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**Developing rural service markets, taking into account cultural
and social contexts and systems**
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“For BDS interventions to be both sustainable and locally owned, they must build on what is already there rather than supplanting it with imported visions and models.”² A very true statement made in the Blue Book of the Donor Committee on BDS interventions. As there aren’t many structures on which one could build a BDS market in rural areas, the solution the BDS practitioners suggested, is, to search for some entry points, which resemble market structures or have the potential to become one (e.g. teachers in rural schools who could become trainers for simple business accounting). In order to find these entry points, market studies are carried out. The problem with these, however, is that the questions usually asked in this context are very specifically addressing the existence and use of specific services and try to find out, if the small entrepreneurs and farmer-entrepreneurs are informed and knowledgeable about these services. They are not discussing visions and existing models and structures. For example, in a BDS market study in rural Senegal financed by the Austrian Development Co-operation, rural entrepreneurs were asked seven questions about 20 different services (ranging from legal, finance and tax consulting to packaging) to find out, if the rural entrepreneurs knew these services in principle, if they were using them or would be using them and how important these services were for their small and micro enterprises. The information, which most BDS market researchers and also designers of BDS programmes are not looking for, is information on the culture prevailing in the rural areas where BDS markets should be built and strengthened³.

BDS market interventions always take place in the context of existing cultural and social structures

Why is it important to look at the “culture”? Because culture matters, when it comes to succeeding with outside efforts in developing inside structures – and this is what BDS interventions and market building efforts try to do. If one only asks for certain services and their importance for the rural entrepreneurs, they will probably be overlooking the entry points, which would truly lead to BDS market development, and they will ignore the structures, which could be supportive for there intervention – and those which could make a failure out of it.

All human beings are living and working in a system of cultural and social structures or institutions which regulate how they live their lives and how they live together with other people. So everywhere, where a BDS market building takes place, it is taking place in the context of these existing structures and institutions.

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² p.8, Guiding Principles for Donor Interventions (Blue Book), 2001

³ Only a few donors conscientiously integrate culture in their thinking. SIDA for example discusses it in the context of entrepreneurship development, saying that the social and cultural sphere determines attitudes towards entrepreneurship and private enterprises in general as well as the creation of a positive entrepreneurial culture. ILO mentions the cultural influence exerted by traditional law. The Austrian (ADA) private sector policy mentions the influence by development projects on culturally formed social roles esp. of women entrepreneurs.

What are cultural and social structures and institutions? Some of these institutions are very tangible like government institutions, laws, fiscal and tax regulations, financial market institutions, often dealt with in development programmes for the creation of an enabling business environment. Others are usually not so tangible and even sub-conscious like values, norms and habits. The institutional economist Douglass North defines structure in the following way: „By structure I mean those characteristics of a society which we believe to be the basic determinants of performance. Here I include the economic and political institutions, technology, demography and ideology of a society.⁴“, by ideology meaning the general value system of a society.

Why is the value system then and why are values important? Because values, and the attitudes, norms and habits based on them, are strongly influencing how we behave, think and live – also economically. Values are determining which concept we have of our existence, what goals we are having in our lives, what is important for us and what not. They specify what is right and what is wrong and our general preferences, they influence the selection of means, ends and action. Values are shaping our expectations and thus our economic reasoning⁵. Hofstede sees values as a part of nations’ “collective mental programming” reflected in traditions, behavioural norms, language and laws – and I would like to add beliefs. Values affect attitudes, perceptions, needs and motivation.

Values are shaping our (economic) identity ...

Norms and habits regulate the attitude displayed vis-à-vis other people, e.g. family members, business partners, government officials, friends, foreigners. They shape the behaviour, we show to others and others show to us, thus allocating the different social roles we play in different social contexts. These social roles in turn are influencing how and the extent to which people can access finance, licenses information on markets, business ideas and opportunities– crucial for the BDS market development. It is social roles, which make people confident that they will be able to succeed in any endeavour, also an economic one. And it is the social role, which makes it difficult or easy for the members of a society to succeed in a specific social systems. In the end, social roles determine, if market actors like owners of small businesses will be able to reach their business goals and other objectives of their lives.

Norms determine our social roles

In a project to support business start-ups through financing by local banks and consulting by local consultants and institutions in the north-east of Germany (former GDR), the most important factor for remaining in business was financing (soft loans), the second most important factor was motivation, education (often a university degree) and being male and the least important was drawing on the consulting opportunities provided by the BDS project (Brüning, Klandt, 1996). Luís Afonso Bermudéz from Brazils Anprotec says: “Some are born to be entrepreneurs, but in order for these vocations to develop, they require time, a

⁴ North, 1981

⁵ The importance of culture and values for a human being’s identity is captured in the statements below, made by Kuper, 1996: “A person can only be free in the appropriate cultural arena, where his or her values are respected.” “The concepts of identity-building and of culture (...) were and could only be born together.” “Once a cultural identity has been established, the pressure is on to live it, even if that means sacrificing one’s individuality.” (p.136) „The inner self finds its home in the world by participating in the identity of a collectivity (e.g. nation, ethnic group, political or religious movement, social class). (p.235)

*favourable environment and the right tools.” (Microenterprise Americas, IDB) But even if the personal character counts very much, why is it then that, as cited in the same magazine, the typical entrepreneur in Latin America is male, originating from middle class, starting their business between in the age of 26 to 35 and half of them having a university degree. In both cases, the answer probably is, because the culture prevailing in Germany and in Latin America is favouring this type of person (male, educated) over other types of people, attributing to them **social roles** which allow them to become more successful entrepreneurs.*

When planning our interventions for BDS market building, we are silently assuming specific values which are typical for market economies, although often the values prevailing in our target regions are contradicting these. The rules and values concerning economic self-interest and fairness on which transactions in the money economy are based and by which they are guided, are often unknown to people living in different economic traditions and value systems:

In an anthropological experiment the economic behaviour and fairness of different types of economic actors⁶ were tested. This economic experiment (ultimatum game) was carried out in the USA, Africa and Asia and involved people who were fully, partly or not at all involved in the market economy. The experiment tested the level of co-operation, self-interest and altruism in the context of transactions typical for money market economies. The game: one randomly chosen person got in cash the amount of a daily salary of a worker and should share this with another person in an anonymous setting. If the other rejected, because the offer was too low (happened often in the USA), no one of the two players got anything.

*The Machiguenga from Papua New Guinea for example “made **very low offers** to their partners compared to all other known studies of the ultimatum game (a mean of 26% versus a typical mean of 40 to 50 percent in the United States), and these offers were almost never rejected.” The reason might be that “(...) the **pay-off for a good reputation** is greater in a market economy than in a non-market economy. Among other things, the signalling value in a market may be higher because of the greater flow of information, which corresponds in part to the higher population density of the market populations.”*

*“(...) the Au and Gnao of Papua Guinea (...) made a lot of **hyper-fair offers** (greater than 50 percent). Even more curiously, these offers were as likely to be rejected as were low offers. This is “(...) quite consistent with what one might expect from a competitive gift-giving society or potlaching society, which indeed these are.” The pastoral Orma of north-eastern Kenya “(...) offer 58 percent, at the high end of the range that we commonly see in the United States. It is interesting that the Orma immediately identify the game as the “harambee game”, (which) is a widespread game throughout Kenya as a mechanism for raising funds*

⁶ See Ensminger: This economic experiment (ultimatum game) was carried out in the USA, Africa and Asia and involved people who were fully, partly or not at all involved in the market economy. The experiment tested the level of co-operation, self-interest and altruism in the context of transactions typical for cash-market economies. The game: one randomly chosen person got in cash the amount of a daily salary of a worker and should share this with another person in an anonymous setting. If the other rejected, because the offer was too low (happened often in the USA), no one of the two players got anything.

Clarify, if the values guiding the economic transactions in your target region are contradicting the silently assumed values of a market economy

Fairness norms have a big impact on pricing – and they are not the same everywhere

for the common good – school building and water projects, for example.” These two examples show that these people decide according to a set of completely different norms and values than people living in market economies do – and that they decide on the basis of the known structures and institutions (potlach, harambee game).

*In certain cultures, where economic success and success in general are defined differently, Adam Smith’s „natural **economic self-interest**“ is not leading to the same results and maybe doesn’t even exist in the way described by the classical economists (and still used as the assumed basis of thinking by neoliberal economists). In the dictator game, where you can decide, if you take all money or share with another co-player, the result was that while it was common to find 30 to 40 percent of players taking all of the pot in the United States and Canada, one finds a much smaller percentage of purely self-interested players among the Orma from Kenya (9 percent).*

A short test with these two games in Austria showed that those people which are the most successful in the market economy (proven by the fact that they manage and own thriving enterprises), are also those who know the fairness rules best which are guiding the market economy and are therefore able to be just fair enough to remain in the game, but nevertheless get the most out of it.

Some authors are even challenging that the motives of actors in market economies are always the basic needs (drinking water, food, clothes, shelter) which are posited by many Western thinkers. It is rather use-values, which are important to people because of the role which the produced good plays in their value system and for their social roles:

*For John Locke the human **corporal needs** are „the only spur to human industry“, but further thinking from anthropologists came to the result that it is „the pertinence of meaningful values rather than mechanical causes“⁷, which lead to human industry and thus economic efforts. The anthropologist Sahlins continues to say, that for Western countries, production is „a natural-pragmatic process of need satisfaction ... raising the alienation of persons and things to a higher cognitive power. (With this) one ignores the cultural code of concrete properties governing ‘utility’ and so remains unable to account for what is in fact produced. (Which is) the production of **use-values**. This determination of use-values, of a particular type of house as a particular type of home, represents a continuous process of social life in which men reciprocally define objects in terms of themselves and themselves in terms of objects. (...) (Thus) **Production ... is a cultural intention.**” To accept this is not only necessary to understand economic transactions in general, but it is also the basis of all marketing efforts, one very important Business Development Service.*

The ethnologist Evans-Prichard says in his account of the Azande in Africa that the rational thinking is the same in all human beings (cause : result), but that the premises on which they are based, are determined by culture. So another principle which is the basis of our market economy – that results have specific causes – might be interpreted differently in different cultures. An example is witchcraft,

Economic decision making based on use-values, not on corporal needs

Production is a cultural intention not a natural-pragmatic process of need satisfaction

⁷ Sahlins, 2000

often given as cause for a certain result in Africa⁸. As the causes identified for certain results influence, what actions can be taken to achieve aimed at results, it is crucial to know, how the relation between cause and result is usually seen in a culture:

Chabal and Daloz⁹ report (and many people from African cultures or in contact with it observed this as well) that “witchcraft is thriving in Africa, that the link with the ancestors is strong and religious communities are growing in strength.” There is “a power stronger than human agency: this faith in the power of the irrational is much more than a belief: it is part of the very fabric of the African psyche. What causes are likely to explain those everyday events – accident, illness, sterility, (business) failure etc. – for which there are no immediate explanations?” As the authors explain, it might be witchcraft, spirits, the ancestors ... These notions “affect the meaning of responsibility and accountability”. Modernity and the irrational appear to go hand in hand.” Also the Senegalese author Diallo stresses the absence of the notion of the individual merit in Africa, social success being generally explained within a collective perspective, involving at times reference to the use of the occult. He also constitutes, the lack of any intrinsic value to work and a notion of prosperity that is unrelated to diligence. Chabal and Daloz ask, “do we not need to use an approach which will allow us to understand how the irrational may be compatible with a certain type of development which differs fundamentally from Westernisation?”

People, as we said above, decide in a rational way. That their decisions might be different from that what we assume, is not only because they interpret events and the world differently due to a different value basis, but also, because they face different transaction costs, because they are working and living in different cultural and social structures. Often, in our BDS market studies and BDS intervention programmes, we are not truly aware of the actual workings of social and economic transactions in a certain society. And sometimes, even if we are originating from this society, we simply apply the mechanics of the BDS principles without actually acknowledging that they might not meet the intended response and thus result in not intended outcomes or even failure.

One example of this is, that we try to strengthen BDS providers, in order to bring about the provision of better service quality and in order to achieve a wider outreach. For this a certain formalisation of the providers and their organisation is necessary. As some authors, however, report (and this may well be the reason, why some interventions/projects didn't work in this respect), that not all cultures and social systems are open for formalisation.

In her famous polemic book (see the annex on sources), Axelle Kabou says that Africans actually prefer the prevailing framework of informal, familial and clientelistic networks; that Africans refuse any rational approach to organisation. She says, that at all levels, there is systematic recourse to improvisation, tinkering

⁸ About China's economic development until the beginning of the 20th century, Max Weber explains that the rational economic and technological development like in Europe was not possible because the Konfuzian ethic which led people into remaining in their “magic garden” (“Zaubergarten”), a system of magic and irrational reasoning. (Max Weber, 1996, p.451)

⁹ Chabal and Daloz, 1999, p.63, 64, 69

Rational thinking (causes : result) can be found everywhere – causes, however, might be irrational

Question silent assumption like that formalisation is wanted by all BDS development partners

*and approximation. Also Daloz and Chabal stress the “significance of the process of **informalisation** and the reluctance to institutionalise.” The authors diagnose in Africa the “inability or unwillingness to institutionalise more formal and more impersonal social relations. The primacy of the informal is deriving from a different logic and resulting in a distinct type of modernity which goes against the grain of most existing models.”¹⁰ This is a lesson, we have to learn, when we try to build BDS markets, especially what concerns the efforts to formalise the exchange between clients (entrepreneurs) and service providers.*

In our BDS market studies and in our BDS project design, we often overlook the **real transaction costs** and the real decision making process of our target group, the owner-managers of small enterprises (which might be the reason why people are against formalisation). The cultural anthropologist Chayanov¹¹ gives an example for this: „...one reason why people don’t transact in the market is because the costs of doing so may outweigh the gains. It is costly to acquire information about the quality of labour and products, it is costly to monitor labour and suppliers, and it is costly to negotiate and enforce contracts.” One must therefore understand under which constraints the individual households work and make decisions. Also, the explicit and implicit assumption of economists as well as anthropologists that most people base their decisions on cost-benefit analysis, is challenged by some, thus actually giving us the lesson that it is even not enough to know the real transaction costs, but that we actually need to analyse and be able to make some predictions on how people make decisions. The anthropologist Henrich¹² „... challenges both, the ability of humans to make such (cost-benefit) calculations and the behavioural assumption that they actual do so in the real world. Instead, Henrich suggests that we consider the **process by which people acquire information**. (...) People selectively copy certain individuals and ideas.” A practical example for this is the typical situation that a small manufacturer produces and sells exactly the same thing like his/her neighbour. So no cost-benefit-analysis, but a simple copying takes place – the reason maybe being that the transaction costs for doing such an analysis are too big, but also, maybe, because this is the culturally or socially learnt way to go about decisions.

The conclusion of all these arguments and examples is, to find out about and make conscious the value system and social and economic system in which people work and to build BDS interventions on these structures and systems or adapt the interventions to them. The destruction of functioning social systems through influences from foreign value systems could thus be prevented, and new information and knowledge made available, in a way, which is the most useful for the people, the target group of BDS projects. In the following, I cite two examples of very traditional societies, where presumably the value and social system is more different from our globalised market and money economy than it might be in other societies, in which BDS programmes usually are implemented and where features of the market economy were integrated in the traditional culture.

A positive experience where cultural structures from money economies and traditional culture were combined was made by a group of Australian Aborigines: The Arts and Crafts are the most appropriate sector for Aborigines, „because of

¹⁰ Chabal, Daloz, 1999, p.128 and p.132

¹¹ Chayanov in Ensminger, 2002, p. xii

¹² Henrich in Ensminger, 2002, p. xviii

Understand constraints of individual households and their real transaction costs

Real transaction costs and learnt processes of acquisition of information influence our entrepreneurial behaviour

Conclusion: Make the value system conscious and adapt interventions to them

*the small scale (of these type of businesses) and (because) the possibilities of controlling these operations to accord with aboriginal perceptions of appropriate tourist behaviour are much greater. This reflects both its reliance on their own skills and knowledge, and the fact that the industry can be operated with **highly flexible production systems.**” This enables Aborigines to easily combine subsistence farming or cultural and social obligations with small business activities. The goal of the Aborigines is thus not to earn a lot, but to be flexible to make a living, but at the same time to have time for religious rituals and social events.¹³*

The second example comes from the Inuit in Alaska¹⁴:“(...) The apparent cultural mystification of dependency produces an empirical critique of the orthodoxy that money, markets, and the relations of commodity production are incompatible with the organisations of the so-called traditional societies.” Which is not true in the opinion of Sahlins, who gives us this report. The Inuit, for example, “have not fundamentally altered their customary organisation of production, modes of ownership and resource control, division of labour, patterns of distribution and consumption; nor have their extended kinship and community bonds been dissolved or the economic and social obligations thereof fallen off; neither have social (cum “spiritual”) relations to nature disappeared; and they have not lost their cultural identities, not even when they live in White folks’ towns. But the real problem this poses for the people is not the unliveable contradiction between the money economy and the traditional way of life. The big problems come, when they cannot find enough money to support their traditional life. Within the villages, moreover, the greater a person’s or family’s successes in the money economy, the more they participate in the indigenous order. (...) The people with the greatest outside experience in education or employment are as much or more engaged as anyone in local subsistence culture. If this helps to explain why seemingly acculturated people are commonly traditional leaders, it also invites the question of why they ever came back to the village – which leads to another area of enlightenment offered by the indigenisation of modernity.”

The second example showed, how people successfully take new influences and integrate them into their social and economic system, thus slightly changing the structures of this system which eventually will also lead to changes in the value system (something which was not demonstrated by these example).

So cultures – social and economic systems and value systems – change. Under which circumstances does change take place and can BDS interventions be a part of these positive changes?

Values are usually our spur for change and decide also about the direction and extent of the change¹⁵. At the same time, however, values and norms also curb social and technological change preventing by this slower pace of change social destabilisation and leading to a more sustainable and extensive economic development¹⁶. As Sahlins said: “This is not so much the culture of resistance as it

Change happens slowly, because informal constraints and solutions of these continue to exist

¹³ Elsbeth Young, 1995, p.222

¹⁴ Sahlins, 2000, p. 520, p. 521

¹⁵ Building on Freud’s idea of the collective consciousness (kollektives Bewusstsein), further developed by Durkheim, Talcott Parsons posits that ideas and values are inciting social change.

¹⁶ Hoselitz, 1969

is the resistance of culture. Involving the assimilation of the foreign in the logics of the familiar.”¹⁷ The institutional economist Douglass North says that “change typically consists of marginal adjustments to the complex of rules, norms and enforcement that constitute the institutional framework. Stability is accomplished by a complex set of constraints that include formal rules nested in a hierarchy, where each level is more costly to change than the previous one. (...) Extensions, elaborations, and qualifications of rules have a tenacious survival ability because they have become part of habitual behaviour. Routines, customs, traditions, and conventions are words we use to note the persistence of informal constraints, and it is the complex interaction of formal and informal constraints”, which determine the speed and direction of change. Often “the formal rules change, but the informal constraints do not. (...) The ongoing tension between informal constraints and the new formal rules are often inconsistent with each other. (...) The informal constraints had evolved as extensions of previous formal rules.” Another possible reason for the failure or only small success of BDS market interventions. The result is “a partial equilibrium context, but it ignores the deep-seated cultural inheritance that underlies many informal constraints. (...) Informal constraints have a great survival tenacity because they still resolve basic exchange problems among participants, be they social, political or economic. (...) This set of stability features in no way guarantees that the institutions relied upon are efficient - stability is a necessary condition for complex human interaction, it is certainly not a sufficient condition for efficiency.”¹⁸ Despite of the strong stability tendency of cultures, change is possible and occurring constantly, as cultures (and thus values) are unstable and discursive fabrications. “Every culture is fragmented, internally contested, its boundaries are porous.”¹⁹ A culture is thus better seen as a series of processes that construct, reconstruct, and dismantle cultural materials, in response to identifiable determinants.”

Change starts small – and incrementally gain ground among all cultural structures

In short, values incite cultural, social, economic change, they determine the direction of the change and they influence the speed and extent of the change and the process of change is an incremental one.

*The famous Chinese sociologist and anthropologist Liu Xin describes in his books²⁰, how **radical change of culture and value systems** could harm the identity and life perspectives of the members of this society. In the beginning of the 20th century, China was according to him a society, which was completely oriented to the past, which brought about stagnation. Then the communist period turned around the situation completely, destroying the “values of the past” and orienting the society into the other direction, the future. Communism, however, destroyed itself and deprived people of being inspired and animated by its new values. Liu Xin diagnoses that this leaves today’s Chinese in a value and identity vacuum, where people are deprived of personal and collective identity and “human values”, trying to fill this with the new cultural system offer, which was made to them – the Western money economy.*

The path of change is shaped by different resource endowment, which is depending on the value and social system - very often the most important

¹⁷ Sahlins, 2000, p. 519

¹⁸ North, 1995, p.81 – 84; p.91, p.92

¹⁹ Kuper 1996, p.239 and p.246

²⁰ Michael Reinprecht, 2004

component by which donors influence local value systems. The change of a system can be influenced positively when there are incentives imbedded in the institutional framework to acquire knowledge. “(...) The society that permits the maximum generation of trials will be most likely to solve problems. Decentralised decision-making processes will allow societies to maximise the efforts required to explore alternative ways of solving problems. Organisational errors may be not probabilistic and also systematic, due to ideologies (or values) that may give people preferences for the kinds of solutions that are not oriented to adaptive efficiency. For efficient organisation, rules that encourage the development and utilisation of tacit knowledge and therefore creative entrepreneurial talent will be important. An effective structure not only rewards successes, but also vetoes the survival of maladapted parts of the organisational structure. Allocative efficiency and adaptive efficiency (rules that shape the evolution of an economy²¹) may not always be consistent. Allocative efficient rules would make today’s firms and decisions secure – but frequently at the expense of the creative destruction process that Schumpeter had in mind. The sources of change are changing relative prices or preferences (alter the incentives of individuals in human interaction; and the only other source of such change is a change in tastes; changes in bargaining power lead to efforts to restructure political or economic contracts).”²² So if our BDS market intentions change relative prices (and transaction costs) for attaining certain objectives, certain attitudes and behaviour might change as well (if not the norms and values) and might lead to the restructuring of (tacit) political and economic contracts – thus the social and cultural system.

Positive changes which eventually lead to the improvement of economic transactions, can be achieved by allowing for trial and error

*“(...) A final accounting of peasants decision making requires the incorporation of political economy variables (like social roles and values), as these set the actual preference for the trade-off between drudgery and leisure in the utility function. For the hierarchical Shan, there is **more individual return to drudgery** in the form of wealth exchange for prestige, while for the egalitarian Lisu, there is not.”, so the incentives (prices) for effort are different in the two cultures. (Chayanov about Thailand in Ensminger)*

Cultures always changed and adopted features imported from other cultures, which is a major argument why donors and governments might continue to improve the BDS markets according to the BDS principles of the Blue Book without being afraid of inspiring change in stable cultures.

Cultures always change, but ...

A good example, how cultures always adopted others and how they made foreign cultural features their own is the following: „Anthropologists have known (...) that cultures are generally foreign in origin and local in pattern.” This is illustrated by Ralph Linton’s little story: “After breakfast our good man settles down to read the news of the day ‘imprinted in characters invented by the ancient Semites upon a material invented in China by a process invented in Germany. As he absorbs the accounts of foreign troubles he will, if he is a good conservative citizen, thank a Hebrew deity in an Indo-European tongue that he is 100 percent American.” (1936)²³

²¹ Shaped the willingness of an society to acquire knowledge and learning, to induce innovation, to undertake risk and creative activities of all sorts;

²² North, 1995, p.81 – 84;

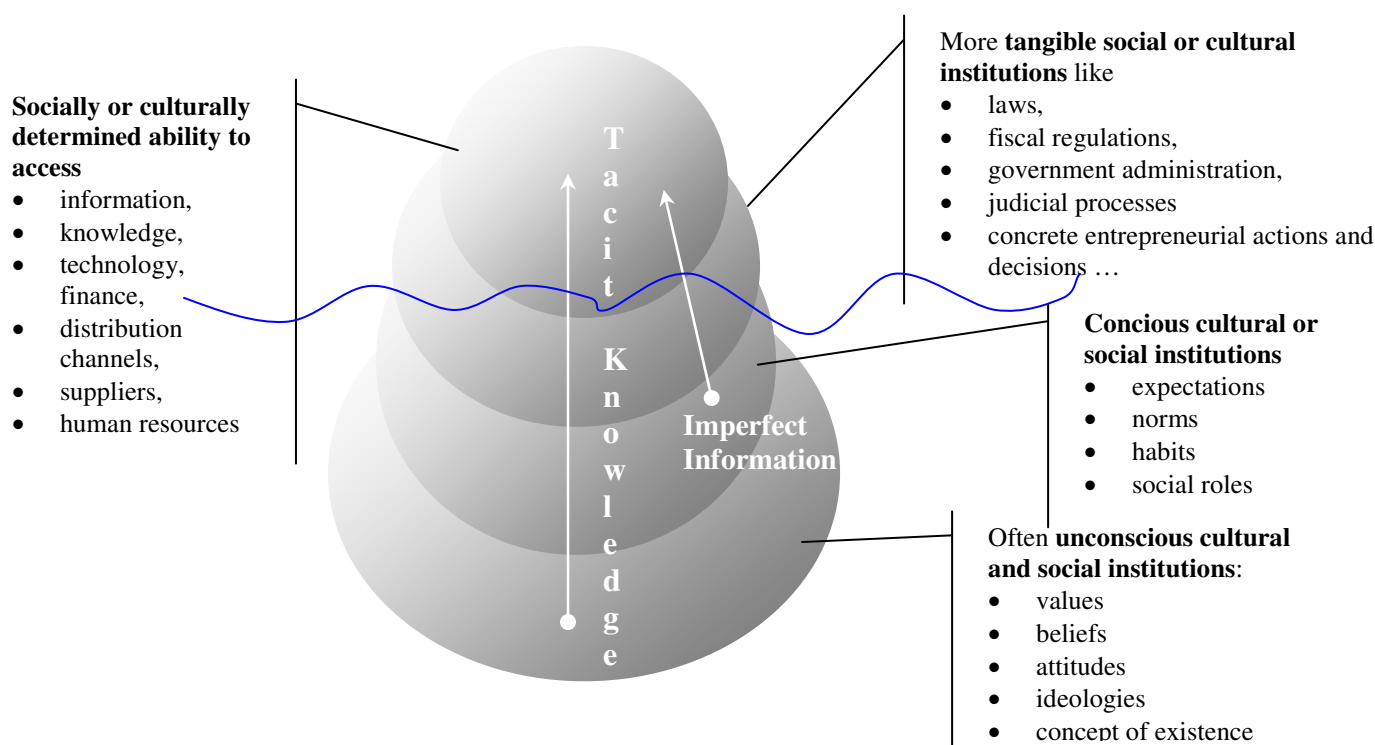
²³ Sahlins, 2000, p.515

But as was said above, change by outside influences should not occur randomly. It would be necessary, to base the BDS market interventions on the analysis of the value and social system, a part of which is the local and traditional economic system. As the findings cited above about the reasons and ways of change tell us, it would also be wise to find the porous structures of a culture, where change can start and then grow incrementally. And Douglass North also supplies us with some suggestions, which features of a society should be especially scrutinised (transaction costs) and promoted (relative price change, allow for error), in order to bring about positive economic change – positive economic change being the growth of competitiveness of the economic actors and more economic well-being for all members of the society.

Don't bring about cultural change randomly, but in a planned way

Following these ideas, some practical instruments, are suggested below, which could be used for the BDS market development particularly in rural areas, where more homogenous and more traditional societies (value systems) can be found.

Below, the “culture iceberg” – round with not very clear boundaries and edges.



1st step: Research or collection of information²⁴

A: BDS market study studies, as usual, features of the existing BDS market:

- Existence of and access to certain **services** in relation to information, management and technical know how, packaging and distribution ...
- Existing **providers** and
- BDS **demands** and **needs** of clients

²⁴ Instruments, which could be used: (Participatory) Observation, Interviews, Workshops (workshop instruments, which demonstrate the relationship of different items like Chapati Analysis, Diamond Analysis; Hofstede's Onion, Pyramid Analysis (Coaching Instrument), Systemic Value Analysis (Coaching Instrument) or games)

B: Describe values and norms related to ...

<i>Different groups in the society²⁵</i>	<i>Leaders</i>	<i>Men</i>	<i>Women</i>
Items to discuss (their importance in the own life, in society, what is actually meant by it)			
economic success			
definition of success in general			
knowledge (based on experience, based on study)			
specific skills (like manual skills, negotiation skills, intellectual skills etc.)			
quick gains vs. long-term gains			
observance of and adherence to contracts			
communication (in the own group, outside the group; according to style and contents of communication etc.)			
fairness			
notion of time			
individual person vs. community			
open discussion vs. conflict avoidance			
importance of work (work ethic)			
showing energy (will to be active)			
nature			
relative importance of social			

²⁵ Different groupings can be chosen according to the obvious characteristics of a society and according to the needs of the BDS market study. Groupings could be according to classes, according to different provider and client groups etc.

obligations (family, extended kinship) vs. business obligations vs. obligations towards the state (nation, government) vs. my personal (god given) talents vs. religion (obligations towards God, my ancestors, the spirits etc.) ...			
Description of use-values of different (important, according to pattern of consumption) <ul style="list-style-type: none"> • Goods (clothes, shoes, certain food items, certain home types, certain equipment and machines, ...) • Services (in relation to household work, beauty, health, business success, knowledge and information, mobility, ...) 			
Etc.			

Chang and Wong²⁶ presented a **quantitative analysis system** for Chinese values on the basis of a study carried out among 301 students in Singapur. For China, this on the one hand gives us a useful list of values and on the other hand presents a practical way to analyse values in a society.

C: According to the groupings used in the table above, describe existing **processes** of

- getting information
- decision making
- reasoning (typical cause : reason analysis)
- organisation of production of
 - (agricultural products)
 - processing of agricultural products
 - consumer products (local consumer)
 - equipment, inputs, machines for (local) businesses
 - arts and crafts
 - export products
 - services for local consumers, households
 - services for local businesses
- distribution of these products and services
- consumption of these products and services

²⁶ **Chang Weining; Wong Wing Keung** (1998) in Wang Lingchi; Wang Gungwu : “The Chinese Diaspora”, Volume II, Singapur 1998 cited by Michael Reinprecht in a Workshop Paper at the Institute of China Studies at the University of Vienna, 2004.

and, as far as possible, try to describe the **real transaction costs** for these processes according to the groupings used in the table above.

D: Demand Check²⁷: What do clients really want? Put a mark on the line, where the interviewed (potential) BDS client prefers to be. In this context, it is very important to be gender-sensitive and minority sensitive:

<i>What project people and donors often want to achieve:</i>	<i>What entrepreneurs often want to be, because it fits to their culturally learnt coping strategies:</i>
<i>order</i>	<i>untidy</i>
<i>formality</i>	<i>informal</i>
<i>accountability</i>	<i>trusting</i>
<i>information</i>	<i>personally observing</i>
<i>clear demarcation</i>	<i>overlapping</i>
<i>planning</i>	<i>intuitive</i>
<i>corporate strategy</i>	<i>tactically strategic</i>
<i>control measures</i>	<i>personally led</i>
<i>formal standards</i>	<i>personally observed</i>
<i>transparency</i>	<i>ambiguous</i>
<i>functional expertise</i>	<i>holistic</i>
<i>systems</i>	<i>reliant on 'feel'</i>
<i>positional authority</i>	<i>owner managed</i>
<i>formal performance appraisal</i>	<i>customer/network exposed</i>

E: Discussion with target group²⁸: Find out, if the targeted enterprise is in **its culture** more a **small** scale, **large** scale or small **growing** enterprise and discuss, which values actually need to be changed for a bigger growth and success of the enterprises and entrepreneurs are prepared for this change. In this context, it is particularly important to be gender-sensitive and minority sensitive:

²⁷ The criteria in this table were formulated by **Pat Richardson** for the **ILO Workshop on Enabling Environment** in **November 2004**. Pat Richardson derived it from the Small Business Centre in Durham and Allan Gibb, 1987 The Enterprise Culture - its meaning and implications for education and training. Journal of European Industrial Training Vol 11 no 2 pp1-38 .

²⁸ This table was presented by **Jim Tanburn, ILO**, in his presentation “Opportunities and limits of the BDS approach in rural areas: Synthesis” at the yearly **SDC Meeting** in Switzerland in January 2004.

Large-scale	Small-scale
<i>Predictable</i>	<i>Calculated risk</i>
<i>Visible, influential</i>	<i>Profitable</i>
<i>Powerful</i>	<i>Creative</i>
<i>Paperwork-based</i>	<i>Verbal/personal</i>
<i>Established</i>	<i>Flexible</i>
<i>Formal</i>	<i>Informal</i>
<i>Stable</i>	<i>Fulfilling</i>
<i>Balance of interests</i>	<i>Depending on 1 person</i>
<i>Demarcated</i>	<i>Multi-tasking</i>
<i>Liberal, individualised</i>	<i>Traditional, social</i>
<i>English ++</i>	<i>Vernacular</i>
<i>Organised globally</i>	<i>Not coherent</i>
<i>Permission-based</i>	<i>Trust-based</i>
<i>Merit?</i>	<i>Patronage</i>

2nd step: Analysis

A: Define,

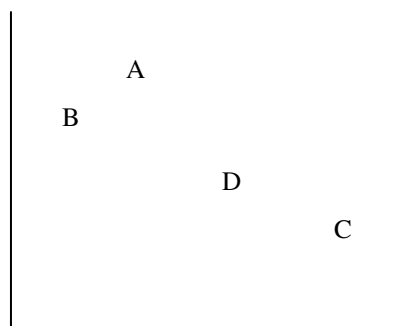
which **values** are **conducive for entrepreneurship** (and market building) and which are not and **analyse** the prevailing values of the target group (the target culture) accordingly.

B: Analyse

- what changes in processes would cause dramatic **changes in relative prices and in real transaction costs**
- **porous elements** of the culture: certain values being questioned, certain groups wanting change (young people)...
- **actual situation of BDS Providers' Matrix**²⁹ below

Where does your institution stand?
Where does it want to go?

1 informal
2 particularistic
3 improvisation
4 paternalism



For example:
A = More flexibility
Less control

1 institutionalised
2 same access
3 predictability
4 more formal,
impersonal relations

²⁹ Also the newly developed **ILO-FAMOS Check** (Gerry Finnegan, Karin Reinprecht) can be employed, which is an organisation development tool, in order to bring about a better service quality of BDS providers;

3rd step: Design of BDS interventions

A Build on values which will remain strong in the target culture

B Enforce and contribute positively to **changes of values**, which will support **economic success**

C Aim at lowering real transaction costs involved in information gathering, in decision making, in innovating products and processes, in the acquisition of technical and management knowledge and skills, in winning access to distribution channel and new client groups and in acquiring other major advantages which BDS interventions actually want to promote

D Aim at lowering relative prices for achieving economic goals by different social groups of the society

E Use existing communication systems and integrate them, when introducing new systems

F Build on actual values, objectives and strategies of (potential) **BDS providers** and other partners in the BDS market

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