rent seeking anywhere the state is active in society (Spector 2012). ‘Equality and honesty in government stand at the beginning of our causal chain. Both are necessary to create trust and the universalistic social policies that lead to a greater level of equality and social cohesion’ (Rothstein and Uslaner 2005: 44). It is at this intersection that we need to look at the implications for the financial cooperatives, given that they are founded on trust. There are implications for the integrity of the institution if the governance structure within which everyone lives their lives suffers from corruption or nepotism. ‘Corruption feeds upon economic inequality, low trust, and poor government performance’ (Rothstein and Uslaner 2005: 71). If trust is damaged within the broader society there are impacts for the financial cooperative whose very existence is premised on trust.

Hierarchal cultures cannot develop trust in their societies and the social order which has existed for generations has definite class divisions that make it difficult for trust to materialize (Seligman 1997). Societies which are organised around circumstances of
birth limit peoples’ ability to cross those thresholds, ‘cleavages point to the embeddedness of trust’ (Fennema and Tillie 2008: 353). Within these stratified societies trust cannot be generated as people see others with unfair advantage in terms of the economic resources (Rothstein and Uslaner 2005). As previously stated, other factors that affect this include those societies that have recent memory of civil war will be low on levels of trust, societies that come from protestant background tend to have much higher levels of trust. (Rothstein and Uslaner 2005).

In varying degrees and forms all of the research site respondents live with and within a system of patronage, corruption, nepotism, and rent seeking. The Cambodian respondents make informal payments to teachers to allow their children to attend school. When interacting with the Cambodian bureaucracy they are required to pay middle men to “get and fill out forms” and “take it to the right person” and therefore pay a fee for the service. The financial cooperative is required to file business operation reports with the district government. These processes are often smoothed over by the facilitation of the commune officials and the payment of a small “administration fee”. At each step there are “fees”, and middle men “costs” to be paid. The Solomon Islands works differently and certainly some of the payments that are made are based on relationships and are seen as a cultural obligation rather than a form of corruption. When this is considered in context to the Adaptive Pluralism framework we are reminded of the ambiguity of the values and principles and especially the personal relationships within the orientation of the mindset.

The financial cooperative, due to the nature of the institutions operational requirements, needs to live within Chambers (2010) binary opposite of the Adaptive Pluralism, that of a Neo Newtonian practice where there is order, a linear predictability, clarity and measurement which this provides. While this is the optimal environment in which a financial cooperative may thrive and survive, the reality must be acknowledged where the institutions within this research actually live, which is somewhere in-between. The environment of patronage in Cambodia and Solomon Islands are a reality that the institutions need to navigate through, sometime offering resistance and asserting their agency and at other times complying and at other times in the case of Timor Leste capitalizing on the system for the members benefits in the case of offers of government funding.

Government interference and political patronage are not necessarily unidirectional. Often financial cooperatives seek out the financial support of government that make them operationally reliant. The government almost purchases the social capital that has been
generated through the financial cooperative through its financial support. And while the
government has a role in economic matters at a macro level, often when they seek to
become engaged at a micro level this is usually for electoral purposes rather than
economic development. The Timorese government has recognized the political value of
the financial cooperatives and seeks to maintain forms of control and influence through
the National Directorate of Cooperatives. The cooperative sector ideologically fits with
the Timorese narrative of national identity and independence where solidarity forms part
of their history through the violent struggles. It also allows the government to be seen at
a localized level as the benefactor of financial aid to communities albeit through the
cooperative framework. Conversely the Cambodian government does not interact at a
political level with the financial cooperative movement.

7.4.9 Consequences
The consequences or outcomes are the concrete and abstract results of the social capital
that has been generated. When the eight main areas are synthesized for each of the
research sites there are some key matters that are evident that affect both the institutions
and the communities and affect the social capital in each of the research locations. The
consequences or outputs are reflexive and feed back into the Community, Institution and
the Individual. And while the process is perpetual, the influences and effects are varied
at different points of time and at different stages of the development of the financial
cooperative. The perpetual and reflexive effect may also change the source and level of
social capital that is generated. The social capital may be generated in different locations
and in varying amounts dependent upon the outcomes that are feeding back into the
framework. For example if the financial cooperative leadership mechanism which is
informed through a cultural understanding of the role of leadership is producing benefits
for the financial cooperative and therefore for individual members, the institution will
continue to perpetuate the same form of leadership, and the members will continue to
support the way it functions. The endorsement generates trust at both an institutional,
individual and community level perpetuating the behaviours and the strengthening of
bonds between the members, community and the institution which in turn assists in the
generation of social capital. While this is a simplified example, the complexity lies in the
way this leadership then informs the norms and governance of the institution and may
inform the participation, either through increased membership due to the increased social
capital (and tangible individual benefits) or it may lessen participation as the members
have an understanding that the institution is in good hands and does not need its active
oversight. The consequences can be both good and bad, positive outcomes can create
social capital or deplete social capital. Conversely negative consequences flowing from
this Social Capital Development Framework may induce positive outcomes through actions of solidarity or behaviours of collective action to therefore increase social capital. Consequences, either positive or negative can create or deplete social capital which then transition into either positive or negative behaviours that feed back into the Social Capital Development Framework which then at points of intersection modify or enforce the constituent elements. And so the cycle continues. It must also be noted that the Social Capital Development Framework is not self-perpetuating in the sense that it is isolated from outside influences such as government or economic conditions etc. External influences also have an effect on the constituent elements of the Social Capital Framework and also feed into and affect the consequences and the resulting behaviours that result from this process.

7.5 The Lifecycle of a Financial Cooperative

I have used the phrase lifecycle as it accurately articulates the journey that a financial cooperative faces during its life. Similar to a human lifecycle there are periods of growth and development, periods of vitality, periods of maturation, periods of stagnation and a time of death. In an earlier chapter I used the conceptual metaphor of the body to demonstrate the vital parts of the Social Capital Schematic to demonstrate their function and their connection with other parts of the schematic. It is fitting then that we frame the concluding discussions in the broader context of the cycle of life.

The lifecycle approach helps to identify where on the scale the institutions are and what the future may potentially hold for them. Due to the narrow focus of this thesis I can only present a consolidated view of the lifecycle in each research country, perhaps further papers can be written utilizing the same data set that can further fragment and identify where either individual financial cooperatives sit on the scale or alternatively where groups of financial cooperatives sit according to their province or district.

In this thesis I have not endeavoured to develop any grand theories around the concept of a financial cooperative lifecycle simply some tools to understand the research sites. Perhaps the development of a theory around this could be elaborated with more research, especially given the decline that the Australian credit unions (Mason 2010) are currently experiencing. It may be useful to develop a grand theory as a way of positioning the institutions and explaining what has happened. I do however want to differentiate between the economic and the social components of the lifecycle. That is, I have used the word economic to encompass not only the financial aspects of the institution but also the growth components.
The financial cooperatives that are contained within this research can be categorized in three ways. Those that are emerging and developing or are in their infancy, those that are perhaps young adults and are socially strong although perhaps not financially independent and those that are on the road to maturity.

The social and the economic may be positioned differently on the lifecycle continuum for the institution. For example the financial cooperative may have strong social bonds, lots of trust and cooperation and participation and therefore be seen to have high levels of social capital but at the same time might not be growing and strengthening financially. Conversely a financial cooperative could have good growth in membership and assets but at the same time their social capital is dissipating (Mason 2010).

The research data demonstrated that the financial cooperatives in each of the research locations were clearly in different stages of their lifecycle in terms of their social capital and institutional development. The Solomon Islands financial cooperatives were the oldest in terms of the time they had been in existence however they were the most immature of the three locations. They were operationally immature but more importantly they were immature in terms of their development of social capital. During the data collection phase and interviews there was ample evidence as outlined in Chapter Five that the institutions operationally were suffering from a lack of capacity and technical skills. This is further confirmed from INGO project monitoring and evaluation reports (Drummond 2008, 2013). The data collection confirmed that the social capital within the Solomon Island research communities was underdeveloped. While the communities of the Solomon Islands have a very sophisticated social system (Government of Solomon Islands 2002b, 2002a; Oliver 1955) and intricate ways the community interacts, it was evident from the data that the financial cooperative does not necessarily benefit or leverage off this existing social system as well it might. There are obvious tensions between a rational, process driven approach necessary for a financial institution and a social system that is relationally constructed. They both follow rules however the local social system is adaptive and not always lineal in its approach to the environment whereas operating a financial institution must be rigid in the execution of its operational processes and procedures and especially its rules and regulations.

The Solomon Island financial cooperatives can be viewed as in their infancy and are on a (albeit slow) pathway to developing. This is in direct contrast to the Cambodian financial cooperatives where they have been in operation the shortest number of years but have now reached a crossroads of maturity where social capital is on the decline due to their expansion and growth outside of their immediate communities. The Cambodian
financial cooperatives are operationally and financially strong but the social capital between the community and individuals and the institution is dissipating. The Timor Leste financial cooperatives enjoy higher levels of social capital than Cambodia or the Solomon Islands however they are much weaker operationally and financially.

It would appear from the data that the Cambodian financial cooperatives will continue to grow and mature both financially and operationally but the social ties which were the foundation of the institutions when they were established will be weakened and the social capital which was integral to their initial success will be supplanted by financial capital and a Neo-Newtonian paradigm (Chambers 2010). The institutions will most likely continue but their institutional mission and vision as well as their positioning of members within the decision making and the operations will change. The generation of social capital within the development of the financial cooperative may lessen as the institution matures however this does not infer that the community is not generating social capital in other forums and institutions, only that opportunities for this to occur within the financial cooperative has reduced.

The Solomon Island financial cooperatives have demonstrated that they develop their social capital and operations at a very slow pace. It will be some time before the Solomon Island financial cooperatives reconcile their cultural and social practices to those necessary to operate a financial cooperative. It is only then that stocks of social capital can be developed and utilized for the benefit of the institutions.

The financial cooperatives in Timor Leste face a different set of challenges to those of Cambodia and the Solomon Islands. They have the highest levels of social capital of the three research locations however they are operationally and financially weak. While their stocks of social capital are high their ability to institutionally capitalize on it is weak. This means that while the members enjoy high levels of reciprocity, participation, cooperation, trust and solidarity, they have not been able to leverage this to strengthen their institutions.

7.6 Conclusion
This chapter provided a detailed comparative analysis of the structural and cognitive characteristics of the communities within the research. Utilising the Social Capital Schematic results and the Social Capital Development Framework I have compared and contrasted the similarities and cleavages in the location and creation of social capital. I have also provided analysis of where social capital is deteriorating and being destroyed within the financial cooperatives of the research locations.
The perceived and real structural differences between each of the research countries’ financial cooperatives further assisted in locating and positioning the generation of social capital. By examining the constituent parts of trust, participation, leadership, culture, reciprocity and networks etc. across the three research locations it confirms the importance and role of these elements in the production of social capital and the effect on the institution, the community and individual.

The responsibility for everyday life was positioned differently in the research locations. The Cambodian data indicated a high level of self-reliance however both Timor Leste and the Solomon Islands draw heavily on their governments to provide for their needs. This motif carried through to general decision making and forms of democracy that saw the Cambodian respondents engaged at all levels of decision making. The other two research sites tended to authorize elected leadership to represent their interests in totality. Economic success for the Timorese and Solomon Island respondents was firmly the responsibility of their governments whereas the Cambodian respondents tended to see their economic success closely linked to their immediate communities. In the research locations where the positioning of responsibility was away from the immediate community and family, saw governments and other development partners hijack the financial cooperatives agenda weakening community agency and voice to satisfy other needs.

The research data presented unexpected results due to the geographical location, demographic and economic positioning of the institution. This chapter demonstrated surprisingly, that there is gendered participation within the financial cooperatives whereby in some locations the financial cooperative membership is made up of females yet the governance structures are populated with men. The chapter discussed the capacity for financial cooperatives to be exclusionary in nature and the resulting destruction of social capital which can occur through these practices. It is also surprising that even though financial cooperatives are localized institutions the political environment could sometimes impact on the institutional decision making of the community and, in most cases, affect the financial cooperative’s willingness to reach out and actively lobby the government on behalf of their community and institution. Political expression was either enhanced or constrained depending upon the cognitive and structural experiences of the community and individuals.

The role of institutional homogeneity in the developmental stages of a financial cooperative was seen to be beneficial in generating social capital, binding the group together and building trust however as the institution grew it became more
heterogeneous in composition which was shown to weaken the social ties between the membership. As the institution moves from a homogeneous group so too does the type of trust. Developing financial cooperatives enjoy a particularized trust but as the financial cooperative becomes more heterogeneous in membership the trust moves from being situated between the individuals to becoming a generalized trust situated between the member and the institution.

The institution and the community’s ability to generate trust is also affected by corruption which was shown to have a detrimental effect on the ability to generate social capital. Corruption was positioned differently for each of the research countries however its negative effect on the development of social capital was evident especially in relation to the development of trust, an essential component of social capital.

The role of solidarity featured heavily in the comparative data. The financial cooperatives, as an expression of a Solidarity Economy, were in most cases either a form of self-defense against the market or a remedy for market failure. The structural economic and institutional benefits of the development of financial cooperatives also brought a number of cognitive benefits to the communities. These included behaviours and understandings of reciprocity as well as opening up multiple locations for actions of mutual aid and cooperation. The cognitive benefits outlined in this chapter demonstrated the locations for the generation of social capital, where norms were able to emerge from the relationships, values and ideas. The chapter also validated the way in which norms and ways of behavior assisted in individual self-monitoring to ensure the benefits and interests of the group were protected over the interests of the individuals within the membership and leadership roles.

Some forms of cooperation were limited in this research data. Collective action in the three countries surveyed was not as evident as would have been expected. When examined through the four filters of Political, Influencing, Localized and Charitable/Welfare, the results indicated résistance for different reasons in each research location. While the role of collective action in the communities surveyed was not substantial, cooperation in within other forms of activity was more prevalent. The Cambodian respondents cooperated in networks that had economic benefits while the Timor Leste and Solomon Island respondents participated in cultural, civic and sporting associations. The networks were not always localized, with the Timor Leste financial cooperatives demonstrating bridging capabilities at both a national, regional and international level.

Research Contribution
This research has shown that financial cooperatives can have varying levels of social capital and yet it not necessarily impact on the economic success of the institution. Conversely the long term success in meeting the original social goals and the resulting social capital may be impacted by the institutional growth and economic success. It is evident from the data that the institutions struggle to balance the social agenda of the organisation and therefore have adequate levels of social capital, and the need for operational and financial sustainability. Often the economic needs of the institution take priority over the broader needs of building social capital. In the initial stages of the development of the financial cooperative the social development is valued over the economic development. Over time as the institution professionalizes the valuing of the economic over the social begins to occur. It may be argued that the neo-liberal economic agenda (Fine and Green 2000; Fine 2010) takes priority over the social mission of the institution. The findings of this research indicate that social capital can develop unevenly and be influenced by different factors. It can develop slowly or alternatively can suffer atrophy if the institutional conditions are not fitting. The research has also shown that the financial cooperative is affected by the social capital of the community within which it is situated as it is also affected by the social capital within its own membership.

The research has demonstrated the benefits of financial cooperatives and the associated social capital that they generate and how they can contribute to strengthening not only the institution but also the community. The benefits that arise for the individual members are far in excess of simply having access to financial services. The individuals develop forms of interacting with other community members as well as those outside of their community in a way that enhances and contributes to their everyday life. It also enhances their lives in an economic sense through not only having access to financial services but strong social links to others within the community. They develop reserves of social capital that may be called upon in times of need. The social capital is not just a commodity that can be exchanged for financial assistance but can be utilized at other times to elicit informal non-monetary economic help and support. The financial cooperative may be a foundation to rally people together to develop stronger social ties that permeate other areas of their lives.

The focus of this thesis is on the generation of social capital however it should be noted that this research has identified other more tangible outcomes which occur during this process. As both active and passive participants in the development of social capital the community and individuals develop skills and experience that can affect other aspects of their lives. Skills and experience that are transferable such as leadership, collective action, community mobilization, and technical skills. While these skills may be possessed
by individuals and often realized when working collaboratively they can benefit the community and contribute to further development of community social capital.

Chapter Three provided a cohesive approach to linking the distinct social capital component theories together to provide a way of examining all of the facets that contribute to the generation, destruction and expenditure of social capital. This cohesive approach took into consideration both the cognitive as well as the structural features of the individual, community and institutions in the form of financial cooperatives. It provides other researchers with a holistic view of a research site in relation to social capital and additionally it provides a way for financial cooperative development practitioners to look outside of their usual functionalist and isolationist framework of institution building.

There is also a methodological contribution made by this research through linking the SOCAT tool to the Social Capital Schematic. Articulating a research tool such as the SOCAT into the Social Capital Schematic analytical tool will assist other researchers to combine individuals, community and institutions to understand the location, and the contribution of, developing social capital whether that is within individuals, community or institutions. While this research has focused on financial cooperatives with the adaptation of some of the SOCAT questionnaires there would be the ability to utilize the Social Capital Schematic in a range of different community owned institutional settings.

**Implications of the Study**

This study provides a third way of viewing financial cooperatives. They no longer need to be viewed in duality, that of both a social and a financial artefact but as an entity that encompasses and relies on the interconnectedness and unified nature of both elements. I have demonstrated that social capital can fuse in varying quantities with the economic elements of the financial cooperatives but when social capital declines the institution’s founding social raison d’être weakens. The study also demonstrates that institutional development encompassing both the social and the economic develop at different speeds depending upon the environmental context.

The consequence for financial cooperative development practitioners is that financial cooperatives cannot be simply just “implemented” they arise from the expressed desires and vision of the community. Nor can they be “developed” at a particular pace. They will develop only in line with the community’s capacity. They must operationally and socially develop in ways that are contextually contingent to fit the needs of both the community and its cultural landscape of the institution. This will mean that development will be uneven and subject to failure from time to time as the community navigate their way
through, and reconcile, the environmental context with the needs of the institution and its membership.

Further Research
This study has uncovered opportunities for further research. The first of those being more research into the variances of social capital in relation to economic development to understand the relationship between both influences on financial cooperatives. Further examination of the lifecycle of the financial cooperatives may uncover indicators and provide insights into the weighting or importance of those influences.

In Chapter Five I identified that there was a strong sense of solidarity which was in direct contradiction to the low levels of collective action reported which given the strong social relationships evident within the communities surveyed, did not align with the expected results. Perhaps further work in this area could be undertaken to understand if collective action is positional, that is, if it is not found in the larger group could collective action be found in family groups, is collective action contingent on familiar relationships rather than geographical or groups of common interest?

A significant question that deserves further examination as I unpacked my research data was whether a social and economic agenda could ever comfortably sit together indefinitely. Would one always need to be subservient to the other? There are many social enterprises as well as cooperatives that hold within them the tension between these two competing agendas. How is a balance achieved, and how does an organisation or group of people navigate a way of achieving this balance? Is this culturally or environmentally contingent? This could be framed in a broader question of whether a social agenda can sit alongside an economic agenda in this neo-liberal era.

Furthermore, how can financial cooperatives meet the agendas of governments and multilaterals who have neo-liberal approaches to financial inclusion strategies: where the success of those strategies is often measured by number of loans given and assets of the institution, where little to no value is placed on the social outcomes of the community and all value is placed on economic efficiencies and scales of economies and regulation? This research has demonstrated these influences can be in direct opposition to the requirements necessary to develop social capital.

Summary
In summary I will provide a recap of the content of each chapter of this thesis. The first chapter provided an outline of the purpose of the study and the relationship between financial cooperatives and social capital and both the parameters and limitations of the
research. In Chapter Two I provided a detailed literature review that covered both the history, structure and philosophy of financial cooperatives as well as their place within the broader economy. In this chapter I provided a review of the contested nature of social capital and the main proponents of the various positions of social capital. I also sought to provide a review of the components of social capital and its affects and durability within institutions, communities and individuals. The third chapter provided an outline of the theoretical framework leveraging off the work of a great many theorists to ultimately provide a framework and schematic that was suitable to analyze the environment of financial cooperatives from a social capital theoretical perspective. Chapter Three also provided an explanation of the survey tool and its implementation in the field as well as the challenges faced and the strategies and tactics employed to ameliorate the impacts. Chapters Four, Five and Six each looked at the research findings in Cambodia, Solomon Islands and Timor Leste respectively. The data was examined and discussed from three perspectives: Community, Institution and Individual as well as from a structural and cognitive view. A comparative analysis was provided in this chapter along with a discussion around the consequences of the social capital that has been generated in each of the countries surveyed.

As the chapters unfolded with the exploration of the data, I found from the research that I needed to understand the role of social capital in relation to the institutions differently. I also found it useful to position the financial cooperative within a lifecycle due to the complexity of influences on the institution. Positioning the financial cooperative within a lifecycle helps to view the social capital within a broader environment of both internal and external influences. The lifecycle of a financial cooperatives needs to be considered and evaluated in context to both the social and economic forces which are at the heart of the institutions. There is a need to clearly delineate between the social and the economic and understand how the two different forces work together. Both forces having a role to play and definite impact on the institution and its position within the lifecycle.

If financial cooperatives are to realize their full potential, the tension between the competing forces of the economic and social needs of the institution must to be reconciled. This study clearly demonstrates the social capital generation which occurs both within and outside of the financial cooperative has greater benefits over and above the basic provision of financial services to a community. The power of cooperation, solidarity and mutual aid, the building of trust, and the strengthening of social connections permeate into other areas of community life and interaction. The influence of the financial cooperative to play a role in transforming and empowering communities through the generation of social capital is evident in this research.
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Appendices

Appendix 1 - Cambodian Social Capital Schematic Data

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| Participation | 51.99 |

<table>
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<p>| Organisational Culture | 73.33 |</p>
<table>
<thead>
<tr>
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<tr>
<td>Specific Capabilities</td>
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| **Structural And Cognitive Assets**       | 60.56 |
| **Institution**                           | 60.56 |
| **Individual**                            |  |
| Cognitive Social Capital                  |  |
| Solidarity                                |  |
| Location                                  | 89.35 |

| **Trust & Cooperation**                   | 40.87 |
| **Conflict Resolution**                   | 66.92 |
| **Cognitive Social Capital**              | 65.71 |
| **Structural Social Capital**             |  |
| **Collective Action**                     |  |
| Leadership                                | 56.63 |
| Participation                             | 48.11 |
| Frequency                                 | 3.5  |
| History                                   | 17.1 |

<p>| <strong>Exclusion</strong>                             | 46.82 |
| <strong>Leadership Support</strong>                   | 62.6  |
| Networks                                  | 67.04 |
| <strong>Networks &amp; Mutual Support Orgs</strong>        | 64.82 |
| <strong>Org Density &amp; Characteristics</strong>         |  |
| Density                                   | 10.9  |
| Participation                             | 100   |
| Homogeneity                               | 81.55 |</p>
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<thead>
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### Appendix 3 – Timor Leste Social Capital Schematic Data

#### Community Structural Assets

<table>
<thead>
<tr>
<th>Physical Assets</th>
<th>%</th>
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<tbody>
<tr>
<td>Housing</td>
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<tr>
<td>Electricity</td>
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<td>Water</td>
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<td>Internet</td>
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<td>Sewage</td>
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<tr>
<td>Garbage Collection</td>
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<td>Markets</td>
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<td>Transport</td>
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<td>Recreation</td>
<td>24.75</td>
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<tr>
<td>Security</td>
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</table>

**Physical Assets** 28.63%

#### Community Attributes

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<tbody>
<tr>
<td>Years of Existence</td>
<td>57.3</td>
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<tr>
<td>Number of Households</td>
<td>39.6</td>
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<tr>
<td>Population Movement</td>
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<td>Reason for Population Movement</td>
<td>43.1</td>
</tr>
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<td>Economic Activity for men</td>
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<tr>
<td>Economic Activity for women</td>
<td>88.8</td>
</tr>
<tr>
<td>Available Employment</td>
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**Community Attributes** 69.97%

#### Human Assets

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<tr>
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**Human Assets** 34.57%

#### Educational Assets

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**Educational Assets** 59.42%

#### Health Assets

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**Health Assets**
### Health Assets

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<td>Support</td>
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<td>Resources</td>
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### Community Support Assets

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### Cognitive Assets

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### Leadership

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### Participation

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### Institution

### Individual

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### Trust & Cooperation

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### Conflict Resolution

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### Collective Action

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### Org Density & Characteristics

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<td>--------------------------------</td>
<td>-------</td>
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<tr>
<td>Individual</td>
<td>56.58</td>
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</table>
1. COMMUNITY CHARACTERISTICS

1.1 How many years has the community been in existence?

More than 20 years [ ] 1
Between 10 and 20 years [ ] 2
Fewer than 10 years [ ] 3

1.2 How many households are in this community?

Fewer than 25 [ ] 1
Between 25 and 49 [ ] 2
Between 50 and 99 [ ] 3
Between 100 and 249 [ ] 4
More than 250 [ ] 5

1.3 In the last three years, the number of people living in this community has:

Increased [ ] 1
Decreased [ ] 2
Remained the same [ ] 3

1.4 What are the two main reasons for the increase, decrease, or lack of change?

(a) ________________________________
(b) ________________________________

1.5 What are the two principal economic activities for men in this community?

(a) ________________________________
(b) ________________________________

1.6 What are the two principal economic activities for women in this community?

(a) ________________________________
(b) ________________________________

1.7 In the last three years, availability of employment has:

Improved [ ] 1
Worsened [ ] 2
Remained the same [ ] 3
1.8 What is the main route that inhabitants use to reach this community, both during rainy season and dry season?

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<th>(a) Rainy</th>
<th>(b) Dry</th>
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</thead>
<tbody>
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<td>[ ] 1</td>
</tr>
<tr>
<td>Dirt road</td>
<td>[ ] 2</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>Mixed paved and dirt</td>
<td>[ ] 3</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>Footpath</td>
<td>[ ] 4</td>
<td>[ ] 4</td>
</tr>
<tr>
<td>Horse trail</td>
<td>[ ] 5</td>
<td>[ ] 5</td>
</tr>
<tr>
<td>Sea</td>
<td>[ ] 6</td>
<td>[ ] 6</td>
</tr>
<tr>
<td>Other (specify)</td>
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<td>[ ] 7</td>
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</table>

1.9 In the last three years, the roads leading to this community have:

- Improved [ ] 1
- Worsened [ ] 2
- Remained the same [ ] 3

1.10 The availability of housing in this community is:

- Adequate [ ] 1
- Deficient [ ] 2

1.11 In the last three years, the quality of housing in this community has:

- Improved [ ] 1
- Worsened [ ] 2
- Remained the same [ ] 3

1.12 What are the two main reasons that housing in the community has improved, worsened, or remained the same during the last three years?

(a) __________________________

(b) __________________________

1.13 In the last three years, the overall quality of life of the people living in this community has: (consider job availability, safety and security, environment, housing, etc.)

- Improved [ ] 1
- Worsened [ ] 2
- Remained the same [ ] 3

1.14 What are the two main reasons that the quality of life in the community has improved, worsened, or remained the same during the last three years?

(a) __________________________

(b) __________________________

1.15 Overall, the level of living of this community may be characterized as:

- Wealthy [ ] 1
- Well-to-do [ ] 2
- Average [ ] 3
- Poor [ ] 4
- Very poor [ ] 5
1.16 Do people in this community generally trust one another in matters of lending and borrowing?

Yes [ ] 1
No [ ] 2

1.17 In the last three years, has the level of trust improved, worsened, or stayed the same?

Improved [ ] 1
Worsened [ ] 2
Remained the same [ ] 3

1.18 Compared with other communities, how much do people in this community trust each other in matters of lending and borrowing?

More trust than in other communities [ ] 1
Same as in other communities [ ] 2
Less trust than in other communities [ ] 3

1.19 Do you agree or disagree with the following statement: People here look out mainly for the welfare of their own families and they are not much concerned with community welfare.

Strongly agree [ ] 1
Agree [ ] 2
Disagree [ ] 3
Strongly disagree [ ] 4

2. Principal Services

2.1 Electricity

2.1.1 What fraction of the community has household electrical service?

The entire community [ ] 1
Most of the community [ ] 2
About half the community [ ] 3
Less than half/very few [ ] 4
No one in the community [ ] 5 (go to section 2.2)

2.1.2 In the last three years, the electrical service to this community has:

Improved [ ] 1
Worsened [ ] 2
Remained the same [ ] 3

2.1.3 Currently, the quality of electrical service within the homes of this community is:

Very good [ ] 1
Good [ ] 2
Average [ ] 3
Poor [ ] 4
Very poor [ ] 5

2.1.4 What are the two main problems with the electrical service?

(a) ________________________________

(b) ________________________________
2.2 Public Lighting

2.2.1 Does this community have street lights?

|        | |       |
|--------|--------|
| Yes    | [ ]    | 1      |
| No     | [ ]    | 2 (go to section 2.3) |

2.2.2 In the last three years, the public lighting service has:

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<thead>
<tr>
<th></th>
<th>[ ]</th>
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</thead>
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<td>1</td>
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</tr>
<tr>
<td>Worsened</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Remained the same</td>
<td>3</td>
<td></td>
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2.2.3 Currently, the quality of public lighting service is:

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<tr>
<th></th>
<th>[ ]</th>
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<tr>
<td>Very good</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Good</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Average</td>
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<td></td>
</tr>
<tr>
<td>Poor</td>
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<td></td>
</tr>
<tr>
<td>Very poor</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

2.2.4 What are the two main problems with the public lighting in this community?

(a) ..............................................

(b) ..............................................

2.3 Drinking Water

2.3.1 What part of the community has pipe-borne water?

<table>
<thead>
<tr>
<th></th>
<th>[ ]</th>
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</thead>
<tbody>
<tr>
<td>The entire community</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Most of the community</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>About half the community</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Less than half/very few</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>No one in the community</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

2.3.2 What part of the community has access to public standpipes?

<table>
<thead>
<tr>
<th></th>
<th>[ ]</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The entire community</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Most of the community</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>About half the community</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Less than half/very few</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>No one in the community</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

2.3.3 In the last three years, potable water service has:

<table>
<thead>
<tr>
<th></th>
<th>[ ]</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Worsened</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Remained the same</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

2.3.4 Currently, the potable water service is:

<table>
<thead>
<tr>
<th></th>
<th>[ ]</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Very good</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Good</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Poor</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Very poor</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>
2.3.5 What are the two main problems with the potable water service?

(a) __________________________________________

(b) __________________________________________

2.4  Home Telephone Service

2.4.1 What fraction of the community has home telephone service?

| The entire community | [ ] | 1 |
| Most of the community | [ ] | 2 |
| About half the community | [ ] | 3 |
| Less than half/very few | [ ] | 4 |
| No one in the community | [ ] | 5 (go to section 2.4.3) |

2.4.2 Currently, the home telephone service is:

| Very good | [ ] | 1 |
| Good | [ ] | 2 |
| Average | [ ] | 3 |
| Poor | [ ] | 4 |
| Very poor | [ ] | 5 |

2.4.3 What fraction of the community has a mobile/cell phone?

| The entire community | [ ] | 1 |
| Most of the community | [ ] | 2 |
| About half the community | [ ] | 3 |
| Less than half/very few | [ ] | 4 |
| No one in the community | [ ] | 5 (go to section 2.5) |

2.4.4 Does this community have mobile/cell coverage?

| The entire community | [ ] | 1 |
| Most of the community | [ ] | 2 |
| About half the community | [ ] | 3 |
| Less than half/very few | [ ] | 4 |
| No coverage at all | [ ] | 5 |

2.5  Communication Services

2.5.1 Does this community have public telephones?

| Yes | [ ] | 1 |
| No | [ ] | 2 (go to question 2.5.3) |

2.5.2 How many public telephones are in this community?

_______________________________ (go to question 2.5.4)

2.5.3 What is the distance from this community to the nearest public telephone?

Distance (in walking minutes) ________________

2.5.4 In the last three years, the public telephone service in this community has:
2.5.5 Currently, the public telephone service in this community is:

<table>
<thead>
<tr>
<th>Quality</th>
<th>[ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very good</td>
<td>1</td>
</tr>
<tr>
<td>Good</td>
<td>2</td>
</tr>
<tr>
<td>Average</td>
<td>3</td>
</tr>
<tr>
<td>Poor</td>
<td>4</td>
</tr>
<tr>
<td>Very poor</td>
<td>5</td>
</tr>
</tbody>
</table>

2.5.6 What are the two main problems with the public telephone service in this community?

(a) ________________________________

(b) ________________________________

2.5.7 Is there a postal service in this community?

<table>
<thead>
<tr>
<th>Answer</th>
<th>[ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
</tr>
</tbody>
</table>

2.5.8 What is the distance from this community to the nearest post office?

Distance (in walking minutes) ________________

2.5.9 In the last three years, the mail service in this community has:

<table>
<thead>
<tr>
<th>Quality</th>
<th>[ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved</td>
<td>1</td>
</tr>
<tr>
<td>Worsened</td>
<td>2</td>
</tr>
<tr>
<td>Remained the same</td>
<td>3</td>
</tr>
</tbody>
</table>

2.5.10 Currently, the mail service in this community is:

<table>
<thead>
<tr>
<th>Quality</th>
<th>[ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very good</td>
<td>1</td>
</tr>
<tr>
<td>Good</td>
<td>2</td>
</tr>
<tr>
<td>Average</td>
<td>3</td>
</tr>
<tr>
<td>Poor</td>
<td>4</td>
</tr>
<tr>
<td>Very poor</td>
<td>5</td>
</tr>
</tbody>
</table>

2.5.11 What are the two main problems with the mail service in this community?

(a) ________________________________

(b) ________________________________

2.5.12 What fraction of the community has access to public Internet service?

<table>
<thead>
<tr>
<th>Access Type</th>
<th>[ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>The entire community</td>
<td>1</td>
</tr>
<tr>
<td>Most of the community</td>
<td>2</td>
</tr>
<tr>
<td>About half the community</td>
<td>3</td>
</tr>
<tr>
<td>Less than half/very few</td>
<td>4</td>
</tr>
<tr>
<td>No one in the community</td>
<td>5</td>
</tr>
</tbody>
</table>
2.5.13 Where are public Internet access services available?

Local school [ ] 1
Library [ ] 2
Community center [ ] 3
Training center [ ] 4
Internet café [ ] 5
Other (specify) [ ] 6 ____________________________

2.5.14 What is the distance from this community to the nearest public Internet access service?

Distance (in walking minutes) __________________

2.6 Sewage

2.6.1 What fraction of the community is served by a public sewage system?

The entire community [ ] 1
Most of the community [ ] 2
About half the community [ ] 3
Less than half/very few [ ] 4
No one in the community [ ] 5 (go to question 2.6.6)

2.6.2 In the last three years, the quality of the public sewage system in this community has:

Improved [ ] 1
Worsened [ ] 2
Remained the same [ ] 3

2.6.3 Currently, the public sewage system is:

Very good [ ] 1
Good [ ] 2
Average [ ] 3
Poor [ ] 4
Very poor [ ] 5

2.6.4 What are the two main problems with the public sewage system in this community?

(a) ____________________________

(b) ____________________________

2.6.5 Do the streets of this community have sufficient sewers and drains to handle excess water and prevent flooding when it rains?

Yes [ ] 1
No [ ] 2

2.6.6 What other sewage and waste water systems are used in this community?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Latrine</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>b. Septic tanks</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>c. River or sea</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>d. Other (specify)</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
</tr>
</tbody>
</table>

2.7 Garbage Collection

292
2.7.1 What fraction of the community is served by a garbage collection service?

The entire community [ ] 1
Most of the community [ ] 2
About half the community [ ] 3
Less than half/very few [ ] 4
No one in the community [ ] 5 (go to question 2.7.3)

2.7.2 In the last three years, the quality of the garbage disposal in this community has:

Improved [ ] 1
Worsened [ ] 2
Remained the same [ ] 3

2.7.3 In the homes that do not receive garbage collection service, what is the main solid waste disposal method?

Burn it [ ] 1
Throw on own lot [ ] 2
Throw on others’ lots [ ] 3
Throw into river/sea [ ] 4
Bury it [ ] 5
Pay to haul away [ ] 6
Other (specify) [ ] 7

2.8 Public Market

2.8.1 Does this community have a public market?

Yes [ ] 1 (go to question 2.3.3)
No [ ] 2

2.8.2 The walking distance from the community to the nearest market is:

Distance (in walking minutes) ___________ (go to section 2.9)

2.8.3 The market is open:

Every day [ ] 1
Some days of the week [ ] 2
One day per week [ ] 3
Other (specify) [ ] 4

2.8.4 In the last three years, the quality and service of this market has:

Improved [ ] 1
Worsened [ ] 2
Remained the same [ ] 3

2.8.5 How many people in the community use the market?

The entire community [ ] 1
Most of the community [ ] 2
About half the community [ ] 3
Less than half/very few [ ] 4
2.9 **Transportation**

2.9.1 Is this community served by a public transport system?

Yes [ ] 1 (go to question 2.9.3)
No [ ] 2

2.9.2 The walking distance to the nearest community with public transportation is:

Distance (in walking minutes) __________ (go to question 2.9.7)

2.9.3 Public transportation is available:

- Every day [ ] 1
- Some days of the week [ ] 2
- One day per week [ ] 3
- Other (specify) [ ] 4

2.9.4 In the last three years, the quality and service of public transportation has:

- Improved [ ] 1
- Worsened [ ] 2
- Remained the same [ ] 3

2.9.5 Public transportation is used by:

- The entire community [ ] 1
- Most of the community [ ] 2
- About half the community [ ] 3
- Less than half/very few [ ] 4
- No one in the community [ ] 5

2.9.6 What two main changes can be made to improve public transportation to this community?

(a) ______________________________________
(b) ______________________________________

2.9.7 What other types of transportation do people in this community use to go to neighboring communities? (List the two most important ones).

(a) (b)

Walking 1
Bicycle 2
Horse 3
Canoe/boat 4
Car 5
Other (Specify) 6 ______________________________________

2.10 **Recreation**

2.10.1 Does this community have sports fields or recreational areas?

Yes [ ] 1
No [ ] 2 (go to question 2.10.3)

2.10.2 In the last three years, the condition of the sports fields and recreational areas has:

<table>
<thead>
<tr>
<th>Status</th>
<th>[ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved</td>
<td>1</td>
</tr>
<tr>
<td>Worsened</td>
<td>2</td>
</tr>
<tr>
<td>Remained the same</td>
<td>3</td>
</tr>
</tbody>
</table>

2.10.3 Does this community have separate children’s play areas?

<table>
<thead>
<tr>
<th>Status</th>
<th>[ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
</tr>
<tr>
<td>No</td>
<td>2 (go to section 2.11)</td>
</tr>
</tbody>
</table>

2.10.4 In the last three years, the condition of these children’s play areas has:

<table>
<thead>
<tr>
<th>Status</th>
<th>[ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved</td>
<td>1</td>
</tr>
<tr>
<td>Worsened</td>
<td>2</td>
</tr>
<tr>
<td>Remained the same</td>
<td>3</td>
</tr>
</tbody>
</table>

2.11 Security

2.11.1 Does this community have a security or police force?

<table>
<thead>
<tr>
<th>Status</th>
<th>[ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
</tr>
<tr>
<td>No</td>
<td>2 (go to section 3)</td>
</tr>
</tbody>
</table>

2.11.2 This service is provided by:

<table>
<thead>
<tr>
<th>Provider</th>
<th>[ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>The police</td>
<td>1</td>
</tr>
<tr>
<td>The community</td>
<td>2</td>
</tr>
<tr>
<td>A private company</td>
<td>3</td>
</tr>
</tbody>
</table>

2.11.3 This security service is provided to:

<table>
<thead>
<tr>
<th>Group</th>
<th>[ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>The entire community</td>
<td>1</td>
</tr>
<tr>
<td>Most of the community</td>
<td>2</td>
</tr>
<tr>
<td>About half the community</td>
<td>3</td>
</tr>
<tr>
<td>Less than half/very few</td>
<td>4</td>
</tr>
</tbody>
</table>

2.11.4 In the last three years, the quality of the security service has:

<table>
<thead>
<tr>
<th>Status</th>
<th>[ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved</td>
<td>1</td>
</tr>
<tr>
<td>Worsened</td>
<td>2</td>
</tr>
<tr>
<td>Remained the same</td>
<td>3</td>
</tr>
</tbody>
</table>

3. Labor Migration

3.1 Are there members of this community who go to other places to work during certain periods of the year?

<table>
<thead>
<tr>
<th>Status</th>
<th>[ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
</tr>
<tr>
<td>No</td>
<td>2 (go to question 3.6)</td>
</tr>
</tbody>
</table>

3.2 Do more women than men leave to work? Do more men than women leave to work? Or equal numbers of women and men?

<table>
<thead>
<tr>
<th>Gender</th>
<th>[ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>More women than men</td>
<td>1</td>
</tr>
<tr>
<td>More men than women</td>
<td>2</td>
</tr>
</tbody>
</table>
Equal numbers [ ] 3

3.3 Where do they go to work primarily?

To a city in this region [ ] 1
To a city in another region [ ] 2
To a city in another country [ ] 3
To a rural area in this region [ ] 4
To a rural area in another region [ ] 5
To a rural area in another country [ ] 6

3.4 What are the two principal jobs women leave for?

(a) ____________________________
(b) ____________________________

3.5 What are the two principal jobs men leave for?

(a) ____________________________
(b) ____________________________

3.6 Are there people from other communities who come to work in this community?

Yes [ ] 1
No [ ] 2 (go to section 4)

3.7 What are the two principal jobs they come for?

(a) ____________________________
(b) ____________________________

4. EDUCATION

4.1 Preschool

4.1.1 Does this community have a public preschool?

Yes [ ] 1 (go to question 4.1.3)
No [ ] 2

4.1.2 How far from the community is the nearest public preschool?

Distance (in walking minutes) ____________ (go to section 4.2)

4.1.3 Is the number of preschools in this community sufficient to serve the number of young children in the community?

Yes [ ] 1
No [ ] 2

4.1.4 Is the number of teachers in these preschools sufficient for the number of children?

Yes [ ] 1
No [ ] 2
4.1.5 The physical condition of the preschool is:

- Very good [ ] 1
- Good [ ] 2
- Average [ ] 3
- Poor [ ] 4
- Very poor [ ] 5

4.1.6 What percentage of young children attend public preschools?

- All children [ ] 1 (go to section 4.2)
- Most children [ ] 2
- About half of the children [ ] 3
- Less than half [ ] 4
- Very few/none [ ] 5

4.1.7 What are the two principal reasons that young children from this community do not attend public preschool?

(a) __________________________
(b) __________________________

4.2 Primary School

4.2.1 Does this community have a public primary school?

- Yes [ ] 1 (go to question 4.2.3)
- No [ ] 2

4.2.2 How far from the community is the nearest public primary school?

Distance (in walking minutes) ____________ (go to section 4.3)

4.2.3 Is the number of primary schools in this community sufficient to serve the number of school-age children in the community?

- Yes [ ] 1
- No [ ] 2

4.2.4 Is the number of teachers in these schools sufficient for the number of students?

- Yes [ ] 1
- No [ ] 2

4.2.5 The physical condition of the primary school is:

- Very good [ ] 1
- Good [ ] 2
- Average [ ] 3
- Poor [ ] 4
- Very poor [ ] 5

4.2.6 What percentage of eligible school-age children attend public primary schools?

- All children [ ] 1 (go to section 4.3)
- Most children [ ] 2
- About half of the children [ ] 3
4.2.7 What are the two principal reasons that school-age children from this community do not attend public primary school?

(a) ____________________________

(b) ____________________________

4.3 **Secondary School**

4.3.1 Does this community have a public secondary school?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>[ ]</td>
</tr>
<tr>
<td>No</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

4.3.2 How far from the community is the nearest public secondary school?

Distance (in walking minutes) ___________ (go to section 4.4)

4.3.3 Is the number of secondary schools in this community sufficient to accommodate the number of secondary-school-age students in the community?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>[ ]</td>
</tr>
<tr>
<td>No</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

4.3.4 Is the number of teachers in the secondary schools sufficient for the number of students?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>[ ]</td>
</tr>
<tr>
<td>No</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

4.3.5 The physical condition of the secondary school is:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Very good</td>
<td>[ ]</td>
</tr>
<tr>
<td>Good</td>
<td>[ ]</td>
</tr>
<tr>
<td>Average</td>
<td>[ ]</td>
</tr>
<tr>
<td>Poor</td>
<td>[ ]</td>
</tr>
<tr>
<td>Very poor</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

4.3.6 What percentage of secondary-school-age children attend public secondary schools?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>All children</td>
<td>[ ]</td>
</tr>
<tr>
<td>Most children</td>
<td>[ ]</td>
</tr>
<tr>
<td>About half of the children</td>
<td>[ ]</td>
</tr>
<tr>
<td>Less than half</td>
<td>[ ]</td>
</tr>
<tr>
<td>Very few/none</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

4.3.7 What are the two principal reasons that secondary-school-age children from this community do not attend public secondary school?

(a) ____________________________

(b) ____________________________

4.4 **Adult Education**

4.4.1 Is there an adult literacy campaign or program for the community?
4.4.2 Are there job training programs for this community?

Yes [ ] 1
No [ ] 2

5. Health

5.1 What are the three principal health problems affecting children under six years of age in this community?

(a) __________________________
(b) __________________________
(c) __________________________

5.2 What are the two principal health problems affecting adult men in this community?

(a) __________________________
(b) __________________________

5.3 What are the two principal health problems affecting adult women in this community?

(a) __________________________
(b) __________________________

5.4 Does this community have a health clinic or hospital?

Yes [ ] 1 (go to question 5.6)
No [ ] 2

5.5 How far is the nearest public health clinic or hospital?

Distance (in walking minutes) ____________ (go to question 5.7)

5.6 Does the health clinic or hospital regularly have sufficient:

<table>
<thead>
<tr>
<th>Service</th>
<th>Sufficient</th>
<th>Insufficient</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Basic medicines</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>b. Equipment/instruments</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>c. Patient beds</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>d. Ambulances</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>e. Physicians</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>f. Nurses</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>g. Other health staff</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
</tbody>
</table>

5.7 Does this community have a family planning program?

Yes [ ] 1
No [ ] 2 (go to section 6)

5.8 Who offers the program?

Government [ ] 1
6. ENVIRONMENTAL ISSUES

6.1 Does this community have:

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Garbage dumping that contaminates rivers or wells</td>
<td>1</td>
</tr>
<tr>
<td>b. Garbage dumping that contaminates the ocean</td>
<td>1</td>
</tr>
<tr>
<td>c. Junk yards or scrap heaps</td>
<td>1</td>
</tr>
<tr>
<td>d. Standing water or stagnant pools</td>
<td>1</td>
</tr>
<tr>
<td>e. Slaughterhouses that dump waste in public places</td>
<td>1</td>
</tr>
<tr>
<td>f. Mechanics who dump waste oil in soil or water</td>
<td>1</td>
</tr>
<tr>
<td>g. Polluting industries</td>
<td>1</td>
</tr>
<tr>
<td>h. Clear-cutting or forest burns</td>
<td>1</td>
</tr>
<tr>
<td>i. Mining</td>
<td>1</td>
</tr>
<tr>
<td>j. Other (specify)</td>
<td>1</td>
</tr>
</tbody>
</table>

6.2 Overall, the current environmental condition of the community is:

<table>
<thead>
<tr>
<th>Condition</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very good</td>
<td>1</td>
</tr>
<tr>
<td>Good</td>
<td>2</td>
</tr>
<tr>
<td>Average</td>
<td>3</td>
</tr>
<tr>
<td>Poor</td>
<td>4</td>
</tr>
<tr>
<td>Very poor</td>
<td>5</td>
</tr>
</tbody>
</table>

6.3 In the last three years, the environmental conditions in the community have:

<table>
<thead>
<tr>
<th>Condition</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved</td>
<td>1</td>
</tr>
<tr>
<td>Worsened</td>
<td>2</td>
</tr>
<tr>
<td>Remained the same</td>
<td>3</td>
</tr>
</tbody>
</table>

6.4 What are the two main actions that could be taken to improve the environmental conditions in this community?

(a) ____________________________

(b) ____________________________

7. AGRICULTURE (only in rural areas)

7.1 What are the three principal agricultural or livestock activities undertaken in this community?

(a) ____________________________

(b) ____________________________

(c) ____________________________
7.2 Where do the inhabitants of this community generally sell their livestock and produce? (List up to three venues by order of importance.)

<table>
<thead>
<tr>
<th>Venue</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community market</td>
<td>1</td>
</tr>
<tr>
<td>Market in neighboring areas</td>
<td>2</td>
</tr>
<tr>
<td>Domestic middlemen</td>
<td>3</td>
</tr>
<tr>
<td>Exporters</td>
<td>4</td>
</tr>
<tr>
<td>Public institutions</td>
<td>5</td>
</tr>
<tr>
<td>Cooperatives</td>
<td>6</td>
</tr>
<tr>
<td>Local stores and shops</td>
<td>7</td>
</tr>
<tr>
<td>Other (specify)</td>
<td>8</td>
</tr>
<tr>
<td>Only self-consumption/ no outside sales</td>
<td>9</td>
</tr>
</tbody>
</table>

7.3 What are the two most important problems facing members of this community for getting their products to the market and earning a profit?

(a) ____________________________

(b) ____________________________

7.4 Do the agricultural workers/producers in this community receive technical assistance?

Yes [ ] 1 (go to question 7.6)

No [ ] 2 (go to question 7.6)

7.5 Who is the main provider of this technical assistance? ( Probe whether the institution is public or private.)

______________________________

7.6 Does this community have any type of agricultural cooperative?

Yes [ ] 1

No [ ] 2

7.7 Does this community have any institution or person (either in the community or nearby) that provides credit and loans to agricultural producers?

Yes [ ] 1

No [ ] 2 (go to question 7.9)

7.8 What are the three main persons or institutions that provide credit or loans to agricultural producers in this community?

<table>
<thead>
<tr>
<th>Institution</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>National banks</td>
<td>1</td>
</tr>
<tr>
<td>Agricultural/development banks</td>
<td>2</td>
</tr>
<tr>
<td>Private banks</td>
<td>3</td>
</tr>
<tr>
<td>Agricultural credit unions or cooperatives</td>
<td>4</td>
</tr>
</tbody>
</table>
Private individuals 5  
Export businesses 6  
Packing businesses 7  
Producer associations 8  
Warehouses or middlemen 9  
Other (specify) 10 XXX

7.9 Do the agricultural producers of this community receive loans or credits from individuals or institutions in other cities or regions?

Yes [ ] 1  
No [ ] 2

7.10 What percentage of the agricultural producers in this community use loans or credits to support their activities?

__________________________

7.11 What are the two principal problems facing the agricultural producers of this community in terms of receiving loans and credits?

(a) ________________________

(b) ________________________

7.12 In the last three years, the harvests/yields have:

Increased [ ] 1  
Decreased [ ] 2  
Remained the same [ ] 3

7.13 In the last three years, the sales of agricultural/livestock products in this community have:

Increased [ ] 1  
Decreased [ ] 2  
Remained the same [ ] 3

8. COMMUNITY SUPPORT

8.1 Which of the following organizations exist in this community?

<table>
<thead>
<tr>
<th>Organization</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Community development committee</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>b. Cooperative (fishing, agriculture, crafts)</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>c. Parent-teacher association</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>d. Health committee</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>e. Youth group</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>f. Sports group</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>g. Cultural group</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>h. Civic group</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>i. Other (specify)</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
</tr>
</tbody>
</table>
8.2 Which persons or organizations help or support these community-based organizations?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Local government</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>b. National government</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>c. Politicians</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>d. Religious organizations</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>e. School/teachers</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>f. Nongovernmental organizations</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>g. Business group</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>h. Service club</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>i. Prosperous citizens</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>j. The community as a whole</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

8.3 What buildings do people in this community regularly use for meetings and gatherings?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Community center</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>b. Personal homes</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>c. Homes of political leaders</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>d. Homes of other local leaders</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>e. Churches or religious buildings</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>f. Health center/school</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>g. Government buildings</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>h. Business/commercial buildings</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>i. Other (specify)</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

8.4 Which members of the community participate most in solving the issues facing the community?

(a) By gender

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Men and women equally</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Neither participate</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

(b) By age

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth and adolescents</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Adults</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Older persons</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Youth, adults, and elders equally</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>None participate</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

(c) By employment status

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Unemployed or nonworkers</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Workers and nonworkers equally</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Neither participate</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

8.5 In the last three years, has the community organized to address a need or problem?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>2 (go to question 8.8)</td>
<td></td>
</tr>
</tbody>
</table>
8.6 Around what issue(s) did the community organize?

(1) ___________________________

(2) ___________________________

8.7 Was/were the initiative(s) successful?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Ongoing</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Initiative #1</td>
<td>[ ]</td>
<td>1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>b. Initiative #2</td>
<td>[ ]</td>
<td>1</td>
<td>[ ] 2</td>
</tr>
</tbody>
</table>

8.8 What are the two main problems or needs that community members feel must be addressed or solved?

(a) ___________________________

(b) ___________________________

8.9 Are there any specific assistance programs to this community?

Yes [ ] 1

No [ ] 2 (go to question 8.11)

8.10 What are the two main programs and the institutions that support them?

(a) Program/institution ___________________________

(b) Program/institution ___________________________

8.11 Do any of the following problems exist in this community? If yes, who is the most affected or at-risk group (by age, gender, ethnic group, etc.)?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Most affected group</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Burglaries</td>
<td>[ ]</td>
<td>1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>b. Robberies</td>
<td>[ ]</td>
<td>1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>c. Assaults</td>
<td>[ ]</td>
<td>1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>d. Gangs</td>
<td>[ ]</td>
<td>1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>e. Vandalism</td>
<td>[ ]</td>
<td>1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>f. Violent disputes</td>
<td>[ ]</td>
<td>1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>g. Alcohol abuse</td>
<td>[ ]</td>
<td>1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>h. Substance (drug) abuse</td>
<td>[ ]</td>
<td>1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>i. Teen pregnancy</td>
<td>[ ]</td>
<td>1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>j. Domestic violence</td>
<td>[ ]</td>
<td>1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>k. Child abuse</td>
<td>[ ]</td>
<td>1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>l. Prostitution</td>
<td>[ ]</td>
<td>1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>m. Other problems (specify)</td>
<td>[ ]</td>
<td>1</td>
<td>[ ] 2</td>
</tr>
</tbody>
</table>
Appendix 5 – Household Questionnaire

1.2 Household Questionnaire (HQ)

Length of interview

Time initiated: __________________________
Time terminated: __________________________

1. IDENTIFICATION OF SELECTED HOUSEHOLD:

1.1. Province/state __________________________

1.2. District __________________________

1.3. Subdistrict __________________________

1.4. Town/village __________________________

1.5 Type of area: Urban [ ]
Rural [ ]
Difficult access (Remote) [ ]

1.6 Location: Group __________________________
Site __________________________

1.7 Address of selected household:
Community __________________________
Other details __________________________

Interviewer: __________________________ Supervisor: __________________________

2. HOUSING CHARACTERISTICS AND HOUSEHOLD ROSTER

2.1 Type of house (observation only)

<table>
<thead>
<tr>
<th>Type of House</th>
<th>[ ]</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual house</td>
<td>[ ]</td>
<td>1</td>
</tr>
<tr>
<td>Apartment</td>
<td>[ ]</td>
<td>2</td>
</tr>
<tr>
<td>Room within a larger house</td>
<td>[ ]</td>
<td>3</td>
</tr>
<tr>
<td>Other (specify)</td>
<td>[ ]</td>
<td>4</td>
</tr>
</tbody>
</table>

2.2 What construction material is used for the majority of the exterior walls of the house or building?

<table>
<thead>
<tr>
<th>Material</th>
<th>[ ]</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cinderblock/brick/stone/concrete/cement</td>
<td>[ ]</td>
<td>1</td>
</tr>
<tr>
<td>Fiberglass</td>
<td>[ ]</td>
<td>2</td>
</tr>
<tr>
<td>Wood</td>
<td>[ ]</td>
<td>3</td>
</tr>
<tr>
<td>Adobe/wattle and daub</td>
<td>[ ]</td>
<td>4</td>
</tr>
<tr>
<td>Cane/straw/sticks</td>
<td>[ ]</td>
<td>5</td>
</tr>
<tr>
<td>No walls</td>
<td>[ ]</td>
<td>6</td>
</tr>
<tr>
<td>Other (specify)</td>
<td>[ ]</td>
<td>7</td>
</tr>
</tbody>
</table>

2.3 What is the construction material of most of the roof of this house?
Concrete/cement [ ] 1
Tiles [ ] 2
Metal (zinc, aluminum, etc.) [ ] 3
Wood [ ] 4
Straw or thatch [ ] 5
Other (specify) [ ] 6

2.4 What is the construction material of most of the floor of this house?
Concrete/cement [ ] 1
Tiles, brick, granite [ ] 2
Wood [ ] 3
Vinyl [ ] 4
Earth, sand [ ] 5
Cane [ ] 6
Other (specify) [ ] 7

2.5 How many rooms are used by this household for sleeping only?

2.6 What type of sanitary services does this household use?
Connected to sewage system [ ] 1
Connected to septic tank [ ] 2
Latrine [ ] 3
None [ ] 4
Other (specify) [ ] 5

2.7 What is the primary source of water for this household?
Piped water system [ ] 1
Private well [ ] 2
Public well [ ] 3
Open tap or faucet [ ] 4
River or stream [ ] 5
Other (specify) [ ] 6

2.8 How does this household dispose of most of its garbage?
Public garbage service [ ] 1
Private garbage service [ ] 2
Throw in vacant lots [ ] 3
Throw in river, stream, ocean [ ] 4
Burn and/or bury [ ] 5
Other (specify) [ ] 6

2.9 What type of lighting does this household use?
Electricity (public source) [ ] 1
Electricity (private source) [ ] 2
Electricity (combination public and private) [ ] 3
Only kerosene, gas, candles [ ] 4
Other (specify) [ ] 5
2.10 This home is

<table>
<thead>
<tr>
<th>Category</th>
<th>Code</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owned and completely paid for</td>
<td>[  ]</td>
<td>1</td>
</tr>
<tr>
<td>Owned with a mortgage</td>
<td>[  ]</td>
<td>2</td>
</tr>
<tr>
<td>Rented</td>
<td>[  ]</td>
<td>3</td>
</tr>
<tr>
<td>Given in exchange for services</td>
<td>[  ]</td>
<td>4</td>
</tr>
<tr>
<td>Family owned (customary land)</td>
<td>[  ]</td>
<td>5</td>
</tr>
<tr>
<td>Other (specify)</td>
<td>[  ]</td>
<td>6</td>
</tr>
</tbody>
</table>
### Note:
- List all the people in the household first and then ask questions 2.12 to 2.20.
- The household is defined as all the people usually living together in this dwelling and sharing expenses.

<table>
<thead>
<tr>
<th>Number</th>
<th>Name</th>
<th>2.11 List names of all individuals in household (List household head first, use first names only)</th>
<th>2.12 What is _____'s relationship to household head? (Use code box)</th>
<th>2.13 Sex</th>
<th>2.14 How old is _____? Years</th>
<th>2.15 What is _____'s marital status?</th>
<th>2.16 Is _____'s spouse currently a member of the household? If yes, use number of spouse if no, write 99</th>
<th>2.17 Occupation (Use code box)</th>
<th>2.18 Currently employed?</th>
<th>2.19 Completed education level? (Use code box)</th>
<th>2.20 How long have you lived in this community? Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>02</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Code box for Question 2.12**
- Head ......................... 01
- Wife/husband ............... 02
- Son/daughter ............... 03
- Father/mother .............. 04
- Sister/brother ............. 05
- Stepson/stepdaughter . . . . 06
- Stepfather/stepmother . . . 07
- Grandchild .................. 08
- Grandparent .................. 09
- Father-in-law/mother-in-law 10
- Son-in-law/daughter-in-law . 11
- Sister-in-law/brother-in-law 12
- Nephew/niece ................ 13
- Uncle/aunt ................... 14

**Code box for Question 2.17**
- Farmer ................. 1
- Fisherman .......... 2
- Son-in-law .......... 3
- Sister-in-law ....... 4
- Nephew/niece ...... 5
- Uncle/aunt .......... 6
- Cousin ................. 7
- Cousin ................. 8
- Cousin ................. 9
- Cousin ................. 10

**Code box for Question 2.19**
- Farmer ................. 1
- Fisherman .......... 2
- Son-in-law .......... 3
- Sister-in-law ....... 4
- Nephew/niece ...... 5
- Uncle/aunt .......... 6
- Cousin ................. 7
- Farmer ................. 8
- Fisherman .......... 9
- Son-in-law .......... 10
- Sister-in-law ....... 11
- Nephew/niece ...... 12
- Uncle/aunt .......... 13
- Cousin ................. 14
- Farmer ................. 15
- Fisherman .......... 16
- Son-in-law .......... 17
- Sister-in-law ....... 18
- Nephew/niece ...... 19
- Uncle/aunt .......... 20
- Cousin ................. 21

**Code box for Question 2.20**
- Farmer ................. 1
- Fisherman .......... 2
- Son-in-law .......... 3
- Sister-in-law ....... 4
- Nephew/niece ...... 5
- Uncle/aunt .......... 6
- Cousin ................. 7
4. STRUCTURAL SOCIAL CAPITAL

Now I would like to ask you some questions about how you feel about this village/neighbourhood, and how you take part in the community activities. By community, I mean ________.

4.1 Organizational Density and Characteristics

4.1.1 Are you or is someone in your household a member of any groups, organizations, or associations? (Probe: Who in the household belongs to which group? Are there any other groups or informal associations that you or someone in your household belongs to? If the household is not a member in any group, go to section 4.2)

Yes [ ] 1
No [ ] 2

4.1.2 Do you consider yourself/household member to be active in the group, such as by attending meetings or volunteering your time in other ways, or are you relatively inactive? Are you/household member a leader in the group?

<table>
<thead>
<tr>
<th>Household Member (use roster code)</th>
<th>Name of organization</th>
<th>Type of organization (use codes below)</th>
<th>Degree of participation (use code below)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Type of organization**

- Farmers’/fishermen’s group 1 NGO 10
- Financial Cooperative 2 Religious group 11
- Traders’ association/business group 3 Cultural association 12
- Professional association 4 Political group 13
- Trade union 5 Women’s group 15
- Microfinance group 6 Parent group 16
- Water/waste group 7 School committee 17
- Neighbourhood/village association 8 Health committee 18
- Civic group 9 Sports group 19
- Other 20

**Degree of participation**

- Leader 1
- Very active 2
- Somewhat active 3
- Not active 4

4.1.3 Which of these groups is the most important to your household? (List up to three by name and code type of organization.)

Group 1: ______________________ [ ]
Group 2: ______________________ [ ]
Group 3: ______________________ [ ]

Now I’m going to ask you some questions about the members of these groups.

4.1.4 Overall, are the same people members of these three different groups or is there little overlap in membership?

<table>
<thead>
<tr>
<th>Little overlap</th>
<th>[ ] 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Some overlap</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>Much overlap</td>
<td>[ ] 3</td>
</tr>
</tbody>
</table>

4.1.5 Are group members mostly of the same extended family?

<table>
<thead>
<tr>
<th>Group</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.1.6 Are members mostly of the same religion?

<table>
<thead>
<tr>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
</tbody>
</table>

4.1.7 Are members mostly of the same gender?

<table>
<thead>
<tr>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
</tbody>
</table>

4.1.8 Are members mostly of the same political viewpoint or do they belong to the same political party?

<table>
<thead>
<tr>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
</tbody>
</table>

4.1.9 Do members mostly have the same occupation?

<table>
<thead>
<tr>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
</tbody>
</table>

4.1.10 Are members mostly from the same age group?

<table>
<thead>
<tr>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
</tbody>
</table>

4.1.11 Do members mostly have the same level of education?

<table>
<thead>
<tr>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
</tbody>
</table>

4.1.12 How does the group usually make decisions?
4.1.13 Overall, how effective is the group’s leadership?

Group

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very effective</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Somewhat effective</td>
<td></td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Not effective at all</td>
<td>3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.1.14 Do you think that by belonging to this group you have acquired new skills or learned something valuable?

Group

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.2 **Networks and Mutual Support Organizations**

*I am going to ask you some questions about how the community functions and deals with problems.*

4.2.1 If the primary school of this village/neighbourhood went without a teacher for a long time, say six months or more, which people in this village/neighbourhood do you think would get together to take some action about it?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. No one in the village/neighbourhood would get together</td>
<td>1</td>
<td>2 (if yes, go to question 4.2.3)</td>
</tr>
<tr>
<td>b. Local/municipal government</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>c. Village/neighbourhood association</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>d. Parents of school children</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>e. The entire village/neighbourhood</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>f. Other (specify)</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

4.2.2 Who would take the initiative (act as leader)?

____________________________________________________

311
4.2.3 If there were a problem that affected the entire village/neighbourhood, for instance (RURAL: “crop disease”; URBAN: “violence”), who do you think would work together to deal with the situation?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Each person/household would deal with the problem individually</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>b. Neighbours among themselves</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>c. Local government/municipal political leaders</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>d. All community leaders acting together</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>e. The entire village/neighbourhood</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>f. Other (specify)</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
</tr>
</tbody>
</table>

4.2.4 Who would take the initiative (act as leader)?

4.3 Exclusion

4.3.1 Differences often exist between people living in the same village/neighbourhood. To what extent do differences such as the following tend to divide people in your village/neighbourhood?

<table>
<thead>
<tr>
<th></th>
<th>Not at all</th>
<th>Somewhat</th>
<th>Very much</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Differences in education</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>b. Differences in wealth/material possessions</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>c. Differences in landholdings</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>d. Differences in social status</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>e. Differences between men and women</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>f. Differences between younger and older generations</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>g. Difference between long-time inhabitants and new settlers</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>h. Difference in political party affiliations</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>i. Differences in religious beliefs</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>j. Differences in ethnic background</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>k. Other differences (specify)</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
</tbody>
</table>

4.3.2 Do these differences cause problems?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>[ ] 1</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>[ ] 2 (go to question 4.3.5)</td>
<td></td>
</tr>
</tbody>
</table>
4.3.3 How are these problems usually handled?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. People work it out</td>
<td></td>
<td></td>
</tr>
<tr>
<td>between themselves</td>
<td>[ ]</td>
<td>1</td>
</tr>
<tr>
<td>b. Family/household</td>
<td></td>
<td></td>
</tr>
<tr>
<td>members intervene</td>
<td>[ ]</td>
<td>1</td>
</tr>
<tr>
<td>c. Neighbours intervene</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>[ ]</td>
<td>1</td>
</tr>
<tr>
<td>d. Community leaders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>mediate</td>
<td>[ ]</td>
<td>1</td>
</tr>
<tr>
<td>e. Religious leaders mediate</td>
<td>[ ]</td>
<td>1</td>
</tr>
<tr>
<td>f. Judicial leaders mediate</td>
<td>[ ]</td>
<td>1</td>
</tr>
</tbody>
</table>

4.3.4 Do such problems ever lead to violence?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>[ ]</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>[ ]</td>
<td>2</td>
</tr>
</tbody>
</table>

4.3.5 Are there any services where you or members of your household are occasionally denied service or have only limited opportunity to use?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Education/schools</td>
<td>[ ]</td>
<td>1</td>
</tr>
<tr>
<td>b. Health services/clinics</td>
<td>[ ]</td>
<td>1</td>
</tr>
<tr>
<td>c. Housing assistance</td>
<td>[ ]</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>[ ]</td>
<td>1</td>
</tr>
<tr>
<td>d. Job training/employment</td>
<td>[ ]</td>
<td>1</td>
</tr>
<tr>
<td>e. Credit/finance</td>
<td>[ ]</td>
<td>1</td>
</tr>
<tr>
<td>f. Transportation</td>
<td>[ ]</td>
<td>1</td>
</tr>
<tr>
<td>g. Water distribution</td>
<td>[ ]</td>
<td>1</td>
</tr>
<tr>
<td>h. Sanitation services</td>
<td>[ ]</td>
<td>1</td>
</tr>
<tr>
<td>i. Agricultural extension</td>
<td>[ ]</td>
<td>1</td>
</tr>
<tr>
<td>j. Justice/conflict resolution</td>
<td>[ ]</td>
<td>1</td>
</tr>
<tr>
<td>k. Security/police services</td>
<td>[ ]</td>
<td>1</td>
</tr>
</tbody>
</table>

4.3.6 Do you think that there are other households in this community that have such access problems?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>[ ]</td>
<td>1</td>
</tr>
<tr>
<td>No</td>
<td>[ ]</td>
<td>2 (go to question 4.4)</td>
</tr>
</tbody>
</table>
4.3.7 If yes, what percentage of households is excluded?

<table>
<thead>
<tr>
<th>Others excluded?</th>
<th>Percentage excluded?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes = 1</td>
<td>&lt;25% = 1</td>
</tr>
<tr>
<td>No = 2</td>
<td>25-50% = 2</td>
</tr>
<tr>
<td></td>
<td>51-75% = 3</td>
</tr>
<tr>
<td></td>
<td>76-99% = 4</td>
</tr>
<tr>
<td></td>
<td>100% = 5</td>
</tr>
</tbody>
</table>

a. Education/schools ...................................... [ ] [ ]
b. Health services/clinics ................................ [ ] [ ]
c. Housing assistance ....................................... [ ] [ ]
d. Job training/employment ................................ [ ] [ ]
e. Credit/finance ............................................ [ ] [ ]
f. Transportation ............................................ [ ] [ ]
g. Water distribution ........................................ [ ] [ ]
h. Sanitation services ....................................... [ ] [ ]
i. Agricultural extension ................................... [ ] [ ]
j. Justice/conflict resolution ............................. [ ] [ ]
k. Security/policy services ................................. [ ] [ ]

4.3.8 What are the reasons or criteria why some people are excluded from these services?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Income level</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>b. Occupation</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>c. Social status (class, caste)</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>d. Age</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>e. Gender</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>f. Race/ethnicity</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>g. Language</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>h. Religious beliefs</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>i. Political affiliation</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>j. Lack of education</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

4.4 Previous Collective Action

4.4.1 In the past year, how often have members of this village/neighbourhood gotten together and jointly petitioned government officials or political leaders with village development as their goal?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Once</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>A couple of times</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Frequently</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

4.4.2 Was this action/were any of these actions successful?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, all were successful</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Some were successful and others not</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>No, none were successful</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>
4.4.3 How often in the past year have you joined together with others in the village/neighborhood to address a common issue?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Once</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>A couple of times</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Frequently</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

4.4.4 In the last three years have you personally done any of the following things:

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Voted in the elections</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>b. Actively participated in an association</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>c. Made a personal contact with an influential person</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>d. Made the media interested in a problem</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>e. Actively participated in an information campaign</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>f. Actively participated in an election campaign</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>g. Taken part in a protest march or demonstration</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>h. Contacted your elected representative</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>i. Taken part in a sit-in or disruption of government meetings/</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>offices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>j. Talked with other people in your area about a problem</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>k. Notified the court or police about a problem</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>l. Made a monetary or in-kind donation</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>m. Volunteered for a charitable organization</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>
4.4.5 Have you been approached by someone personally during the last three years who asked you to do any of the following:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Vote in the elections</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>b. Actively participate in an association</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>c. Make a personal contact with an influential person</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>d. Make the media interested in a problem</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>e. Actively participate in an information campaign</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>f. Actively participate in an election campaign</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>g. Take part in a protest march or demonstration</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>h. Contact your elected representative</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>i. Take part in a sit-in or disruption of government meetings/offices</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>j. Talk with other people in your area about a problem</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>k. Notify the court or police about a problem</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>l. Make a monetary or in-kind donation</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>m. Volunteer for a charitable organization</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

4.4.6 If some decision related to a development project needed to be made in this village/neighbourhood, do you think the entire village/neighbourhood would be called upon to decide or would the community leaders make the decision themselves?

- The community leaders would decide [ ] 1
- The whole village/neighbourhood would be called [ ] 2

4.4.7 Overall, how would you rate the spirit of participation in this village/neighbourhood?

- Very low [ ] 1
- Low [ ] 2
- Average [ ] 3
- High [ ] 4
- Very high [ ] 5

4.4.8 How much influence do you think people like yourself can have in making this village/neighbourhood a better place to live?

- A lot [ ] 1
- Some [ ] 2
- Not very much [ ] 3
- None [ ] 4
5. Cognitive Social Capital

5.1 Solidarity

5.1.1 Suppose someone in the village/neighbourhood had something unfortunate happen to them, such as a father’s sudden death. Who do you think they could turn to for help in this situation? *(Record first three mentioned.*)

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>b</td>
<td>c</td>
</tr>
<tr>
<td>No one would help</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Family</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Neighbours</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Friends</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Religious leader or group</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Community leader</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Business leader</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Police</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Family court judge</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Patron/employer/benefactor</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Political leader</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Mutual support group to which s/he belongs</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Assistance organization to which s/he does not belong</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Other (specify)</td>
<td>14</td>
<td></td>
</tr>
</tbody>
</table>

5.1.2 Suppose your neighbour suffered an economic loss, say (RURAL: “crop failure”; URBAN “job loss”). In that situation, who do you think would assist him/her financially? *(Record first three mentioned.*)

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>b</td>
<td>c</td>
</tr>
<tr>
<td>No one would help</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Family</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Neighbours</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Friends</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Religious leader or group</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Community leader</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Business leader</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Police</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Family court judge</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Patron/employer/benefactor</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Political leader</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Mutual support group to which s/he belongs</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Assistance organization to which s/he does not belong</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Other (specify)</td>
<td>14</td>
<td></td>
</tr>
</tbody>
</table>

5.2 Trust and Cooperation

5.2.1 Do you think that in this village/neighbourhood people generally trust one another in matters of lending and borrowing?

| Do trust |   | 1 |
| Do not trust |   | 2 |
5.2.2 Do you think over the last few years this level of trust has gotten better, gotten worse, or stayed about the same?

Better [ ] 1
The same [ ] 2
Worse [ ] 3

5.2.3 Compared with other villages/neighborhoods, how much do people of this village/neighborhood trust each other in matters of lending and borrowing?

Less than other villages/neighborhoods [ ] 1
The same as other villages/neighborhoods [ ] 2
More than other villages/neighborhoods [ ] 3

5.2.4 Suppose someone from the village/neighborhood had to go away for a while, along with their family. In whose charge could they leave (RURAL: “their fields”; URBAN: “their house”)? (Record first three mentioned.)

<table>
<thead>
<tr>
<th>a</th>
<th>b</th>
<th>c</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other family member</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Neighbour</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Anyone from the village/neighborhood for this purpose</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Other (specify)</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>No one</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

5.2.5 Suppose a friend of yours in this village/neighborhood faced the following alternatives, which one would s/he prefer most?

RURAL:

Own and farm 10 hectares of land entirely by themselves 1
Own and farm 25 hectares of land jointly with one other person 2

URBAN:

Own a house 10 m² alone 1
Own a house 25 m² that is shared with one other family 2

5.2.6 If you suddenly had to go away for a day or two, whom could you count on to take care of your children? (Record first three mentioned.)

<table>
<thead>
<tr>
<th>a</th>
<th>b</th>
<th>c</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other family member</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Neighbour</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Anyone from the village/neighborhood for this purpose</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Other (specify)</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Don’t have children</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>
5.2.7 Do you agree or disagree that people here look out mainly for the welfare of their own families and they are not much concerned with village/Neighbourhood welfare?

Strongly agree [ ] 1
Agree [ ] 2
Disagree [ ] 3
Strongly disagree [ ] 4

5.2.8 If a community project does not directly benefit your neighbour but has benefits for others in the village/Neighbourhood, then do you think your neighbour would contribute time for this project?

Will not contribute time [ ] 1
Will contribute time [ ] 2

5.2.9 If a community project does not directly benefit your neighbour but has benefits for others in the village/Neighbourhood, then do you think your neighbour would contribute money for this project?

Will not contribute money [ ] 1
Will contribute money [ ] 2

5.2.10 Please tell me whether in general you agree or disagree with the following statements:

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Most people in this village/neighbourhood are basically honest and can be trusted.</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>b. People are always interested only in their own welfare.</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>c. Members of this village/neighbourhood are more trustworthy than others.</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>d. In this village/neighbourhood, one has to be alert or someone is likely to take advantage of you.</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>e. If I have a problem, there is always someone to help me.</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>f. I do not pay attention to the opinions of others in the village/neighbourhood.</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>g. Most people in this village/neighbourhood are willing to help if you need it.</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
</tbody>
</table>
h. This village/neighbourhood has prospered in the last five years. [ ] 1 [ ] 2 [ ] 3 [ ] 4

i. I feel accepted as a member of this village/neighbourhood. [ ] 1 [ ] 2 [ ] 3 [ ] 4

j. RURAL: If you lose a pig or a goat, someone in the village would help look for it or would return it to you. URBAN: If you drop your purse or wallet in the neighbourhood, someone will see it and return it to you. [ ] 1 [ ] 2 [ ] 3 [ ] 4

5.3 Conflict Resolution

5.3.1 In your opinion, is this village/neighbourhood generally peaceful or conflictive?

   Peaceful [ ] 1
   Conflictive [ ] 2

5.3.2 Compared with other villages/neighbourhoods, is there more or less conflict in this village/neighbourhood?

   More [ ] 1
   The same [ ] 2
   Less [ ] 3

5.3.3 Do people in this village/neighbourhood contribute time and money toward common development goals?

   They contribute some or a lot. [ ] 1
   They contribute very little or nothing. [ ] 2

5.3.4 Compared with other villages/neighbourhoods, to what extent do people of this village/neighbourhood contribute time and money toward common development goals?

   They contribute less than other villages/neighbourhoods. [ ] 1
   They contribute about the same as other villages/neighbourhoods. [ ] 2
   They contribute more than other villages/neighbourhoods. [ ] 3

5.3.5 Are the relationships among people in this village/neighbourhood generally harmonious or disagreeable?

   Harmonious [ ] 1
   Disagreeable [ ] 2
5.3.6 Compared with other villages/neighbourhoods, are the relationships among people in this village/neighbourhood more harmonious, the same, or less harmonious than other villages/neighbourhoods?

More harmonious [ ] 1
The same [ ] 2
Less harmonious [ ] 3

5.3.7 Suppose two people in this village/neighbourhood had a fairly serious dispute with each other. Who do you think would primarily help resolve the dispute?

No one; people work it out between themselves [ ] 1
Family/household members [ ] 2
Neighbours [ ] 3
Community leaders [ ] 4
Religious leaders [ ] 5
Judicial leaders [ ] 6
Other (specify) [ ] 7
Appendix 6 – Financial Cooperative Profile

2.1 Financial Cooperative Profile (FCP)

1. LEADERSHIP

1.1 Rotation

1.1.1 Does the financial cooperative’s leadership change regularly?

Yes [ ] 1
No [ ] 2

1.1.2 Is the amount of time the leaders remain in their position sufficient for acquiring experience and learning leadership functions?

Yes [ ] 1
No [ ] 2

1.1.3 Is there the possibility of reelecting successful leaders?

Yes [ ] 1
No [ ] 2

1.2 Density/Availability

1.2.1 How many people within the financial cooperative have acquired the capability and qualities to be effective leaders?

No one possesses these qualities [ ] 1
Few (1 to 3) [ ] 2
Some (4 to 6) [ ] 3
Many (more than 6) [ ] 4

1.2.2 How many are put forward for leadership tasks?

Only a few are ready to be leaders. [ ] 1
The group of candidates is limited but adequate. [ ] 2
There is never a lack of candidates (candidates who are prepared, enthused, and available to assume a leadership role). [ ] 3

1.2.3 How amenable are former leaders to continued participation in the financial cooperative?

There are no previous leaders; the financial cooperative is new. [ ] 1
Almost no participation by former leaders. [ ] 2
Some participation by former leaders. [ ] 3
Active participation by former leaders. [ ] 4

1.3 Diversity/Heterogeneity

1.3.1 Do the leaders tend to come from a few groups or families that are always the same, or do the leaders represent a wider circle among the community?

322
From few groups [ ] 1
From various groups within the community [ ] 2
From almost all the groups within the community [ ] 3

1.3.2 What percentage of those that occupy leadership positions within the financial cooperative are women?

Less than 10% [ ] 1
Between 10% and 25% [ ] 2
Between 26% and 50% [ ] 3
More than 50% [ ] 4

1.4 Leadership Quality and Skills

1.4.1 In general, how would you characterize the quality of leadership in this financial cooperative in terms of...

<table>
<thead>
<tr>
<th></th>
<th>Excellent</th>
<th>Good</th>
<th>Adequate</th>
<th>Deficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Education/training</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
<td>[ ] 4</td>
</tr>
<tr>
<td>b. Dynamism/vision?</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
<td>[ ] 4</td>
</tr>
<tr>
<td>c. Professionalism/skills?</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
<td>[ ] 4</td>
</tr>
<tr>
<td>d. Honesty/ transparency?</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
<td>[ ] 4</td>
</tr>
</tbody>
</table>

1.5 Relationship between Leadership, Staff, and Constituency

1.5.1 How would you characterize the relationship between the executive director and the management and technical staff?

Harmonious, without major problems [ ] 1
Coexisting, with occasional rivalries [ ] 2
Confictive, with many problems [ ] 3
Dysfunctional, without communication or coordination [ ] 4

1.5.2 What level of acceptance and legitimacy does the leadership have, especially among grassroots organizations whose communities are underrepresented?

The leaders are openly accepted and everyone recognizes their legitimacy to represent their interests. [ ] 1
The leaders are accepted by the majority of the community; the majority recognize their legitimacy. [ ] 2
The leaders are accepted by a minority of the community members; leaders have little legitimacy. [ ] 3
The leaders are not accepted and do not have legitimacy within the community. [ ] 4
2. Participation

2.1 Frequency of Meetings

2.1.1 Should the frequency with which the financial cooperative meets be greater, less, or remain the same?

Greater [ ] 1
Less [ ] 2
The same [ ] 3

2.2 Participation in Decisionmaking

2.2.1 What have been the two most important decisions made in the past year?

Decision #1: __________________________________________

Decision #2: __________________________________________

2.2.2 Thinking about these decisions, did any of the following take place?

(Code decision # 1 first, then continue with decision # 2.)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes = 1 No = 2</td>
<td>Yes = 1 No = 2</td>
<td>Yes = 1 No = 2</td>
<td>Yes = 1 No = 2</td>
<td>Yes = 1 No = 2</td>
</tr>
</tbody>
</table>

Decision #1

Decision #2

2.3 Inclusiveness

2.3.1 In the last three meetings, what has been the level of participation of women, of youth, and of the poorest groups?

<table>
<thead>
<tr>
<th></th>
<th>Little/None</th>
<th>Active</th>
<th>Moderate</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Women</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>b. Youth</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>c. Poor</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
</tbody>
</table>

2.3.2 In comparison with earlier meetings, was this level of participation more, less, or the same?

<table>
<thead>
<tr>
<th></th>
<th>More</th>
<th>Less</th>
<th>Same</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Women</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>b. Youth</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>c. Poor</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
</tr>
</tbody>
</table>
2.3.3 To what degree does the financial cooperative truly represent its members?

<table>
<thead>
<tr>
<th>Representation Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly representative</td>
<td>[ ] 1</td>
</tr>
<tr>
<td>Somewhat representative</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>Slightly representative</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>Not representative at all</td>
<td>[ ] 4</td>
</tr>
</tbody>
</table>

2.3.4 What percentage of the population in this community feels included as beneficiaries of the financial cooperative or feels its interests are represented by the organization?

<table>
<thead>
<tr>
<th>Percentage Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 25%</td>
<td>[ ] 1</td>
</tr>
<tr>
<td>Between 25% and 50%</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>Between 51% and 75%</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>More than 75%</td>
<td>[ ] 4</td>
</tr>
</tbody>
</table>

2.4 Participation by Elites

2.4.1 To what degree do the more prosperous families in the community (those with land, businesses, or professions) attend meetings, hold positions, or participate in activities of the financial cooperative?

<table>
<thead>
<tr>
<th>Degree</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active</td>
<td>[ ] 1</td>
</tr>
<tr>
<td>Moderate</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>Little/none</td>
<td>[ ] 3</td>
</tr>
</tbody>
</table>

2.4.2 What is the relationship of the more prosperous families toward the financial cooperative itself?

<table>
<thead>
<tr>
<th>Relationship Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>They are a resource to be counted on, sympathetic and/or supportive.</td>
<td>[ ] 1</td>
</tr>
<tr>
<td>They could be a resource, demonstrating interest but currently are an interfering element.</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>They could be a resource, but demonstrate no interest and currently are indifferent.</td>
<td>[ ] 3</td>
</tr>
<tr>
<td>They cannot become a resource and represent an adversarial or negative element.</td>
<td>[ ] 4</td>
</tr>
</tbody>
</table>

3. Organizational Culture

3.1 How many members know the procedures, norms, and tasks of the financial cooperative?

<table>
<thead>
<tr>
<th>Membership Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The majority of members</td>
<td>[ ] 1</td>
</tr>
<tr>
<td>Some members</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>Few members</td>
<td>[ ] 3</td>
</tr>
</tbody>
</table>

3.2 How willing is the organization to confront problems with its members (if they were to happen) such as not attending meetings, avoiding work, or stealing property belonging to the financial cooperative?

<table>
<thead>
<tr>
<th>Willingness Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The financial cooperative is very willing to confront damaging behavior on the part of its members.</td>
<td>[ ] 1</td>
</tr>
<tr>
<td>The financial cooperative is sometimes willing to confront damaging behavior on the part of its members.</td>
<td>[ ] 2</td>
</tr>
<tr>
<td>The financial cooperative has little capacity to confront damaging behavior on the part of its members.</td>
<td>[ ] 3</td>
</tr>
</tbody>
</table>

3.3 For serious cases, do guidelines or rules exist to sanction, fine, or expel the transgressor?

<table>
<thead>
<tr>
<th>Sanction Existence</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>[ ] 1</td>
</tr>
<tr>
<td>No</td>
<td>[ ] 2</td>
</tr>
</tbody>
</table>
4. ORGANIZATIONAL CAPACITY AND SUSTAINABILITY

4.1 Specific Capabilities

4.1.1 What is the financial cooperative’s capacity to...

<table>
<thead>
<tr>
<th></th>
<th>Excellent</th>
<th>Good</th>
<th>Adequate</th>
<th>Deficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Carry out its specialized tasks (e.g., credit, training, product and service development)?</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
<td>[ ] 4</td>
</tr>
<tr>
<td>b. Supervise and contract specialized consultants or staff?</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
<td>[ ] 4</td>
</tr>
<tr>
<td>c. Prepare financial reports for donors, or government?</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
<td>[ ] 4</td>
</tr>
<tr>
<td>d. Respond in a timely fashion to changes that affect the organization (e.g., increase/decrease of membership, change of government)?</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
<td>[ ] 4</td>
</tr>
<tr>
<td>e. Develop specific plans for the future (instead of reacting to external opportunities as they present themselves)?</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
<td>[ ] 4</td>
</tr>
<tr>
<td>f. Reflect upon and learn from experience (build an institutional memory)?</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
<td>[ ] 4</td>
</tr>
<tr>
<td>g. Resolve problems or conflicts with other organizations or social actors?</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
<td>[ ] 4</td>
</tr>
<tr>
<td>h. Resolve problems or conflicts within the organization?</td>
<td>[ ] 1</td>
<td>[ ] 2</td>
<td>[ ] 3</td>
<td>[ ] 4</td>
</tr>
</tbody>
</table>

4.2 Collective Action and Formulation of Demands

4.2.1 Does the financial cooperative have clearly defined processes for identifying the common needs and priorities of its members?

Yes | [ ] 1
No  | [ ] 2

4.2.2 In the last three years, have there been petitions or other formal expressions of demand by the membership?

Yes | [ ] 1
No  | [ ] 2
4.2.3 Have there been informal ways for members to express their demands?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>[ ]</td>
</tr>
<tr>
<td>No</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

4.2.4 In what way has the financial cooperative addressed these demands?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotes demands of common interest</td>
<td>[ ]</td>
</tr>
<tr>
<td>Tries to identify common elements</td>
<td>[ ]</td>
</tr>
<tr>
<td>Tries to process them one by one</td>
<td>[ ]</td>
</tr>
<tr>
<td>There were no demands</td>
<td>[ ]</td>
</tr>
</tbody>
</table>
Appendix 7 – Organizational Profile Interview

3.1 Organizational Profile Interview (OPI)

1. Organizational Identity

1.1 Name of Financial Cooperative:

1.2 Type of Financial Cooperative:

1.3 Number of Members:

1.4 Location
   a. Province,
   b. Commune,
   c. District,
   d. Village

1.5 No of leaders (Board or Committee members):

1.6 No of Volunteers:

1.7 No of Paid Staff:

2. Leadership Interview

2.1 Origins and Development

2.1.1 How was your financial cooperative created?
   2.1.1.1 Who was most responsible for its creation (e.g., government mandate, community decision, suggestion of outside NGO)?

2.1.2 What kinds of services and products does your financial cooperative offer its members?

2.1.3 As the financial cooperative has developed, what sort of help has it received from outside?
   2.1.3.1 Has it received advice and/or funding or other support from the government?
   2.1.3.2 What about from nongovernment sources?
   2.1.3.3 How did you get this support?
   2.1.3.4 Who initiated it?
   2.1.3.5 How was the support given?
   2.1.3.6 What benefits and limitations has the financial cooperative derived from this support?

2.2 Membership

2.2.1 Can you tell us about the people involved in your financial cooperative?
   2.2.1.1 How do they become involved?
   2.2.1.2 Are all people in the community involved?
   2.2.1.3 If not, why are some members of the community not involved?

2.2.2 Why do people join or are willing to serve (as officers/leaders/board members) in the financial cooperative?
   2.2.2.1 Is it hard to convince people to continue being active in the financial cooperative?
   2.2.2.2 What kinds of requests/demands do they make on the leadership and organization?
2.2.3 Are active members in this financial cooperative also members of other organizations in the community/region?
  2.2.3.1 Do people tend to be members of just one organization or join many simultaneously?
  2.2.3.2 Can you explain why?

2.3 Institutional Capacity

2.3.1 How would you characterize the quality of leadership of this financial cooperative, in terms of:
  - stability?
  - number of leaders/availability?
  - diversity/heterogeneity of leadership?
  - quality and skills of leaders?
  - relationship of leaders to staff and to the community?

2.3.2 How would you characterize the quality of participation in this financial cooperative, in terms of:
  - attendance at meetings, both internal to the financial cooperative and externally with other organizations?
  - participation in decisionmaking within the financial cooperative?
  - dissemination of relevant information prior to the decision?
  - informal opportunities to discuss the decision?
  - consultation processes with other community organizations or with the general community?
  - broad debate, including opposition positions, and honesty?
  - dissemination of the results of the decisionmaking process?
  - the number of women, young people, poor people who work in the financial cooperative and who occupy positions of responsibility in the organization?
  - whether any groups within the community feel excluded from the financial cooperative? What groups are they?
  - the level of participation of more prosperous families (elites) in the financial cooperative?
  - whether elites are sympathetic, supportive, interfering, adversarial, or negative influences?

2.3.3 How would you characterize the organizational culture of this financial cooperative, in terms of:
  - the existence and level of knowledge of the procedures and policies?
  - whether the procedures and policies are carried out? Whether there are problems with nonattendance at meetings, theft of property or supplies?
  - conflict resolution mechanisms, both within the community and within the financial cooperative?
  - the nature of conflicts between the financial cooperative and community members?
2.3.4 How would you characterize the organizational capacity of this financial cooperative, in terms of...
- carrying out specialized activities (e.g., product and service development)?
- preparing financial reports for, donors, and government?
- reacting to changing circumstances (e.g., increased/decreased membership, change in government)?
- developing specific plans for the future (instead of reacting to opportunities as they present themselves)?
- reflecting on and learning from previous experiences?

2.4 Institutional Linkages

2.4.1 How would you characterize your financial cooperative’s relationship with other community organizations?
2.4.1.1 When do you feel the need to establish collaboration/links with them?

2.4.2 Do you have links with organizations outside the village/neighborhood?
2.4.2.1 With which ones?
2.4.2.2 What is the nature of those links?

2.4.3 Do you feel sufficiently informed about other organizations’ programs and activities?
2.4.3.1 What are your sources of information?

2.4.4 Have you attempted to organize or work with other organizations to achieve a mutually beneficial goal? (Ask for which activities.)
2.4.4.1 Is this a common strategy among organizations in this village/neighborhood? (Probe as to reasons why or why not.)

2.4.5 Could you describe your relationship with the government?
2.4.5.1 Have you had experience in trying to get government assistance?
2.4.5.2 What was your experience?
2.4.5.3 Which level of government do you find most cooperative (Village/Commune, local, district/provincial, national)?
2.4.5.4 Has the government made particular requests of your organization?

2.4.6 Is your financial cooperative linked to any government program?
2.4.6.1 Which government program(s) is your financial cooperative involved with?
2.4.6.2 Why those particular programs?
2.4.6.3 What sort of role does your financial cooperative play in the program?
2.4.6.4 Are there certain characteristics of these programs that make it easier for your financial cooperative to work with the programs?

2.4.7 Do you feel sufficiently informed about government programs and activities?
2.4.7.1 What are your sources of information?

2.4.8 Have you attempted to give inputs to the government?
2.4.8.1 What were the circumstances?
2.4.8.2 What have been the results?
2.4.8.3 What kinds of challenges did you have to deal with? (Probe for any role in planning, operation, and maintenance of government-sponsored services.)

2.4.9 Has your financial cooperative been invited to participate in any of the various government development planning processes?
2.4.9.1 What do you think about these planning mechanisms?
2.4.10 In general, how do you assess your financial cooperative’s actual influence on government decisionmaking at the local (commune/village/town/neighbourhood) level?

3. MEMBERS INTERVIEW

3.1 Organizational History and Structure

3.1.1 How did this group start?

3.1.2 Who have been the leaders of this group?
   3.1.2.1 Who are the leaders now?
   3.1.2.2 How and why did the leadership change over time?
   3.1.2.3 What are the qualities of leadership?

3.1.3 Why did you decide to join this financial cooperative?
   3.1.3.1 What kinds of benefits do you get by being a member of this financial cooperative?

3.1.4 How are the leaders of this financial cooperative selected?
   3.1.4.1 How are decisions made?
   3.1.4.2 To what extent do you feel the financial cooperative represents your concerns to the outside world and to the government?

3.1.5 Why are some people not members of this financial cooperative?

3.1.6 How do you feel this financial cooperative complements, replaces, or competes with commercial banking activities in the community? (if any)

3.1.7 How do you feel this financial cooperative complements, replaces, or competes with nongovernmental institutions’ activities in the community? (microfinance organisations)

3.1.8 What would you do to make this financial cooperative more effective?

3.2 Institutional Capacity

3.2.1 How would you characterize the quality of leadership of this financial cooperative, in terms of:
   - stability?
   - number of leaders/availability?
   - diversity/heterogeneity of leadership?
   - quality and skills of leaders?
   - relationship of leaders to staff and to the community?

3.2.2 How would you characterize the quality of participation in this financial cooperative, in terms of:
   - attendance at meetings, both internal to the organization and externally with other organizations?
   - participation in decision making within the financial cooperative?
   - dissemination of relevant information prior to the decision?
   - informal opportunities to discuss the decision?
   - consultation processes with other organizations within the community?
• broad debate, including opposition positions, and honesty?
• dissemination of the results of the decisionmaking process?
• the number of women, young people, poor people who work in the financial cooperative and who occupy positions of responsibility in the organization?
• whether any groups within the community feel excluded from the financial cooperative?
  o What groups are they?
• the level of participation of more prosperous families (elites) in the financial cooperative?
• whether elites are sympathetic, supportive, interfering, adversarial, or negative influences?

3.2.3 How would you characterize the organizational culture of this financial cooperative, in terms of:
• the existence and level of knowledge of procedures and policies?
• whether the procedures and policies are carried out?
• Whether there are problems with nonattendance at meetings, theft of property or supplies?
• conflict resolution mechanisms, both within the community and within the financial cooperative?
• the nature of conflicts between the financial cooperative and community members?

3.2.4 How would you characterize the organizational capacity of this financial cooperative, in terms of...
• carrying out specialized activities (e.g., development of products and services)?
• preparing financial reports for donors, and government?
• reacting to changing circumstances (e.g., increase/decrease in membership, change in government)?
• developing specific plans for the future (instead of reacting to opportunities as they present themselves)?
• reflecting on and learning from previous experiences?

4. Non Members Interview

4.1 Group #1: Non members who want to be members

4.1.1 In your opinion, do the benefits of this particular financial cooperative spread beyond its members?

4.1.2 Why are some people not members of this financial cooperative?
4.1.2.1 Why are you not a member of this financial cooperative?

4.1.3 How far do you think this financial cooperative complements or competes with other community based microfinance institutions?

4.1.4 What is your view about how the financial cooperative deals with government? (For example, does kinship or party affiliation play a role in determining the relationship?)
4.1.5 What is your view about how the financial cooperative deals with other organizations that work in the village/neighborhood?

4.2 Group #2: Non members who do not want to be members

4.2.1 In your opinion, do the benefits of this particular financial cooperative spread beyond its members?

4.2.2 Why are some people not members of this financial cooperative?
4.2.2.1 Why are you not a member of this financial cooperative?

4.2.3 How far do you think this financial cooperative complements or competes with other community based microfinance institutions?

4.2.4 What is your view about how the financial cooperative deals with government? (For example, does kinship or party affiliation play a role in determining the relationship?)

4.2.5 What is your view about how the financial cooperative deals with other organizations that work in the village/neighborhood?
Appendix 8 – Community Profile and Asset Mapping

4.1 Community Profile And Asset Mapping (CPAM)

1. COMMUNITY DEFINITION

1.1 How do you define this village/neighborhood?
   (Probe on geographical boundaries, place names, and other reference points. Establish consensus on the geopolitical definition of “community” for later use in the household survey.)

1.2 How many years has this village/neighborhood been in existence?
   1.2.1 Has the village/neighborhood grown, gotten smaller, or stayed the same in the last five years? 1.2.2 Who are the people most likely to come into or leave the community?

2. COLLECTIVE ACTION AND SOLIDARITY

2.1 People from the same village/neighborhood often get together to address a particular issue that faces the community, fix a problem, improve the quality of life, or something similar. Which of the following issues has your village/neighborhood tried to address in the last three years?
   (Probe: education, health, public services, roads and transportation, markets, credit, recreational and cultural resources, security, child care, irrigation, agricultural services.)

2.2 Do you think that everyone in this village/neighborhood has equal access to ________?
   (Probe: same services as mentioned under 2.1)

2.2.1 Is this also true for the poorest members of the community?

2.3 Have there been any efforts by the community to improve the quality of the ________(service or benefit)____ or overcome a problem?
   2.3.1 Can you describe one instance in detail? (Refer to this case study for specifics of the following questions.)
   2.3.2 Were there community groups that played an important role?
   2.3.3 What kinds of responses did you get from the local government?
   2.3.4 From other organizations?
   2.3.5 From the rest of the community?
   2.3.6 What kinds of obstacles did you have to deal with?
   2.3.7 What was the outcome of the effort?
   (Probe for locus of leadership, resources tapped, sources of resistance, who benefited or suffered from the outcome, the kind of follow-up that occurred as a result of the effort, and the mechanisms employed to ensure sustainability of the effort.)

2.4 Has this village/neighborhood ever attempted to make improvements but failed?
   2.4.1 Why do you think the attempt failed?
   2.4.2 What would you have done differently to make the effort more successful?
   (Probe for constraints on collective action; identify the roles of government, community organizations, and secondary institutions in influencing outcomes; and discuss the relationship between the community, representative organizations, local government, and other civil society actors.)

3. COMMUNITY GOVERNANCE AND DECISIONMAKING

3.1 Who are the main leaders in this community?
   (Probe formal and informal leadership.)

3.2 How do they become leaders?
3.2.1 How are new leaders selected?

3.3 How are decisions made within this community?
   3.3.1 What is the role of the community leaders?
   3.3.2 How are community members involved?
   (Probe on role of traditional leaders, informal leaders, elites.)

4. LIST OF COMMUNITY INSTITUTIONS

4.1 What are the groups, organizations, or associations that function in this village/neighborhood?

   Have the group list all the organizations, formal and informal, that exist in the community. Make sure all
different types of organizations are included (agriculture, credit, religious, recreational, health, education,
etc.) and that the list is as complete as possible. Have the group go through the list and identify which
institutions are most important in meeting the community’s needs.

4.2 Which groups play the most active role in helping improve the well-being of community members?

4.3 How did each group or organization get started (government initiated, through government donations,
NGO donations, grassroots initiative, etc.)?

4.4 How are the leaders selected (election, appointment, inheritance)?
   4.4.1 How stable is the leadership (frequent or sudden changes, normal progressive change, or never
   changes)?
   4.4.2 Is leadership generally harmonious or conflictive?

4.5 How are decisions made within these groups or organizations?

5. RELATIONSHIPS BETWEEN ORGANISATIONS AND THE COMMUNITY

5.1 Of the organizations on this list, which are most important?
   5.1.1 Which are least important?
   5.1.2 Which are of medium importance?

5.2 Of the organizations on this list, which ones are most accessible to the community?
   5.2.1 Which are least accessible?
   5.2.2 Which are somewhat accessible?

6. INSTITUTIONAL NETWORKS AND ORGANISATIONAL DENSITY

Flowchart diagram: Have ready a sheet of flip-chart-sized paper and markers. Facilitate a discussion among the
group regarding the relationships among the identified organizations, community leaders, and the community. Probe
on local government institutions, nongovernmental organizations, base organizations, and other civil society actors.
Ask the group to draw each actor and, using arrows or other appropriate symbols, indicate the relationship among
them. Probe links among all organizations.

6.1 Which organizations work together? How do they work together (hierarchically, collaboratively)?

6.2 Are there any organizations that work against each other (compete or have some sort of conflict)? 6.2.1
   Which ones and why?

6.3 Some groups may share the same members and some groups have different members. Which organizations
   have the same or similar membership?

6.4 Are there organizations that share resources?